

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF TECHBOND GROUP BERHAD (“TECHBOND” OR THE “COMPANY”) DATED 13 NOVEMBER 2018 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

**Availability and Location of Paper / Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Prospectus directly from the Company, Public Investment Bank Berhad (“**PIVB**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

**Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, PIVB and Techbond take no responsibility for the distribution of the Electronic Prospectus and / or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**Close of Application**

Applications will be accepted from 10.00 a.m. on 13 November 2018 and will close at 5.00 p.m. on 23 November 2018. If the closing date of the application is extended, we will advertise a notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia before the original closing date of the application.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

**Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and / or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



**TECHBOND®**

**TECHBOND GROUP BERHAD**

(Company No. 1190604-M)  
(Incorporated in Malaysia)

No. 36, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31  
40460 Shah Alam, Selangor Darul Ehsan, Malaysia.

Tel: +603-5122 3333 | Fax: +603-5122 3888

Email: adhesive@techbond.com.my

[www.techbond.com.my](http://www.techbond.com.my)

**TECHBOND GROUP BERHAD**  
(Company No. 1190604-M) (Incorporated in Malaysia)

**TECHBOND®**

**PROSPECTUS**

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF OUR INITIAL PUBLIC OFFERING ("IPO") AND THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED IN RESPECT OF OUR IPO FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

# PROSPECTUS

# TECHBOND®

## TECHBOND GROUP BERHAD

(Company No. 1190604-M)  
(Incorporated in Malaysia)

**PUBLIC ISSUE OF 60,105,000 NEW ORDINARY SHARES IN TECHBOND GROUP BERHAD ("SHARES") AT AN ISSUE PRICE OF RM0.66 PER SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:**

- 11,500,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 6,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF OUR COMPANY AND OUR SUBSIDIARIES ("GROUP") AND OTHER PERSON(S) WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 23,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA; AND
- 19,605,000 NEW SHARES AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

**IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.**

Principal Adviser, Sole Underwriter and Sole Placement Agent



**PUBLIC INVESTMENT BANK BERHAD** (20027-VV)

A Participating Organisation Of Bursa Malaysia Securities Berhad  
(Wholly-owned Subsidiary Of Public Bank Berhad)

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE SEE "RISK FACTORS" COMMENCING ON PAGE 176.**

**NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.**

**THIS PROSPECTUS IS DATED 13 NOVEMBER 2018**

## **RESPONSIBILITY STATEMENTS**

OUR DIRECTORS AND PROMOTERS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS, WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

PUBLIC INVESTMENT BANK BERHAD (20027-W) (“**PIVB**”), BEING THE PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR INITIAL PUBLIC OFFERING (“**IPO**”).

## **STATEMENTS OF DISCLAIMER**

THE VALUATION UTILISED FOR THE PURPOSE OF THE LISTING EXERCISE SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS.

OUR COMPANY HAS OBTAINED THE APPROVAL FROM BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) FOR THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL IN OUR COMPANY (“**SHARES**”). OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS (AS DEFINED HEREIN), HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

## **OTHER STATEMENTS**

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“**CMSA**”) FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SHARES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING OUR IPO, FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE SOLE UNDERWRITER TO UNDERWRITE OUR IPO SHARES (AS DEFINED HEREIN) AS AN INDICATION OF THE MERITS OF OUR SHARES.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR OUR IPO UNDER THE LAWS OF MALAYSIA. OUR SHARES BEING OFFERED IN OUR IPO ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. OUR DIRECTORS, PROMOTERS, PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT HAVE NOT AUTHORISED ANYONE TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS. ANY INFORMATION OR REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OUR DIRECTORS, PROMOTERS, PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT, ANY OF THEIR RESPECTIVE DIRECTORS, OR ANY OTHER PERSONS INVOLVED IN OUR IPO.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF OUR IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA, TO CONSULT YOUR LEGAL AND / OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER OUR IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAW OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR OUR IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF OUR IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAW OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED OUR IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

THIS PROSPECTUS MAY NOT BE USED AS AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR IS UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OF OR AN INVITATION TO BUY OUR SECURITIES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. OUR BOARD, PROMOTERS, PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

#### **ELECTRONIC PROSPECTUS**

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com). THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM OUR COMPANY OR THE ISSUING HOUSE, A PAPER / PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER / PRINTED COPY OF THE PROSPECTUS, THE CONTENTS OF THE PAPER / PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (1) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED IN THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (2) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (3) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (1) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES;
- (2) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM; AND
- (3) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH THE WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOU OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND / OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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**INDICATIVE TIMETABLE**

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The following events are intended to take place on the following tentative dates:

<b>Event</b>	<b>Date</b>
Opening date of application for our IPO Shares	<b>10.00 a.m., 13 November 2018</b>
Closing date of application for our IPO Shares	<b>5.00 p.m., 23 November 2018</b>
Balloting of applications	<b>27 November 2018</b>
Allotment of our IPO Shares to successful Applicants	<b>3 December 2018</b>
Listing on the Main Market	<b>5 December 2018</b>

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGE WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL OPEN AT 10.00 A.M. ON 13 NOVEMBER 2018 AND WILL REMAIN OPEN UNTIL 5.00 P.M. ON 23 NOVEMBER 2018.

IF THE CLOSING DATE OF APPLICATION IS EXTENDED, WE WILL ADVERTISE A NOTICE OF THE EXTENSION IN A WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA DAILY NEWSPAPER WITHIN MALAYSIA BEFORE THE ORIGINAL CLOSING DATE OF THE APPLICATION. FOLLOWING THIS, THE DATES FOR THE BALLOTING OF THE APPLICATIONS FOR OUR IPO SHARES, ALLOTMENT OF OUR IPO SHARES AND LISTING WOULD BE EXTENDED ACCORDINGLY.

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**DEFINITIONS**


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Unless the context otherwise requires, the following abbreviations shall apply throughout this Prospectus:

Act	:	Companies Act 2016, as amended from time to time and shall include any re-enactment thereof
Acquisitions	:	Acquisition of Techbond International Group, Acquisition of Techbond Manufacturing, Acquisition of Techbond Sabah and Acquisition of Techbond Vietnam, collectively
Acquisition of Techbond International Group	:	Acquisition by Techbond of the entire equity interest of Techbond International, comprising 2,000,000 Techbond International Shares for a purchase consideration of RM2,125,170, satisfied via the issuance of 3,541,952 new Shares
Acquisition of Techbond Manufacturing	:	Acquisition by Techbond of the entire equity interest of Techbond Manufacturing, comprising 20,000,000 Techbond Manufacturing Shares for a purchase consideration of RM70,245,320, satisfied via the issuance of 117,075,530 new Shares
Acquisition of Techbond Sabah	:	Acquisition by Techbond of the entire equity interest of Techbond Sabah, comprising 50,000 Techbond Sabah Shares for a purchase consideration of RM993,144, satisfied via the issuance of 1,655,242 new Shares
Acquisition of Techbond Vietnam	:	Acquisition by Techbond of the entire paid-in capitals of Techbond Vietnam for a purchase consideration of VND157,863,895,027 (equivalent to RM28,573,365), satisfied via the issuance of 47,622,274 new Shares
Applicant(s)	:	Applicant(s) for the subscription of our IPO Shares by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
Application Form(s)	:	Printed application form(s) for the application for subscription of our IPO Shares
ATM(s)	:	Automatic Teller Machine(s)
Authorised Financial Institution(s)	:	Authorised financial institution(s) participating in the Internet Share Application, with respect to payments for our IPO Shares made available for application under the Public Issue
Binh Duong Factory Complex	:	A factory complex located at Quarter 4, An Phu Ward, Thuan An Town, Binh Duong Province, Vietnam
Board	:	Board of Directors
Bumiputera Investors	:	Bumiputera investors including individuals, companies, societies, co-operatives and institutions, collectively
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CA 1965	:	Companies Act 1965
CAGR	:	Compounded annual growth rate
CCC	:	Certificate of Completion and Compliance

**DEFINITIONS** *(Cont'd)*

CDS	:	Central Depository System
CDS Account	:	Account established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
CF	:	Certificate of Fitness for Occupation
China	:	People's Republic of China
CMSA	:	Capital Markets and Services Act 2007, as amended from time to time and shall include any re-enactment thereof
Constitution	:	Constitution of our Company, as may be amended from time to time
Director(s)	:	Director(s) of Techbond
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Eligible Person(s)	:	Eligible Director(s) and employee(s) of our Group and other person(s) who have contributed to the success of our Group, collectively
EPS	:	Earnings per share
ESA or Electronic Share Application	:	Application for the subscription of our IPO Shares through a Participating Financial Institution's ATM
FPE	:	Financial period ended
FYE	:	Financial year ended / ending 30 June, as the case may be
GP	:	Gross profit
Group	:	Techbond and its Subsidiaries, collectively
Hong Kong	:	Hong Kong Special Administrative Region of China
IMR Report	:	Independent Industry Assessment of Industrial Adhesive in Malaysia and Vietnam prepared by Vital Factor
Internet Participating Financial Institution(s)	:	Participating organisation(s) in the Internet Share Application, as listed in Section 16.6 of this Prospectus
Internet Share Application	:	Application for the Public Issue through an Internet Participating Financial Institution
IPO	:	Initial public offering of the Shares comprising the Public Issue only
IPO Price	:	RM0.66 for each IPO Share
IPO Share(s) or Public Issue Share(s)	:	60,105,000 new Shares to be issued pursuant to the Public Issue
ISO	:	International Organization for Standardization



DEFINITIONS *(Cont'd)*

Issuing House or Tricor	: Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Key Senior Management	: The senior management team (excluding Directors) of our Company
Listing	: Admission into the Official List and the listing of and quotation for our entire issued share capital, comprising 230,000,000 Shares on the Main Market
Listing Exercise	: The exercise undertaken by our Company comprising the Acquisitions, IPO, Share Transfer and Listing, collectively
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	: 15 October 2018, being the latest practicable date prior to the issuance of this Prospectus
Main Market	: Main Market of Bursa Securities
Malaysian Public	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Management	: Directors and Key Senior Management of our Company
Market Day	: Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
mg	: Milligram
MITI	: Ministry of International Trade and Industry, Malaysia
N/A	: Not available or not applicable
NA	: Net assets
NBV	: Net book value
OEM	: Original equipment manufacturer(s) appointed by our Group to manufacture certain of our industrial adhesives and sealants
Official List	: A list specifying all securities listed on the Main Market
Participating Financial Institution(s)	: Participating financial institution(s) for Electronic Share Application as listed in Section 16.5 of this Prospectus
PAT	: Profit after taxation
PBT	: Profit before taxation
PE Multiple	: Price earnings multiple
Pink Form Allocation	: 6,000,000 Public Issue Shares reserved for subscription by the Eligible Persons

DEFINITIONS (*Cont'd*)

PIVB or Principal Adviser or Sole Underwriter or Sole Placement Agent	:	Public Investment Bank Berhad (20027-W)
PPE	:	Property, plant and equipment
Promoters	:	Lee Seng Thye and Tan Siew Geak, collectively
Prospectus	:	This Prospectus dated 13 November 2018 in relation to the IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC, as amended from time to time and shall include any re-enactment thereof
Public	:	All persons or members of the public but excluding our Group's directors, our substantial shareholders and persons associated with them (as defined in the Listing Requirements)
Public Issue	:	Public issue by Techbond of 60,105,000 new Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
QC	:	Quality control
RM and sen	:	Ringgit Malaysia and sen, respectively
R&D	:	Research and development
SC	:	Securities Commission Malaysia
SC Equity Guidelines	:	Equity Guidelines issued by the SC, as amended from time to time and shall include any re-enactment thereof
Shah Alam Factory I	:	A factory complex located at No. 34 & 36, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan
Shah Alam Factory II	:	A factory complex located at No. 32, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan
Shah Alam Factory Complex	:	Shah Alam Factory I and Shah Alam Factory II, collectively
Share(s)	:	Ordinary share(s) in Techbond
Share Transfer	:	Transfer of 169,398,420 Shares held by the Promoters to Sonicbond during the prescription period
SICDA	:	Securities Industry (Central Depositories) Act 1991, as amended from time to time and shall include any re-enactment thereof
Sonicbond	:	Sonicbond Sdn Bhd (1192517-T)
Sonicbond Share(s)	:	Ordinary share(s) in Sonicbond
sq. mt.	:	Square metres

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**DEFINITIONS (Cont'd)**


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Subsidiaries	:	Techbond Manufacturing, Techbond Vietnam, Techbond International, Techbond Sabah and Techbond Mfg Vietnam, collectively
Techbond or Company	:	Techbond Group Berhad (1190604-M)
Techbond International	:	Techbond International Sdn Bhd (1181613-M)
Techbond International Group	:	Techbond International and its wholly-owned subsidiary, namely Techbond Mfg Vietnam, collectively
Techbond International Share(s)	:	Ordinary share(s) in Techbond International
Techbond Manufacturing	:	Techbond Manufacturing Sdn Bhd (240056-W)
Techbond Manufacturing Share(s)	:	Ordinary share(s) in Techbond Manufacturing
Techbond Mfg Vietnam	:	Techbond MFG (Vietnam) Co., Ltd (3702506829)
Techbond Sabah	:	Techbond (Sabah) Sdn Bhd (380564-V)
Techbond Sabah Share(s)	:	Ordinary share(s) in Techbond Sabah
Techbond Vietnam	:	Techbond (Vietnam) Co., Ltd (3700424401)
UAE	:	The United Arab Emirates
Underwriting Agreement	:	Underwriting agreement dated 12 September 2018 entered into between Techbond and the Sole Underwriter
USD	:	United States Dollar
UV	:	Ultraviolet
Vietnam	:	Socialist Republic of Vietnam
Vital Factor or Independent Business and Market Research Consultants	:	Vital Factor Consulting Sdn Bhd (266797-T)
VND	:	Vietnamese Dong
VSIP	:	Vietnam-Singapore Industrial Park
VSIP2 Factory Complex	:	A new factory complex to be constructed at No. 18 VSIP II-A, Road No. 23, Vietnam-Singapore II-A Industrial Park, Vinh Tan Commune, Tan Uyen Town, Binh Duong Province, Vietnam

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**GLOSSARY OF TECHNICAL TERMS**

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Technical terms used in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Additive	: A substance blended into an industrial adhesive to alter one or more of its properties, to improve its performance or to achieve certain characteristics
Adhesive	: It is a substance that is applied to the surfaces of one or more separate items to join them together. It also resists their separation. Adhesive is also used to bond small objects together, for example wood chips to form particleboard. Sealant is also made from similar materials as adhesive, but its use is mainly for sealing or creating a barrier to prevent entry of air or water. Adhesive is also known as “glue”, and the two terms are used interchangeably in the Prospectus
Base adhesive	: Within the context of this Prospectus, it refers to the active ingredient or the material that is mainly responsible for a particular industrial adhesive’s properties relating to adhesion
Base sealant	: Within the context of this Prospectus, it refers to the active ingredient or the material that is mainly responsible for a particular sealant’s properties, including adhesion and sealing
°C	: Degree Celsius, which is a measurement for temperature
C	: Represents the element carbon when used in a chemical formula
Cl	: Represents the element chlorine when used in a chemical formula
Creep	: With adhesive, creep refers to the deformations that occur when force is applied to separate the items
Cure	: It refers to the process by which adhesive attains its intended bonding properties. Depending on the type of adhesive used, curing may involve one or some combination of drying, cooling, heating and hardening, or chemical reactions
Cure Time	: It refers to the period of time required for adhesive to attain its intended bonding properties (that is, to cure)
D1, D2, D3 and D4 classes	: Classes that are part of DIN EN 204, the German standard governing classification of water resistance of thermoplastic resin based glues for wood in non-structural applications. The D4 class is the most stringent, with the highest degree of water resistance
DIN EN 204	: It is a German standard that relates to the water resistance of adhesive when used for wood in non-structural applications, such as woodworking. The standard is concerned with the ability of the adhesive to keep joining two surfaces together (its stickiness) after exposure to water or moisture. The four main durability classes are the D1, D2, D3 and D4 classes, with the D4 class being the most stringent
Elastomer	: It is a polymer material that has elastic properties

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**


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Emulsion	: It is formed by the dispersion of very small droplets of one liquid in another liquid, where the two liquids do not mix together. As an example, oil and water do not mix and stirring them together results in an emulsion of small oil droplets in water. Over a short period of time, the oil will separate from the water. However, if an emulsifying agent is added, the oil and water will stay mixed for a much longer period of time. Mayonnaise, butter and margarine are examples of emulsions
EVA	: Ethylene vinyl acetate. It is a synthetic organic chemical polymer made up of ethylene (with the chemical formula $C_2H_4$ ) and vinyl acetate (with the chemical formula $C_2H_3CO_2CH_3$ )
F★, F★★, F★★★ and F★★★★ classes	: Classes under the Japanese Standards for formaldehyde emissions from building materials. The F★★★★ is the most stringent, having the lowest level of formaldehyde emissions
Formaldehyde	: An organic chemical whose molecules consist of the chemical formula is $COH_2$
H	: Represents the element hydrogen when used in a chemical formula
Industrial adhesive	: Adhesives that are primarily intended for use in an industrial or commercial setting, where they are typically used to manufacture other goods. Also known as “industrial glue”
Industrial sealant	: Sealants that are primarily intended for use in an industrial or commercial setting, where they are typically used in building and construction applications, or to manufacture other goods
JAIA	: Japan Adhesive Industry Association. It is a body in Japan that is involved in standardisation activities, such as the drafting of standards for glues. It is also involved in addressing safety, health and environmental issues that relate to the adhesive industry
JTCCM	: Japan Testing Center for Construction Materials. It is a foundation in Japan that is involved in testing, evaluating and certifying construction materials and building components
Japanese Standards	: Within the context of this Prospectus, Japanese Standards refer to those that govern formaldehyde emissions from materials, including building materials. Examples of such standards include JAS 223, JIS 1901, JIS 5549, JIS 5905, and JIS 5908. The classes under these standards are F★, F★★, F★★★ and F★★★★, with F★★★★ having the lowest level of emissions (that is, the most stringent class)
JAS 223	: It is a Japanese Standard that governs formaldehyde emissions from plywood
JIS 1901	: It is a Japanese Standard that governs formaldehyde emissions from building materials
JIS 5549	: It is a Japanese standard governing formaldehyde emissions from adhesives for fixtures
JIS 5905	: It is a Japanese Standard that governs formaldehyde emissions from fibreboard
JIS 5908	: It is a Japanese standard governing formaldehyde emissions from particleboard

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**


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Lamination	: A technique of permanently joining one or more sheets of material together or to another material using adhesive or some other substance. These sheets may be of the same type material, or different types of materials. Products manufactured in this manner are also known as 'laminates'. Examples of laminates include plywood and multi-ply paperboard
Non-reactive adhesive	: Refers to adhesives that are present in their final chemical state when applied. They can cure and achieve their bonding property without any chemical reactions occurring
Organic chemical	: Organic chemicals are those that are composed mainly of carbon and hydrogen, and which sometimes contain other elements such as nitrogen, oxygen and chlorine. Organic chemicals may occur naturally or be manufactured (synthetic)
Paperboard	: Thick paper-based material that is generally thicker than the common paper. Among others, paperboard is used to make packaging boxes. Paperboard may be uncoated, or coated with material such as plastic or wax. Paperboard boxes differ from corrugated carton boxes
Plastic	: It refers to a type of material that is made from polymers. They can be moulded into shape when soft, and set into a rigid or semi-elastic form when cooled or cured
Polymer	: It is a material that is made up of many repeated subunits, or monomers. Plastic material is an example of a polymer
PVA	: Polyvinyl alcohol
PVAc	: Polyvinyl acetate. It is a synthetic organic chemical polymer made up of monomers with the chemical formula $C_4H_6O_2$
PVC	: Polyvinyl chloride. It is a synthetic organic chemical polymer made up of monomers with the chemical formula $C_2H_3Cl$
PVOH	: A synthetic organic chemical polymer made up of monomers with the chemical formula $C_4H_3OH$
Reactive adhesive	: It is a type of adhesive where specific chemical reaction has to occur for it to cure and achieve its bonding property
ROHS	: Restriction of Hazardous Substances Directive. It is a directive adopted by the European Union that restricts the use of specified hazardous materials in the manufacture of electronic and electrical equipment
Sealant	: A substance that is used to create a physical barrier to seal surfaces, joints, cracks and other openings from substances such as water, air, and chemicals. In some cases, the base material used to manufacture sealants are similar to some types of base adhesives
Structural adhesive	: It is a type of adhesive that creates a bond between the surfaces that are glued together, and is strong enough to withstand external loads for a period of time
Thermoplastic	: It is a type of plastic that can be softened by heating, and hardened by cooling. This process of hardening and softening using heat may be repeated numerous times without significant changes to the material. Thus, thermoplastic may be recycled

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

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Thick adhesive	: Adhesive that flows slowly. It has high viscosity
Thin adhesive	: Adhesive that flows easily. It has low viscosity
UV	: A component of sunlight whose wavelength is shorter than visible light. Prolonged exposure to UV can, among others, reduce the strength of adhesive
Viscosity	: For glues and liquids in general, viscosity corresponds to the concept of 'thickness' and the speed in which it flows. As an example, honey is a thick liquid that flows slowly (high viscosity), whereas water is a thin liquid that flows easily (low viscosity)
VOC	: Volatile organic compound. In the context of this Prospectus, they are liquid or solid materials that easily become vapour or gas at room temperature
Wetting	: For glues and liquids in general, wetting describes its ability to maintain contact with a particular solid surface. Adhesive that is said to have 'high wettability' with a particular solid surface achieves a high degree of contact with it, and will tend to spread out across that surface. Conversely, adhesive that is described as having 'low wettability' with a particular surface does not spread out and instead tends to form a bead, thereby achieving little contact with the surface
Working temperature	: It is used in the context of hot melt adhesive. In general, the working temperature is the range of temperature where the hot melt adhesive can be applied and worked with. It is defined by a minimum and maximum temperature. Below the minimum temperature, the hot melt adhesive is either in solid form or not sufficiently melted to be properly applied. Heating the hot melt adhesive above the maximum temperature can cause it to char or burn

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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All references in this Prospectus to “**our Company**” and “**Techbond**” are to Techbond Group Berhad, references to “**our Group**” are to our Company and our subsidiaries collectively and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and save where the context otherwise requires, and our subsidiaries. Unless the context otherwise requires, references to “**Management**” are to our Directors and key management personnel as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

This Prospectus includes statistical data provided by various third parties and cites third party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and publicly available sources. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the IMR Report. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section in this Prospectus. Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and / or neuter genders, and *vice versa*. Any reference to persons shall include a company or a corporation, unless otherwise specified.

Any reference in this Prospectus to any legislation is a reference to that legislation as for the time being amended or re-enacted.

Any discrepancy in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations; and
- (iv) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 7 of this Prospectus on risk factors. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name / (Designation)</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Dato' Hamzah Bin Mohd Salleh <i>(Independent Non-Executive Chairman)</i>	B17-04 Mont Kiara Aman 4 Jalan Kiara 2 50480 Kuala Lumpur	Company Director	Malaysian
Lee Seng Thye <i>(Managing Director)</i>	No. 12, Jalan 31/71G Kota Kemuning 40460 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Tan Siew Geak <i>(Executive Director)</i>	No. 12, Jalan 31/71G Kota Kemuning 40460 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Ooi Guan Hoe <i>(Independent Non-Executive Director)</i>	100, Casaman, Cangkat Intisari Desa Parkcity Kepong 52200 Kuala Lumpur	Company Director	Malaysian
Selma Enolil Binti Mustapha Khalil <i>(Independent Non-Executive Director)</i>	32 Jalan Putra Bistari 2/1S Putra Heights 47650 Subang Jaya Selangor Darul Ehsan	Advocate & Solicitor	Malaysian

**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ooi Guan Hoe	Chairman	Independent Non-Executive Director
Dato' Hamzah Bin Mohd Salleh	Member	Independent Non-Executive Chairman
Selma Enolil Binti Mustapha Khalil	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Hamzah Bin Mohd Salleh	Chairman	Independent Non-Executive Chairman
Ooi Guan Hoe	Member	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Member	Independent Non-Executive Director

**NOMINATING COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Hamzah Bin Mohd Salleh	Chairman	Independent Non-Executive Chairman
Ooi Guan Hoe	Member	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Member	Independent Non-Executive Director

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**CORPORATE DIRECTORY (Cont'd)**

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- COMPANY SECRETARIES** :
- Wong Wai Foong (MAICSA 7001358)  
*(Chartered Secretary, Associate of the Institute of Chartered Secretaries and Administrators)*  
1164, Jalan 17/46  
Happy Garden  
46400 Petaling Jaya  
Selangor Darul Ehsan
- Lim Hooi Mooi (MAICSA 0799764)  
*(Chartered Secretary, Fellow of the Institute of Chartered Secretaries and Administrators)*  
No. 28, Jalan 20/7  
46300 Petaling Jaya  
Selangor Darul Ehsan
- Ong Wai Leng (MAICSA 7065544)  
*(Chartered Secretary, Associate of the Institute of Chartered Secretaries and Administrators)*  
No. 20, Jalan Tasik Indah 4  
Taman Tasik Indah  
51200 Kuala Lumpur
- Tel: (603) 2783 9191  
Fax: (603) 2783 9111
- REGISTERED OFFICE** :
- Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur
- Tel: (603) 2783 9191  
Fax: (603) 2783 9111
- CORPORATE OFFICE** :
- No. 36, Jalan Anggerik Mokara 31/59  
Kota Kemuning, Seksyen 31  
40460 Shah Alam  
Selangor Darul Ehsan
- Tel: (603) 5122 3333  
Fax: (603) 5122 3888  
Email: adhesive@techbond.com.my  
Website: www.techbond.com.my
- AUDITORS AND REPORTING ACCOUNTANTS** :
- Grant Thornton Malaysia (AF 0737)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur
- Tel: (603) 2692 4022  
Fax: (603) 2732 5119
- Partner-in-charge: Kho Kim Eng  
Approved no.: 03137/10/2020 J  
*(Chartered Accountant, Fellow Member of the Associate of Chartered Certified Accountants and Member of the Malaysia Institute of Accountants)*

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**CORPORATE DIRECTORY (Cont'd)**

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- SOLICITORS FOR OUR IPO** : *To our Company as to laws of Malaysia*  
Chooi & Company + Cheang & Ariff  
Advocates & Solicitors  
Level 5, Menara BRDB  
285, Jalan Maarof  
Bukit Bandaraya  
59000 Kuala Lumpur
- Tel: (603) 2055 3888  
Fax: (603) 2055 3880
- : *For our foreign subsidiaries as to laws of Vietnam*  
LuatViet  
Advocates & Solicitors  
6<sup>th</sup>/F, Pax Sky Building  
34A Pham Ngoc Thach St., Dist 3  
Ho Chi Minh City  
Vietnam
- Tel: (+84) 3824 8440  
Fax: (+84) 3824 8441
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)  
V Square @ PJ City Centre (VSQ)  
Block 6 Level 6, Jalan Utara  
46200 Petaling Jaya  
Selangor Darul Ehsan
- Tel: (603) 7931 3188  
Fax: (603) 7931 2188
- Person-in-charge: Wooi Tan  
*(Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia, Bachelor of Science from The University of New South Wales, Australia and a Fellow of the Australian Marketing Institute, and Institute of Managers and Leaders, Australia (formerly known as the Australian Institute of Management))*
- INDEPENDENT VALUER** : Henry Butcher Malaysia (SEL) Sdn Bhd (495503-K)  
No. 36-1, 2 & 3, Jalan SS15/4D  
47500 Subang Jaya  
Selangor Darul Ehsan
- Tel: (603) 5631 5555  
Fax: (603) 5632 7155
- Valuer-in-charge: Tew Kok Huat  
Registered Valuer (V-481)  
*(Bachelor Degree in Valuation & Property Management from Universiti Teknologi Malaysia, Member of the Royal Institution of Surveyors Malaysia and Member of the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia)*

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**CORPORATE DIRECTORY (Cont'd)**

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- INDEPENDENT INTERNAL CONTROL CONSULTANTS** : Axcelasia Columbus Sdn Bhd (730660-W)  
1-23-7 Menara Bangkok Bank  
Berjaya Central Park  
No 105 Jalan Ampang  
50450 Kuala Lumpur  
  
Tel: (603) 2181 8865  
Fax: (603) 2181 8867
- ISSUING HOUSE AND SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
  
Tel: (603) 2783 9299  
Fax: (603) 2783 9222
- PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT** : Public Investment Bank Berhad (20027-W)  
25<sup>th</sup> Floor, Menara Public Bank  
146, Jalan Ampang  
50450 Kuala Lumpur  
  
Tel: (603) 2166 9382  
Fax: (603) 2166 9386
- LISTING SOUGHT** : Main Market of Bursa Securities

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**APPROVALS AND CONDITIONS**

The approvals and conditions imposed by the relevant authorities for our Listing Exercise are as follows:

**(i) SC's Approval**

The SC had, via its letter dated 5 July 2018, approved our Listing Exercise under Section 214(1) of the CMSA and the resultant equity structure of Techbond under the equity requirement for public listed companies pursuant to the Listing. The condition imposed by the SC and the status of compliance with the condition is as follows:

Condition	Status of compliance
PIVB and Techbond to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing	To be complied

The SC, had also via its letter dated 5 July 2018, noted the effects of the Listing on the equity structure of Techbond as follows:

Category of shareholder	Before the Listing <sup>(a)</sup>		After the Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- To be approved by MITI	-	-	23,000,000	10.00
- Via public balloting	-	-	5,750,000	2.50
- Others <sup>(b)</sup>	-	-	448,287	0.19
Total Bumiputera	-	-	29,198,287	12.69
Non-Bumiputera	2	100.00	200,801,713	87.31
Total Malaysian	2	100.00	230,000,000	100.00
Foreigner	-	-	-	-
<b>TOTAL</b>	<b>2</b>	<b>100.00</b>	<b>230,000,000</b>	<b>100.00</b>

Notes:

- (a) Based on the shareholdings in the Company prior to the completion of the Acquisitions.
- (b) Comprising 200,000 Shares to be allocated to Bumiputera Investors via pink form allocation and 248,287 Shares held by Flora Chang, a Bumiputera.

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**APPROVALS AND CONDITIONS (Cont'd)**


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**(ii) MITI's Approval**

MITI had, vide its letter dated 24 April 2018, taken note of and has no objection to our Listing.

**(iii) Bursa Securities' Approval**

Bursa Securities had, via its letter dated 12 October 2018, approved the admission of our Company to the Official List and the listing of and quotation for the entire enlarged issued share capital of our Company of RM141,606,300.80 comprising 230,000,000 Shares on the Main Market.

The conditions imposed by Bursa Securities and the status of the compliance with these conditions are as follows:

Conditions		Status of compliance
(i)	Techbond and PIVB to make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements. In this respect, Techbond is advised to include the Stock Code, Stock Short Name and ISIN Code upon making the announcement on Timetable for IPO; and	To be complied
(ii)	Techbond and PIVB to furnish Bursa Securities on the 1 <sup>st</sup> day of Listing, a copy of the schedule of distribution showing compliance to the public share spread requirements based on the entire issued share capital of Techbond.	To be complied

In accordance with the SC Equity Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company within six months from the date of listing of our Company on the Main Market ("**Moratorium Period**").

Our Promoters have provided an undertaking letter to the SC that they will not sell, transfer or assign their respective shareholdings under moratorium during the Moratorium Period, including all Shares, if any, issued to our Promoters during the Moratorium Period, in accordance with the SC Equity Guidelines.

The details of Shares to be held under moratorium are as follows:

Name	Direct		Indirect	
	No. of Shares held	<sup>(a)</sup> % of enlarged share capital	No. of Shares held	<sup>(a)</sup> % of enlarged share capital
Sonicbond	169,398,420	73.65	-	-
Lee Seng Thye	-	-	<sup>(b)</sup> 169,398,420	73.65

Notes:

(a) Based on the enlarged issued share capital of 230,000,000 Shares.

(b) Deemed interested by virtue of his direct interest in Sonicbond pursuant to Section 8(4) of the Act.

The shareholders of Sonicbond, namely Lee Seng Thye and Tan Siew Geak have also provided undertaking letters to the SC that they will not sell, transfer or assign their respective shareholdings in Sonicbond during the Moratorium Period.

The moratorium is specifically endorsed on the shares certificates representing the Shares held by our Promoters which are under moratorium to ensure that our share registrar does not register any transfer that contravenes such restrictions.

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## 1. PROSPECTUS SUMMARY

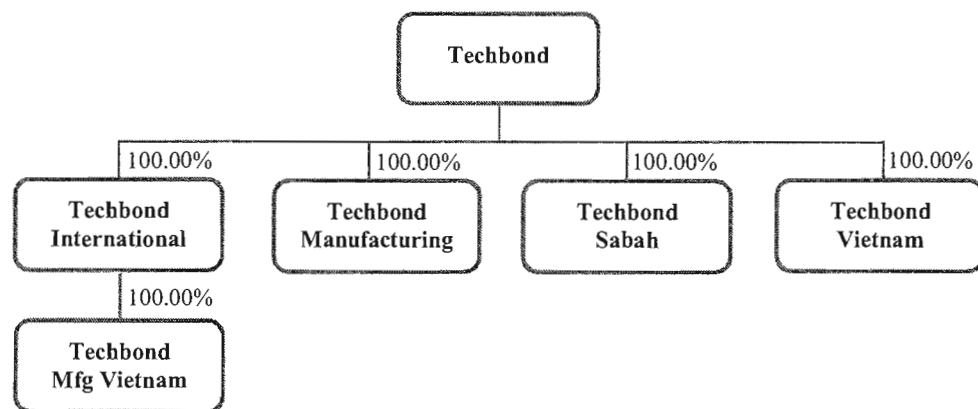
**THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN OUR SHARES.**

### 1.1 Overview of Our Business Operations

Our Company was incorporated in Malaysia under the CA 1965 on 8 June 2016 and is deemed registered under the Act as a private limited company under the name of Techbond Group Sdn Bhd. Our Company was converted to a public company limited by shares on 20 November 2017.

We are an investment holding company and are engaged in the provision of management services to our Subsidiaries. Our Subsidiaries are principally involved in developing and manufacturing industrial adhesives and sealants as well as providing supporting products and services.

Our current corporate Group structure is as follows:



Our Group is mainly involved in developing and manufacturing industrial adhesives, namely water-based and hot melt adhesives. This accounted for 95.80%, 95.91%, 94.79% and 91.68% of our total revenue for the FYE 2015, FYE 2016, FYE 2017 and FYE 2018, respectively. These industrial adhesives are used in manufacturing a variety of products, including wood-based products, paper and packaging products, cigarettes and cigarette packs, automotive applications, personal care products, mattresses as well as building and construction applications.

Besides industrial adhesives, we have been developing and manufacturing industrial sealants, namely water-based and solvent-based sealants since July 2015. This accounted for 0.17%, 0.30% and 2.22% of our total revenue for the FYE 2016, FYE 2017 and FYE 2018. Our industrial sealants are mainly used in building and construction applications.

Further, we provide supporting products and services to our customers, which include certain OEM industrial adhesives and sealants, chemicals, adhesive repellents and cleaners, spare parts and maintenance services. This accounted for 4.20%, 3.92%, 4.91% and 6.10% of our total revenue for the FYE 2015, FYE 2016, FYE 2017 and FYE 2018, respectively. We also provide some of our customers with the use of adhesive mixing machines, although this is not a revenue generating activity.

Our products and services are largely provided to customers outside Malaysia, which accounted for 78.50%, 81.64%, 81.50% and 79.63% of our total revenue for the FYE 2015, FYE 2016, FYE 2017 and FYE 2018, respectively. During the FYE 2018, we sold our industrial adhesives to customers outside Malaysia such as Brunei, Cambodia, China, Hong Kong, Sri Lanka, Indonesia, Liberia, Maldives, Singapore, Thailand, Uganda and Vietnam.

## 1. PROSPECTUS SUMMARY (Cont'd)

### Our Geographic Markets (FYE 2015 up to 2018)



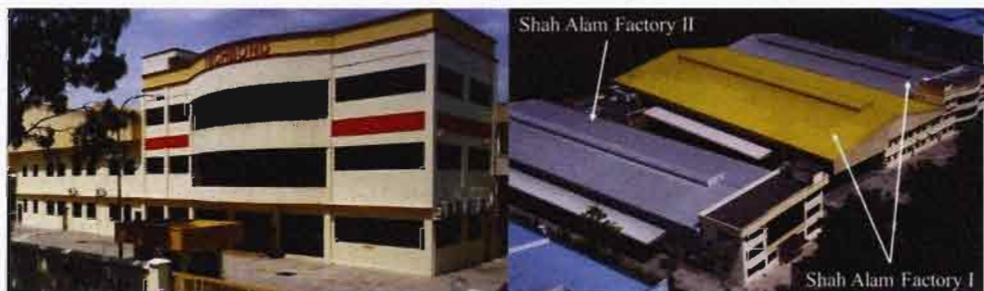
As at the LPD, we have business operations in Malaysia and Vietnam with the following operational facilities:

- (i) head office and manufacturing plant in our Shah Alam Factory I;
- (ii) R&D centre, QC centre and warehouse in our Shah Alam Factory II; and
- (iii) office, manufacturing plant, QC facility, and storage area in our Binh Duong Factory Complex.

In addition, we have two regional sales offices and warehouses in Muar, Johor Darul Takzim and Kota Kinabalu, Sabah, respectively.

Our Shah Alam Factory Complex currently manufactures water-based and hot melt adhesives, and sealants, while our Binh Duong Factory Complex manufactures water-based adhesives.

#### Our Shah Alam Factory Complex in Selangor Darul Ehsan



*Shah Alam Factory Complex consists of Shah Alam Factory I and Shah Alam Factory II.*

#### Our Binh Duong Factory Complex in Vietnam



## 1. PROSPECTUS SUMMARY (Cont'd)

Moving forward, we will continue to focus on our core competencies in developing and manufacturing industrial adhesives and sealants while expanding our product portfolio as depicted in the following diagram:



Notes:

- (a) Please refer to Section 5.21 for further details on our new products.
- (b) PVAc polymer is a base adhesive which we will use for our own production of industrial adhesives.

Further details of our Group and our business operations are set out in Sections 4 and 5 of this Prospectus.

### 1.2 Our Competitive Position and Business Strategies

The sustainability and growth of our business is supported by our competitive advantages and key strengths, which include the following:

- (i) we have an in-house R&D centre located at our Shah Alam Factory II together with a team of nine personnel that allows us to conduct R&D activities to develop new formulation and range of products. This enables us to meet the changing needs of existing customers as well as attract new customers. Most of the industrial adhesives and sealants that we manufacture are developed in our R&D centre;
- (ii) we have obtained independent certification such as DIN EN 204, ROHS and KOMO Certification for compliance with product performance and safety, or environmental standards for some of our industrial adhesives. We also received ISO 9001:2008 quality management system certification for our hot melt and water-based adhesive manufacturing operations in Malaysia. These independent certifications provide our customers with assurance that our adhesives comply with specific product performance, safety or environmental standards. Our quality management system and quality control procedures also help to maintain customer's trust and loyalty by ensuring that our products consistently meet with the required specifications;
- (iii) our significant revenue from foreign markets provides business growth opportunities as having diversified geographical markets allows us to have a large addressable market that help to sustain our business;
- (iv) we are a brand owner and have developed and manufactured industrial adhesives and sealants that are marketed under our own brand names. This enables us to create product differentiation, make our products more recognisable and build customer loyalty, which are important factors in promoting business sustainability and growth;

## 1. PROSPECTUS SUMMARY (Cont'd)

- (v) we have a track record of approximately 22 years as a developer and manufacturer of industrial adhesives since the commencement of our business operations in 1996. Throughout the years, we have established a loyal customer base, whereby 13 of our top 20 customers for the FYE 2018 have been in a business relationship with us for seven or more years; and
- (vi) we have an experienced management team headed by our Managing Director and the founder of our Group, Lee Seng Thye, whom has 28 years of experience in the industrial adhesive industry. He is supported by our Executive Director and Key Senior Management, all whom have been working in our Group for an average of 12 years.

As part of our business strategies, we have in place a business expansion plan that would provide us with the platform to grow our business, which includes the following:

Expansion of Vietnam operations	Expansion of Malaysia operations
<p>Setting up a new factory in Vietnam, namely VSIP2 Factory Complex on a piece of land that we leased, measuring 30,000 sq. mt. located at Vietnam-Singapore II-A Industrial Park, Binh Duong Province, Vietnam.</p> <p>This is to expand our existing Vietnam manufacturing capabilities to include a new polymerisation plant for the production of a new product, namely PVAc polymer, as well as two new water-based adhesives manufacturing lines for paper and packaging applications.</p>	<p>Setting up two new manufacturing lines for hot melt adhesives and sealants, respectively at our Shah Alam Factory Complex.</p> <p>This is to expand our existing Malaysia manufacturing capabilities to include production of new types of high viscosity hot melt adhesives for woodworking and bookbinding applications, and low viscosity hot melt adhesives for paper and packaging, and mattress applications. There will also be future production of new modified hybrid industrial adhesives and sealants.</p>

Further details on our competitive position and business strategies are set out in Section 5 of this Prospectus.

### 1.3 Salient Information of Our IPO

#### 1.3.1 Our Share Capital

	RM
<b>Issued share capital as at the LPD</b>	
169,895,000 ordinary shares	101,937,000.80
<b>To be issued pursuant to the Public Issue</b>	
60,105,000 ordinary shares	39,669,300.00
<b>Enlarged issued share capital upon Listing</b>	
230,000,000 ordinary shares	<b>141,606,300.80</b>

#### 1.3.2 Issue Price per IPO Share

Issue price per IPO Share	RM0.66
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#### 1.3.3 Total Market Capitalisation upon Listing

Total market capitalisation based on our IPO Price of RM0.66 per Share and the enlarged share capital of 230,000,000 Shares	<b>RM151,800,000.00</b>
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Please refer to Section 2 of this Prospectus for detailed information of our IPO.

**1. PROSPECTUS SUMMARY (Cont'd)****1.4 Promoters, Substantial Shareholders, Directors and Key Senior Management**

The details of our Promoters and substantial shareholders together with their respective shareholdings in Techbond before and after the Listing Exercise are as follows:

Name	Nationality / Place of incorporation	Before our IPO <sup>(a)</sup>				After the Listing Exercise			
		← Direct interest →		← Deemed interest →		← Direct interest →		← Deemed interest →	
		No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
<u>Promoter and substantial shareholder</u> Lee Seng Thye	Malaysian	163,909,325	96.47	-	-	-	(b)169,398,420	73.65	-
<u>Promoter</u> Tan Siew Geak	Malaysian	5,489,095	3.23	-	-	-	-	-	-
<u>Substantial shareholder</u> Sonicbond	Malaysia	-	-	-	-	169,398,420	73.65	-	-

Notes:

(a) Based on the shareholdings of the Promoters and / or substantial shareholders in our Company as at the LPD.

(b) Deemed interested by virtue of his direct interest in Sonicbond pursuant to Section 8(4) of the Act.

Our Promoters have provided an undertaking letter to the SC that they will not sell, transfer or assign their respective shareholdings within six months from the date of listing of our Company on the Main Market, i.e. the Moratorium Period, including all Shares, if any, issued to our Promoters during the Moratorium Period, in accordance with the SC Equity Guidelines. The shareholders of Sonicbond, namely Lee Seng Thye and Tan Siew Geak have also provided undertaking letters to the SC that they will not sell, transfer or assign their respective shareholdings in Sonicbond during the Moratorium Period.



## 1. PROSPECTUS SUMMARY (Cont'd)

The details of our Directors and Key Senior Management are as follows:

<b>Name</b>	<b>Designation</b>
<b>Directors</b>	
Dato' Hamzah Bin Mohd Salleh	Independent Non-Executive Chairman
Lee Seng Thye	Managing Director
Tan Siew Geak	Executive Director
Ooi Guan Hoe	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director
<b>Key Senior Management</b>	
Ng Yeow Siang	Group Finance Director
Wong Kong Cheong	Head of R&D
Lee Seh Meng	Head of Business Development
Tay Yeok Mooi	Group Operations Manager

Further details of our Promoters, substantial shareholders, Directors and Key Senior Management, are set out in Section 3 of this Prospectus.

### 1.5 Risk Factors

Our business is subject to a number of risk factors, many of which are outside our control. These risk factors may have a material adverse impact on our business operations, financial position and performance. Before investing in our Shares, you should read this entire Prospectus carefully, taking into consideration the following summary of key risk factors:

- (i) the continuing success, future growth and expansion of our Group are, to a significant extent, dependent on the experience, expertise, commitment and continued services of our Managing Director, Executive Director and Key Senior Management. The loss of services of any of the above parties without suitable and timely replacement may adversely affect our future business operations, strategic direction and financial performance;
- (ii) we currently operate our Vietnam operations at our Binh Duong Factory Complex, whereby the land is leased from the Land and Housing Department of Binh Duong, with a remaining lease period of approximately 14 years (expiring on 22 May 2032). Our upcoming VSIP2 Factory Complex will also be constructed on a piece of land that we leased from Vietnam-Singapore Industrial Park J.V., Co. Ltd, with a remaining lease period of approximately 40 years (expiring on 19 March 2058). If the abovementioned leases are not extended or terminated, our operations in Vietnam may be adversely affected and consequently our financial performance may suffer a material adverse impact;
- (iii) we intend to utilise 72.54% of the IPO proceeds to finance our business expansion in Vietnam via the VSIP2 Factory Complex, and purchase of new machineries and equipment. However, the abovementioned expansion would result in additional depreciation / amortisation expenses moving forward, as well as risk of not being able to secure new customers in view of the expanded production capacity. Further, there is no assurance that we will be able to successfully implement all of our business strategies and failure to do so, may adversely affect our business and financial performance;

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**1. PROSPECTUS SUMMARY (Cont'd)**

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- (iv) our revenue is dependent on our manufacturing processes running smoothly and efficiently. As such, risks such as outbreak of fire, flood, power failure, water supply disruption, burglary, shipment disruption, and other calamity may cause significant downtime, losses and / or damage to our products, operational facilities, hence disrupting and affecting our business operations. If any such risks are uninsured, not covered under our insurance policy, or where the insurance protection is not sufficient to cover such risks, we may have to bear such losses, damages or liabilities and consequently our business and financial condition may suffer a material adverse impact;
- (v) a large portion of our revenue and purchases of raw materials are from outside Malaysia. As such, we are exposed to foreign currency exchange gains or losses arising from timing differences between our billings, actual receipt of payments and conversion / translation into RM as well as when our assets, liabilities, revenue and earnings recorded by our Vietnam subsidiary companies are translated from USD into RM for financial reporting and repatriation purposes. Any significant fluctuations in the foreign exchange rates, particularly the USD, may have a significant impact, whether positively or negatively, on our financial condition and results of operations;
- (vi) we are subjected to the risk of any unfavourable fluctuations in the prices of the raw materials that we use, which are influenced by global macroeconomic factors including supply, demand and currency exchange rates. Any increases in the prices or unavailability of these raw materials may result in an increase in our operational costs or interruption to our operations, which may adversely affect our financial performance;
- (vii) we are dependent on the performance of user-industries especially woodworking, and paper and packaging industries as 65.46% and 23.99% of our total revenue for FYE 2018 are derived from these two industries. Any downturn in the performance of these industries may have an adverse impact on our financial performance;
- (viii) we have not entered into any long-term contracts with our customers as we manufacture based on confirmed orders. Over the years, despite the absence of long-term contracts with our customers, we have managed to establish a loyal customer base, whereby 13 of our top 20 customers for the FYE 2018 have been in a business relationship with us for seven or more years. Nonetheless, there can be no assurance that the absence of long-term contracts will not materially affect our operations, financial performance and future prospects should there be any prolonged disruptions in customer orders; and
- (ix) our business is subject to prevailing economic, social, political and regulatory conditions in Malaysia and Vietnam, where we have manufacturing operations as well as countries, where we sell our products and purchase our raw materials. Any adverse developments or uncertainties including, amongst others, changes in political conditions, Government policies and regulations, fiscal and monetary policies, import and export restrictions, duties and tariffs, foreign exchange, civil unrest, unemployment and inflation, may adversely impact our financial performance.

Further details of the aforementioned risks are provided in Section 7 of this Prospectus.

## 1. PROSPECTUS SUMMARY (Cont'd)

### 1.6 Financial Highlights

#### 1.6.1 Historical Combined Financial Information

The table below sets out the financial highlights based on the audited combined financial information for the past four financial years up to the FYE 2018.

	Audited			
	FYE			
	2015 RM	2016 RM	2017 RM	2018 RM
Revenue	63,626,796	75,861,844	82,363,850	86,811,281
GP	18,754,592	24,163,832	26,329,749	25,409,330
PBT	12,640,506	15,517,362	18,996,575	17,098,663
PAT	9,478,959	11,688,445	14,552,627	13,419,840
EBITDA	14,255,761	16,918,970	20,233,330	17,993,682
Basic / Diluted EPS (sen)	611.98	754.63	113.41	58.35
GP margin (%)	29.48	31.85	31.97	29.27
PBT margin (%)	19.87	20.45	23.06	19.70
PAT margin (%)	14.90	15.41	17.67	15.46
EBITDA margin (%)	22.41	22.30	24.57	20.73
<u>Key financial ratios:</u>				
Average trade receivable turnover (days)	62	59	57	63
Average trade payable turnover (days)	21	22	23	37
Current ratio (times)	1.62	1.89	6.33	6.92
Gearing ratio (times)	0.05	0.03	0.01	-

Further details are set out Section 10.1 of this Prospectus.

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## 1. PROSPECTUS SUMMARY (Cont'd)

### 1.6.2 Pro Forma Consolidated Statements of Financial Position

Our summary of the pro forma consolidated statements of financial position as set out below have been prepared for illustrative purposes only to show the effects on the pro forma consolidated statements of financial position of our Group as at 30 June 2018 had the Listing Exercise been completed on that date and that the current structure of our Group has been in existence throughout the financial years under review.

	Audited as at 30 June 2018 RM	Pro forma I After the Acquisitions RM	Pro forma II After Pro forma I, Public Issue and utilisation of proceeds RM
<b>ASSETS</b>			
Total non-current assets	-	23,702,554	50,942,554
Total current assets	203,323	72,292,412	79,721,712
<b>TOTAL ASSETS</b>	203,323	95,994,966	130,664,266
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the parent / Total equity	(230,784)	84,777,952	119,447,252
Total non-current liabilities	-	764,935	764,935
Total current liabilities	434,107	10,452,079	10,452,079
<b>TOTAL EQUITY AND LIABILITIES</b>	203,323	95,994,966	130,664,266
Total borrowings	-	-	-
(Net liabilities) / NA	(230,784)	84,777,952	119,447,252
Number of ordinary shares in issue	2	169,895,000	230,000,000
(Net liabilities) / NA per Share (RM)	(115,392)	0.50	0.52
Gearing (times)	-	-	-

Further details are set out Section 10.2 of this Prospectus.

### 1.6.3 Pro Forma Consolidated Statement of Cash Flows

The following is our summary pro forma consolidated statement of cash flows for the FYE 2018, which has been prepared for illustrative purposes only on the assumption that the current structure of our Group has been in existence throughout the financial years under review.

	FYE 2018 RM
Net cash from operating activities	14,772,850
Net cash used in investing activities	(29,366,485)
Net cash from financing activities	33,838,953
<b>Net increase in cash and cash equivalents</b>	<b>19,245,318</b>
Effect of foreign currency translation differences	(1,162,305)
Cash and cash equivalents at beginning of financial year	18,624,482
<b>Cash and cash equivalents at end of financial year</b>	<b>36,707,495</b>

Further details are set out Section 10.3 of this Prospectus.

## 1. PROSPECTUS SUMMARY (Cont'd)

### 1.7 Use of Proceeds

There is no minimum subscription amount to be raised from the Public Issue. We expect the proceeds from the Public Issue of approximately RM39.67 million to be fully utilised by our Group in the following manner:

Details of the utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
<b><u>Expansion of Vietnam operations</u></b>			
(a) Construction of the VSIP2 Factory Complex	10,000	25.20	Within 24 months
(b) Purchase of machineries and equipment for the VSIP2 Factory Complex	12,740	32.12	Within 24 months
(c) Working capital	6,036	15.22	Within 24 months
<b><u>Expansion of Malaysia operations</u></b>			
(d) Purchase of machineries and equipment for the Shah Alam Factory Complex	4,500	11.35	Within 24 months
(e) Working capital	1,393	3.51	Within 24 months
(f) Estimated listing expenses	5,000	12.60	Within 3 months
<b>Total</b>	<b>39,669</b>	<b>100.00</b>	

We intend to utilise 72.54% of the IPO proceeds to finance our business expansion in Vietnam, a socialist country, which may have different government policies and regulations from Malaysia. The construction of our VSIP2 Factory Complex on a leased land still has a remaining lease period of 40 years (expiring on 19 March 2058). There is no assurance that we will be able to renew or extend the tenure of this lease upon its expiry.

Our production facility in Vietnam currently produces only water-based adhesives for the woodworking industry and its production capacity is already at 80.22% utilisation for our latest FYE 2018. The IPO proceeds will be used to purchase new machineries and equipment for the polymerisation plant and new water-based manufacturing lines for paper and packaging applications for the VSIP2 Factory Complex. Though there is currently still excess capacity at our existing Binh Duong Factory Complex, this expansion is important as we anticipate by the time the VSIP2 Factory Complex is completed by the end of the March 2020, we will need this new factory to cater for our future growth.

Further details on the utilisation of the gross proceeds are set out in Section 2.8 of this Prospectus.

### 1.8 Dividend Policy

Currently, our Company does not have a fixed dividend policy. However, it is the intention of our Board to retain adequate reserves for our future growth as well as to reward our shareholders with participation in the profits of our Group.

As we are primarily an investment holding company, our Company's income, and therefore our ability to pay dividends is dependent upon the dividends and other distributions we receive from our Subsidiaries. The payment of dividends by our Subsidiaries will depend on various factors including operating results, financial condition, capital expenditure plans, and the covenants in their existing loan agreements, which restrict the payment of dividends or other distributions until such loan are fully settled (or unless the prior approval of the lenders is obtained).

Further details on the dividend policy are set out in Section 11.9 of this Prospectus.

## 2. PARTICULARS OF OUR IPO

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR IPO SHARES.**

### 2.1 Opening and Closing of Applications

Application for our IPO Shares will open at 10.00 a.m. on 13 November 2018 and will remain open until 5.00 p.m. on 23 November 2018.

### 2.2 Indicative Timetable

The indicative timetable of events leading up to our Listing is as follows:

<b>Event</b>	<b>Tentative Dates</b>
Opening date of application for our IPO Shares	10.00 a.m., 13 November 2018
Closing date of application for our IPO Shares	5.00 p.m., 23 November 2018
Balloting of applications	27 November 2018
Allotment of our IPO Shares to successful Applicants	3 December 2018
Listing on the Main Market	5 December 2018

If the closing date of the application is extended, we will advertise a notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia before the original closing date of the application. Following this, the dates for the balloting, allotment of our IPO Shares and our Listing will be extended accordingly.

### 2.3 Details of Our IPO

#### 2.3.1 Public Issue

Our Public Issue of 60,105,000 new Shares, representing approximately 26.13% of our enlarged issued share capital, at an issue price of RM0.66 per Share is subject to the terms and conditions of this Prospectus and will be allotted in the following manner:

#### (i) Malaysian Public

11,500,000 Public Issue Shares, representing 5.00% of our enlarged issued share capital will be made available for application by the Malaysian Public to be allocated via balloting, of which 50.00% will be set aside for the Bumiputera Public (“**Public Tranche**”).

#### (ii) Eligible Person(s)

6,000,000 Public Issue Shares (Pink Form Allocation), representing approximately 2.61% of our enlarged issued share capital will be made available for application by the eligible Directors and employees of our Group and other persons who have contributed to the success of our Group.

## 2. PARTICULARS OF OUR IPO (Cont'd)

The criteria for the allocation of the Public Issue Shares to the Eligible Persons under the Pink Form Allocation, as approved by the Board are as follows:

- (a) Eligible Directors and employees of our Group
- Full time employee of at least 18 years old;
  - Seniority;
  - Length of service;
  - Category of employee;
  - Job performance; and
  - Other criteria deemed fit by our Management.
- (b) Other persons who have contributed to the success of our Group
- Length of relationship;
  - Volume and frequency of transactions with our Group; and
  - Other criteria deemed fit by our Management.

The summary of allocation of 6,000,000 Public Issue Shares as described above is set out below:

Eligible person	No. of eligible persons	No. of Public Issue Shares allocated
Eligible Directors	3	300,000
Eligible employees	Up to 100	3,000,000
Other persons who have contributed to the success of our Group	Up to 80	2,700,000
<b>Total</b>	<b>Up to 183</b>	<b>6,000,000</b>
<b><u>Eligible Directors</u></b>		
The details of allocation of the Public Issue Shares to the eligible Directors are as follows:		
Eligible Directors	Designation	No. of Public Issue Shares allocated
Dato' Hamzah Bin Mohd Salleh	Independent Non-Executive Chairman	100,000
Ooi Guan Hoe	Independent Non-Executive Director	100,000
Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director	100,000
<b>Total</b>		<b>300,000</b>

As at the LPD, we have yet to ascertain the specific allocation of Public Issue Shares to the eligible employees and other persons who have contributed to the success of our Group under the Pink Form Allocation.

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**2. PARTICULARS OF OUR IPO (Cont'd)**

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**(iii) Bumiputera Investors Approved by MITI**

23,000,000 Public Issue Shares, representing 10.00% of our enlarged issued share capital will be made available for application by way of private placement to Bumiputera Investors approved by MITI (“MITI Tranche”).

The MITI Tranche shall be subject to the following reallocation provisions:

- (a) any of the Public Issue Shares not subscribed by the Bumiputera Investors under the MITI Tranche shall be made available for application by the Bumiputera Public who are applicants under the Public Tranche;
- (b) if there are insufficient Bumiputera Public applicants under the Public Tranche for reallocation of unsubscribed Public Issue Shares pursuant to paragraph (a) above, such unsubscribed Public Issue Shares shall be made available for the application by the Malaysian Public; and
- (c) subsequently, any unsubscribed Public Issue Shares by the Malaysian Public pursuant to paragraph (b) above will be made available for subscription by the eligible Directors and employees of our Group and other persons who have contributed to the success of our Group. Thereafter, any unsubscribed Public Issue Shares by the eligible Directors and employees of our Group and other persons who have contributed to the success of our Group will be made available for subscription by the selected investors by way of private placement.

The Public Issue Shares under the MITI Tranche will not be underwritten by the Sole Underwriter.

**(iv) Selected Investors by Way of Private Placement**

19,605,000 Public Issue Shares, representing approximately 8.52% of our enlarged issued share capital will be made available for application by way of private placement to selected investors.

The Public Issue Shares for placement to selected investors will not be underwritten by the Sole Underwriter as irrevocable undertakings will be procured from the respective selected investors.

The basis of allocation for our Public Issue Shares takes into account the desirability of distributing the Public Issue Shares to a reasonable number of Applicants with a view of broadening our shareholders base to meet the public spread requirements and to establish a liquid and adequate market for our Shares.

There is no minimum subscription amount to be raised from the Public Issue. All the Public Issue Shares pursuant to Sections 2.3.1 (i) and 2.3.1 (ii) above will be fully underwritten by the Sole Underwriter, save for the 300,000 Public Issue Shares allocated to the eligible Directors as irrevocable undertakings have been obtained from the eligible Directors to subscribe for the Public Issue Shares allocated to them in full through the Pink Form Allocation.

There is no over-allotment or ‘greenshoe’ option that will result in an increase in the amount of Public Issue Shares.



## 2. PARTICULARS OF OUR IPO (Cont'd)

Any portion of the Public Issue Shares available for application by the eligible employees of our Group and other persons who have contributed to the success of our Group which are not subscribed by the eligible employees of our Group and other persons who have contributed to the success of our Group will be made available for subscription by the Malaysian Public.

Thereafter, any Public Issue Shares not subscribed by the Malaysian Public will be made available for subscription by the selected investors by way of private placement.

Any further Public Issue Shares not subscribed for after the above re-allocations (save for the 300,000 Public Issue Shares allocated to the eligible Directors as irrevocable undertakings have been obtained from the eligible Directors to subscribe for the Public Issue Shares allocated to them in full through the Pink Form Allocation) will be underwritten by the Sole Underwriter in accordance with the terms of the Underwriting Agreement. The salient terms of the Underwriting Agreement are set out in Section 2.11 of this Prospectus.

### 2.3.2 Share Transfer

Upon completion of our IPO, the Promoters, namely Lee Seng Thye and Tan Siew Geak will hold an aggregate of 169,398,420 Shares.

During the prescription period (one day after the launching date of the Prospectus up to a period of 30 days), the Promoters will transfer a total of 169,398,420 Shares to Sonicbond (an investment holding company incorporated with the intention to hold their investment) at a consideration of RM101,639,052, to be satisfied partly by the issuance of 99,998 new Sonicbond Shares to be issued at RM1.00 each. The remaining balance consideration of RM101,539,054 will remain as an amount owing from Sonicbond to the Promoters.

Pursuant thereto, the Share Transfer will be completed upon the relevant Shares being credited into the CDS account of Sonicbond prior to our Listing.

### 2.3.3 Listing on Bursa Securities

Bursa Securities had on 12 October 2018, approved the admission of our Company to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM141,606,300.80 comprising 230,000,000 Shares on the Main Market.

## 2.4 Share Capital

	RM
<b>Issued share capital as at the LPD</b>	
169,895,000 ordinary shares	101,937,000.80
<b>To be issued pursuant to the Public Issue</b>	
60,105,000 ordinary shares	39,669,300.00
<b>Enlarged issued share capital upon Listing</b>	
230,000,000 ordinary shares	<u>141,606,300.80</u>
IPO Price	0.66
<b>Market capitalisation upon Listing</b>	151,800,000.00

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**2. PARTICULARS OF OUR IPO (Cont'd)**

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We have only one class of shares, being ordinary shares. Our IPO Shares will upon allotment, rank equally in all respects with our other existing issued Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid or credited as paid on the Shares held by them, be entitled to share the profits paid out by our Company as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders will be entitled to the surplus (if any), in accordance with our Constitution.

At any of our general meeting, each shareholder shall be entitled to vote in person or by proxy or by other duly authorised representative. On a show of hands, every shareholder present either in person or by proxy or by other duly authorised representative will have one vote, and on a poll, each shareholder present either in person or by proxy or by other duly authorised representative shall have one vote for each Share held or represented.

**2.5 Purposes of Our IPO**

The purposes of our IPO are as follows:

- (i) enable our Group to gain access to the capital market to raise funds for future business expansion and continued growth;
- (ii) enhance the stature and corporate profile of our Group through its listing status. This would create greater public awareness and corporate visibility through the media and publicly available documents as well as provide indirect benefits such as instilling confidence and pride amongst its business partners, employees and customers;
- (iii) assist to widen our Group's market share in the industrial adhesives industry in Malaysia and Vietnam with its enhanced corporate profile upon listing on the Main Market; and
- (iv) provide an opportunity for the Eligible Persons as well as the Malaysian investing public and institutions to participate in the equity and continuing growth of our Group.

**2.6 Basis of Arriving at Our IPO Price**

Our IPO Price of RM0.66 per IPO Share was determined and agreed upon by our Directors and PIVB as the Principal Adviser, Sole Underwriter and Sole Placement Agent, after taking into consideration the following factors:

- (i) our Group's operating and financial performance as outlined in Sections 10 and 11 of this Prospectus;
- (ii) our Group's net EPS of RM0.06 based on our audited combined PAT of RM13.42 million for the FYE 2018 and our enlarged issued share capital of 230,000,000 Shares which translates into a net PE Multiple of approximately 11.00 times;
- (iii) our Group's business strategies as outlined in Section 5 of this Prospectus;
- (iv) our Group's pro forma consolidated NA as at 30 June 2018 of RM119.45 million or RM0.52 per Share based on our enlarged issued share capital of 230,000,000 Shares and after taking into consideration the utilisation of proceeds from the Public Issue;

## 2. PARTICULARS OF OUR IPO (Cont'd)

- (v) outlook of the industrial adhesives industry in Malaysia and Vietnam as set out in Section 6 of this Prospectus; and
- (vi) prevailing market conditions which include, amongst others, current market trends and investors' sentiments.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to vagaries of the market forces and other uncertainties, which may affect the price of our Shares being traded. You should also bear in mind the Risk Factors set out in Section 7 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding to invest in our Shares.

### 2.7 Dilution

Dilution is the amount by which our IPO Price to be paid by Applicants / subscribers and / or purchasers of our IPO Shares in this IPO exceeds our pro forma consolidated NA per Share after our IPO.

Our pro forma consolidated NA per Share as at 30 June 2018 before adjusting for the gross proceeds from our IPO and based on the issued share capital of 169,895,000 Shares was approximately RM0.50 per Share.

Pursuant to the Public Issue of 60,105,000 new Shares at the IPO Price of RM0.66, our pro forma consolidated NA per Share as at 30 June 2018 (after adjusting for the gross proceeds and deducting the estimated listing expenses) based on the enlarged issued share capital upon our Listing, would have been approximately RM0.52 per Share. This represents an immediate increase in the pro forma consolidated NA per Share of RM0.02 per Share to our existing shareholders and an immediate dilution in the pro forma consolidated NA per Share of RM0.14 per Share or approximately 21.21% to our new investors.

The following table illustrates the dilution per Share as at 30 June 2018:

	RM	RM
IPO Price		0.66
Pro forma consolidated NA per Share based on the issued share capital of 169,895,000 Shares	0.50	
Increase in the pro forma consolidated NA per Share	0.02	
Pro forma consolidated NA per Share based on the enlarged issued share capital upon our Listing <sup>(a)</sup>		0.52
Dilution in the pro forma consolidated NA per Share to new investors <sup>(b)</sup>		0.14
Dilution in the pro forma consolidated NA per Share to new investors as a percentage of our IPO Price		21.21%

Notes:

- (a) After adjusting for the IPO proceeds and deducting the estimated listing expenses.
- (b) The dilution in the pro forma consolidated NA per Share is arrived at based on the difference between IPO Price and the pro forma consolidated NA per Share based on the enlarged issued share capital upon our Listing and is computed solely for illustrative purposes only.

## 2. PARTICULARS OF OUR IPO (Cont'd)

The following table summarises the total number of Shares acquired and the average effective cash cost per Share paid by our Directors, Promoters and substantial shareholders for our Shares for the past three years prior to the date of this Prospectus as well as new investors who will subscribe for our IPO Shares pursuant to our IPO:

	As at the LPD No. of Shares	<sup>(a)</sup> After our IPO No. of Shares	Total consideration RM	Average cost per Share RM
<b><u>Directors, Promoters and substantial shareholders</u></b>				
Lee Seng Thye	163,909,325	163,909,325	98,345,595	0.60
Tan Siew Geak <sup>(b)</sup>	5,489,095	5,489,095	3,293,457	0.60
<b><u>Directors</u></b>				
Dato' Hamzah Bin Mohd Salleh	-	100,000	66,000	0.66
Ooi Guan Hoe	-	100,000	66,000	0.66
Selma Enolil Binti Mustapha Khalil	-	100,000	66,000	0.66
<b><u>Other shareholders</u></b>				
Existing shareholders <sup>(c)</sup>	496,580	496,580	297,948	0.60
New investors from Public Issue	-	59,805,000	39,471,300	0.66

Notes:

- (a) Before the Share Transfer.
- (b) Only as a Director and Promoter but not a substantial shareholder as her shareholding is less than 5.00% of our issued share capital.
- (c) Comprising the following:

Name	No. of Shares held
Kam Loy Yew (a shareholder and director of Techbond Manufacturing)	6
Ong Chi Kiong (a shareholder and director of Techbond Sabah)	248,287
Flora Chang (a shareholder of Techbond Sabah)	248,287

Save as disclosed in the table above, there is no material acquisition of any existing Shares that involved cash in our Company by our Directors, senior management, substantial shareholders or persons connected to them, or in which they have the right to acquire, during the past three years prior to the date of this Prospectus.

## 2. PARTICULARS OF OUR IPO (Cont'd)

### 2.8 Use of Proceeds

The total gross proceeds of approximately RM39.67 million from the Public Issue will be utilised by our Group in the following manner:

Details of the utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
<b><u>Expansion of Vietnam operations</u></b>			
(a) Construction of the VSIP2 Factory Complex	10,000	25.20	Within 24 months
(b) Purchase of machineries and equipment for the VSIP2 Factory Complex	12,740	32.12	Within 24 months
(c) Working capital	6,036	15.22	Within 24 months
<b><u>Expansion of Malaysia operations</u></b>			
(d) Purchase of machineries and equipment for the Shah Alam Factory Complex	4,500	11.35	Within 24 months
(e) Working capital	1,393	3.51	Within 24 months
(f) Estimated listing expenses	5,000	12.60	Within 3 months
<b>Total</b>	<b>39,669</b>	<b>100.00</b>	

#### **Expansion of Vietnam operations**

We intend to utilise 72.54% of the IPO proceeds to finance our business expansion in Vietnam, a socialist country, which may have different government policies and regulations from Malaysia.

The construction of our VSIP2 Factory Complex on a leased land at VSIP still has a remaining lease period of 40 years (expiring on 19 March 2058). There is no assurance that we will be able to renew or extend the tenure of this lease upon its expiry. This is due to the fact that the State of Vietnam started to grant 50 year leases from 1998, the right to renew the relevant lease generally have not yet been tested as the 50 years tenure will only expire in 2048.

Our production facility in Vietnam currently produces only water-based adhesives for the woodworking industry and its production capacity is already at 80.22% utilisation for our latest FYE 2018. The IPO proceeds will also be used to purchase new machineries and equipment for the polymerisation plant and new water-based manufacturing lines for paper and packaging applications for the VSIP2 Factory Complex. Though there is currently still excess capacity at our existing Binh Duong Factory Complex, this expansion is important as we anticipate by the time the VSIP2 Factory Complex is completed by the end of March 2020, we will need this new factory to cater for our future growth.

Though our VSIP2 Factory Complex is strategically located within VSIP that houses many multinational and large conglomerates which may be our future customers, there is no certainty that we will be able to secure orders from them.

We are however confident that with our 13 years of experience in Vietnam as well as the large and growing population of 93.7 million coupled with Vietnam being a net importer of industrial adhesives (imports exceeding exports by USD 74 million in 2016), and the growth in the woodworking, and paper and packaging user industries of 6.9% to 10.2% in 2017, indicates reasonable growth opportunities for our Group to tap into.

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**2. PARTICULARS OF OUR IPO (Cont'd)**

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**(a) Construction of the VSIP2 Factory Complex**

We intend to use RM10.00 million of the IPO proceeds to construct the VSIP2 Factory Complex, comprising a polymerisation plant for the production of a new product, namely PVAc polymer, two water-based adhesives manufacturing lines, two warehouses, administrative office, QC centre and other facilities. The expenses are mainly in relation to construction activities such as piling, building, and roofing work of the VSIP2 Factory Complex.

The VSIP2 Factory Complex will be constructed on a piece of leased land, measuring 30,000 sq. mt. located at Vietnam-Singapore II-A Industrial Park, Binh Duong Province, Vietnam. It is located approximately 24 km away from our current Binh Duong Factory Complex.

The VSIP2 Factory Complex will have a total estimated built-up area of approximately 6,968 sq. mt. The actual built-up area of the VSIP2 Factory Complex will only be available upon finalisation of the design of the VSIP2 Factory Complex, which is expected to be by the end of first quarter of 2019.

The following are the approvals / licenses we would require to construct the VSIP2 Factory Complex and commence our business operations:

- (i) approvals from the relevant local councils or municipal authorities in Vietnam for the construction of the VSIP2 Factory Complex; and
- (ii) Investment Registration Certificate and Enterprise Registration Certificate.

Save for the Investment Registration Certificate and Enterprise Registration Certificate as set out in Section 5.17 of this Prospectus, we are yet to obtain the other approvals for the VSIP2 Factory Complex.

We intend to commence construction work on the VSIP2 Factory Complex by April 2019 upon receiving the necessary approvals as mentioned above (which is anticipated to take approximately three months from the application date) and expect to complete by first quarter of 2020. We expect to commence manufacturing operations by April 2020.

As our manufacturing facilities in the Binh Duong Factory Complex are dedicated to the production of water-based adhesives for woodworking applications, we intend to manufacture PVAc polymer, and new types of water-based adhesives for paper and packaging applications in the VSIP2 Factory Complex.

The setting up of the VSIP2 Factory Complex would also entitle us to a full tax exemption for the first two years upon having taxable income, and a 50% reduction of payable tax amounts in the subsequent four years, in accordance with Article 14.2 of the Law on Corporate Income Tax (Vietnam) and its relevant guiding provisions from time to time. The tax exemption or reduction duration is counted from the first year an enterprise has taxable income. In the event an enterprise has no taxable income for the first three years of operations, the tax exemption or reduction duration will automatically begin from the fourth year.

Further details on our expansion plan in respect of the VSIP2 Factory Complex are set out in Section 5.21.1.1 of this Prospectus.

## 2. PARTICULARS OF OUR IPO (Cont'd)

### (b) Purchase of machineries and equipment for the VSIP2 Factory Complex

Currently, we have the following manufacturing capabilities at our Binh Duong Factory Complex and we only manufacture water-based adhesives using base materials that have lower water resistant properties for woodworking applications:

Existing manufacturing capabilities	<sup>(a)</sup> Maximum production capacity per year (tonnes)
<u>Water-based adhesives:</u>	
▪ Two manufacturing lines for high resistance and finger-joint water-based adhesives (for woodworking application)	3,120
▪ Manufacturing line for acidic water-based adhesives (for woodworking application)	1,872
▪ Mixing tank for small batch water-based adhesives (for woodworking application)	624

Note:

- (a) Based on the estimation that the manufacturing facilities at our Binh Duong Factory Complex will be in operation for 11 hours per day, 26 working days per month (equivalent to 312 days per year).

We intend to use RM12.74 million to purchase machineries and equipment required for the setting up of our new polymerisation plant, two water-based adhesives manufacturing lines, and the QC centre. These machineries and equipment include the following:

Item	Quantity (units)	Estimated cost (RM'000)
<u>Setting up the polymerisation plant:</u>		
▪ structural frame / platform to support production tank	1	11,000 to 11,500
▪ pre-cook tank	1	
▪ monomer storage tank	1	
▪ monomer premix tank	1	
▪ cooling tank	1	
▪ polymer storage tank	1	
▪ reactor / holding tank	2	
▪ colloid stabiliser tank	5	
▪ initiator tank	1	
▪ additive tank	6	
▪ soft water tank and raw water tank	2	
▪ water treatment facility	1	
▪ condenser	1	
▪ programmable logic circuit system	1	
▪ thermal / heating system	1	
▪ racking system	1	
▪ piping system	1	
▪ waste water treatment plant	1	
▪ weighing bridge	1	
<u>Setting up two new water-based adhesives manufacturing lines:</u>		
▪ structural frame / platform to support production tank	1	600 to 650
▪ reactor	2	
▪ mixing tank	3	

## 2. PARTICULARS OF OUR IPO (Cont'd)

Item	Quantity (units)	Estimated cost (RM'000)
<b>Purchase of laboratory equipment for QC centre:</b>		
▪ gas chromatography	1	
▪ gas generator	1	
▪ refractometer	1	
▪ titrator	1	
▪ leakage detector	1	
▪ viscometer	3	
▪ microscope	1	
▪ pH meter	1	
▪ weighing machine (analytical balance)	1	
		390 to 420
Purchase of forklifts	3	280 to 300
		12,270 to 12,870

It is estimated that our planned production capacity for water-based adhesives and polymerisation materials at the VSIP2 Factory Complex is as follows:

	Number of production lines	Types of products	<sup>(a)</sup> Planned annual production capacity (tonnes)
Water-based adhesives	2	New water-based adhesives using PVAc polymer	5,928
Polymerisation facility	1	PVAc polymer	4,680

Note:

- (a) Based on the estimation that the manufacturing facilities at our VSIP2 Factory Complex will be in operation for 11 hours per day, 26 working days per month (equivalent to 312 days per year).

Any difference arising from the utilisation of proceeds for the purchase of machineries and equipment for the VSIP2 Factory Complex will be adjusted accordingly with our working capital requirements.

### (c) Working Capital

We have set aside RM6.04 million of our IPO Proceeds as working capital to finance our day-to-day operations at the VSIP2 Factory Complex, which will be undertaken by Techbond Mfg Vietnam. This includes but not limited to defrayment of operational expenses such as purchase of raw materials, payment of payroll expenses, distribution costs, and utilities expenses:

	RM'000
Purchase of raw materials	5,060
Staff costs	300
Distribution costs	560
Utilities expenses	116
<b>Total</b>	<b>6,036</b>



## 2. PARTICULARS OF OUR IPO (Cont'd)

### Expansion of Malaysia operations

#### (d) Purchase of machineries and equipment for the Shah Alam Factory Complex

Currently, we have the following manufacturing capabilities at our Shah Alam Factory Complex:

Existing manufacturing capabilities	<sup>(a)</sup> Maximum production capacity per year (tonnes)
<u>Water-based adhesives:</u>	
▪ Manufacturing line for high viscosity water-based adhesives (for bottle labelling application)	624
▪ Manufacturing line for low pH water-based adhesives (for woodworking and paper and packaging applications)	1,872
▪ Manufacturing line for high water resistance water-based adhesives (for woodworking application)	2,808
▪ Manufacturing line for cold blending water-based adhesives for the 'STARBOND' series and paper and packaging which involves heating process	1,872
▪ Two manufacturing lines for small batch sized water-based adhesives (for woodworking, paper and packaging, cigarettes and other applications)	1,654
<u>Hot melt adhesives:</u>	
▪ Manufacturing line for high viscosity hot melt adhesives (for woodworking and bookbinding applications)	1,560
▪ Manufacturing line for low viscosity hot melt adhesives (for paper and packaging, and mattress applications)	1,560
▪ Manufacturing line for block form hot melt adhesives (for can labelling applications)	312
<u>Sealants:</u>	
▪ Manufacturing line for water-based sealants (for gap filling applications)	2,246
▪ Manufacturing line for solvent-based sealants (for building and construction applications)	1,248

Note:

- (a) Based on the estimation that the manufacturing facilities at our Shah Alam Factory Complex will be in operation for 10 hours per day, 26 working days per month (equivalent to 312 days per year).

## 2. PARTICULARS OF OUR IPO (Cont'd)

As part of our business plan, we intend to expand our existing manufacturing facilities at our Shah Alam Factory Complex via the Shah Alam Phase 1 Expansion and Shah Alam Phase 2 Expansion (as defined below). The following are the new machineries and equipment required for the Shah Alam Phase 1 Expansion:

Item	Quantity (units)	Estimated cost (RM'000)
<b><u>Shah Alam Phase 1 Expansion:</u></b>		
<u>Setting up one new high viscosity hot melt adhesives manufacturing line (for woodworking and bookbinding applications):</u>		
▪ supporting platform	1	1,329
▪ kneader / mixer	1	
▪ underwater pelletiser	1	
▪ holding tank	1	
▪ thermal / heating system	1	
<u>Setting up two new manufacturing lines for the production of sealants (for building and construction and woodworking applications):</u>		
▪ mixer	1	548
▪ vertical filling machine	1	
▪ horizontal filling machine	1	
		1,877

In November 2017, we have commenced the Shah Alam Phase 1 Expansion, using our internally generated funds, where the total costs is estimated to be approximately RM1.88 million. As at the LPD, we have incurred approximately RM1.71 million for the Shah Alam Phase 1 Expansion.

The Shah Alam Phase 1 Expansion is expected to be completed by the fourth quarter of 2018 and expect to commence manufacturing operations by the first quarter of 2019.

The following are the new machineries and equipment required for the Shah Alam Phase 2 Expansion:

Item	Quantity (units)	Estimated cost (RM'000)
<b><u>Shah Alam Phase 2 Expansion:</u></b>		
<u>Setting up one new low viscosity hot melt adhesives manufacturing line (for paper and packaging and mattress applications):</u>		
▪ underwater pelletizer and melt cooler	1	3,500 to 3,700
▪ cooking tank	1	
▪ holding tank	1	
▪ dumping system	1	
▪ thermal / heating system	1	
▪ LPG system – bulk tank	1	
Purchase of one packing machine	1	520 to 550

## 2. PARTICULARS OF OUR IPO (Cont'd)

Item	Quantity (units)	Estimated cost (RM'000)
<u>Purchase of laboratory equipment for QC centre:</u>		
▪ microscope	1	
▪ viscometer	2	
▪ tensile machine	1	
▪ colour scale measurement system	1	
▪ pH meter	1	
▪ helipath stand for non-flowing substance	1	
▪ particle analyser	1	
		420 to 450
		4,440 to 4,700

The total costs for the Shah Alam Phase 2 Expansion is estimated to be approximately RM4.44 million to RM4.70 million. We intend to allocate RM4.50 million from the IPO proceeds to finance the Shah Alam Phase 2 Expansion. The remaining balance of the costs (if any) will be financed via our internally generated funds. The Shah Alam Phase 2 Expansion is expected to commence by the first quarter of 2019, and is expected to complete by the second quarter of 2019. We expect to commence the manufacturing operations by the third quarter of 2019.

The new manufacturing lines from the Shah Alam Phase 1 Expansion and Shah Alam Phase 2 Expansion will provide us with the following planned production capacity that enable us to expand our product range to attract more customers:

Types of production line	Number of lines	<sup>(a)</sup> Planned annual production capacity (Tonnes)
New hot melt adhesives (using new polymer base material, i.e. polypropylene)	2	3,120
New water-based sealants (using new base material, i.e. vinyl acetate ethylene)	1	2,246
New solvent based sealants	1	1,248

Note:

- (a) Based on the estimation that the manufacturing facilities at our Shah Alam Factory Complex will be in operation for 10 hours per day, 26 working days per month (equivalent to 312 days per year).

Further details on the new types of hot melt adhesives and sealants are set out in Section 5.21.2.2 of this Prospectus.

A new packing machine with automation function and higher packing speed is required as our existing packing machine with manual function has a high risk of exposure to air and moisture during the packing process, which may cause defects to the modified hybrid industrial adhesives and sealants.

Other than the production of the abovementioned new product range, the new manufacturing facilities under the Shah Alam Phase 1 Expansion and Shah Alam Phase 2 Expansion will also serve as a back-up facility in the event there is any disruption or breakdown of machineries of the existing manufacturing lines.

Any difference arising from the utilisation of proceeds for the purchase of machineries and equipment for the Shah Alam Factory Complex will be adjusted accordingly with our working capital requirements.

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**2. PARTICULARS OF OUR IPO (Cont'd)**


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**(e) Working Capital**

We intend to use RM1.39 million of our IPO Proceeds as working capital to finance our future operations at the Shah Alam Factory Complex. This includes but not limited to defrayment of operational expenses such as purchase of raw materials, payment of payroll expenses, and utilities expenses.

**(f) Estimated Listing Expenses**

The estimated expenses and fees incidental to our Listing amounting to approximately RM5.00 million shall be borne by our Company, the details of which are as follows:

<b>Expenses</b>	<b>RM'000</b>
Professional fees	3,000
Brokerage, placement fees and underwriting commission	800
Printing of Prospectus and advertising fees	550
Issuing house	100
Fees to the authorities	200
Miscellaneous expenses and contingencies	350
<b>Total</b>	<b>5,000</b>

We will bear all expenses and fees incidental to our Listing, which include professional fees, brokerage, placement fees and underwriting commission, authorities' fees, advertising and other fees, the aggregate of which is estimated to be approximately RM5.00 million. Any difference arising from the utilisation as set out above will be adjusted accordingly with our working capital requirements.

We intend to place the proceeds from the Public Issue (including accrued interest, if any) or the balance thereof as deposits with banks or other licensed financial institutions in Malaysia pending the eventual use of the proceeds for the above intended purposes.

The financial impact of the use of our Listing proceeds from the Public Issue on our pro forma consolidated statements of financial position is as set out in Section 10.2 of this Prospectus.

**2.9 Financial Impact from Use of Proceeds**

The financial impact and benefits from the use of the IPO proceeds include the following:

**2.9.1 Reduce dependency on debt financing**

In the absence of the IPO proceeds, we may need to procure bank borrowings to fund our business expansion in Vietnam and this will result in Techbond Mfg Vietnam incurring interest expense and increasing cash outflow due to interest servicing. Further, this interest savings is expected to contribute positively to our Group's profits and cashflow.

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**2. PARTICULARS OF OUR IPO (Cont'd)**

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**2.9.2 Manufacture new products**

We will utilise RM27.24 million of the IPO proceeds for the construction of the VSIP2 Factory Complex and purchase of new machineries and equipment for both the VSIP2 Factory Complex and the Shah Alam Factory Complex. Once our expansion is completed, we will be able to launch new products, namely PVAc polymer, new types of water-based adhesives with our own PVAc polymer as base material, new types of high and low viscosity hot melt adhesives, as well as new modified hybrid industrial adhesives and sealants. The launch of these new products is expected to contribute positively towards our revenue and profits.

**2.9.3 Reduce dependency on suppliers**

We currently purchase our base material, namely PVAc polymer from third party suppliers. Our plan to manufacture our own PVAc polymer is intended to reduce our dependency on suppliers to mitigate the fluctuation of PVAc prices and minimise potential disruptions to our production. We may also sell our PVAc polymer to other customers and generate a new revenue stream for our Group.

**2.10 Brokerage, Placement Fees and Underwriting Commission****2.10.1 Brokerage**

Brokerage fees are payable by us in respect of the Public Issue Shares at the rate of 1.00% on our IPO Price for successful applications which bear the stamps of PIVB and other participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

**2.10.2 Placement Fee**

The placement fees are payable by our Company to the Sole Placement Agent at a rate of up to 2.00% of the value of the Public Issue Shares based on our IPO Price.

**2.10.3 Underwriting Commission**

The underwriting commission is payable by our Company at a rate of 2.00% of our IPO Price multiplied by the number of Public Issue Shares underwritten.

**2.11 Salient Terms of the Underwriting Agreement**

We have entered into the Underwriting Agreement with the Sole Underwriter to underwrite up to 17,200,000 Public Issue Shares as set out in Sections 2.3.1 (i) and 2.3.1 (ii) above, which excludes the 300,000 IPO Shares allocated to the eligible Directors as irrevocable undertakings have been obtained from the eligible Directors to subscribe for the IPO Shares allocated to them in full through the Pink Form Allocation.

A summary of the salient terms of the Underwriting Agreement, which amongst others, may allow the Sole Underwriter to withdraw from its obligations are as follows:

- (i) *Unless waived by the Sole Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Sole Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and / or satisfaction of the following:*

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**2. PARTICULARS OF OUR IPO (Cont'd)**

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- (a) *the approvals of the SC and MITI in connection with the Listing, which were obtained vide SC's letter dated 5 July 2018 and MITI's letter dated 24 April 2018 remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;*
  - (b) *the receipt by PIVB of all relevant documentation and placement monies in respect of the private placement of 23,000,000 Public Issue Shares to Bumiputera Investors approved by the MITI and 19,605,000 Public Issue Shares to selected investors;*
  - (c) *all other necessary approvals and consents required in relation to the Public Issue and the Public Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;*
  - (d) *the issue of the Public Issue Shares having been approved by the shareholders of the Company via a resolution;*
  - (e) *the issue and subscription of the Public Issue Shares in accordance with the provisions of the Underwriting Agreement is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including the SC and Bursa Securities);*
  - (f) *the Prospectus having been lodged with the Registrar of Companies and registered with the SC together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;*
  - (g) *the Sole Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving the Listing, the Prospectus and the Underwriting Agreement, the issue and offer of the Public Issue Shares and authorising a person or persons to sign the Underwriting Agreement on behalf of the Company; and*
  - (h) *the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 15 (Costs and Expenses) thereof.*
- (ii) *In the event any of the conditions set forth in Clause 5.1 of the Underwriting Agreement are not satisfied on or before the Closing Date, the Sole Underwriter shall, subject as mentioned below in this clause, be entitled to forthwith terminate the Underwriting Agreement by notice in writing given to the Company whereupon the following shall take place within three Market Days of the receipt of such notice:*
- (a) *the Company shall make payment of the Underwriting Commission to the Sole Underwriter; and*
  - (b) *each party shall return all other monies (in the case of the Sole Underwriter, after deducting the Underwriting Commission due and owing to the Sole Underwriter hereunder) paid to the other under the Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);*

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**2. PARTICULARS OF OUR IPO (Cont'd)**


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*and thereafter, the Underwriting Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other, save and except in respect of any antecedent breaches. The Sole Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Sole Underwriter's rights under the Underwriting Agreement.*

- (iii) *Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date or the Extended Closing Date, as the case may be, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:*
- (a) *any of the approvals of the SC and / or Bursa Securities for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Sole Underwriter;*
  - (b) *there is any material breach by the Company of any of the representations, warranties, covenants or undertakings contained in Clauses 3 (Representations and Warranties by the Company) and 4 (Covenants and Undertakings by the Company), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or*
  - (c) *there is a material failure on the part of the Company to perform any of its obligations herein contained; or*
  - (d) *there is withholding of information of a material nature by the Company which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or*
  - (e) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group or the occurrence of any event rendering any of the representations and warranties of the Company under the Underwriting Agreement inaccurate, untrue or incorrect at the relevant date; or*
  - (f) *the imposition of any moratorium, suspension or material restriction on trading in securities generally on Main Market of Bursa Securities due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or*
  - (g) *a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:*
    - (i) *on or after the date of the Underwriting Agreement; and*
    - (ii) *prior to the close of the offering of the Public Issue,*

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2. PARTICULARS OF OUR IPO (Cont'd)

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*lower than 85.00% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three consecutive Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or*

- (h) *there shall have occurred, or happened any of the following circumstances:*
- (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*
  - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents),*

*which, would have or can reasonably be expected to have, a material adverse effect on, and / or materially prejudice the business or the operations of the Group as a whole, the success of the Public Issue which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.*

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### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

#### 3.1 Promoters and Substantial Shareholders

##### 3.1.1 Promoters and Substantial Shareholders' Shareholdings

The Promoters and substantial shareholders and their respective shareholdings in our Company before our IPO and after the Listing Exercise are as follows:

Name	Nationality / Country of incorporation	Before our IPO <sup>(a)</sup>				After the Listing Exercise			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Promoter and substantial shareholder</u> Lee Seng Thye	Malaysian	163,909,325	96.47	-	-	-	-	(b)169,398,420	73.65
<u>Promoter</u> Tan Siew Geak	Malaysian	5,489,095	3.23	-	-	-	-	-	-
<u>Substantial shareholder</u> Sonicbond	Malaysia	-	-	-	-	169,398,420	73.65	-	-

Notes:

- (a) Based on the shareholdings of the Promoters and / or substantial shareholders in our Company as at the LPD.  
 (b) Deemed interested by virtue of his direct interest in Sonicbond pursuant to Section 8(4) of the Act.

Our Promoters and substantial shareholder do not have different voting rights from other shareholders of our Company.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

#### 3.1.2 Profiles of Promoters and Substantial Shareholders

The profiles of our Promoters, namely Lee Seng Thye and Tan Siew Geak are set out in Section 3.2.2 of this Prospectus. The profile of our substantial shareholder, Sonicbond is as follows:

Sonicbond was incorporated in Malaysia under the CA 1965 on 27 June 2016 and is deemed registered under the Act as a private limited company. The principal activity of Sonicbond is investment holding. As at the LPD, the issued share capital of Sonicbond is RM2.00 comprising two Sonicbond Shares.

As at the LPD, the directors of Sonicbond are Lee Seng Thye and Tan Siew Geak. The shareholders' shareholdings in Sonicbond as at the LPD are as follows:

Shareholders	As at the LPD			
	Direct interest		Deemed interest	
	No. of Sonicbond Shares	%	No. of Sonicbond Shares	%
Lee Seng Thye	1	50.00	-	-
Tan Siew Geak	1	50.00	-	-
	2	100.00	-	-

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### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

#### 3.1.3 Changes in Promoters and Substantial Shareholders' Shareholdings in Our Company Since Incorporation

Save as disclosed below, there has been no changes in Promoters' and substantial shareholders' shareholdings in our Company since the date of incorporation up to the completion of the Listing Exercise:

Name of Promoters / substantial shareholders	As at incorporation				After the Acquisitions				After the Listing Exercise			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	(a)%	No. of Shares held	(a)%	No. of Shares held	(c)%	No. of Shares held	(c)%
Wong Mun Fui	1	50.00	-	-	(b) <sub>1</sub>	-	-	-	-	-	-	-
Lean Sung Fong	1	50.00	-	-	(b) <sub>1</sub>	-	-	-	-	-	-	-
Lee Seng Thye	-	-	-	-	163,909,325	96.47	-	-	(d)169,398,420	73.65	-	-
Tan Siew Geak	-	-	-	-	5,489,095	3.23	-	-	-	-	-	-
Sonicbond	-	-	-	-	-	-	-	-	169,398,420	73.65	-	-

Notes:

- (a) Based on the enlarged issued share capital of 169,895,000 Shares after the Acquisitions but prior to the IPO.
- (b) Two Shares held by Wong Mun Fui and Lean Sung Fong has been sold to Lee Seng Thye upon completion of the Acquisitions.
- (c) Based on the enlarged issued share capital of 230,000,000 Shares.
- (d) Deemed interested by virtue of his direct interest in Sonicbond pursuant to Section 8(4) of the Act.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

#### 3.2 Directors

##### 3.2.1 Directors' Shareholdings

The Directors and their respective shareholdings in our Company before our IPO and after the Listing Exercise are as follows:

Name	Nationality	Designation	Before our IPO <sup>(a)</sup>		After the Listing Exercise	
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Hamzah Bin Mohd Salleh	Malaysian	Independent Non-Executive Chairman	-	-	-	-
Lee Seng Thye	Malaysian	Managing Director	163,909,325	96.47	-	-
Tan Siew Geak	Malaysian	Executive Director	5,489,095	3.23	-	-
Ooi Guan Hoe	Malaysian	Independent Non-Executive Director	-	-	-	-
Selma Enolil Binti Mustapha Khalil	Malaysian	Independent Non-Executive Director	-	-	-	-
					(b)100,000	0.04
					(b)100,000	0.04
					(b)169,398,420	73.65

Notes:

- Based on the shareholdings of the Directors in our Company as at the LPD.
- Assuming full subscription of the Public Issue Shares made available to eligible Directors.
- Deemed interested by virtue of his direct interest in Sonicbond pursuant to Section 8(4) of the Act.

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**3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**3.2.2 Profile of Directors**

The profiles of our Directors are as follows:

**(i) Dato' Hamzah Bin Mohd Salleh**

Dato' Hamzah Bin Mohd Salleh, a Malaysian, aged 69, is our Independent Non-Executive Chairman. He was appointed to our Board on 2 January 2018. He is the Chairman of Remuneration Committee and Nominating Committee as well as a member of Audit and Risk Management Committee.

He graduated with a Diploma in Management from Malaysian Institute of Management in 1980. Subsequently in 1989, he obtained a Master of Business Administration from University of Bath, United Kingdom.

He articulated at Price, Waterhouse & Co. (now known as PricewaterhouseCoopers) in March 1969. He left Price, Waterhouse & Co. as an Audit Assistant in December 1974 to join Pillar Naco Malaysia Sdn Bhd, a company involved in the fabrication of architectural metal as the Finance and Administration Manager in January 1975. He left Pillar Naco Malaysia Sdn Bhd in June 1981 to join Pemas Sime Darby group where he held several senior managerial positions within the Pemas Sime Darby group and the Sime Darby group of companies. His last position was the General Manager of Sime Swede Distribution Services Sdn Bhd before he left in September 1994. After a one year break, he joined Malaysia Aica Berhad (now known as Sunsuria Berhad) as an Executive Director in November 1995 and was redesignated as a Non-Executive Director in January 1997. He resigned as a Non-Executive Director of Malaysia Aica Berhad in January 2001.

In April 1996, he was appointed as a Non-Executive Director of Spanco Sdn Bhd, a company involved in providing fleet management services and subsequently he joined Spanco Sdn Bhd as an Executive Director in February 1997 and currently is the Chief Executive Officer of Spanco Sdn Bhd.

He was appointed to the board of directors of companies that are listed on Bursa Securities, namely Rhone Ma Holdings Berhad on 1 April 2015 as the Independent Non-Executive Chairman and PRG Holdings Berhad on 21 July 2003 as Independent Non-Executive Director, respectively. He also sits on the board of various other private limited companies based in Malaysia.

**(ii) Lee Seng Thye**

Lee Seng Thye, a Malaysian, aged 58, is our Managing Director. He was appointed to our Board on 8 November 2017.

He completed his secondary education in 1981 after he obtained two additional GCE Ordinary Level papers from the University of Cambridge Local Examinations Syndicate - International Examinations, in addition to his Malaysia Certificate of Education, which he obtained in 1979 from Sekolah Menengah Jenis Kebangsaan Pulau Sebang, Melaka.

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**3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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He started his career as a Sales Executive in Beaufix Enterprises Sdn Bhd in 1982, where he was responsible for local and outstation sales of furniture, fittings and kitchen accessories. He left Beaufix Enterprises Sdn Bhd in 1990 to establish Techson Enterprise, a sole proprietorship that was involved in trading of wood working machinery. Techson Enterprise was also one of the appointed sales agents of H.B. Fuller GmbH for the sales of industrial adhesives for wood working industries in Malaysia. He terminated Techson Enterprise in 1994 to establish Technison (M) Sdn Bhd with his spouse, our Executive Director, Tan Siew Geak to continue the business operation of Techson Enterprise under a private limited company. However, he ventured into developing and manufacturing of industrial adhesives in 1996 through Techbond Manufacturing. In view of his focus on Techbond Manufacturing, the business operation of Technison (M) Sdn Bhd ceased in 1997 and was subsequently dissolved in 2008.

As our Group's Managing Director, he is principally responsible for providing the strategic direction of our Group and plays a key role in the planning and development of our business strategies. He is also primarily responsible for the management of the financial affairs of our Group.

**(iii) Tan Siew Geak**

Tan Siew Geak, a Malaysian, aged 58, is our Executive Director. She was appointed to our Board on 8 November 2017.

She completed her secondary education in 1979 from Sekolah Menengah Jenis Kebangsaan Pulau Sebang, Melaka. She started her career as an administrative clerk in The Southern OmniBus Co. Bhd in 1980. She subsequently left to join the remittance and fixed deposit department of Public Bank Berhad in 1983 as a clerk. She left Public Bank Berhad in 1993 to join Techson Enterprise, where she was involved in the day-to-day operation of the proprietorship. Upon termination of Techson Enterprise in 1994, she together with her spouse, our Managing Director, Lee Seng Thye established Technison (M) Sdn Bhd. Since the commencement of Techbond Manufacturing's business operation in 1996, she has been actively involved in the management and administrative functions of our Group.

She is primarily responsible for the overall management and day-to-day operations of our Group, including administrative and human resource functions.

**(iv) Ooi Guan Hoe**

Ooi Guan Hoe, aged 43, a Malaysian, is our Independent Non-Executive Director and was appointed to our Board on 2 January 2018. He is the Chairman of Audit and Risk Management Committee, and a member of both the Remuneration Committee and Nominating Committee.

He obtained his Bachelor Degree in Accountancy (Honours) from University Putra Malaysia in 1999 and is a member of the Malaysian Institute of Accountants since 26 July 2002. He attended the Harvard Business School Executive Education's program on Private Equity and Venture Capital in 2011.

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**3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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In May 1999, he started his career in Arthur Andersen Malaysia as Audit Assistant responsible for conducting statutory audit works on public listed companies and matters pertaining to merger and acquisition exercises. He left Arthur Andersen Malaysia in November 2002 to join CIMB Investment Bank Berhad as Executive in the corporate finance department. Within CIMB Investment Bank Berhad, he was subsequently promoted to Assistant Manager in 2004, Manager in 2006, and Senior Manager in 2008. During his tenure with the bank, he was responsible for marketing, originating and implementing corporate proposals such as initial public offerings, merger and acquisition exercises, joint-ventures, fund-raising exercises and privatisation exercises. He left CIMB Investment Bank Berhad in October 2009 and has since been providing financial advisory work to listed companies and companies preparing for listing in the Asia region, in his own personal capacity. In March 2010, he became the Independent Non-Executive Director of K-Star Sports Limited until August 2010. From December 2011 to June 2015, he was the Non-Independent Non-Executive Director of Xingquan International Sports Holdings Limited. He was the Chief Financial Officer and member of the Management Board of DeCheng Technology AG in January 2015 and May 2016 respectively, a company listed on the Frankfurt Stock Exchange. He left the company in July 2017.

He was appointed to the board of directors of Only World Group Holdings Berhad on 14 June 2013 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee as well as member of the Nominating Committee. He also sits on the board of directors of Revenue Group Berhad as an Independent Non-Executive Director and is also the Chairman of the Audit and Risk Management Committee as well as a member of the Remuneration Committee and Nomination Committee. Both Only World Group Holdings Berhad and Revenue Group Berhad are companies listed on Bursa Securities.

**(v) Selma Enolil Binti Mustapha Khalil**

Selma Enolil Binti Mustapha Khalil, a Malaysian, aged 47, is our Independent Non-Executive Director. She was appointed to our Board on 2 January 2018 and is a member of Audit and Risk Management Committee, Remuneration Committee and Nominating Committee.

She graduated from University of Wales, Aberystwyth with a Bachelor of Laws in 1994. She obtained her Certificate in Legal Practice in 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in 1996.

She started her career as an Advocate and Solicitor with Messrs Abu Talib Shahrom & Zahari in December 1996. She left Messrs Abu Talib Shahrom & Zahari in October 1998 to join TNB Remaco Sdn Bhd as a legal executive. She left TNB Remaco Sdn Bhd in June 2000 and resumed practicing law as an Advocate and Solicitor with Messrs Raslan Loong in July 2000. She left Messrs Raslan Loong in August 2003 and co-founded Messrs Enolil Loo, Advocates and Solicitors in September 2003, in which she is currently a Partner.

She was appointed to the board of directors of a company listed on Bursa Securities, namely LKL International Berhad on 23 July 2015 as an Independent Non-Executive Director. She is also the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Risk Management Committee.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

#### 3.2.3 Principal Activities Performed Outside Our Group

None of our Directors has any other principal directorships and / or principal business activities performed outside of our Group, at present and in the past five years prior to the LPD, save for the following:

Name of Director	Company	Principal activities	Involvement in business activities	Equity interest held (%)	Date of appointment as director / Date of joining as partner	Date of resignation as director
Dato' Hamzah Bin Salleh	Autofleet Sdn Bhd	Dormant	Director	-	15.10.2008	-
	Arowana Dotcom Sdn Bhd	Dissolved on 13 May 2016 <sup>(a)</sup>	Alternate Director	-	18.03.2004	-
	Best Auctions Global Sdn Bhd	Dormant	Director / Shareholder	20.00	23.12.2008	-
	Best Autofleet Sdn Bhd	Dormant	Director / Shareholder	21.00	01.12.2008	-
	Carrform Sdn Bhd	Dissolved on 15 April 2010 <sup>(a)</sup>	Shareholder	50.00	-	-
	CHH Pacific Paper Sdn Bhd	Manufacturing of coated duplex and other related products <sup>(b)</sup>	Director	-	05.02.2007	-
	Cinria Sdn Bhd	General traders, manufacturers, importers, exporters and distributors, investment lands, houses, buildings and plantations, investment shares, stocks and debentures <sup>(b)</sup>	Shareholder	20.00	-	-
	Doz Construction Sendirian Berhad	Investment holding in construction related field	Director	-	02.02.1996	-
	Fleet Insurance Agency Sdn Bhd	Insurance agent	Director	-	09.07.1998	-
	Focus Point Holdings Berhad <sup>(d)</sup>	Investment holding of non-listed shares of its subsidiary companies principally involved in the provision of medical eye care services, management of franchised professional eye care centres, operation of professional eye care centres, trading of eyewear and eye care products and retailing of optical and related products	Director	-	01.04.2010	03.08.2015



## 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Director	Company	Principal activities	Involvement in business activities	Equity interest held (%)	Date of appointment as director / Date of joining as partner	Date of resignation as director
Dato' Hamzah Bin Salleh (Cont'd)	Matagoda Holdings Sdn Bhd	Dormant	Director / Shareholder	70.00	19.10.2017	-
	Mayang Ulung Sdn Bhd	Dissolved on 24 February 2017 <sup>(a)</sup>	Director	-	15.01.1996	-
	PDZ Holdings Bhd <sup>(d)</sup>	Investment holding of non-listed shares of its subsidiary companies principally involved in shipping and provision of related services	Director	-	09.04.1996	05.06.2014
	Performance Ranking Services Sdn Bhd	Dissolved on 20 November 2015 <sup>(a)</sup>	Shareholder	50.00	-	-
	Perkapalan Dai Zhun Sdn Bhd <sup>(e)</sup>	Shipping and provision of related services <sup>(b)</sup>	Director	-	27.09.1995	05.06.2014
	Perkapalan Dai Zhun (Johore) Sdn Bhd <sup>(e)</sup>	Shipping and provision of related services	Director	-	01.12.1997	05.06.2014
	PRG Holdings Berhad <sup>(d)</sup>	Investment holding of non-listed shares of its subsidiary companies principally involved in manufacture and sale of upholstery webbings, covered elastic yarn and rigid webbings, manufacture and marketing of rubber strips and sheets, manufacture and sale of narrow fabrics and metal components for furniture industry, trading of machinery and accessories, property development and related activities, and provision of management services	Director	-	21.07.2003	-
	Rhone Ma Holdings Berhad <sup>(d)</sup>	Investment holding of non-listed shares of its subsidiary companies principally involved in provision of end-to-end animal health solution and the distribution and supply of food ingredients	Director	-	01.04.2015	-

## 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Director	Company	Principal activities	Involvement in business activities	Equity interest held (%)	Date of appointment as director / Date of joining as partner	Date of resignation as director
Dato' Hamzah Bin Mohd Salleh (Cont'd)	Safari Petworld Sdn Bhd	Dissolved on 21 October 2011 <sup>(a)</sup>	Shareholder	25.00	-	-
	Spanco Sdn Bhd	Fleet management involving the supply and lease of saloon vehicles and investment holding	Director	-	02.04.1996	-
	Spancodua Sdn Bhd	Dormant	Director	-	09.06.1997	07.02.2014
Lee Seng Thye	LST Realty Sdn Bhd	Property investment	Director / Shareholder	50.00	03.03.2004	-
	Sonicbond Sdn Bhd	Dormant. Its proposed principal activity is investment holding	Director / Shareholder	50.00	27.06.2016	-
	Techbond Holding Berhad	Dissolved on 14 July 2017 <sup>(a)</sup>	Director / Shareholder	50.00	02.09.2003	-
	Techbond Technologies Sdn Bhd	Dissolved on 24 June 2011 <sup>(a)</sup>	Director / Shareholder	50.00	11.08.2008	-
	Techxen Marketing Sdn Bhd	Dissolved on 20 June 2014 <sup>(a)</sup>	Director / Shareholder	50.00	20.08.1998	-
	Tianzen Enterprise Sdn Bhd	Property investment	Director	-	26.03.2004	30.10.2017
	Kuanxen Industry Sdn Bhd	Dissolved on 13 May 2016 <sup>(a)</sup>	Director / Shareholder	30.00	12.06.1995	-
Tan Siew Geak	LST Realty Sdn Bhd	Property investment	Director / Shareholder	50.00	03.03.2004	-
	Sonicbond Sdn Bhd	Dormant. Its proposed principal activity is investment holding	Director / Shareholder	50.00	27.06.2016	-
	Techbond Holding Berhad	Dissolved on 14 July 2017 <sup>(a)</sup>	Director / Shareholder	50.00	02.09.2003	-
	Techbond Technologies Sdn Bhd	Dissolved on 24 June 2011 <sup>(a)</sup>	Director / Shareholder	50.00	11.08.2008	-
	Techxen Marketing Sdn Bhd	Dissolved on 20 June 2014 <sup>(a)</sup>	Director / Shareholder	50.00	20.08.1998	-

## 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Director	Company	Principal activities	Involvement in business activities	Equity interest held (%)	Date of appointment as director / Date of joining as partner	Date of resignation as director
Ooi Guan Hoe	DeCheng Technology AG <sup>(e)</sup>	Investment holding company holding polyurethane resin R&D and production companies	Member of the Management Board	-	02.05.2016	20.07.2017
	Only World Group Holdings Berhad <sup>(d)</sup>	Provision of management services and investment holding of non-listed shares of its subsidiary companies principally involved in providing of leisure and hospitality services incorporating the operation of food service outlets, water amusement parks and family attractions and other services	Director / Shareholder	0.04	14.06.2013	-
	Revenue Group Berhad <sup>(d)</sup>	Investment holding of non-listed shares of its subsidiary companies principally involved in cashless payment solutions provider	Director / Shareholder	0.29	01.12.2017	-
	Skyztree Sdn Bhd <sup>(f)</sup>	Design and development of revolutionary and innovative mobile applications	Shareholder	8.70	-	-
	Teo Capital Partners Sdn Bhd	Property investment	Director / Shareholder	25.00	16.08.2012	-
	Xingquan International Sports Holdings Limited <sup>(d)</sup>	Investment holding of non-listed shares of its subsidiary companies principally involved in manufacturing of shoes, apparels and accessories	Director	-	02.12.2011	05.06.2015

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Name of Director	Company	Principal activities	Involvement in business activities	Equity interest held (%)	Date of appointment as director / Date of joining as partner	Date of resignation as director
Selma Enolil Binti Mustapha Khalil	Eriesen Foundation	To assist, aid and give relief to the poor and needy, to subscribe and grant donations to any cause, person, corporation, institution or organisation, and foster, develop and improve education of all kind	Director	-	27.01.2011	-
	LKL International Berhad <sup>(d)</sup>	Investment holding of non-listed shares of its subsidiary companies principally involved in the provision of medical / healthcare beds, peripherals and accessories	Director / Shareholder	0.01	23.07.2015	-
	Addrhause Sdn Bhd	Manufacture of clothes, clothing accessories, retail sale of articles of clothing, articles of fur and clothing accessories	Director / Shareholder	30.83	22.11.2010	-
	Ikram Titian Sdn Bhd	Dissolved on 21 October 2011 <sup>(a)</sup>	Director / Shareholder	50.00	12.09.1994	-

## Notes:

- (a) Have been struck off under Section 308 of CA 1965.
- (b) In the process of winding up.
- (c) Subsidiaries of PDZ Holdings Bhd, a company listed on Bursa Securities.
- (d) Company listed on Bursa Securities.
- (e) Company listed on the Frankfurt Stock Exchange.
- (f) He is no longer a shareholder of this company since 2 March 2016.

Dato' Hamzah Bin Mohd Salleh, Ooi Guan Hoe and Selma Enolil Binti Mustapha Khalil, being our Independent Non-Executive Directors are not involved in the day-to-day operations of our Group. Their involvement in other business activities outside our Company, will not affect their contributions to our Group and would not be expected to affect the operations of our Group as the business activities are not similar to our Group.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The involvement of our Managing Director and Executive Director, namely, Lee Seng Thye and Tan Siew Geak in other business activities outside our Company will not affect their contributions to our Group and would not be expected to affect the operations of our Group as the companies are either dormant or involved in property investment. This does not give rise to any conflict of interest with our business.

#### 3.2.4 Directors' Remuneration and Material Benefits-in-Kind

The aggregate remuneration paid and proposed to be paid for services rendered / to be rendered by our Directors in all capacities to our Group for the FYE 2018 and FYE 2019 are as follows:

##### FYE 2018:

Name	Directors' fees RM	Salaries RM	Bonuses RM	Allowances RM	Total RM
Dato' Hamzah Bin Mohd Salleh	<sup>(b)</sup> 42,000	-	-	<sup>(b)</sup> 3,000	45,000
Lee Seng Thye	<sup>(c)</sup> 48,000	<sup>(a)</sup> 1,293,644	<sup>(a)</sup> 137,274	-	1,478,918
Tan Siew Geak	<sup>(d)</sup> 48,000	280,000	40,000	-	368,000
Ooi Guan Hoe	<sup>(b)</sup> 36,000	-	-	<sup>(b)</sup> 3,000	39,000
Selma Enolil Binti Mustapha Khalil	<sup>(b)</sup> 36,000	-	-	<sup>(b)</sup> 3,000	39,000

##### FYE 2019:

Name	Directors' fees RM	Salaries RM	Bonuses RM	Allowances RM	Total RM
Dato' Hamzah Bin Mohd Salleh	84,000	-	-	6,000	90,000
Lee Seng Thye	72,000	<sup>(a)</sup> 1,346,370	-	-	1,418,370
Tan Siew Geak	72,000	360,000	-	-	432,000
Ooi Guan Hoe	72,000	-	-	6,000	78,000
Selma Enolil Binti Mustapha Khalil	72,000	-	-	6,000	78,000

Notes:

- (a) For the FYE 2018, this includes a total salary amount of USD180,000 and a total bonus amount of USD30,000 from Techbond Vietnam. For the FYE 2019, this includes a total salary amount of USD180,000 from Techbond Vietnam.
- (b) Based on their respective appointment dates as our Directors on 2 January 2018 up to 30 June 2018.
- (c) Based on his appointment date as our Director on 8 November 2017 up to 30 June 2018.
- (d) Based on her appointment date as our Director on 8 November 2017 up to 30 June 2018.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The above remuneration of our Directors must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees are subject to shareholders' approval at a general meeting.

There are no benefits-in-kind paid and proposed to be paid for services rendered / to be rendered by our Directors in all capacities to our Group for the FYE 2018 and FYE 2019.

#### 3.2.5 Benefits Paid or Intended to be Paid or Given to Promoters and Substantial Shareholders

Save as disclosed in Section 3.2.4 above and the dividends paid to our Promoters and substantial shareholder for the FYE 2017, no other benefits were paid or intended to be paid or given to any Promoters and substantial shareholders by our Company within the two years preceding the LPD.

#### 3.2.6 Directors' Term of Office

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which the Director has served in that office are as follows:

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of year(s) in office
Dato' Hamzah Bin Mohd Salleh	Independent Non-Executive Chairman	02.01.2018	At our second annual general meeting	< 1
Lee Seng Thye	Managing Director	08.11.2017	At our first annual general meeting	< 1
Tan Siew Geak	Executive Director	08.11.2017	At our first annual general meeting	< 1
Ooi Guan Hoe	Independent Non-Executive Director	02.01.2018	At our second annual general meeting	< 1
Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director	02.01.2018	At our second annual general meeting	< 1

According to Clause 127 of our Constitution, an election of Directors shall take place each year during the annual general meeting. At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one third of the Directors are subject to retirement by rotation such that each Director shall retire from office once in every three years or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office such that each Director shall retire from office once in every three years, and if there is only one Director who is subject to retirement by rotation, he shall retire. All Directors who retire from office shall be eligible for re-election.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

#### 3.3 Audit and Risk Management, Remuneration and Nominating Committee

##### 3.3.1 Audit and Risk Management Committee

The members of the Audit and Risk Management Committee consist of the following:

Name	Designation	Directorship
Ooi Guan Hoe	Chairman	Independent Non-Executive Director
Dato' Hamzah Bin Mohd Salleh	Member	Independent Non-Executive Chairman
Selma Enolil Binti Mustapha Khalil	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee's terms of reference include the following:

- (i) recommend to our Board on the appointment and re-appointment of the external auditors and their audit fee, after taking into consideration the suitability, independence and objectivity of the external auditors and the cost effectiveness of the audit;
- (ii) review with the external auditors, the nature, scope and plan of the audit, including any changes to the scope of the audit plan before the audit commences and report the same to our Board;
- (iii) review and report to our Board on the adequacy of the scope, competency, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (iv) review the Company's quarterly results and year-end financial statements before submission to our Board;
- (v) review and report to our Board any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (vi) any other activities as authorised by our Board.

The Audit and Risk Management Committee may obtain advice from independent parties and other professionals in the performance of its duties. The performance and term of office of the Audit and Risk Management Committee and each of its members shall be reviewed by our Board via the Nominating Committee annually to determine whether such Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

##### 3.3.2 Remuneration Committee

The members of the Remuneration Committee consist of the following:

Name	Designation	Directorship
Dato' Hamzah Bin Mohd Salleh	Chairman	Independent Non-Executive Chairman
Ooi Guan Hoe	Member	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Member	Independent Non-Executive Director

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Our Remuneration Committee's terms of reference include the following:

- (i) determine and recommend to the Board the general remuneration policy for executive directors and non-executive directors, including non-executive chairman and senior management;
- (ii) review the remuneration package for the non-executive directors and the committees to be aligned with their responsibilities and contributions;
- (iii) align remuneration arrangements that focuses on senior management achieving long-term business objectives and growth in shareholders' wealth through formulation of incentive arrangements, including key performance indicators and performance hurdles; and
- (iv) review, at least once a year, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

#### 3.3.3 Nominating Committee

The members of the Nominating Committee consist of the following members:

Name	Designation	Directorship
Dato' Hamzah Bin Mohd Salleh	Chairman	Independent Non-Executive Chairman
Ooi Guan Hoe	Member	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Member	Independent Non-Executive Director

Our Nominating Committee's terms of reference include the following:

- (i) evaluate the balance of skills, knowledge and experience of the Board, define the role and capabilities required for a particular appointment, and be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when necessary;
- (ii) make recommendations to the Board for the appointment of the chairman, chief executive officer and senior independent director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
- (iii) consider the size and balance of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board; and
- (iv) review, at least once a year, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.



### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

#### 3.4 Key Senior Management

##### 3.4.1 Key Senior Management's Shareholdings

The direct and indirect shareholdings of our Key Senior Management in our Company before our IPO and after the Listing Exercise are as follows:

Name	Nationality	Designation	Before our IPO <sup>(a)</sup>				After the Listing Exercise <sup>(b)</sup>				
			Direct		Indirect		Direct		Indirect		
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Ng Yeow Siang	Malaysian	Group Finance Director	-	-	-	-	-	-	-	-	-
Wong Kong Cheong	Malaysian	Head of R&D	-	-	-	-	-	-	-	-	-
Lee Seh Meng	Malaysian	Head of Business Development	-	-	-	-	-	-	-	-	-
Tay Yeok Mooi	Malaysian	Group Operations Manager	-	-	-	-	-	-	-	-	-

Notes:

- (a) Based on the shareholdings of the Key Senior Management in our Company as at the LPD.
- (b) This has not taken into consideration the potential subscription of their allocated Public Issue Shares under the Pink Form Allocation. As at the LPD, we have yet to ascertain the specific allocation of Public Issue Shares to the eligible employees under the Pink Form Allocation.

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**3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**3.4.2 Profiles of Our Key Senior Management****(i) Ng Yeow Siang**

Ng Yeow Siang, a Malaysian, aged 42, is our Group Finance Director. He graduated from Curtin University of Technology, Australia with Bachelor of Commerce Accounting in 1999. He is a member of the Malaysia Institute of Accountants since 2004.

He began his career in August 1999 with William CH Tan & Associates as an Assurance Associate where he was involved in providing audit services to various sizes of companies across different industries in Malaysia. He left William CH Tan & Associates as Audit Supervisor in September 2004 to join our Group as Accountant. He was promoted to Group Finance Manager in October 2008 and subsequently promoted to Group Finance Director in August 2012. He is responsible for overseeing our Group's accounting and finance functions.

**(ii) Wong Kong Cheong**

Wong Kong Cheong, a Malaysian, aged 40, is our Head of R&D. He graduated from University of Malaya with Bachelor in Applied Chemistry in 2002.

He began his career in June 2002 with The Valspar (M) Corporation Sdn Bhd as Chemist where he was responsible for new products development and formulation work. He left The Valspar (M) Corporation Sdn Bhd in October 2008 as Senior Chemist / Product Commercialisation Specialist to join Alkana Malaysia Sdn Bhd as Lab Manager, responsible for product developments in wood and plastic coating, and the overall administration of the lab. He left Alkana Malaysia Sdn Bhd in July 2012 to join our Group as R&D Manager. He was promoted to Head of R&D in March 2016. He is primarily responsible for implementing and managing new products development, products enhancement as well as involve in all R&D assurance programs.

**(iii) Lee Seh Meng**

Lee Seh Meng, a Malaysian, aged 29, is our Head of Business Development. He graduated from Monash University with Bachelor of Commerce (Accounting and Finance) in 2010 and Master of Business (International Business) from University of Queensland in 2012.

He began his career as an Audit Assistant at TPL & Associates in October 2010 where he was involved in the audit of various sizes of companies across different industries in Malaysia. He left TPL & Associates to join our Group in February 2011 as a Sales Executive. He left our Group in June 2011 to further his studies before rejoining our Group in February 2013 as Business Development Executive. He was promoted to Head of Business Development in November 2017, where he is primarily responsible for developing our Group's marketing plans, focusing on sales and marketing activities and new business developments locally and abroad.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

#### (iv) Tay Yeok Mooi

Tay Yeok Mooi, a Malaysian, aged 35, is our Group Operations Manager. She graduated from Campbell University, North Carolina, United States of America with a Bachelor Degree in Science (Chemistry and Biology) in 2005.

She began her career in May 2005 with Fukumetal Finishing Sdn Bhd as Quality Control Executive where she was responsible for overseeing all quality control procedures. She left in April 2013 as Quality Assurance / Quality Control Executive to join our Group as Quality Control Chemist. She was promoted to Assistant Manager (Quality Assurance & Control) in May 2015 and was promoted to Group Operations Manager in March 2017. She is primarily responsible for overseeing our daily QC and production operations.

#### 3.4.3 Involvement of Key Senior Management in Other Businesses / Corporations

None of our Key Senior Management holds other principal directorships at present and in the past five years prior to the LPD and / or business activities performed outside of our Group at present, save for the following:

Name of Key Senior Management	Company	Principal activities	Involvement in business activities	Equity interest held (%)	Date of appointment as director	Date of resignation as director
Ng Yeow Siang	SKNG Holdings Sdn Bhd	Property management, lettings of property, investment company	Director	-	12.04.2013	-
Lee Seh Meng	LST Realty Sdn Bhd	Property investment	Director	-	01.03.2011	-
Tay Yeok Mooi	Keyroad Marketing Sdn Bhd	Trading of stationery and office supplies	Shareholder	10.00	-	-

The involvement of our Group Finance Director, Head of Business Development and Group Operations Manager, namely, Ng Yeow Siang, Lee Seh Meng and Tay Yeok Mooi in other business activities outside our Company will not affect their contributions to our Group and would not be expected to affect the operations of our Group as the companies are involved in property management, property investment and trading of stationery and office supplies. This does not give rise to any conflict of interest with our business.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

#### 3.4.4 Key Senior Management's Remuneration and Material Benefits-in-Kind

The aggregate remuneration paid and proposed to be paid for services rendered / to be rendered by our Key Senior Management for the FYE 2018 and FYE 2019 are as follows:

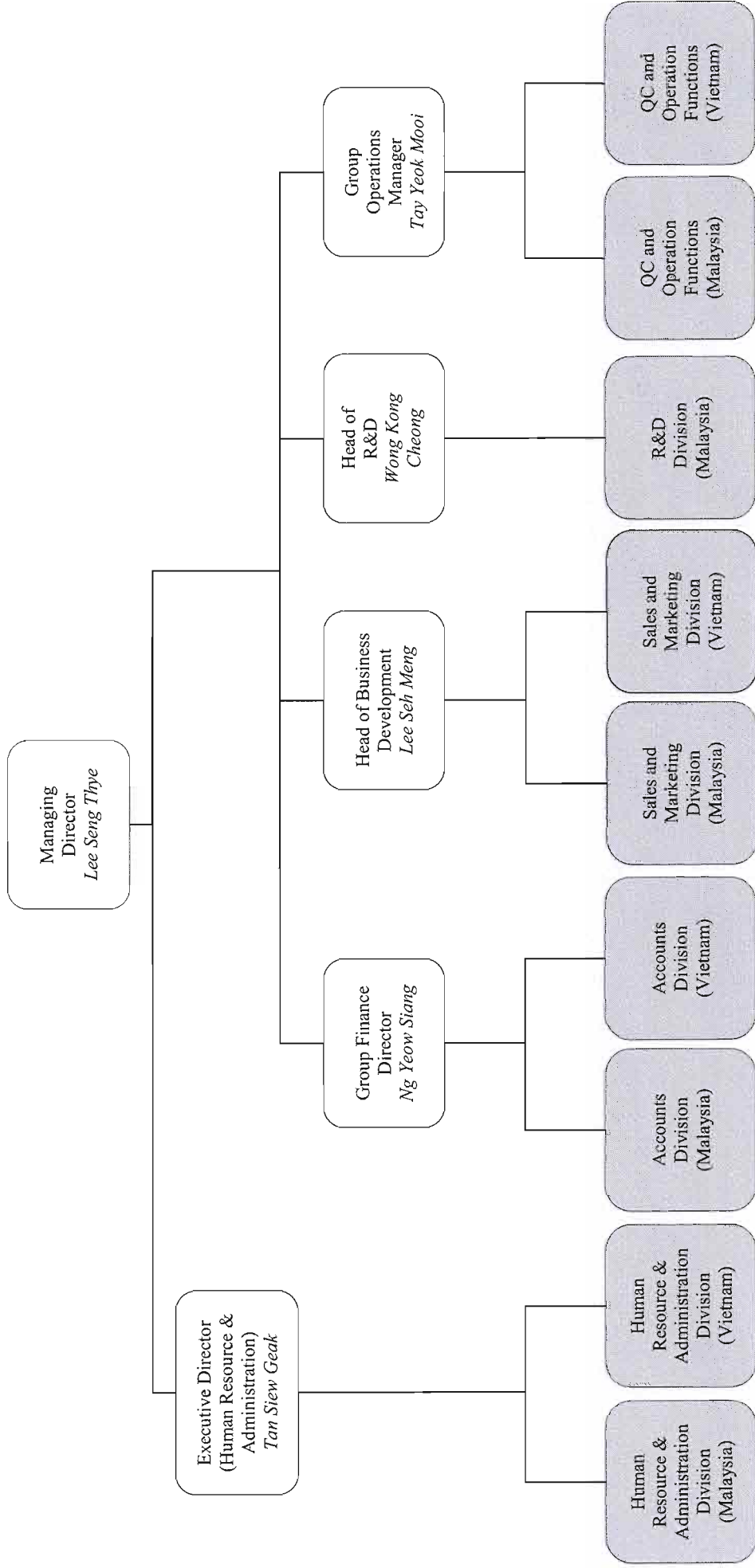
Name	Remuneration band	
	FYE 2018 RM	FYE 2019 RM
Ng Yeow Siang	200,001 to 250,000	200,001 to 250,000
Wong Kong Cheong	100,001 to 150,000	100,001 to 150,000
Lee Seh Meng	100,001 to 150,000	100,001 to 150,000
Tay Yeok Mooi	50,001 to 100,000	50,001 to 100,000

The above remuneration comprises salaries, bonuses and allowances. There are no benefits-in-kind paid and proposed to be paid for services rendered / to be rendered by our Key Senior Management for the FYE 2018 and FYE 2019.

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3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

3.5 Management Reporting Structure



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### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

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#### 3.6 Declarations from Our Promoters, Directors and Key Senior Management

None of our Promoters, Directors and Key Senior Management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding. If convicted, the date must be calculated from the date of conviction or if sentenced to imprisonment, from the date of release from prison;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) whether there is any unsatisfied judgment against him.

#### 3.7 Relationships

As at the LPD, there are no family relationships or associations between our substantial shareholders, Promoters, Directors and Key Senior Management, save for the following:

- (i) Lee Seng Thye is the spouse of Tan Siew Geak and father to Lee Seh Meng;
- (ii) Tan Siew Geak is the spouse of Lee Seng Thye and mother to Lee Seh Meng; and
- (iii) Lee Seh Meng is the son of Lee Seng Thye and Tan Siew Geak.

#### 3.8 Service Contracts

As at the LPD, there are no existing or proposed service contracts between our Group and our Directors or Key Senior Management, which provide for benefits upon termination of employment.

### 3. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

#### 3.9 Information on Our Employees

The breakdown of our employees based on job category is as follows:

Category	Number of employees				As at the LPD
	<----- As at 30 June ----->				
	2015	2016	2017	2018	
Managerial and professional	22	22	23	25	24
Technical and supervisory	22	22	24	24	23
Executive and sales personnel	15	17	20	19	23
Clerical and related occupations (e.g. clerks, typist, stenographers, personal secretaries, etc.)	12	11	11	7	7
General workers (e.g. telephone operators, office boys, watchmen, gardener, etc.)	6	8	9	8	9
Factory workers					
(a) Skilled	34	29	32	33	33
(b) Unskilled	1	1	2	2	2
<b>Total</b>	<b>112</b>	<b>110</b>	<b>121</b>	<b>118</b>	<b>121</b>
<b><u>Nationality</u></b>					
Malaysian	52	51	55	51	57
Foreign					
- Nepalese	17	14	17	17	17
- Vietnamese	43	45	49	50	47
<b>Total</b>	<b>112</b>	<b>110</b>	<b>121</b>	<b>118</b>	<b>121</b>
<b><u>Geographical location</u></b>					
Malaysia					
- Malaysian	49	48	51	48	54
- Nepalese	17	14	17	17	17
	66	62	68	65	71
Vietnam					
- Malaysian	3	3	4	3	3
- Vietnamese	43	45	49	50	47
	46	48	53	53	50
<b>Total</b>	<b>112</b>	<b>110</b>	<b>121</b>	<b>118</b>	<b>121</b>

Over the years, our Group has never experienced a major turnover in terms of our employees. As at the LPD, our Group has a total workforce of 121 employees, of which 52.89% or 64 of our employees are foreign workers employed mainly for our manufacturing activities in Malaysia and Vietnam.

None of our employees belong to any trade unions and they have good working relationships with our management. There has not been any past industrial dispute between the management and the employees.

## 4. INFORMATION ON OUR GROUP

### 4.1 Our Company

Our Company (Company No. 1190604-M) was incorporated in Malaysia under the CA 1965 on 8 June 2016 and is deemed registered under the Act as a private limited company under the name of Techbond Group Sdn Bhd. Our Company was converted to a public company limited by shares on 20 November 2017.

We are an investment holding company and are engaged in the provision of management services to our Subsidiaries. Our Subsidiaries are principally involved in developing and manufacturing industrial adhesives and sealants as well as providing supporting products and services.

### 4.2 Share Capital

As at the LPD, our issued share capital is RM101,937,000.80 comprising 169,895,000 Shares. The changes in our Company's issued share capital since incorporation up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Consideration RM	Cumulative total no. of Shares	Cumulative issued share capital RM
08.06.2016	2	Cash	2	2.00
03.09.2018	122,272,724	Otherwise than cash <sup>(a)</sup>	122,272,726	73,363,636.40
07.09.2018	47,622,274	Otherwise than cash <sup>(b)</sup>	169,895,000	101,937,000.80

Notes:

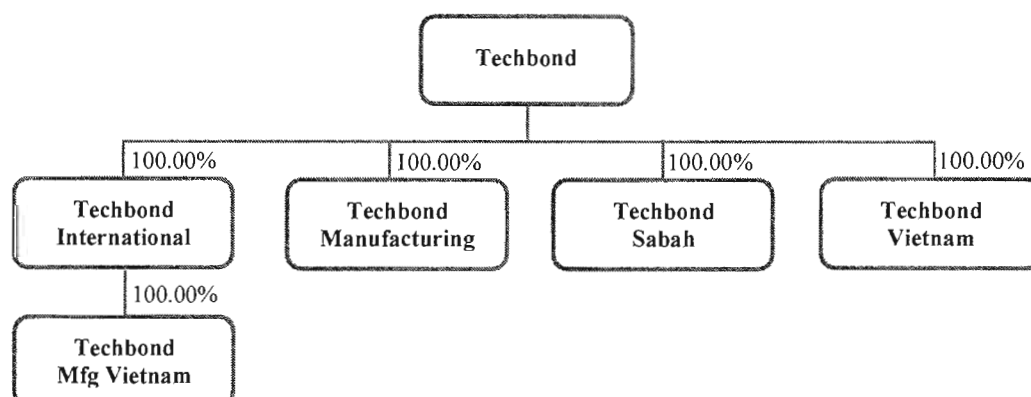
- (a) Issuance of new Shares as consideration for the Acquisition of Techbond International Group, Acquisition of Techbond Manufacturing and Acquisition of Techbond Sabah.
- (b) Issuance of new Shares as consideration for the Acquisition of Techbond Vietnam.

Upon completion of our IPO, our issued share capital will increase to RM141,606,300.80 comprising 230,000,000 Shares.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital in respect of the Shares in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

### 4.3 Information on Our Subsidiaries

Our current corporate Group structure is as follows:





#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.3.1 Techbond International

###### (a) History and Business

Techbond International was incorporated in Malaysia under the CA 1965 on 30 March 2016 and is deemed registered under the Act as a private limited company. Techbond International is principally engaged in investment holding and currently owns 100% equity interest in Techbond Mfg Vietnam. It commenced its business operations in 2016 and its principal place of business is in Malaysia.

###### (b) Share Capital

As at the LPD, the issued share capital of Techbond International is RM2,000,000 comprising 2,000,000 Techbond International Shares.

The changes in the issued share capital of Techbond International since its incorporation up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Consideration RM	Cumulative issued share capital RM
30.03.2016	2	Cash	2.00
20.12.2016	1,999,998	Cash	2,000,000.00

As at the LPD, Techbond International does not have any outstanding warrants, options, convertible securities or uncalled capital. There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

###### (c) Shareholders and Directors

As a result of the Acquisition of Techbond International Group which was completed on 3 September 2018, Techbond International is a wholly-owned subsidiary of our Company.

Its directors are Lee Seng Thye, Tan Siew Geak and Wong Hon Weng.

###### (d) Subsidiary and Associated Company

As at the LPD, save for Techbond Mfg Vietnam, Techbond International does not have any other subsidiary or associated company. The information on Techbond Mfg Vietnam is set out in Section 4.3.3 below.

##### 4.3.2 Techbond Manufacturing

###### (a) History and Business

Techbond Manufacturing was incorporated in Malaysia under the CA 1965 on 12 May 1992 and is deemed registered under the Act as a private limited company under the name of Optima Machinery (M) Sdn Bhd. It changed to its present name on 9 November 1993. Techbond Manufacturing is principally engaged in developing and manufacturing industrial adhesives and sealants, and providing supporting products and services. It commenced its business operations in 1996 and its principal place of business is in Malaysia.

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**4. INFORMATION ON OUR GROUP (Cont'd)**


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**(b) Share Capital**

As at the LPD, the issued share capital of Techbond Manufacturing is RM20,000,000 comprising 20,000,000 Techbond Manufacturing Shares.

The changes in the issued share capital of Techbond Manufacturing for the past three FYEs prior to the LPD are as follows:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration RM</b>	<b>Cumulative issued share capital RM</b>
20.12.2016	19,450,000	Cash	20,000,000.00

As at the LPD, Techbond Manufacturing does not have any outstanding warrants, options, convertible securities or uncalled capital. There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

**(c) Shareholders and Directors**

As a result of the Acquisition of Techbond Manufacturing which was completed on 3 September 2018, Techbond Manufacturing is a wholly-owned subsidiary of our Company.

Its directors are Lee Seng Thye, Tan Siew Geak and Kam Loy Yew.

**(d) Subsidiary and Associated Company**

As at the LPD, Techbond Manufacturing does not have any subsidiary or associated company.

**4.3.3 Techbond Mfg Vietnam****(a) History and Business**

Techbond Mfg Vietnam was established in Vietnam as a sole member limited liability company in accordance with the initial Investment Registration Certificate No. 5414631168 dated 10 August 2016 and first amended on 19 March 2018 issued by the Board of Management of Vietnam-Singapore Industrial Park and the Enterprise Registration Certificate No. 3702506829 dated 14 October 2016 issued by the Department of Planning and Investment of Binh Duong Province, Vietnam. Techbond Mfg Vietnam is currently dormant. Its proposed principal activities are to manufacture industrial adhesives and sealants, and base adhesives, and provide supporting products and services. Its principal place of business will be in Vietnam.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### (b) Share Capital

As at the LPD, the authorised investment of Techbond Mfg Vietnam is VND66,000,000,000 equivalent to USD3,000,000 and its charter capital is VND11,000,000,000 equivalent to USD500,000.

The changes in the paid-in capital of Techbond Mfg Vietnam since its incorporation up to the LPD are as follows:

Date of capital contribution	Type of assets for capital contribution	Capital contribution
09.11.2016	Cash	VND11,000,000,000 equivalent to USD500,000

As at the LPD, Techbond Mfg Vietnam does not have any outstanding warrants, options, convertible securities or uncalled capital. There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments.

##### (c) Shareholders and Directors

Techbond Mfg Vietnam is a wholly-owned subsidiary of Techbond International.

Its director is Lee Seng Thye.

##### (d) Subsidiary and Associated Company

As at the LPD, Techbond Mfg Vietnam does not have any subsidiary or associated company.

#### 4.3.4 Techbond Sabah

##### (a) History and Business

Techbond Sabah was incorporated in Malaysia under the CA 1965 on 21 March 1996 and is deemed registered under the Act as a private limited company. Techbond Sabah is principally engaged in the sales and marketing of industrial adhesives and sealants. It commenced its business operations in 1996 and its principal place of business is in Malaysia.

##### (b) Share Capital

As at the LPD, the issued share capital of Techbond Sabah is RM50,000 comprising 50,000 Techbond Sabah Shares.

There were no changes in the issued share capital of Techbond Sabah for the past three FYEs prior to the LPD.

As at the LPD, Techbond Sabah does not have any outstanding warrants, options, convertible securities or uncalled capital.

##### (c) Shareholders and Directors

As a result of the Acquisition of Techbond Sabah which was completed on 3 September 2018, Techbond Sabah is a wholly-owned subsidiary of our Company.

Its directors are Lee Seng Thye, Ong Chi Kiong and Chiang Wei Chia.

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#### 4. INFORMATION ON OUR GROUP *(Cont'd)*

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(d) **Subsidiary and Associated Company**

As at the LPD, Techbond Manufacturing does not have any subsidiary or associated company.

##### 4.3.5 Techbond Vietnam

(a) **History and Business**

Techbond Vietnam was established in Vietnam in accordance with Investment License No. 188/GP-BD dated 22 May 2002 and the amended Investment License No. 188/GPDC 1-BD dated 8 September 2005; Investment Certificate No. 461023000463 dated 30 June 2008 and the third amended on 8 October 2013 issued by Binh Duong Province People's Committee. The company thereafter received the Enterprise Registration Certificate No. 3700424401 dated 26 July 2017, 27 November 2017 and 6 September 2018 issued by the Department of Planning and Investment of Binh Duong Province, Vietnam to replace the contents of enterprise registration in the above Investment Certificate. It is principally engaged in manufacturing industrial adhesives and providing supporting products and services. It commenced its business operations in 2005 and its principal place of business is in Vietnam.

(b) **Share Capital**

As at the LPD, the authorised investment of Techbond Vietnam is USD1,000,000 and its charter capital is USD300,000.

There were no changes in the paid-in capital of Techbond Vietnam for the past three FYEs prior to the LPD.

As at the LPD, Techbond Vietnam does not have any outstanding warrants, options, convertible securities or uncalled capital.

(c) **Shareholders and Directors**

As a result of the Acquisition of Techbond Vietnam which was completed on 7 September 2018, Techbond Vietnam is a wholly-owned subsidiary of our Company.

Its director is Lee Seng Thye.

(d) **Subsidiary and Associated Company**

As at the LPD, Techbond Vietnam does not have any subsidiary or associated company.

#### 4.4 Listing Exercise

In conjunction with and as an integral part of the Listing, we undertook the following corporate exercises:

- (i) the Acquisitions;
- (ii) the IPO;
- (iii) the Share Transfer; and
- (iv) the Listing.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.4.1 Acquisitions

On 20 December 2017, the Company entered into a share sale agreement with the then shareholders of Techbond International, Techbond Manufacturing and Techbond Sabah, as well as a capital transfer agreement with the then shareholders of Techbond Vietnam in relation to the Acquisitions to acquire the entire equity interest of our Subsidiaries, for a total purchase consideration of RM101,936,999, to be satisfied via the issuance of 169,894,998 new Shares at RM0.60 per Share.

##### 4.4.1.1 Acquisition of Techbond International Group

The Acquisition of Techbond International Group involves the acquisition by Techbond of the entire issued share capital of Techbond International from the vendors of Techbond International in the following manner:

Existing shareholders	No. of Techbond International Shares to be acquired by Techbond	% of issued share capital	Purchase consideration RM	No. of Shares to be issued
Lee Seng Thye	1,000,000	50.00	1,062,585	1,770,976
Tan Siew Geak	1,000,000	50.00	1,062,585	1,770,976
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>	<b>2,125,170</b>	<b>3,541,952</b>

The purchase consideration of RM2,125,170 for the Acquisition of Techbond International Group was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the audited consolidated NA of Techbond International Group as at 30 June 2017 of RM2,125,170.

The Acquisition of Techbond International Group was completed on 3 September 2018.

##### 4.4.1.2 Acquisition of Techbond Manufacturing

The Acquisition of Techbond Manufacturing involves the acquisition by Techbond of the entire issued share capital of Techbond Manufacturing from the vendors of Techbond Manufacturing in the following manner:

Existing shareholders	No. of Techbond Manufacturing Shares to be acquired by Techbond	% of issued share capital	Purchase consideration RM	No. of Shares to be issued
Lee Seng Thye	19,636,010	98.18	68,966,890	114,944,814
Tan Siew Geak	363,989	1.82	1,278,426	2,130,710
Kam Loy Yew	1	*	4	6
<b>Total</b>	<b>20,000,000</b>	<b>100.00</b>	<b>70,245,320</b>	<b>117,075,530</b>

Note:

\* Less than 0.0001%.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration of RM70,245,320 for the Acquisition of Techbond Manufacturing was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the audited NA of Techbond Manufacturing as at 30 June 2017 of RM42,624,702 adjusted for the aggregate net revaluation surplus in respect of the Shah Alam Factory Complex as follows:

	<b>RM</b>
Audited NA of Techbond Manufacturing as at 30 June 2017	42,624,702.00
Add: Aggregate revaluation surplus	30,007,237.00
Less: Deferred taxation for the revaluation surplus	(2,387,077.03)
<b>Adjusted NA of Techbond Manufacturing</b>	<b>70,244,861.97</b>

The Acquisition of Techbond Manufacturing was completed on 3 September 2018.

##### 4.4.1.3 Acquisition of Techbond Sabah

The Acquisition of Techbond Sabah involves the acquisition by Techbond of the entire issued share capital of Techbond Sabah from the vendors of Techbond Sabah in the following manner:

<b>Existing shareholders</b>	<b>No. of Techbond Sabah Shares to be acquired by Techbond</b>	<b>% of issued share capital</b>	<b>Purchase consideration RM</b>	<b>No. of Shares to be issued</b>
Lee Seng Thye	35,000	70.00	695,200	1,158,668
Ong Chi Kiong	7,500	15.00	148,972	248,287
Flora Chang	7,500	15.00	148,972	248,287
<b>Total</b>	<b>50,000</b>	<b>100.00</b>	<b>993,144</b>	<b>1,655,242</b>

The purchase consideration of RM993,144 for the Acquisition of Techbond Sabah was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the audited NA of Techbond Sabah as at 30 June 2017 of RM993,144.

The Acquisition of Techbond Sabah was completed on 3 September 2018.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.4.1.4 Acquisition of Techbond Vietnam

The Acquisition of Techbond Vietnam involves the acquisition by Techbond of the entire paid-in capitals of Techbond Vietnam from the existing shareholders of Techbond Vietnam for a purchase consideration of VND157,863,895,027 (equivalent to RM28,573,365) in the following manner:

Existing shareholders	Paid-in capitals of Techbond Vietnam to be acquired by Techbond USD	% of paid-in capitals	Purchase consideration RM	No. of Shares to be issued
Lee Seng Thye	290,000	96.67	27,620,920	46,034,865
Tan Siew Geak	10,000	3.33	952,445	1,587,409
<b>Total</b>	<b>300,000</b>	<b>100.00</b>	<b>28,573,365</b>	<b>47,622,274</b>

The purchase consideration of RM28,573,365 was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the audited NA of Techbond Vietnam as at 30 June 2017 of USD6,654,250 (equivalent to RM28,573,349).

The Acquisition of Techbond Vietnam was completed on 7 September 2018.

##### 4.4.2 IPO

The IPO involves the Public Issue of 60,105,000 new Shares by Techbond, the details of which are set out below.

###### 4.4.2.1 Public Issue

The Public Issue of 60,105,000 new Shares, representing approximately 26.13% of our enlarged issued share capital, will be allocated in the following manner:

###### (i) Malaysian Public

11,500,000 Public Issue Shares, representing 5.00% of our enlarged issued share capital will be made available for application by the Malaysian Public to be allocated via balloting, of which 50.00% will be set aside for the Bumiputera Public.

###### (ii) Eligible Persons

6,000,000 Public Issue Shares, representing approximately 2.61% of our enlarged issued share capital will be made available for application by the eligible Directors and employees of our Group and other persons who have contributed to the success of our Group.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### (iii) Bumiputera Investors Approved by MITI

23,000,000 Public Issue Shares, representing 10.00% of our enlarged issued share capital will be made available for application by way of private placement to Bumiputera Investors approved by MITI.

##### (iv) Selected Investors by Way of Private Placement

19,605,000 Public Issue Shares, representing approximately 8.52% of our enlarged issued share capital will be made available for application by way of private placement to selected investors.

#### 4.4.3 Share Transfer

Upon completion of the IPO, the Promoters, namely Lee Seng Thye and Tan Siew Geak will hold an aggregate of 169,398,420 Shares.

During the prescription period (one day after the launching date of the Prospectus up to a period of 30 days), the Promoters will transfer a total of 169,398,420 Shares to Sonicbond (an investment holding company incorporated with the intention to hold their investment) at a consideration of RM101,639,052, to be satisfied partly by the issuance of 99,998 new Sonicbond Shares to be issued at RM1.00 each. The remaining balance consideration of RM101,539,054 will remain as an amount owing from Sonicbond to the Promoters.

Pursuant thereto, the Share Transfer will be completed upon the relevant Shares being credited into the CDS accounts of Sonicbond prior to our Listing.

Further details of the Share Transfer are set out below:

Shareholders	Before the Share Transfer		After the Share Transfer	
	No. of Shares held after our IPO	No. of Shares to be transferred	No. of Shares held after the Share Transfer	% of the enlarged issued share capital*
Lee Seng Thye	163,909,325	(163,909,325)	-	-
Tan Siew Geak	5,489,095	(5,489,095)	-	-
Sonicbond	-	-	169,398,420	73.65
	169,398,420	(169,398,420)	169,398,420	73.65

Note:

\* Based on the enlarged issued share capital of 230,000,000 Shares.



#### 4. INFORMATION ON OUR GROUP (Cont'd)

The existing shareholders' shareholdings in Sonicbond and their indirect interest in Techbond before and after the Share Transfer will be as follows:

Shareholders	Before the Share Transfer			
	Direct interest in Sonicbond		Deemed interest in Techbond	
	No. of Sonicbond Shares	%	No. of Shares	%
Lee Seng Thye	1	50.00	-	-
Tan Siew Geak	1	50.00	-	-
	2	100.00	-	-

Shareholders	After the Share Transfer			
	Direct interest in Sonicbond		Deemed interest in Techbond	
	No. of Sonicbond Shares	%	No. of Shares	%
Lee Seng Thye	96,800	96.80	<sup>(a)</sup> 169,398,420	73.65
Tan Siew Geak	3,200	3.20	<sup>(b)</sup> -	-
	100,000	100.00	N/A	N/A

Notes:

- (a) Deemed interested by virtue of his direct interest in Sonicbond pursuant to Section 8(4) of the Act.
- (b) Pursuant to Section 8(4)(c) of the Act, Tan Siew Geak is not deemed to have an interest in Techbond as her shareholdings in Sonicbond will be less than 20.00% after the Share Transfer.

#### 4.4.4 Listing

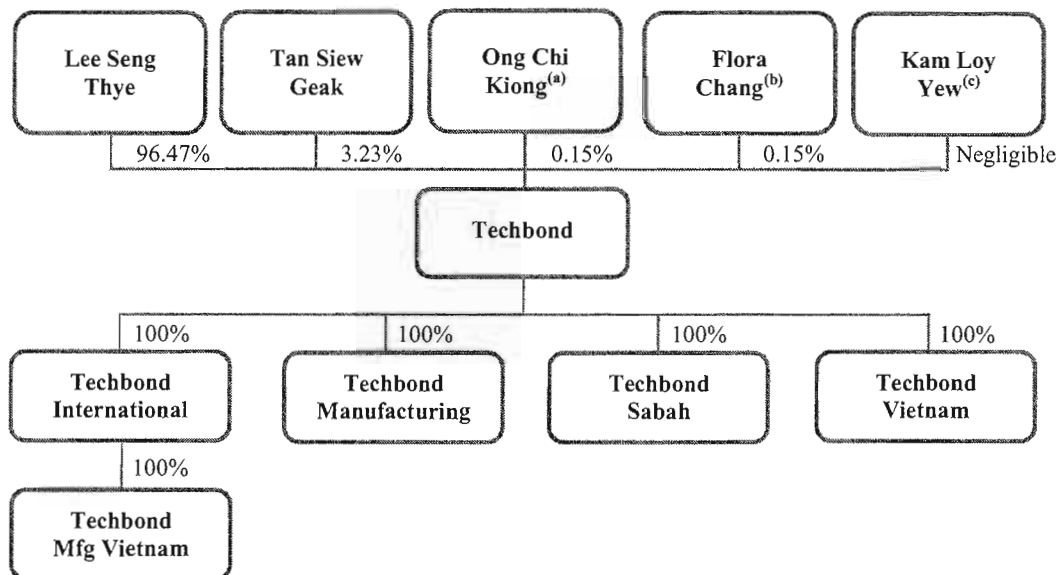
Bursa Securities had on 12 October 2018, approved the admission of our Company to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM141,606,300.80 comprising 230,000,000 Shares on the Main Market.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.5 Our Group Structure

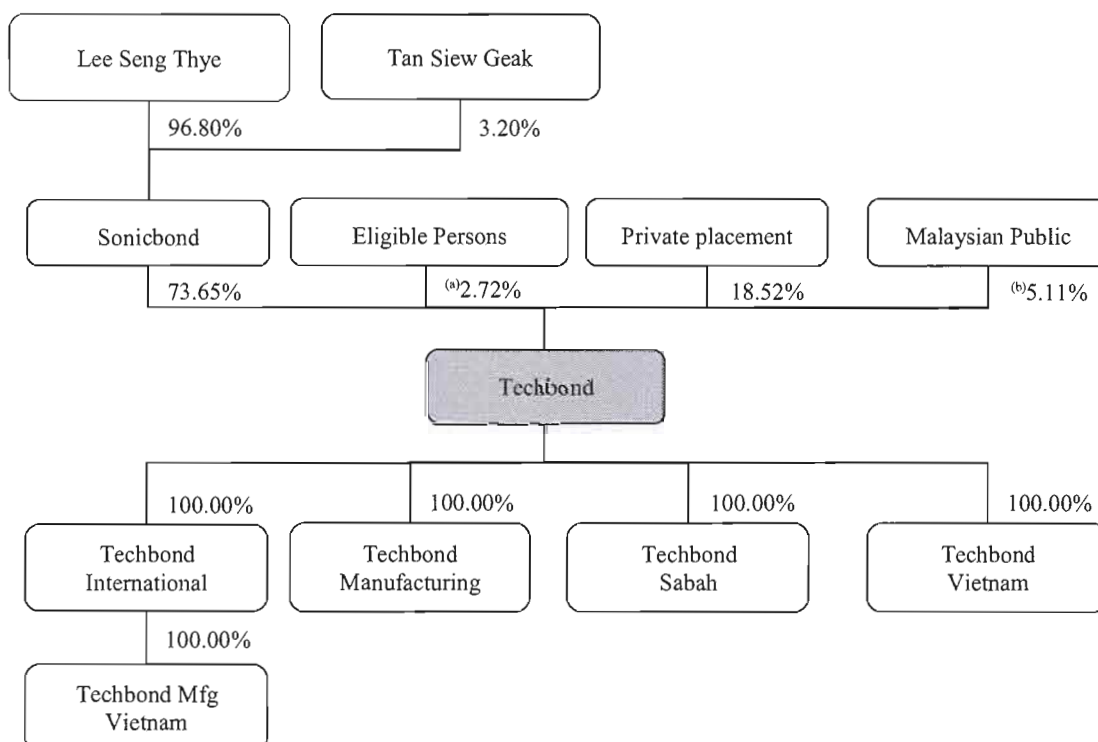
As at the LPD, our Group structure is as follows:



Notes:

- (a) A shareholder of Techbond Sabah prior to the Acquisitions. He is currently a Director of Techbond Sabah.
- (b) A shareholder of Techbond Sabah prior to the Acquisitions.
- (c) A shareholder of Techbond Manufacturing prior to the Acquisitions.

Upon completion of the Listing Exercise, our Group structure will be as follows:



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**4. INFORMATION ON OUR GROUP *(Cont'd)***

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Notes:

- (a) Inclusive of Ong Chi Kiong, who holds less than 1.00% of our enlarged issued share capital.
- (b) Inclusive of Flora Chang, who holds less than 1.00% of our enlarged issued share capital.

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## 5. BUSINESS OVERVIEW

### 5.1 History and Background

Our Group is mainly involved in developing and manufacturing industrial adhesives, namely water-based and hot melt adhesives. This accounted for 95.80%, 95.91%, 94.79% and 91.68% of our total revenue for the FYE 2015, FYE 2016, FYE 2017 and FYE 2018 respectively. These industrial adhesives are used in manufacturing a variety of products, including wood-based products, paper and packaging products, cigarettes and cigarette packs, automotive applications, personal care products, mattresses as well as building and construction applications.

Besides industrial adhesives, we have been developing and manufacturing industrial sealants, namely water-based and solvent-based sealants since July 2015. This accounted for 0.17%, 0.30% and 2.22% of our total revenue for the FYE 2016, FYE 2017 and FYE 2018. Our industrial sealants are mainly used in building and construction applications. We also provide supporting products and services to our customers, which include certain OEM industrial adhesives and sealants, chemicals, adhesive repellents and cleaners, spare parts, and maintenance services. This accounted for 4.20%, 3.92%, 4.91% and 6.10% of our total revenue for the FYE 2015, FYE 2016, FYE 2017 and FYE 2018 respectively. We also provide some of our customers with the use of adhesive mixing machines, although this is not a revenue generating activity.

Our products and services are largely provided to customers outside Malaysia, which accounted for 78.50%, 81.64%, 81.50% and 79.63% of our total revenue for the FYE 2015, FYE 2016, FYE 2017 and FYE 2018 respectively. During the FYE 2018, we sold our industrial adhesives to customers in countries outside Malaysia such as Brunei, Cambodia, China, Hong Kong, Sri Lanka, Indonesia, Liberia, Maldives, Singapore, Thailand, Uganda and Vietnam.

The table below sets out the key events in the history and development of our Group and business:

Year	Events
1992	<ul style="list-style-type: none"> <li>Techbond Manufacturing was incorporated in Malaysia as a private limited company in 1992 under the name of Optima Machinery (M) Sdn Bhd. It changed to its present name in 1993.</li> </ul>
1996	<ul style="list-style-type: none"> <li>We commenced our business operations as a developer and manufacturer of industrial adhesives, manufacturing our in-house developed water-based adhesives for woodworking applications.</li> <li>Techbond Sabah was incorporated to focus on sales and marketing of our products to customers in Sabah and it commenced operations in the same year.</li> </ul>
1998	<ul style="list-style-type: none"> <li>Techbond Manufacturing purchased a 5,261 sq. mt. piece of land in Kota Kemuning, Shah Alam, Selangor Darul Ehsan, where we commenced construction of the first phase of our Shah Alam Factory I. This new facility houses our manufacturing operations, warehousing facilities, R&amp;D and QC centre.</li> </ul>
1999	<ul style="list-style-type: none"> <li>Construction of the first phase of our Shah Alam Factory I was completed and we commenced operations at the said factory.</li> <li>As part of our expansion plans for the Shah Alam Factory I, Techbond Manufacturing purchased an additional 5,180 sq. mt. piece of land, which is next to our Shah Alam Factory I.</li> <li>Our water-based adhesives for woodworking applications were independently certified by IFT Rosenheim as D4 class for water resistance under the DIN EN 204 standard. IFT Rosenheim is an independent certification body based in Europe for DIN standards. We have since obtained independent certifications for other industrial adhesives as D4 and D3 classes under the DIN EN 204 standard.</li> </ul>

## 5. BUSINESS OVERVIEW (Cont'd)

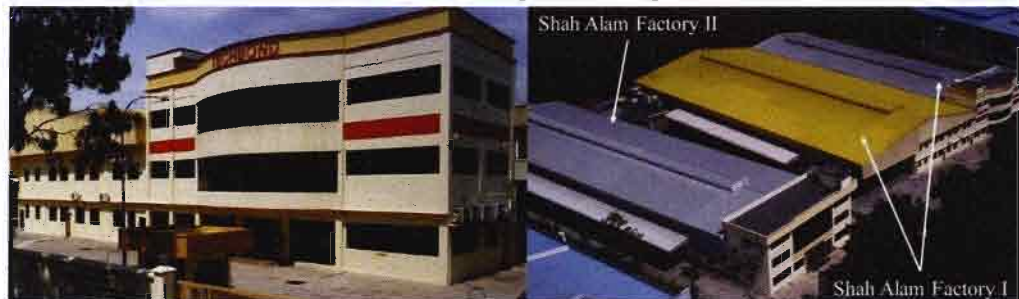
Year	Events
2001	<ul style="list-style-type: none"> <li>We expanded our water-based adhesives from woodworking to other applications namely paper and packaging based on our own formulation.</li> </ul>
2002	<ul style="list-style-type: none"> <li>We incorporated Techbond Vietnam and leased a 9,024 sq. mt. piece of land in Thuan An Town, Binh Duong Province in Vietnam.</li> </ul>
2003	<ul style="list-style-type: none"> <li>We started to develop and manufacture hot melt adhesives for woodworking applications based on our own in-house developed formulation at our Shah Alam Factory I.</li> <li>We expanded our water-based adhesives product range to target a new application in the building and construction industry covering flooring and roofing applications.</li> <li>Our water-based adhesives for woodworking applications were independently certified by FRIM, a certification body in Malaysia, to meet low formaldehyde emission for Japanese Standards (F★★★★ grade under JAS 223, the most stringent class with the lowest allowable formaldehyde emissions). Since then, we obtained other certifications for water-based and hot melt adhesives for building materials, fixtures, fibreboards, and particleboards.</li> <li>We commenced the construction of the second phase of our Shah Alam Factory I by building an additional factory on the new 5,180 sq. mt. piece of land. The construction was completed in 2004 and the new factory commenced operations in the same year.</li> </ul>
2004	<ul style="list-style-type: none"> <li>Techbond Manufacturing purchased a 4,694 sq. mt. piece of land in Kota Kemuning, Shah Alam, Selangor Darul Ehsan, where we constructed our Shah Alam Factory II. Construction was completed in 2010 and it was leased to an external party before we occupied the premises in 2015.</li> </ul>
2005	<ul style="list-style-type: none"> <li>Techbond Vietnam commenced manufacturing of water-based adhesives for woodworking applications at rented factory in Binh Thung Hamlet, Binh An Commune, Binh Duong Province.</li> <li>We further expanded our product range in Malaysia when we developed and manufactured water-based adhesives for use in automotive applications.</li> </ul>
2006	<ul style="list-style-type: none"> <li>Our water-based adhesives for woodworking applications were independently certified as Restriction of Hazardous Substance Directive (ROHS) compliant. ROHS is a directive adopted by the European Union that restricts the use of specified hazardous materials in products used by consumers. Since then, we have obtained various independent certifications stating that our industrial adhesives are ROHS compliant.</li> </ul>
2007	<ul style="list-style-type: none"> <li>We commenced the construction of our Binh Duong Factory Complex in Thuan An Town, Binh Duong Province in Vietnam on the 9,024 sq. mt. piece of land which was leased by Techbond Vietnam in 2002. In 2008, construction was completed and we relocated our operations from the rented factory in Binh Thung Hamlet, Binh An Commune, Binh Duong Province, to our new Binh Duong Factory Complex. In 2013, we expanded our Binh Duong Factory Complex with the addition of another factory on the same plot of land. As at the LPD, we only manufacture water-based adhesives in Vietnam while all our other industrial adhesives and sealants are manufactured in Malaysia. We also have a QC facility in our Binh Duong Factory Complex.</li> </ul>
2008	<ul style="list-style-type: none"> <li>We expanded into the water-based adhesive for paper and packaging applications specifically for cigarette manufacturing through an acquisition of the business from Starlymers Sdn Bhd. This is for the acquisition of the <i>STARBOND</i> brand and range of industrial adhesives, related formulations, trademarks and other intellectual property rights. This range of adhesive is used on the paper that holds the tobacco on each stick of cigarette. We entered into this segment of the market through this acquisition as we did not have similar products at that time. The acquisition expanded our geographical market coverage as the <i>STARBOND</i> range of industrial adhesives were exported to countries that we did not serve prior to the acquisition, such as UAE.</li> </ul>

## 5. BUSINESS OVERVIEW (Cont'd)

Year	Events
2013	<ul style="list-style-type: none"> <li>We expanded our product range to include sealants, which was manufactured by an external company on a contract manufacturing basis. Our sealants are mainly used for building and construction applications.</li> </ul>
2015	<ul style="list-style-type: none"> <li>We relocated our R&amp;D and QC facilities to our Shah Alam Factory II, which is next to our Shah Alam Factory I.</li> <li>We started to manufacture our own sealants and at the same time, stopped our contract manufacturing of sealants by the external company.</li> <li>We also launched our <i>INNOMELT</i> brand of hot melt adhesives for a range of applications for the paper and packaging industry including carton sealing, forming and lamination, straw attachment, and labelling.</li> </ul>
2016	<ul style="list-style-type: none"> <li>As part of our business strategies to expand our Vietnam operations, Techbond Mfg Vietnam was incorporated and has leased a piece of land measuring 30,000 sq. mt. located at Vietnam-Singapore II-A Industrial Park, Binh Duong Province, Vietnam. This piece of land is located approximately 24 km away from our current Binh Duong Factory Complex. We will be constructing our VSIP2 Factory Complex on this piece of land.</li> </ul>
2017	<ul style="list-style-type: none"> <li>We started to expand our Shah Alam Factory Complex via the Shah Alam Phase 1 Expansion with the installation of one new manufacturing line for the production of new types of high viscosity hot melt adhesives for woodworking and bookbinding applications and two new manufacturing lines for the production of modified hybrid sealants for building and construction and woodworking applications.</li> </ul>

Since the commencement of our business operations in 1996, we have established ourselves as a developer and manufacturer of industrial adhesives with business operations and manufacturing facilities in Malaysia and Vietnam, serving markets in Asia, Africa and Middle East countries.

### Our Shah Alam Factory Complex in Selangor Darul Ehsan



*Shah Alam Factory Complex consists of Shah Alam Factory I and Shah Alam Factory II.*

### Our Binh Duong Factory Complex in Vietnam



## 5. BUSINESS OVERVIEW (Cont'd)

### 5.2 Achievements and Recognitions

Over the years, we have won a number of awards and recognitions from third parties which included the following as at the LPD:

Year awarded	Awarding body	Award or Recognition
2013	SME Corporation Malaysia and SIRIM QAS International Sdn Bhd	'AA' rating for 2013 under the 1-Innovation Certification for Enterprise Rating and Transformation (1-InnoCERT) Rating
2013	CICM	Winner of the CICM Responsible Care Awards 2012/2013 – Special Award for the SME – Pollution Prevention Code – Gold
2013	CICM	Winner of the CICM Responsible Care Awards 2012/2013 – Special Award for the SME – Employee Health & Safety Code – Merit
2013	CICM	Winner of the CICM Responsible Care Awards 2012/2013 – Special Award for the SME – Employee Process Safety Code – Merit
2013	CICM	Winner of the CICM Responsible Care Awards 2012/2013 – Special Award for the SME – Community Awareness & Emergency Response Code – Merit
2014	Sin Chew Daily	Winner of the Sin Chew Business Excellence Award 2014
2016	Nanyang Siang Pau	Golden Eagle Award
2017	SME Corporation Malaysia and SIRIM QAS International Sdn Bhd	'AA' rating for 2017 under the 1-Innovation Certification for Enterprise Rating and Transformation (1-InnoCERT) Rating
2017	SME Association of Malaysia	Platinum Award for Export

### 5.3 Our Business Model

#### 5.3.1 Our Business Activities

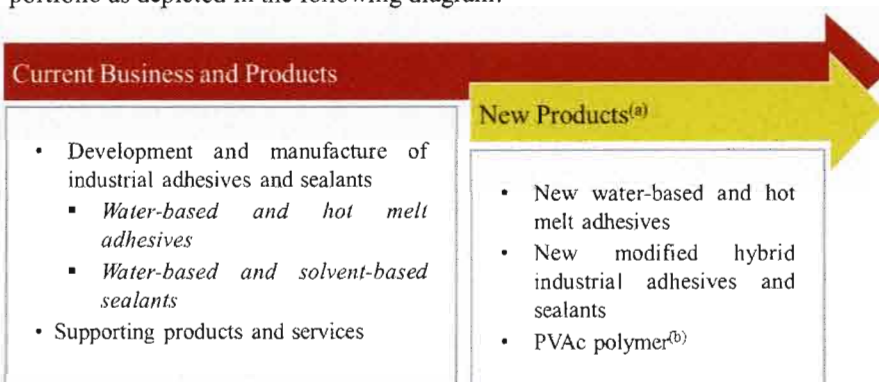
We are primarily involved in developing and manufacturing industrial adhesives, comprising water-based and hot melt adhesives, and sealants. Most of the industrial adhesives and sealants that we currently manufacture is a result of our in-house R&D efforts, save for the *STARBOND* range of industrial adhesives, of which we acquired the brand, related formulations, trademarks and other intellectual property rights in 2008.

The industrial adhesives that we manufacture are used in a range of products and applications, including woodworking, paper and packaging, building and construction, automotive applications, cigarettes and cigarette packs, personal care products, and mattresses.

Our Shah Alam Factory Complex currently manufactures water-based and hot melt adhesives, and sealants, while our Binh Duong Factory Complex manufactures water-based adhesives. In addition, we also have two regional sales offices in Muar, Johor Darul Takzim and Kota Kinabalu, Sabah, respectively.

## 5. BUSINESS OVERVIEW (Cont'd)

Moving forward, we will continue to focus on our core competencies in developing and manufacturing industrial adhesives and sealants while expanding our product portfolio as depicted in the following diagram:



Notes:

(a) Please refer to Section 5.21 for further details on our new products.

(b) PVAc polymer is a base adhesive which we will use for our own production of industrial adhesives.

The breakdown of our revenue by business activities for the past four FYEs is depicted in the following table:

Revenue	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Development and manufacture of industrial adhesives</b>	<b>60,953</b>	<b>95.80</b>	<b>72,764</b>	<b>95.91</b>	<b>78,072</b>	<b>94.79</b>	<b>79,588</b>	<b>91.68</b>
- Water-based adhesives	45,549	71.59	53,145	70.05	56,282	68.33	57,155	65.84
- Hot melt adhesives	15,404	24.21	19,619	25.86	21,790	26.46	22,433	25.84
<b>Development and manufacture of sealants</b>	-	-	<b>128</b>	<b>0.17</b>	<b>250</b>	<b>0.30</b>	<b>1,929</b>	<b>2.22</b>
<b>Provision of supporting products and services<sup>(a)</sup></b>	<b>2,674</b>	<b>4.20</b>	<b>2,970</b>	<b>3.92</b>	<b>4,042</b>	<b>4.91</b>	<b>5,294</b>	<b>6.10</b>
<b>Total</b>	<b>63,627</b>	<b>100.00</b>	<b>75,862</b>	<b>100.00</b>	<b>82,364</b>	<b>100.00</b>	<b>86,811</b>	<b>100.00</b>

Note:

(a) Supporting products and services include OEM industrial adhesives and sealants, chemicals, adhesive repellents and cleaners, spare parts and maintenance services.

### 5.3.2 Our Customer Groups

Our customer groups include end-use customers, distributors and others.

Our largest customer group are end-users, where we sell industrial adhesives and sealants directly to manufacturers, and companies and contractors in the building and construction industry.



## 5. BUSINESS OVERVIEW (Cont'd)

The manufacturers that purchase industrial adhesives from our Group use it to manufacture various range of products and applications, including:

- wood-based products, such as blockwood, floor tiles and panels, and furniture;
- paper and packaging, such as carton production, straw attachment, bottle and can labelling, and books;
- cigarettes and cigarette packs;
- automotive;
- personal care products; and
- mattresses.

Our industrial adhesives and sealants for buildings and construction applications are sold to companies and contractors in the building and construction industry.

We sell our industrial adhesives to distributors located in countries where we do not have physical presence, such as Cambodia, China, Indonesia, Thailand and UAE. These distributors then help to market and distribute our products in these countries as well as sell them to their own customers.

We also sell our products to other customers, including hardware retailers who sell our products to their customers, trading companies and manufacturers of adhesives and sealants. The breakdown of our revenue by types of customers for the past four FYEs is as follows:

Revenue	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
End-user customers <sup>(a)</sup>	48,069	75.55	57,024	75.17	60,789	73.80	63,426	73.06
Distributors	15,083	23.70	18,372	24.22	20,818	25.28	20,884	24.06
Others <sup>(b)</sup>	475	0.75	466	0.61	757	0.92	2,501	2.88
<b>Total</b>	<b>63,627</b>	<b>100.00</b>	<b>75,862</b>	<b>100.00</b>	<b>82,364</b>	<b>100.00</b>	<b>86,811</b>	<b>100.00</b>

Notes:

- (a) Includes manufacturers, construction companies and building contractors.
- (b) Includes hardware retailers, trading companies and manufacturers of adhesives and sealants.

### 5.3.3 Our Principal Markets

The breakdown of our revenue by principal markets for the past four FYEs is as follows:

Revenue	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Malaysia</b>	<b>13,682</b>	<b>21.50</b>	<b>13,932</b>	<b>18.36</b>	<b>15,238</b>	<b>18.50</b>	<b>17,683</b>	<b>20.37</b>
<b>Outside Malaysia</b>	<b>49,945</b>	<b>78.50</b>	<b>61,930</b>	<b>81.64</b>	<b>67,126</b>	<b>81.50</b>	<b>69,128</b>	<b>79.63</b>
<i>Vietnam</i>	36,175	56.85	43,344	57.14	46,522	56.48	46,812	53.92
<i>Indonesia</i>	6,584	10.35	9,939	13.10	9,495	11.53	10,127	11.67
<i>China</i>	4,252	6.68	3,846	5.07	5,543	6.73	5,990	6.90
<i>Others</i>	<sup>(a)</sup> 2,934	4.62	<sup>(b)</sup> 4,801	6.33	<sup>(c)</sup> 5,566	6.76	<sup>(d)</sup> 6,199	7.14
<b>Total</b>	<b>63,627</b>	<b>100.00</b>	<b>75,862</b>	<b>100.00</b>	<b>82,364</b>	<b>100.00</b>	<b>86,811</b>	<b>100.00</b>

5. BUSINESS OVERVIEW (Cont'd)

Notes:

- (a) Includes Thailand, Cambodia, Liberia, Brunei, Singapore, UAE, Sri Lanka, Hong Kong, Laos, Myanmar and the Philippines.
- (b) Includes Thailand, Cambodia, Liberia, Brunei, Singapore, UAE, Sri Lanka, Hong Kong, Laos and Myanmar.
- (c) Includes Thailand, Cambodia, Liberia, Brunei, UAE, Singapore, Oman, Hong Kong and Sri Lanka.
- (d) Includes Thailand, Cambodia, Brunei, Liberia, Singapore, Sri Lanka, Maldives, Hong Kong and Uganda.

**Our Geographic Markets  
(FYE 2015 up to 2018)**



**Malaysia**

Our head office and R&D centre are located in Malaysia. Malaysia is also our second largest market after Vietnam. As such, a growing Malaysia economy will provide benefits to our business.

- Overall, Malaysia’s key economic indicator, real gross domestic products (“GDP”), grew at a CAGR of 5.3%<sup>#</sup> between 2013 and 2017, with growth recorded every year during this period.



- Despite facing multiple economic headwinds such as low crude oil prices, and global economic slowdown, the Malaysian economy grew by 4.2%<sup>^</sup> in 2016, supported by continued expansion in domestic demand. Private sector spending remained as the key driver of growth, supported by continued wage and employment growth, as well as continued capital spending in the services and manufacturing sectors<sup>^</sup>. The manufacturing sector registered a growth of 4.4%<sup>^</sup> in 2016, driven by the domestic and export-oriented industries<sup>^</sup>.

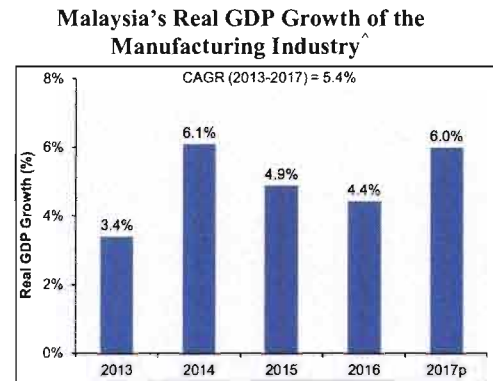
## 5. BUSINESS OVERVIEW (Cont'd)

- The Malaysian economy, based on real GDP, grew by 5.9%<sup>^</sup> in 2017 supported by the growth in private sector demand. The Malaysian economy is projected to grow between 5.0% and 5.5% in 2018, mainly driven by domestic demand<sup>^</sup>.

(Source: <sup>^</sup>Bank Negara Malaysia and <sup>#</sup>computed by Vital Factor)

A large proportion of our industrial adhesives are used in the manufacturing industry across a number of sectors. As such, a growing manufacturing industry would provide opportunities for our business.

- The real GDP of the manufacturing sector in Malaysia grew at a CAGR of 5.4%<sup>#</sup> between 2013 and 2017.



- In 2016, the manufacturing sector expanded by 4.4%<sup>^</sup>, mainly attributed to the continued expansion in export-oriented and domestic-oriented industries. The strong production growth in the electronic and electrical cluster was the main driver of the performance of export-oriented industries. The domestic-oriented industries were supported by strong demand for food-related products and construction-related materials. However, the growth of domestic-oriented industries was partially offset by the weak output of motor vehicles<sup>^</sup>.
- The real GDP of the manufacturing sector grew by 6.0%<sup>^</sup> in 2017, supported by both export-oriented and domestic-oriented industries and is projected to grow by 5.3% in 2018<sup>^</sup>.

(Source: <sup>^</sup>Bank Negara Malaysia and <sup>#</sup>computed by Vital Factor)

### 5.3.4 Our Competitive Advantages and Key Strengths

Our competitive advantages and key strengths will support us in keeping our existing customers and gaining new ones to sustain and grow our business.

#### (i) We have in-house R&D to provide us with business growth

We have in-house facilities and personnel to undertake R&D activities. The industrial adhesives and sealants that we manufacture are developed in-house, save for the *STARBOND* range of industrial adhesives which we acquired in 2008.

Our R&D centre at Shah Alam Factory II is equipped with the necessary equipment for product development and R&D work. Wong Kong Cheong, our Head of R&D, who has approximately 15 years of experience, is responsible for product enhancement and development. Our R&D division has nine personnel as at the LPD.

## 5. BUSINESS OVERVIEW (Cont'd)

Our in-house R&D and product development capabilities allow us to do the following:

- customise adhesives to meet changing needs of existing customers, and to attract new ones;
- develop new ranges of adhesives to provide business growth;
- carry out product differentiation to win new customers;
- develop proprietary formulation to cultivate customer loyalty for our products;
- undertake continuous product improvement and enhancement to improve product quality and performance, and customer satisfaction; and
- adapt existing formulations to develop new products in a cost effective and timely manner.

**(ii) We have independent certifications for some of our industrial adhesives to provide our customers with product performance assurance**

We have obtained independent certification for compliance with product performance and safety, or environmental standards for some of the industrial adhesives that we manufacture. These standards include the following:

Standards	Description
<ul style="list-style-type: none"> <li>▪ DIN EN 204</li> </ul>	German standard relating to water resistance of adhesive used in woodworking applications. As at the LPD, we have 18 types of industrial adhesives in the D4 class (the most stringent class with the highest degree of water resistance), and three types of industrial adhesive in the D3 class under DIN EN 204 standard.
<ul style="list-style-type: none"> <li>▪ Japanese Standards governing formaldehyde emissions, including JAS 233, JIS 1901, JIS 5549, JIS 5905 and JIS 5908</li> </ul>	Japanese test standards that govern formaldehyde emissions from building materials. As at the LPD, we have 30 types of industrial adhesives that comply with the F★★★★ class (the most stringent class with the lowest formaldehyde emissions) under these standards.
<ul style="list-style-type: none"> <li>▪ ROHS</li> </ul>	A directive adopted by the European Union that restricts the use of specified hazardous materials in products used by consumers. As at LPD, we have obtained 13 types of industrial adhesives that comply with ROHS.
<ul style="list-style-type: none"> <li>▪ KOMO Certification</li> </ul>	KOMO certification is applied to products for the building and construction industry, including industrial adhesives and sealants. Products that have KOMO certification are independently assessed to have met specified quality requirements documented in the relevant assessment directive. As at LPD, we have obtained KOMO certification for two types of industrial adhesives.

Our ability to obtain these independent certifications highlights our in-house product development abilities that are able to meet various industry standards. It also provides our customers with assurance that our respective adhesives comply with specific product performance, safety or environmental standards. In some situations, these independent certifications are required by customers. As such, they help us retain existing as well as secure new customers to grow our business.

Please refer to Section 5.9 for further information on independent certifications.

## 5. BUSINESS OVERVIEW (Cont'd)

### (iii) We have significant foreign sales to provide growth for our business

A large proportion of our revenue is derived from foreign markets, which accounted for 79.63% of our revenue for the FYE 2018. We sold our products to Brunei, Cambodia, China, Hong Kong, Sri Lanka, Indonesia, Liberia, Maldives, Singapore, Thailand, Uganda and Vietnam during the FYE 2018.

Having diversified geographical markets and significant revenue from foreign markets allow us to have a large addressable market, which helps to sustain and grow our business.

We currently have a manufacturing plant in Binh Duong Province, Vietnam. In addition, we intend to develop a new manufacturing plant on a piece of land that we leased at Vietnam-Singapore II-A Industrial Park, Binh Duong Province, Vietnam.

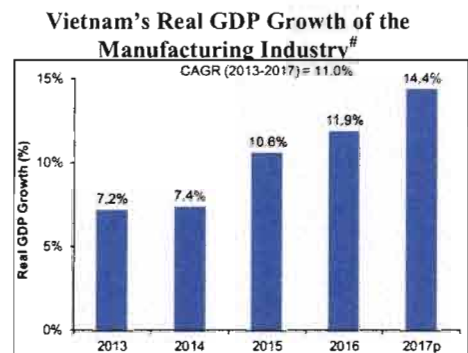
Vietnam represents our largest foreign market. For FYE 2018, revenue from Vietnam amounted to RM46.81 million and represented 53.92% of our total revenue. As such, a growing Vietnam economy will benefit our business.

- Vietnam's population grew at a CAGR of 1.1%<sup>#</sup> between 2013 and 2017, from 89.8 million persons<sup>^</sup> in 2013 to 93.7 million persons<sup>^</sup> in 2017.
- Between 2013 and 2017, the real GDP in the Vietnam grew at a CAGR of 6.4%<sup>#</sup> with growth recorded every year during this period<sup>^</sup>. In 2016, Vietnam economy expanded by 6.2%<sup>#</sup>. The growth was supported by the expansion in manufacturing and construction, which recorded a growth of 11.0%<sup>#</sup> and 10.0%<sup>#</sup> respectively.
- The Vietnam economy, based on real GDP, grew by 6.8%<sup>#</sup> in 2017, supported by export-oriented manufacturing industries and robust domestic demand<sup>^</sup>.

(Source: <sup>^</sup>General Statistics Office of Vietnam and <sup>#</sup>computed by Vital Factor)

A large proportion of our industrial adhesives are used in the manufacturing industry across a number of sectors. As such, a growing manufacturing industry in Vietnam would provide opportunities for our business.

- Between 2013 and 2017, the real GDP of the manufacturing sector in Vietnam recorded a CAGR of 11.0%<sup>#</sup>, mainly supported by strong export-oriented manufacturing industries<sup>^</sup>.



- In 2016, the manufacturing sector in Vietnam grew by 11.9%<sup>#</sup>, which was driven by export-oriented manufacturing industries as well as continuing inflow of Foreign Direct Investments<sup>^</sup>.

(Source: <sup>^</sup>General Statistics Office of Vietnam and <sup>#</sup>computed by Vital Factor)

## 5. BUSINESS OVERVIEW (Cont'd)

### (iv) We are a brand owner

We are a brand owner and have developed and manufactured industrial adhesives and sealants that are marketed under our own brand names. As the brand owner, we are free to carry out product development and enhancement, promote our products, and use our brand names to enter new markets. It also enables us to create product differentiation, make our products more recognisable, build customer loyalty and help to keep our Group's image in the mind of our potential customers, which are important factors in promoting business sustainability and growth. Further, it helps to set our industrial adhesives and sealants apart from others that are not branded.

As at the LPD, we have the following eight brand names for our launched products:

Brand names	Products	Applications
<i>TECHBOND</i>	Water-based and hot melt adhesives	Woodworking, paper and packaging, building and construction, automotive, and mattresses
<i>KOMOTECH</i>	Water-based adhesives	Woodworking
<i>SONICBOND</i>	Water-based adhesives	Bottle labelling
<i>STARBOND</i>	Water-based adhesives	Cigarette, and paper and packaging
<i>HYDROMELT</i>	Hot melt adhesives	Paper and packaging
<i>INNOMELT</i>	Hot melt adhesives	Paper and packaging
<i>TECHNAIL</i>	Solvent-based sealants	Building and construction
<i>Wanna</i>	Solvent-based and water-based sealants	Building and construction

Please refer to Section 5.18.1 for further information on the trademarks for our brands.

### (v) Our quality management system is certified to help ensure consistent product quality

We place importance in manufacturing quality products that consistently meet industry standards on product performance and safety, as well as customers' specifications and requirements. As such, we have received ISO 9001:2015 quality management system certification for our hot melt and water-based adhesive manufacturing operations in Malaysia.

Our quality management system and quality control procedures help to maintain customer's trust and loyalty by ensuring that our products consistently meet with the required specifications.

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**5. BUSINESS OVERVIEW (Cont'd)**


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**(vi) We have a proven track record of developing and selling our products since we commence operations in 1996**

We have built our track record as a developer and manufacturer of industrial adhesives since we began business operations in 1996. Our years of business operations have provided us with the following benefits:

- built awareness of our products and capabilities, which helps to secure new customers and grow our business;
- our customers have used our industrial adhesives over the years, which provide assurance of their quality and performance. This helps us to secure new customers; and
- we have established a loyal customer base that sustains our business, whereby 13 of our top 20 customers for the FYE 2018 have been with us for seven or more years.

Our proven track record and established reputation as a developer and manufacturer of industrial adhesives will provide a base for us to secure new customers.

**(vii) We have experienced management and technical teams to sustain and grow our business**

We have an experienced management team headed by Lee Seng Thye, our Managing Director and the founder of our Group. He has 28 years of experience in the industrial adhesive industry, starting from when he founded Techson Enterprise in 1990. Techson Enterprise was one of the appointed sales agents of H.B. Fuller GmbH for the sales of industrial adhesives for wood working industries in Malaysia. He is currently responsible for charting our strategic direction, and plays a key role in the planning and development of our business strategies.

He is supported by Tan Siew Geak, our Executive Director and the Key Senior Management of our Group. Our experienced management and technical team will help sustain our business and provide the platform for growth.

Details of our Directors and Key Senior Management are set out in Section 3 of this Prospectus.

**5.4 Our Products and Services**
**5.4.1 Developing and Manufacturing Industrial Adhesives**
**5.4.1.1 Overview**

An adhesive is a substance that is applied to the surfaces of one or more objects to stick them together, and which resists their coming apart. These objects may be of the same material, for example sticking two pieces of wood together; or different materials, for example, sticking a piece of aluminium foil to the inside of a cardboard box. Adhesive is also used to bind things together. For example, table tops can be made up of wood pieces that are held together by adhesive.

Industrial adhesives are those that are mainly used in an industrial setting, where they are usually used to manufacture other goods.

## 5. BUSINESS OVERVIEW (Cont'd)

We currently develop and manufacture two main types of industrial adhesive, namely water-based adhesives and hot melt adhesives.

The general characteristics of water-based adhesives and hot melt adhesives, including those that we develop and manufacture, are summarised in the following table:

General characteristics	Water-based adhesives	Hot melt adhesives
Carrier	Water	None required
Solid content	Less than 100%	100%
Dry time	Slow to fast	Slow to very fast
Set mechanism	Water evaporation	Cooling
Heat resistance	Low to high	Low to high
Physical characteristics	Liquid	Solid or melted

Some of the water-based and hot melt adhesives that we manufacture have been independently certified as meeting the following performance, environmental and safety standards:

- The DIN EN 204 standard;
- The Japanese Standards;
- ROHS; and
- KOMO certification.

Please refer to Section 5.9 of this Prospectus for further information on independent certifications.

### 5.4.1.2 Water-Based Adhesives

Water-based adhesives are made of a mixture of base adhesive materials and additives (if present) that are dispersed or dissolved in water.

We manufacture a variety of water-based adhesives that exhibit a range of properties in terms of water resistance, level of formaldehyde emission, initial bonding strength after application, mechanical strength, thermal stability, curing time, visual appearance and colour after curing, flexibility, and other parameters. As a result, we are able to manufacture water-based adhesives that are suitable for use in a number of applications and in manufacturing a range of products, including:

- woodworking;
- paper and packaging;
- cigarettes and cigarette packs;
- building and construction; and
- automotive applications.



## 5. BUSINESS OVERVIEW (Cont'd)

The base adhesive materials that we use to manufacture our water-based adhesives are summarised in the following table:

Water-based adhesives application	Base adhesive materials used
Woodworking	PVA, PVAc, styrene butadiene (emulsion form), and vinyl acetate ethylene.
Paper and packaging	PVA, PVAc, vinyl acetate ethylene, acrylic, and casein.
Building and construction	PVAc, acrylic, styrene acrylic, styrene butadiene (emulsion form), and silicone.
Cigarettes and cigarette packs	PVA, PVAc, vinyl acetate, and ethylene.
Automotive applications	Acrylic.

### 5.4.1.3 Hot Melt Adhesives

Hot melt adhesives are essentially thermoplastics, which are plastic materials that can be softened by heating, and hardened by cooling. Additives may be mixed with the base adhesive materials to alter the properties of the industrial adhesives.

We manufacture a variety of hot melt adhesives that exhibit a range of properties in terms of working temperature range, water resistance, initial bonding strength after application, mechanical strength, thermal stability, curing time, visual appearance and colour after curing, flexibility, and other parameters. We currently manufacture hot melt adhesives that are used in a number of applications and in manufacturing a range of products, including the following:

- paper and packaging;
- woodworking; and
- mattresses.

The base adhesive materials that we use to manufacture our hot melt adhesives are summarised in the following table:

Hot melt adhesive application	Base adhesive materials used
Paper and packaging	Polyethylene, hydrocarbon resin, and EVA.
Woodworking	Polyethylene wax, hydrocarbon resin, and EVA.
Mattresses	Polyethylene, hydrocarbon resin, and EVA.

## 5.4.2 Industrial Adhesives Applications

### 5.4.2.1 Woodworking

In general, industrial adhesives (including water-based and hot melt adhesives) are used in woodworking to bond two or more pieces of wood together to produce wood-based products. They can also be used to bond non-wood objects to wooden objects, such as paper and plastic sheets to wood panels.

## 5. BUSINESS OVERVIEW (Cont'd)

We currently manufacture industrial adhesives for the following woodworking applications:

Woodworking applications	Water-based adhesives	Hot melt adhesives
Lamination	√	-
Overlay	√	-
Finger, lap and butt jointing	√	-
Edge banding	-	√
Profile wrapping	√	√
General assembly	√	√

Our water-based adhesives for woodworking can be broadly classified into high water-resistant and general types as follows:

- high water-resistant type adhesives include D4 class under DIN EN 204 standard and epoxy. This type of adhesive is able to maintain the specified minimum bond strength after the sample is placed in boiling water for six hours;
- general type adhesives include the DIN EN 204 standard with the following classes:
  - D1 (will be able to achieve the specified minimum bond strength under ambient conditions for seven days and more and with no water resistant properties);
  - D2 (will maintain the specified minimum bond strength for three hours in cold water); and
  - D3 (will maintain the specified minimum bond strength for four days in cold water).

Our hot melt adhesives for woodworking can be broadly classified into low, medium and high operating temperature types as follows:

Temperature classification	Operating temperature
Low	130°C to 150°C
Medium	150°C to 170°C
High	180°C to 220°C

### Lamination

In manufacturing laminated wood products, the water-based adhesives is applied to the surfaces of the sheets or pieces of wood that are to be fused together, except for the exposed top, bottom and side surfaces. The sheets or pieces are aligned and layered one on top of the other, and the adhesive is cured. Pieces of wood can also be placed side by side to form a panel, and then the adhesive is cured. The curing process usually involves the application of pressure and / or heat for a specific length of time. In some cases, the piece is also subjected to high frequency heating.

Laminated wood products that are manufactured with our water-based adhesives include semi-finished products such as wooden panels used to manufacture tables, and blockwood.

## 5. BUSINESS OVERVIEW (Cont'd)

Wooden table top made from side by side lamination of wood pieces



### Overlay

Overlay refers to gluing a sheet of material onto a core panel, commonly to improve the appearance of the panel. Materials that are used for overlay include wood veneer, paper and plastic. The core panel may be made from natural wood, plywood, particleboard, medium density fibreboard (“MDF”) and gypsum.

Our water-based adhesives are used to overlay materials such as paper and plastic onto core panels, which are made from materials such as particleboard and MDF.

Overlaying wood veneer on a wood panel (left); Particleboard with overlay of wood veneer (right)



### Finger Jointing

In woodworking, a finger joint is made by cutting a set of complementary cuts in two pieces of wood. Water-based adhesive is applied into one or both sets of cuts, and the pieces are joined together. Pressure and / or heat may be applied to the joint as the adhesive cures.

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**5. BUSINESS OVERVIEW (Cont'd)**

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Finger jointing is used to join two or more shorter pieces of wood together to form a single longer piece, which is then used in producing other products. They are also used in joining two pieces of wood together at a right angle (90° angle), or other angles. This is done in producing picture frames; frames for tables and chairs, and in floor board, timber roof and door construction.

**End-to-end finger jointing to create a longer piece of wood****Lap and Butt Jointing**

Other jointing methods that use water-based adhesive to join pieces of wood together include lap jointing and butt jointing. Lap jointing is made by halving the width of a small end section of each of the piece of wood and fitting them together. Water-based adhesive is applied on the surface of one or both cuts, and the pieces are joined together.

In butt jointing, the two pieces of wood are connected to each other by placing their ends together without any special shaping. The water-based adhesive is applied on one or both pieces where they are to touch each other. The pieces are brought together, and the water-based adhesive is cured.

With both lap and butt jointing, pressure and / or heat may be applied to the joint as the adhesive cures. Dowels, screws, nails and other mechanical fasteners are sometimes used to strengthen both types of joints. Lap and butt joints are used in producing frames for furniture such as tables, chairs, cabinets, shelves, doors, windows, and other frames in buildings and other structures.

**Lap joint (left); Butt joints to create cabinet frame (right)**

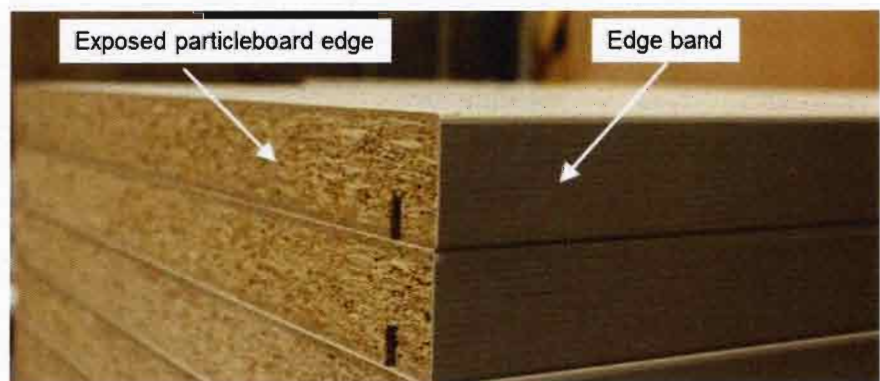
## 5. BUSINESS OVERVIEW (Cont'd)

### Edge Banding

Edge banding involves attaching a strip of material (known as the edge band) to the exposed sides of panels made of plywood, particle board / chipboard, MDF, solid wood and other materials. The edge band may be made of plastic, wood veneer, melamine paper and other materials. Hot melt adhesive that has been heated to its working temperature range and in liquid form is applied to the surface of the strip and / or the exposed side of the panel, and the two are joined together. Pressure may be applied as the adhesive cools and cures.

The edge band serves to cover and protect the exposed edge of the panel, thereby improving its durability as well as appearance.

Particleboard panels with plastic edge banding



### Profile Wrapping

Profile wrapping refers to the process where plastic film or a similar decorative film is glued onto the surface of a product to produce decorative profiles. The plastic film may be printed with wood grain or other designs. Hot melt adhesive that has been heated to its working temperature range and in liquid form is applied to the profile surface, and the plastic film is glued onto the profile. Pressure may be applied as the adhesive cools and cures.

Example of profile wrapping



### General Assembly

We manufacture water-based adhesives and hot melt adhesives for general assembly applications in wood working.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.4.2.2 Paper and Packaging

We currently manufacture industrial adhesives for the following paper and packaging applications:

Paper and packaging applications	Water-based adhesives	Hot melt adhesives
Manufacturing paper-based packages	√	√
Straw attachment	-	√
Manufacturing cigarette packs	√	√
Bookbinding	√	√
Glass bottle labelling	√	-
Can labelling	√	√
Plastic bottle labelling	√	-

#### Manufacturing Paper-based Packages

Industrial adhesives, including water-based and hot melt adhesives, are used to manufacture paper-based packages by closing and sealing the seams together.

In general, when water-based adhesives are used, the adhesive is applied to one edge of the seam to be closed. The edges are then brought together, and the adhesive is allowed to cure. Pressure and heat may be applied during the curing process.

In general, when hot melt adhesives are used, the adhesive is heated to the working temperature range and melted. The melted adhesive is applied to the seam to be closed. The two edges are joined together, and pressure may be applied as the adhesive cools and cures.

The industrial adhesives are also used to seal the paper-based package after it has been filled, using the same methods described above.

Our water-based adhesives are used in manufacturing paper-based packaging such as paper bags, paper core tubes, and carton boxes.

**Paper bags (left); Paper core tubes (middle); Carton boxes (right)**



## 5. BUSINESS OVERVIEW (Cont'd)

Our hot melt adhesives for manufacturing paper-based packages are used on packaging made with coated and uncoated paper. We also manufacture hot melt adhesives that are suitable for use in food and beverage (“F&B”) manufacturing lines where packages are sealed after they are filled with hot, room temperature and frozen F&B products.

### Manufacturing cigarette packs

Our water-based adhesives for paper and packaging are used in the following ways in manufacturing cigarette packs:

- gluing and sealing together the seams of the packaging to form the cigarette pack;
- gluing the aluminium foil or metalised plastic foil to the inside of the cigarette pack.

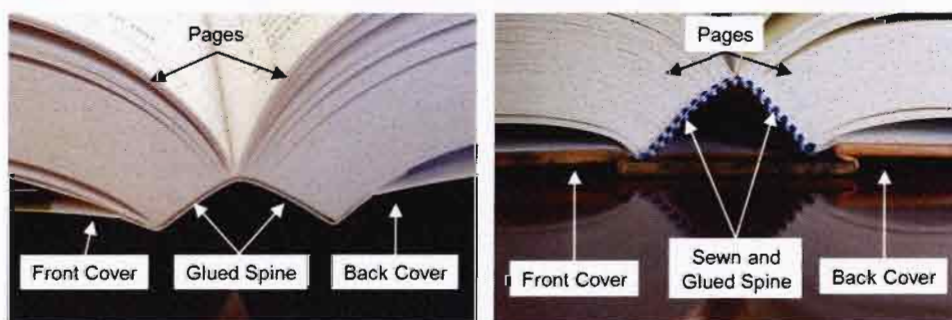
### Bookbinding

We manufacture industrial adhesives, including water-based adhesives and hot melt adhesives, for use in bookbinding to hold together the stacks of paper sheets, and the front and back covers that together form a book. In some cases, the pages are sewn together with thread before they are glued. Adhesives used in bookbinding have to exhibit flexibility after it has cured to allow the book to open and its pages to be turned.

In paperback books (also known as softcover books), the covers are made from flexible paperboard or thick paper, and the pages and covers are held together by adhesives.

Hardcover books have stiff covers made from rigid paperboard, which may be covered by gluing cloth, heavy paper, leather or other material on them. The pages are sewn together and glued onto a flexible spine between the covers.

Areas where adhesive is applied in softcover (left) and hardcover (right) books



### Straw Attachment

We manufacture hot melt adhesive that is used to attach straw, to products such as packaged drinks. The adhesive holds the straws in place until a consumer removes it.

## 5. BUSINESS OVERVIEW (Cont'd)

### Glass Bottle Labelling

We develop and manufacture water-based adhesives for glass bottle labelling. The adhesive is applied to the back of the paper-based label, which is then stuck onto the bottle by an automated bottling line.

The water-based adhesives that we develop and manufacture for glass bottle labelling have the following performance characteristics:

- fast setting and curing times, and as a result they are suitable for use in automated bottling lines;
- high water resistance specifically with ice water resistance and water condensation resistance, so that the labels do not peel off after the bottles are exposed to cold water and moisture, for example as they are chilled by immersion in cold water;
- high wet tack performance to minimise edges of labels lifting up, and label slippages at maximum production speeds; and
- other characteristics such as reusability and recyclability due to ease of washing, as well as good shear stability to withstand long operating hours.

### Can Labelling

In can labelling, both our hot melt adhesives and water-based adhesives are used during the labelling process. Hot melt adhesive is heated to its working temperature, and the melted adhesive is applied to the can for label pickup. Subsequently, when the can had almost made a full rotation (360 degrees), the water-based adhesive is applied on to one edge of the label to seal with the other edge of the label.

### Plastic Bottle Labelling

We also manufacture water-based adhesives that are used in labelling plastic bottles. This type of adhesive bonds the label to the plastic bottle.

#### Examples of glass and plastic bottle labelling and straw attachment





## 5. BUSINESS OVERVIEW (Cont'd)

### 5.4.2.3 Cigarettes

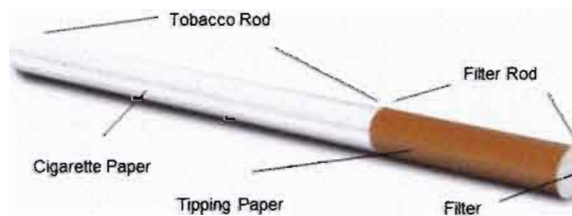
We manufacture water-based adhesives for the following uses in manufacturing cigarettes:

- cigarette side seam gluing; and
- cigarette tipping.

#### Cigarette Side Seam Gluing

Our water-based adhesive is used to close the seam of the cigarette paper tube that encases the tobacco to form the tobacco rod. This adhesive has short curing time, as it is used in high-speed cigarette manufacturing lines.

#### Main parts of a cigarette



#### Cigarette Tipping

Our water-based adhesive is used in the following applications in manufacturing a cigarette filter rod:

- closing the side seam of the tipping paper that wraps around the filter; and
- joining the tobacco rod and filter rod to create a cigarette.

These adhesives have the following characteristics:

- short curing time, as it is used in high-speed cigarette manufacturing lines; and
- water resistant, as they will be exposed to moisture from smokers.

### 5.4.2.4 Building and Construction

We manufacture water-based adhesives for building and construction applications, namely flooring adhesives.

Flooring adhesives are used to bond ceramic tiles, vinyl tiles, solid woods, engineered wood parquet and carpet to surfaces such as concrete floors and walls, particle board, solid wood and plywood. These adhesives are generally water and heat resistant as they are often exposed to moisture and heat.

### 5.4.2.5 Automotive Applications

The water-based adhesives that we manufacture for automotive applications are used to glue bitumen sheets to vehicle panels, including door and body panels. Bitumen sheets are used to provide sound and heat insulation.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.4.2.6 Mattresses

We manufacture hot melt adhesives that are used to glue the non-woven fabric mattress springs pockets to one another. These hot melt adhesives are formulated with low emission of volatile organic chemicals.

### 5.4.3 Developing and Manufacturing Sealants

Sealants are mainly used to fill gaps between two or more objects when they are assembled together. Sealants also function to bond two or more objects as well as to act as a physical barrier to prevent liquids and gases from passing through. In some cases, the base sealants used to manufacture sealants are similar to some types of base adhesives.

We currently develop and manufacture two main types of sealants, namely water-based sealants and solvent-based sealants. The water-based sealants that we currently manufacture use acrylic as the base sealant. We are also undertaking R&D activities to develop our modified hybrid sealants.

The general characteristics of water-based sealants, solvent-based sealants and modified hybrid sealants, including those that we develop and manufacture, are summarised in the following table:

General characteristics	Water-based sealants	Solvent-based sealants	Modified hybrid sealants
Carrier	Water	Solvent	No carrier
Solid content	Less than 100%	Less than 100%	100%
Dry time	Slow to fast		
Set mechanism	Water evaporation	Solvent evaporation	Exposure to moisture
Heat resistance	Low to high	Low to medium	High
Physical characteristics	Paste		

The sealants that we currently develop and manufacture are for building and construction applications. Sealants are mainly used to fill gaps between substrates, joints and cracks, as well as being applied onto surfaces. Sealants also function as a physical barrier to liquids, slurries and gases.

Sealants can be applied on various types of surfaces such as concrete, brick, stone, tile, glass, metal and wood. Our sealants are applied to both interior and exterior surfaces of buildings and other structures.

### 5.4.4 Related Products and Services

Our business activities include the provision of related products and services that support our customer's business. They include:

- OEM industrial adhesives and sealants;
- supply of adhesive repellent and cleaner;
- supply of chemicals; and
- providing adhesive mixing machines to some of our customers.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.4.4.1 OEM Industrial Adhesives and Sealants

While we are mainly a developer and manufacturer of industrial adhesives and sealants, we also supply some industrial adhesives that were manufactured by other companies for us on an OEM basis. We conduct QC tests on these products to ensure that their quality and performance are in accordance with our requirements and specifications. These industrial adhesives are packed and sold under one of our brands.

These products include the following:

- water-based adhesives for woodworking, which are used in similar applications as the ones described in earlier sections;
- hot melt adhesives for plastic bottle labelling. This type of adhesive bonds the label to the plastic bottle;
- hot melt adhesives for paper and packaging, which are used in similar applications as the ones described in earlier sections;
- hot melt adhesives for automotive applications, which are used in similar applications as the ones described in earlier sections; and
- hot melt adhesives for personal care products, such as child and adult diapers, and sanitary napkins. The hot melt adhesive is used to close and seal the seams in these products.

#### Hot melt adhesives used in manufacturing diapers



### 5.4.4.2 Supply of Adhesive Repellent and Cleaner

Adhesive repellent is a chemical that is applied on adhesive application machines to reduce the accumulation of adhesive on rubber rollers, glue spreaders and other parts and surfaces. This reduces the need to clean and replace these parts and surfaces. Adhesive cleaners are used to remove accumulated adhesive from adhesive application machines. We supply these products to our customers as part of providing a total solutions package.

The adhesive repellent and cleaners that we supply are made from the following materials:

Type of product	Main material used
Adhesive Repellent	Paraffin wax, silicone, mineral oil, polyethylene emulsion
Adhesive Cleaner	Mineral oil

These adhesive repellent and cleaners are purchased from external parties and sold under one of our brand names.

### 5.4.4.3 Supply of Chemicals

We supply chemicals, such as hardener (isocyanate compounds) for coating application, for our existing customers such as distributors and adhesive manufacturers, based on customers' request.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.4.4.4 Providing Adhesive Mixing Machines to some of Our Customers

We provide adhesive mixing machines to some of the customers who purchase certain types of water-based adhesives for woodworking applications from us, namely two-component reactive adhesives that consist of an adhesive and a hardener. This is part of our marketing strategy, whereby the adhesive mixing machines are provided at no charge to our customers to encourage them to purchase the adhesives that are used with the machine from us. Agreements are executed to formalise these arrangements.

The adhesive mixing machines that we own are installed at the respective customer's premises. The customer has to purchase a minimum of one tonne water-based adhesives per month in order to qualify for these machines.

In addition, the customer is only allowed to use the adhesive mixing machine with adhesives that are purchased from us. The adhesive mixing machines are our sole property and shall not be transferred, rented out or sold to another party.

Upon termination of the agreement, the customers shall return the adhesive mixing machines to us in a good condition, immediately after the complete usage of our water-based adhesives or 60 days from the termination date.

**Glue mixer set including spreader**



Our machine is used to mix the appropriate amount and ratio of adhesives and hardeners to be applied on to the surfaces for bonding. Our machine reduces wastage as well as ensuring optimum bonding performance. Our technicians will provide technical support and machine maintenance on a monthly basis.

As at the LPD, we have installed a total of 385 adhesive mixing machines at our customers' premises in Malaysia (93 machines for 55 customers) and Vietnam (292 machines for 120 customers).

5. BUSINESS OVERVIEW (Cont'd)

5.5 Operational Processes and Facilities

5.5.1 Operational Facilities

As at the LPD, our Group operates from the following premises in Malaysia and Vietnam:

Our operational facilities in Malaysia and Vietnam



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## 5. BUSINESS OVERVIEW (Cont'd)

Company	Main function	Approximate built-up area (sq. mt.)	Location of facilities
<b>Malaysia</b>			
Techbond Manufacturing	Head office and manufacturing plant <sup>(a)</sup>	6,618	No. 34 and 36, Jalan Anggerik Mokara 31/59, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia.
	R&D centre, QC centre, warehouse <sup>(b)</sup>	2,843	No. 32, Jalan Anggerik Mokara 31/59, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia.
	Sales office, warehouse	650	No. 9, Taman Perindustrian Parit Bakar, Jalan Parit Bakar Darat 1, Parit Bakar, 84010 Muar, Johor Darul Takzim, Malaysia.
Techbond Sabah	Sales office	106	2nd Floor, Shoplot No. 5, Taman Fortuna Phase II, Jalan Penampang, 88200 Kota Kinabalu, Sabah, Malaysia.
	Warehouse	74	Lot 26A, Jalan Kilang, Sedco Industrial Estate Kolombong, miles 5.5, Tuaran Road, 88450 Kota Kinabalu, Sabah, Malaysia.
<b>Vietnam</b>			
Techbond Vietnam	Manufacturing plant and office <sup>(c)</sup>	3,972	Quarter 4, An Phu Ward, Thuan An Town, Binh Duong Province, Vietnam.

## Notes:

- (a) Also referred as the Shah Alam Factory I in this Prospectus.
- (b) Also referred as the Shah Alam Factory II in this Prospectus.
- (c) Also referred as the Binh Duong Factory Complex in this Prospectus. The manufacturing plant in the Binh Duong Factory Complex also includes areas for a QC facility and storage of raw materials and finished goods.

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## 5. BUSINESS OVERVIEW (Cont'd)

### 5.5.2 Production Capacity, Output and Utilisation

For the past four financial years, our production capacity, output and utilisation rate of our industrial adhesives and industrial sealants are estimated as follows:

	Estimated annual capacity (Tonnes)	Annual output (Tonnes)				Utilisation rate			
		FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2015	FYE 2016	FYE 2017	FYE 2018
<b>Malaysia</b>									
Water-based adhesives <sup>(a)</sup>	8,830	4,004	4,091	4,771	4,971	45.35%	46.33%	54.03%	56.30%
Hot melt adhesives <sup>(b)</sup>	3,432	1,497	1,631	1,679	1,789	43.62%	47.52%	48.92%	52.13%
<b>Vietnam</b>									
Water-based adhesives <sup>(c)</sup>	5,616	4,915	4,863	4,439	4,505	87.52%	86.59%	79.04%	80.22%
<b>Industrial adhesives (Total)</b>	<b>17,878</b>	<b>10,416</b>	<b>10,585</b>	<b>10,889</b>	<b>11,265</b>	<b>58.26%</b>	<b>59.21%</b>	<b>60.91%</b>	<b>63.01%</b>

	Estimated annual capacity (Tonnes)	Annual output (Tonnes)				Utilisation rate			
		FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2015	FYE 2016	FYE 2017	FYE 2018
<b>Malaysia</b>									
Industrial sealants (water-based) <sup>(d)</sup>	2,246	-	17	68	640	-	0.76%	3.03%	28.50%
Industrial sealants (solvent based) <sup>(e)</sup>	1,248	-	7	3	3	-	0.56%	0.24%	0.24%
<b>Industrial sealants (Total)</b>	<b>3,494</b>	<b>-</b>	<b>24</b>	<b>71</b>	<b>643</b>	<b>-</b>	<b>0.69%</b>	<b>2.03%</b>	<b>18.40%</b>

Notes:

- Water-based adhesives manufacturing capacity at the Shah Alam Factory Complex was calculated based on our current operation of 10 hours per day, 26 working days per month, comprising of one eight-hour shift with two hours of overtime per day, six days per week.
- Hot melt adhesives manufacturing capacity at the Shah Alam Factory Complex was calculated based on our current operation of 10 hours per day, 26 working days per month, comprising of one eight-hour shift with two hours of overtime per day, six days per week.
- Water-based adhesives manufacturing capacity at the Binh Duong Factory Complex was calculated based on our current operation of 11 hours per day, 26 working days per month, comprising of one eight-hour shift with three hours of overtime per day, six days per week.
- Industrial sealants (water-based) manufacturing capacity at the Shah Alam Factory Complex was calculated based on our current operation of 10 hours per day, 26 working days per month, comprising of one eight-hour shift with two hours of overtime per day, six days per week. We started to manufacture industrial sealants at the Shah Alam Factory Complex during the FYE 2016.
- Industrial sealants (solvent based) manufacturing capacity at the Shah Alam Factory Complex was calculated based on our current operation of 10 hours per day, 26 working days per month, comprising of one eight-hour shift with two hours of overtime per day, six days per week. We started to manufacture industrial sealants at the Shah Alam Factory Complex during the FYE 2016.

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**5. BUSINESS OVERVIEW (Cont'd)**

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In general, each of our industrial adhesive manufacturing line is used to manufacture a specific range of industrial adhesives that have similar physical and chemical properties. This is due to the following:

- (i) it reduces the risk of cross contamination as the same type of base adhesive applied is used from batch to batch. Cross contamination occurs when a batch of industrial adhesives is contaminated by small amounts of incompatible material, such as different base adhesives, that were left behind in the manufacturing line from an earlier manufacturing run. Cross contamination can reduce the quality of industrial adhesives, and may result in the batch being rejected;
- (ii) the different types of water-based and hot melt adhesives that we currently manufacture have different chemical properties. For example, we currently use two different manufacturing lines to manufacture high water resistance water-based adhesives (also known as our “**D4 adhesives**”), and general application water-based adhesives (also known as our “**D3 adhesives**”). This is because our D4 adhesives have low acidity and are manufactured with filler material, whereas our D3 adhesives have high acidity and do not contain filler material. If the same manufacturing line is used to manufacture both types, there is a possibility that the acidic D3 adhesives will dissolve any filler material that is left behind from the D4 adhesives, and be contaminated by them as a result; and
- (iii) the different types of industrial adhesives that we currently manufacture have different physical properties. For example, hot melt adhesives for woodworking applications are generally thick and are manufactured with filler, whereas hot melt adhesives for paper and packaging are generally thinner and are manufactured without filler. As a result, we use different manufacturing lines to manufacture each type of industrial adhesive.

The hot melt adhesive and water-based adhesive manufacturing processes have different heating requirements, and as a result the manufacturing lines use different heating systems. Hot melt adhesive manufacturing lines require a thermal oil heating system as they are heated to a higher temperature, usually between 150 °C and 200 °C. Water-based adhesive manufacturing lines do not require such a heating system as they usually operate at between 90 °C and 100 °C.

As part of our business strategies, we intend to manufacture new types of hot melt adhesives and water-based sealants, as well as modified hybrid industrial adhesives and sealants, which utilise different base materials, with different chemical and physical properties as compared to those that we currently use to manufacture our industrial adhesives and sealants. As a result, to reduce the risk of cross contamination described above, we intend to set up new manufacturing lines at our Shah Alam Factory Complex to manufacture these new products. Please refer to Section 5.21.2.2 of this Prospectus for further information.

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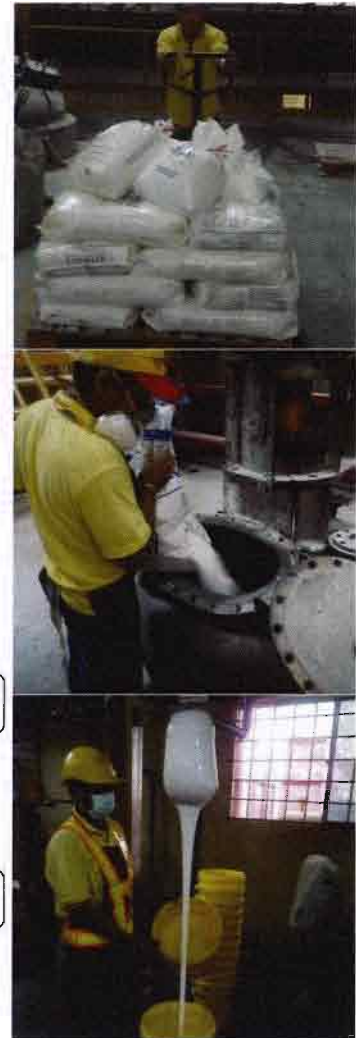
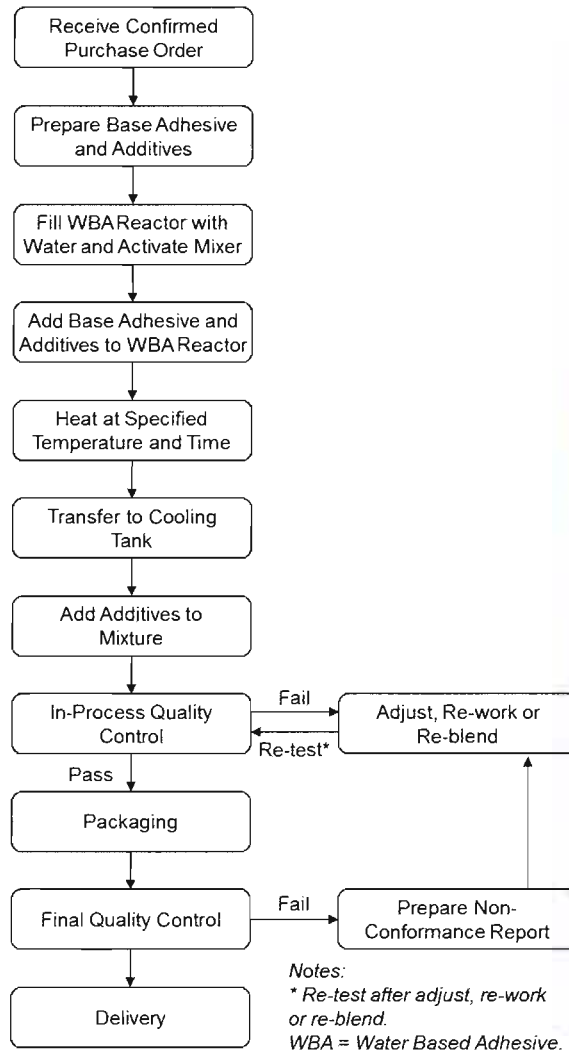


## 5. BUSINESS OVERVIEW (Cont'd)

### 5.5.3 Process Flow

#### 5.5.3.1 Water-Based Adhesives

Our general process flow for manufacturing of water-based adhesives is summarised in the following diagram:



The process starts when we receive a confirmed purchase order from a customer. The information in a confirmed purchase order usually includes the type and model number of the adhesive ordered, quantity, type of packaging, and requests for expedited delivery (if required by the customer). The manufacturing process is initiated if the product is not in stock, or if we do not have enough stocks to meet the order.

The first step is to prepare the base adhesives and the appropriate additives to manufacture a batch of water-based adhesive ordered by the customer. Once they are ready, the water-based adhesive reactor is filled with the appropriate volume of water, and its mixer is switched on. The base adhesives and additives are added to the water, and it is dissolved or dispersed by the action of the mixer. As mixing takes place, the water-based adhesives reactor is heated to a specified temperature for a specific length of time.

## 5. BUSINESS OVERVIEW (Cont'd)

Once the mixing and heating are completed, the batch is transferred to a cooling tank, and allowed to cool to below a certain temperature. Once it has cooled sufficiently, additives are added to stabilise and preserve the batch.

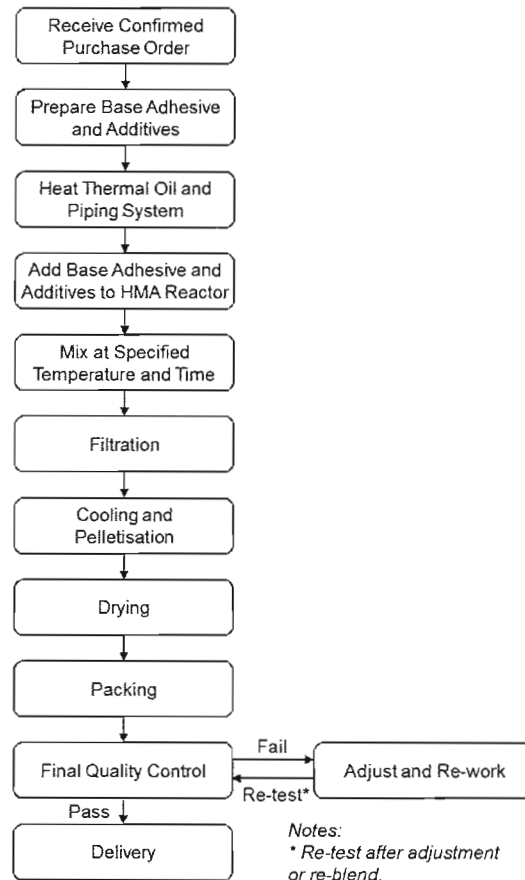
A sample of the batch is obtained for in-process quality control testing. If the sample does not pass in-process quality control, it will undergo further adjustment to meet its specification. Adjustment generally involves adding water or base adhesives and mixing, and continues until the batch passes in-process quality control.

If the sample passes in-process quality control, the water-based adhesive is packed in the packaging specified by the customer.

A test sample is obtained for final quality control testing. The batch of water-based adhesive is only transferred to our warehouse for storage, and released for delivery to the customer after it passes the final quality control test.

### 5.5.3.2 Hot Melt Adhesives

Our general process flow for manufacturing of hot melt adhesives is summarised in the following diagram:



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**5. BUSINESS OVERVIEW (Cont'd)**

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As in the case with hot melt adhesives, the process begins when we receive a confirmed purchase order, which generally contains the same type of information. We start the manufacturing process if the requested product is not in stock, or our stock on hand is not sufficient to fulfil the order.

The raw materials, which consist of base adhesives and additives, are prepared. When the raw materials are ready, the thermal oil and piping systems, which provide heat to the hot melt adhesive reactor, are heated to the required temperature. When the hot melt adhesive reactor reaches the required temperature, the mixer is switched on and the raw materials are carefully fed into the reactor according to the hot melt adhesive's production work sheet. It is mixed until the raw materials have melted completely.

The batch is mixed at the specified temperature for a specified length of time. Once this is completed, the hot melt adhesive is filtered to remove any impurities and solid material. The filtered hot melt adhesive is then extruded to form a string of semi-solid material, which is cooled by running it through a water bath. The material is cut into pellets underwater by a rotating blade.

The pellets of hot melt adhesives are dried, and then packed in the packaging specified by the customer. A test sample is obtained for final quality control testing. The batch of hot melt adhesive is only released for delivery to the customer after it passes the final quality control test.

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5. BUSINESS OVERVIEW (Cont'd)

The following photos illustrate some of the manufacturing activities at our Shah Alam Factory Complex:

Preparation of raw materials



Loading of base adhesive in the reactor



Collecting samples for QC tests



Conducting performance tests on edge banding



Packing of water-based adhesives



Packing of hot melt adhesives



Stirring samples for tests



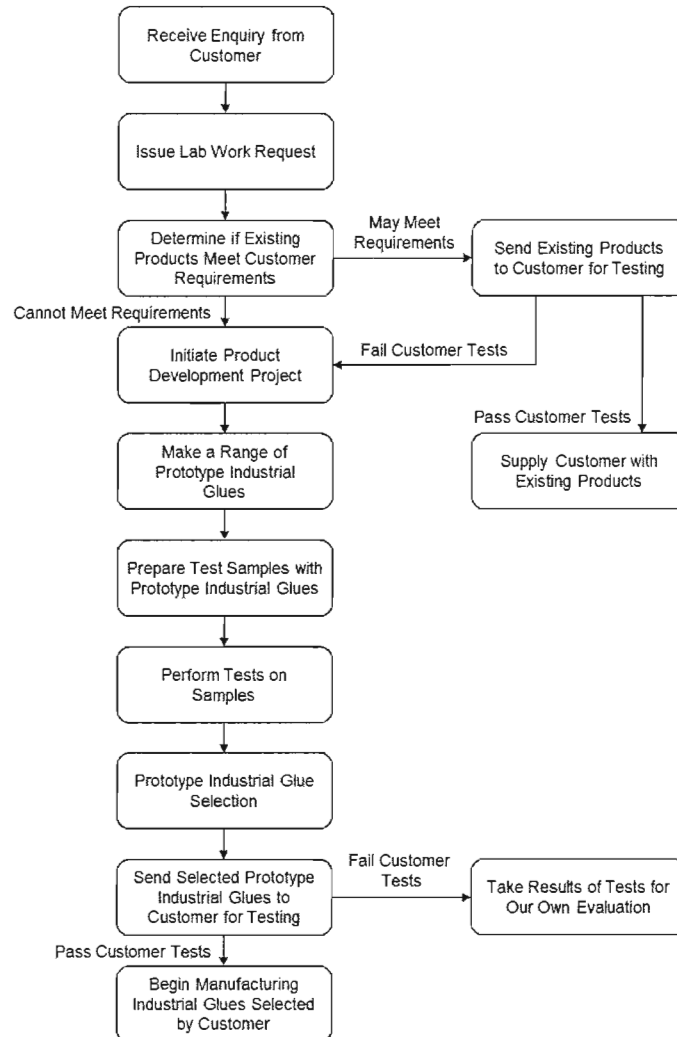
Finished goods for delivery



## 5. BUSINESS OVERVIEW (Cont'd)

### 5.5.3.3 Product Development

The general process flow for our product development process is summarised in the following diagram:



The process is initiated by an enquiry filed by a customer to our sales division, who prepare a lab work request based on the customer's requirements. The requirements may involve a wide range of parameters, such as the types of materials to be glued together, the need for a high degree of water resistance, no chemical emissions, use in a high-speed manufacturing line, desire for a high degree of initial stickiness, and fast curing time.

The lab work request is analysed by our product development team, who determine if the customer's requirements can be fulfilled with one of our existing industrial adhesives. Samples of existing products that may be suitable are sent to the customer for testing and evaluation in the desired application and setting. In some cases, we provide technical advice to support the customer's testing. If the testing is positive and customer feedback is favourable, we can then supply the customer with our existing products. If the test results are not satisfactory, we can then work with the customer to develop industrial adhesive that suits their requirements.

## 5. BUSINESS OVERVIEW (Cont'd)

If our product development team's analysis of the lab work request indicates that the customer's requirements cannot be fulfilled by one of our existing industrial adhesives, a product development project is initiated. A product costing budget is put in place to manage the project. The product development team will make a range of prototype industrial adhesives with variations in parameters such as the type of base adhesive used, the types and relative proportions of additives, heating temperature and duration, and mixing duration. These are used to prepare test samples using the materials that are to be glued together and under conditions that match the customer's operating environment. The samples are tested and the prototype industrial adhesives that achieve the required level of performance are selected.

Samples of the selected prototype industrial adhesives are sent to the customer for testing in the desired application and operating environment, and we may provide technical advice to support this process. If the product testing is successful and customer feedback is positive, we can begin manufacturing of the industrial adhesive to supply to the customer. If the testing is not favourable, we take the results of the test for further evaluation.

### 5.6 R&D



#### 5.6.1 Our R&D Policies

R&D is an integral part of our business. Our policy is to actively conduct in-house R&D on industrial adhesives focusing on areas that can be commercialised. This includes R&D to improve our existing products and to develop the capability to manufacture new types of products.

The goals of the R&D that we carry out include the following:

- conduct R&D on areas that can result in commercial applications;
- modify the performance characteristics of our existing industrial adhesives to meet specific performance requirements, in response to specific customer requirements or to address market needs;
- formulate industrial adhesives that comply with the relevant product performance, environmental or safety standards, and obtain independent certification;
- modify existing industrial adhesives so that they can meet performance requirements of other applications to broaden their addressable market;
- develop the capability to manufacture industrial adhesives using base adhesives that we have not previously used;
- improve the performance of our existing range of industrial adhesives;
- improve our internal manufacturing processes;
- rigorously maintain and improve our product quality to ensure continuing customer satisfaction; and
- reduce the cost of manufacturing our industrial adhesives.

The success of our R&D will help sustain and grow our business.

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## 5. BUSINESS OVERVIEW (Cont'd)

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### 5.6.2 Our R&D Achievements

The first industrial adhesive that we manufactured in year 1996 was the result of our in-house R&D efforts for water-based adhesives in respect of woodworking applications (finger jointing). Since then, all the industrial adhesives that we manufacture were developed in-house. As at the LPD, we have a total of 378 types of industrial adhesives and sealants that are launched in the market, of which 368 were developed in-house through our R&D efforts. Each of these product contained different chemicals and physical properties, which produces different quality and results, depending on the requirement of our customers.

We have also developed a number of industrial adhesives that have been independently certified as complying with performance, environmental or safety standards. These include water-based adhesives that comply with the DIN EN 204 standard for water resistance and the JAS/JIS standard for formaldehyde emissions.

### 5.6.3 Our On-going R&D Activities

We emphasise on continuous R&D activities on industrial adhesives to promote business sustainability and growth. Our on-going R&D efforts include the following:

#### **Improving Existing Industrial Adhesives**

We carry out R&D activities to improve the performance of our industrial adhesives. The industrial adhesives performance parameters that can be improved through R&D include the following:

- wettability on specific surfaces;
- bond strength;
- cure time;
- reducing or eliminating the presence of VOC;
- improving workability;
- resistance to environmental factors such as moisture, UV and heat; and
- durability.

The improvements can come by varying the type of additives used such as the ratio of base adhesives to additives in the final product, and blending or cooking time during processing. Continuously improving the performance of our industrial adhesives will help us to retain our existing customers, and secure new ones.

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**5. BUSINESS OVERVIEW (Cont'd)**

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**Customising Industrial Adhesives for Customers**

As part of our commitment to providing a high level of service to our customers, we conduct R&D to modify our industrial adhesives to meet their specific performance requirements. In many cases, our industrial adhesives are used as part of our customer's manufacturing process, and we work together with these customers to develop ways to improve our industrial adhesives so that their own operations can be more efficient and consistent. By providing solutions to our customers, we can improve customer loyalty and retention.

We continuously carry out R&D on industrial adhesives to achieve one or more of the following results:

- improve their performance and quality;
- develop industrial adhesives that meet with specific performance requirements in response to customer requests,
- develop industrial adhesives that comply with specific performance, environmental or safety standards, and subsequently obtain independent certification of the compliance; and
- improve our own manufacturing processes.

**Using Base Materials that are New to Us**

We conduct R&D to develop the capability to manufacture industrial adhesives using base adhesives that are new to us. The first industrial adhesives that we manufactured in 1996 were water-based adhesives that used purchased PVAc and styrene-butadiene rubber latex as the base adhesive. Through our in-house R&D effort and our knowledge from the consumption of PVAc as base material to manufacture water-based adhesives, we intend to manufacture our in-house PVAc polymer by using vinyl acetate as the main input material as part of our business strategy. Further details of our production of PVAc polymer are set out in Section 5.21.1.2 (a) of this Prospectus.

We also developed the capability to manufacture hot melt adhesives through our in-house R&D effort, and commenced manufacturing of hot melt adhesives in 2003, with the first product using EVA as the base material adhesive.

We are currently conducting R&D to develop sealants using modified base material. Conventional base materials consist mainly of dimethyl silicone fluid. We use modified base material together with additives to obtain desired properties, such as water repellent properties, thermal stability, and chemical resistant.

Developing new industrial adhesives and sealant products allow us to offer industrial adhesives for new applications or industries, thereby broadening our potential addressable markets.

**Achieving Independent Certification for Standards**

We carry out R&D to increase the number of industrial adhesive products that comply with the relevant standards for performance, environment and safety standards. The performance standards that we are generally focused on are those that relate to water and moisture resistant for water-based industrial adhesives, particularly for woodworking applications. Environment and safety standards are mainly in relation to developing industrial adhesives for woodworking applications that do not contain formaldehyde.

Once we have developed a new industrial adhesive that complies with a standard, we send samples to the relevant certification body for independent testing, in order to obtain independent certification for that standard.



## 5. BUSINESS OVERVIEW (Cont'd)

To date, we have developed industrial adhesives that have been independently certified as in compliance with the DIN EN 204 standard, the Japanese Standards, ROHS, and KOMO certification.

Obtaining independent certification provides validation to customers that the certified products meet the standard's requirements. It allows us to broaden our addressable markets to include customers that are restricted by government regulation or their own policies to using industrial adhesives that meet with these standards. In addition, they provide our customers with some assurance that these industrial adhesives are of a certain quality.

### Improving Our Own Manufacturing Processes

We are constantly focused on process improvement, in particular to enhance our own manufacturing processes. This is an important consideration as it has a direct effect on our manufacturing efficiency and productivity. We aim to improve our cost competitiveness and raise product quality by improving our manufacturing processes.

The R&D activities to improve our manufacturing processes include:

- continuous evaluation and improvement of existing processes and procedures to optimise work flow;
- selection of best practices; and
- modifying existing machinery and equipment to increase production process efficiency. Lessons learned are used when we purchase and install new machinery and equipment.

#### 5.6.4 Our R&D Facilities and Personnel

We have a dedicated R&D team comprising nine staff as at the LPD. Our in-house R&D facilities are also used to carry out tests for QC purposes. Some of the major R&D equipment that we currently use to conduct our R&D activities includes:

Type of R&D equipment	No. of units	Audited NBV as at 30 June 2018 RM
Fourier-transform infrared spectroscope <sup>(a)</sup>	1	59,481
Oven <sup>(b)</sup>	8	539
Vacuum drying oven	1	-
pH meter	2	1
Universal tensile strength testing machine	1	1
Specific gravity meter <sup>(c)</sup>	1	-
Zwick adhesive strength testing machine	1	1
Rheometer <sup>(d)</sup>	1	1

## 5. BUSINESS OVERVIEW (Cont'd)

Type of R&D equipment	No. of units	Audited NBV as at 30 June 2018 RM
Oil-less air compressor	1	11,770
Thermometer (infra-red)	8	196
Water bath	2	410
Digital thermometer	1	45
Hot-wire anemometer <sup>(e)</sup>	1	324
Programmable temperature humidity test chamber	1	11,500
Thermo-gravimetric analyser <sup>(f)</sup>	1	47,415
Infra-red spectrometer	1	1
Nitrogen gas generator	1	-
Fineness gauge	1	708
Photo-meter and chemical oxygen demand (COD) reactor <sup>(g)</sup>	1	1
Viscometer <sup>(h)</sup>	10	676
Electronic scale	5	4
Analytical balance scale	3	428
Wood moisture content meter	2	2
Fume hood	6	15,561
Gas chromatograph <sup>(i)</sup>	1	75,900
UV/Vis spectrophotometer	1	21,375
Bio-oxygen demand (BOD) incubator	1	2,647

## Notes:

- (a) A Fourier-transform infrared spectroscope is used to measure the infra-red absorption and emission of a sample.
- (b) Including one lasting adhesive testing oven is used to test temperature at which adhesive loses its stickiness.
- (c) A specific gravity meter is used to measure the density of a fluid, such as adhesive.
- (d) A rheometer is a device used to test how a fluid, such as adhesive, flows in response to applied force.
- (e) A hot-wire anemometer is a device used to measure how quickly a gas is flowing.
- (f) Thermo-gravimetric analysis is a method of analysis that studies how the physical and chemical properties of materials, such as adhesive, change as they are subjected to rising temperature, or as time passes.
- (g) A system to determine the theoretical oxygen demand of a sample of water. Theoretical oxygen demand measures the amount of oxygen that would be consumed to fully oxidise or 'digest' the organic matter present in the water.
- (h) A viscometer is a device that measures the thickness of a fluid, such as adhesive.
- (i) A gas chromatograph is used to analyse the chemical composition of material.

5. BUSINESS OVERVIEW (Cont'd)

The following photos illustrate our staff conducting some R&D and QC testing activities:

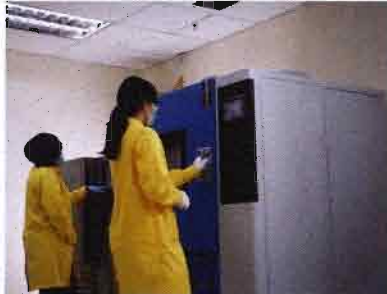
Conducting adhesive strength test



Conducting chemical analysis



Operating humidity test chamber



Conducting viscosity test



Applying industrial sealant samples for testing



Preparing a sample with a kneading machine



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## 5. BUSINESS OVERVIEW (Cont'd)

The following are photos of some of our R&D equipment:

Thermo-gravimetric analyser



Rheometer



Fourier-transform infrared spectroscope



Gas chromatograph



Adhesive strength testing machine



Fume hood



### 5.6.5 Our Research Expenses

Our research expenses in relation to our R&D activities for the past four FYEs were as follows:

	FYE 2015 RM'000	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000
Operating expenses <sup>(a)</sup>	567	486	560	643
Depreciation <sup>(b)</sup>	170	188	190	172
<b>Total research expenses</b>	<b>737</b>	<b>674</b>	<b>750</b>	<b>815</b>
<b>Research expenses as % of revenue</b>	<b>1.2</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>

## 5. BUSINESS OVERVIEW (Cont'd)

Notes:

- (a) Operating expenses for R&D included salaries, bonus and allowances, contributions to defined contribution plans, social security contributions for R&D personnel, sundry insurance, lab expenses, and electricity and water charges.
- (b) Depreciation expenses on laboratory and other equipment used for R&D.

### 5.7 Quality Control Procedure

We place significant emphasis on the quality of our products and adherence to stringent quality standards. We have received certification that provides assurance to our customers that our quality assurance system complies with the stipulated standards:

Company	Standard	Scope	Issuing party	Validity period
Techbond Manufacturing	ISO 9001:2015	'Manufacturing of hot melt and water-based industrial adhesives and sealants'	Intertek Certification Limited	07.07.2018 to 05.08.2021

As at the LPD, we have six personnel at the QC division of our Shah Alam Factory Complex, and three personnel at our Binh Duong Factory Complex.

### 5.8 Environmental Management

We are also committed to minimising the effects of manufacturing on the environment. We have received certification that provides assurance that our environmental protection system complies with the specified standard.

Company	Standard	Scope	Issuing party	Validity period
Techbond Manufacturing	ISO 14001:2015	'Manufacturing of hot melt and water-based industrial adhesives and sealants'	Intertek Certification Limited	07.07.2018 to 05.08.2021

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.9 Performance and Safety and Environmental Standards

#### 5.9.1 DIN EN 204 Standard

The DIN EN 204 standard generally relates to the water resistance of thermoplastic resin base adhesive when used in woodworking. It is the German standard governing classification of these adhesives for wood in non-structural applications. The standard is concerned with the ability of the adhesive to keep joining two surfaces together (its stickiness) after exposure to water or moisture. The classification is based on the strength of the adhesive being tested under dry and wet conditions, measured after the adhesive has been stored and exposed to water or moisture under specified conditions.

The four main classes under the DIN EN 204 standard are D1, D2, D3 and D4. Samples are prepared, with each sample consisting of two pieces of specific types of wood that are joined together with the adhesive to be tested. The samples are allowed to cure, and are then stored in the manner corresponding to the desired durability class (described below). At the end of the storage period, they are tested by measuring the force required to separate the two pieces of wood. If the amount of force required exceeds the specified minimum bond strength, then the adhesive is regarded as meeting the requirements of the durability class.

The performance criteria that have to be met for the adhesive to comply with the respective classes are summarised in the following table:

Durability class	Performance criteria
D1	<ul style="list-style-type: none"> <li>Maintain specified minimum bond strength after the sample is stored at standard ambient conditions for seven days.</li> </ul>
D2	<ul style="list-style-type: none"> <li>Comply with the D1 class.</li> <li>Maintain specified minimum bond strength after the sample is stored in cold water for three hours.</li> </ul>
D3	<ul style="list-style-type: none"> <li>Comply with the D1 class.</li> <li>Maintain specified minimum bond strength after the sample is stored in cold water for four days.</li> </ul>
D4	<ul style="list-style-type: none"> <li>Comply with the D1 class.</li> <li>Maintain specified minimum bond strength after the sample is stored in boiling water for six hours.</li> <li>The D4 class is the most stringent under DIN EN 204.</li> </ul>

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## 5. BUSINESS OVERVIEW (Cont'd)

We have obtained independent certification for some of our industrial adhesives as complying with the DIN EN 204 standard. These products are summarised in the following table:

Year certified	Product model	Main application	Independent certification body	Class
2013	L4365 + 15% LAP	WBA for wood lamination	SIRIM	D4
	L560S + 15% LAN	WBA for wood lamination	SIRIM	D4
2015	L15010 + 15% LAW	WBA for wood lamination	SHR	D4
	KOMOTECH L15700 + 15% LAW	WBA for wood lamination	SHR	D4
	L5580 + 15% LAH	WBA for wood lamination	SHR	D4
	L560S + 15% LAP	WBA for wood lamination	SHR	D4
	L15010 + 15% LAN	WBA for wood lamination	SHR	D4
	KOMOTECH L15600 + 15% LAP	WBA for wood lamination	SHR	D4
	L5543 + 15% LAT	WBA for wood lamination	SHR	D4
	L555 + 15% LAT	WBA for wood lamination	SHR	D4
	L4565 + 15% LAP	WBA for wood lamination	SHR	D4
	L4549 + 15% LAP	WBA for wood lamination	SHR	D4
	L560S + 15% LAN	WBA for wood lamination	SHR	D4
	L560S + 15% LAW	WBA for wood lamination	SHR	D4
	2016	L3315	WBA for wood lamination	IFT Rosenheim
L13008		WBA for wood lamination	IFT Rosenheim	D3
L315 + 5% CLA		WBA for wood lamination and finger jointing	IFT Rosenheim	D4

Notes:

WBA = Water-based adhesive.

IFT Rosenheim = Institut für Fenstertechnik (Institute for Window Technology) Rosenheim, an independent testing and certification body based in Germany.

SIRIM = SIRIM Berhad, an independent testing and certification body based in Malaysia.

SHR = SHR Testing Limited, an independent certification body based in the United Kingdom.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.9.2 Formaldehyde Emissions

The standards that govern formaldehyde emissions from building materials, including industrial adhesives, currently include the following:

- JAS 223 for plywood;
- JIS 1901 for building materials;
- JIS 5549 for adhesives for fixtures;
- JIS 5905 for fibreboard; and
- JIS 5908 for particleboard.

Formaldehyde is a chemical substance that consists of one atom of carbon and oxygen, and two atoms of hydrogen (chemical formula  $\text{CH}_2\text{O}$ ). It is volatile under normal ambient conditions and exposure to it may result in health hazards.

The testing methods stipulated under JAS 223, JIS 1901, JIS A 5549, JIS A 5905 and JIS 5908 are broadly similar. Test samples made with the adhesive to be tested are prepared. The samples are allowed to cure and are then stored under specific conditions for a set period of time. The amount of formaldehyde emitted by the samples during this time is measured. The adhesive is regarded as complying with the respective class if the formaldehyde emission rate during this time falls within the stipulated emission criteria.

Classification under these standards is based on the rate at which formaldehyde is emitted from the test sample under specified test conditions. The emissions criteria that must be met to comply with the JAS 223 standard classes are summarised in the following table:

Class	Average formaldehyde emission (mg/L)	Maximum formaldehyde emission (mg/L)
F★★★★	0.3	0.4
F★★★	0.5	0.7
F★★	1.5	2.1
F★	5.0	7.0

The general emissions criteria that must be met to comply with the JIS 1901, JIS 5549, JIS 5905 and JIS 5908 standard classes are summarised in the following table:

Class	Emission rate
F★★★★	0.005 mg/m <sup>2</sup> per hour, or less
F★★★	0.020 mg/m <sup>2</sup> per hour, or less
F★★	0.120 mg/m <sup>2</sup> per hour, or less



## 5. BUSINESS OVERVIEW (Cont'd)

In addition, an independent certification body may report that the test did not detect any formaldehyde emissions, or that the formaldehyde emissions detected were below a certain rate.

### Example of Test to Measure Formaldehyde Emissions\*



Note:

- \* This is a chamber testing method test using a desiccator, which is a sealable enclosure used to preserve moisture sensitive items.

In general, the most important factor that determines the formaldehyde emissions class of building materials such as plywood, particleboard and fibreboard is the adhesive used in manufacturing them. This is because solid wood, woodchips, fibre and other natural wood-based products typically do not contain or emit significant amount of formaldehyde. The formaldehyde emitted by the building material during testing comes from the adhesive used. This is also true for similar applications such as bookbinding and for gluing tiles to floors and walls.

We have obtained independent certification for some of our industrial adhesives as complying with standards governing formaldehyde emissions. These products are summarised in the following table:

Year certified	Product model	Main application	Independent certification body	Test standard	Class or Result
2008	L5570 + LAP	WBA for wood lamination	FRIM	JAS 233	F★★★★
	L5580 + LAP	WBA for wood lamination	FRIM	JAS 233	F★★★★
	L4580 + LAW	WBA for wood lamination	FRIM	JAS 233	F★★★★
	L2658	WBA for wood lamination	FRIM	JAS 233	F★★★★
	FJ361	WBA for finger jointing	FRIM	JAS 233	F★★★★
	FJ391	WBA for finger jointing	FRIM	JAS 233	F★★★★
	L560S + LAP	WBA for wood lamination	SGS	JIS 5908	<0.02 mg/L
	L2203	WBA for wood lamination	SGS	JIS 5908	<0.02 mg/L

## 5. BUSINESS OVERVIEW (Cont'd)

Year certified	Product model	Main application	Independent certification body	Test standard	Class or Result
2008	L2204	WBA for wood lamination	SGS	JIS 5905	<0.02 mg/L
	L2357	WBA for wood lamination	SGS	JIS 5905	<0.02 mg/L
2009	A270 + B270	WBA for wood lamination	SGS	JIS 5905	F★★★★
	L558 + LAP	WBA for wood lamination	SGS	JIS 5905	F★★★★
	L2214	WBA for wood lamination and parquet flooring	SGS	JIS 5905	F★★★★
	L2299	WBA for wood lamination	SGS	JIS 5905	F★★★★
	L3315	WBA for wood lamination	SGS	JIS 5905	F★★★★
2014	HM11-3003	HMA for wood lamination	SGS	JIS 5905	Not detected
	HM11-8004	HMA for edge banding	SGS	JIS 5905	Not detected
	L13008	WBA for wood lamination and finger jointing	SGS	JIS 5905	Not detected
	A29	WBA for wood lamination	SGS	JIS 5905	Not detected
	B29	WBA for wood lamination	SGS	ISO14184-1	Not detected
2017	L2255	WBA for finger jointing	SGS	JIS 5905	Not detected
2018	HM13568	HMA for edge banding	JAIA	JIS 5908	F★★★★
	HM16250	HMA for profile wrapping	JAIA	JIS 5908	F★★★★
	HM19578	HMA for edge banding	JAIA	JIS 5908	F★★★★
	HM21438	HMA for profile wrapping	JAIA	JIS 5908	F★★★★
	L560S + LAP	WBA for wood lamination	JAIA	JIS 5908	F★★★★
	L5570 + LAH	WBA for wood lamination	JAIA	JIS 5908	F★★★★

Notes:

WBA = Water-based adhesive.

HMA = Hot melt adhesive.

< 0.02 mg/L = Less than 0.02 mg per liter, which is equivalent to the F★★★★ class under JIS 5905.

JTCCM = Japan Testing Center for Construction Materials, an independent testing and certification body based in Japan.

FRIM = Forest Research Institute Malaysia, an independent testing and certification body based in Malaysia.

SGS = SGS Laboratory Services Sdn Bhd, a company in Malaysia that provides independent testing and certification services.

JAIA = Japan Adhesive Industry Association, an independent testing and certification body based in Japan.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.9.3 ROHS

The Restriction on Hazardous Substances Directive (ROHS) is a directive adopted by the European Union. The directive restricts the use of specified hazardous materials in the manufacture of electronic and electrical equipment.

We have obtained independent certification for some of our industrial adhesives as complying with the ROHS. These products are summarised in the following table:

Year certified	Product model	Main application	Independent certification body
2009	HM814	HMA for paper and packaging	SGS
	PP6259	WBA for paper and packaging	SGS
2014	HM 18-4007	HMA for paper and packaging	SGS
	HM18-6004	HMA for paper and packaging	SGS
	JT1030	HMA for paper and packaging	SGS
2015	HM13-6004	HMA for paper and packaging	SGS
	HM 13-7002	HMA for paper and packaging	SGS
	S881	WBA for paper and packaging	SGS
	S886	WBA for paper and packaging	SGS
	PP6259A	WBA for paper and packaging	SGS
	HM821E	HMA for paper and packaging	SGS
2018	HM320	HMA for paper and packaging	SGS
	HM821	HMA for paper and packaging	SGS
	HM13-6004	HMA for paper and packaging	SGS
	HM13-7002	HMA for paper and packaging	SGS

Notes:

WBA = Water-based adhesive.

HMA = Hot melt adhesive.

SGS = SGS Laboratory Services Sdn Bhd, a company in Malaysia that provides independent testing and certification services.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.9.4 KOMO Certification

KOMO certification is applied to products for the building and construction industry, including industrial adhesives and sealants. Products that have KOMO certification are independently assessed to have met specified quality requirements documented in the relevant assessment directive. It is managed by the KOMO Foundation, which is based in Gouda, the Netherlands.

The independent assessment is carried out by accredited certification bodies, and is based on a standardised document on the product that is to be certified. If the assessment is positive, the accredited certification body will issue a KOMO certificate, which also documents the product's performance based on the assessment.

We have obtained KOMO certification for some of our industrial adhesives, as summarised in the following table:

Year certified	Product model	Main application	Accredited certification body
2016	KOMOTECH L15700 + LAW	WBA for wood lamination	SKH
	KOMOTECH L15600 + LAP	WBA for wood lamination	SKH

Notes:

WBA = Water-based adhesive.

SKH = SKH Keurmerk, an accredited certification body based in the Netherlands that provides independent assessment for KOMO certification.

### 5.10 Marketing Activities

We employ the following marketing strategies to sustain and expand our business:

- position ourselves as a one-stop solutions provider for water-based and hot melt industrial adhesives, with in-house R&D, QC testing and manufacturing capabilities to meet our customers' requirements;
- consistently deliver quality products to maintain customer satisfaction and build customer loyalty. We also work closely with our customers to develop industrial adhesives that meet their specific requirements;
- continuously conduct in-house product development to come up with industrial adhesives with better performance based on our understanding of our customers' needs and requirements, and their feedback; and
- periodically updating our corporate website to provide information on our Group as well as our range of products.

## 5. BUSINESS OVERVIEW (Cont'd)

We also promote our products and services by participating in local and overseas exhibitions and tradeshows. The exhibitions and tradeshows that we have participated in recently include:

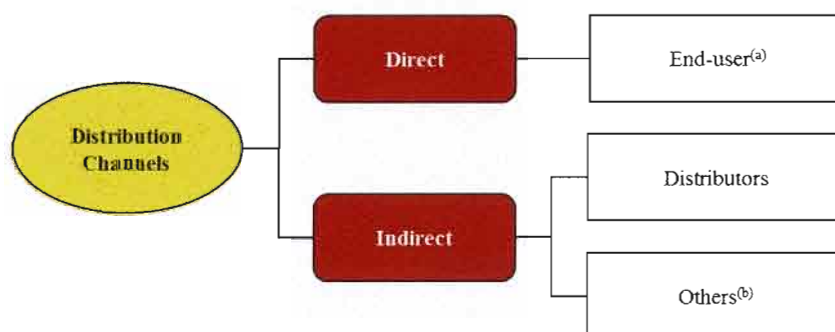
Name of event	Location	Year
Propak Asia 2014	Bangkok, Thailand	2014
Propak Vietnam 2014	Ho Chi Minh City, Vietnam	2014
Propak Indonesia 2014	Jakarta, Indonesia	2014
SMIDEX 2014	Kuala Lumpur, Malaysia	2014
Allpack Indonesia 2015	Jakarta, Indonesia	2015
Propak Vietnam 2015	Ho Chi Minh City, Vietnam	2015
IFMAC and WOODMAC 2016	Jakarta, Indonesia	2016
Propak Asia 2016	Bangkok, Thailand	2016
Allpack Indonesia 2016	Jakarta, Indonesia	2016
Allpack Indonesia 2017	Jakarta, Indonesia	2017
IFMAC and WOODMAC 2017	Jakarta, Indonesia	2017
Archidex 2018	Kuala Lumpur, Malaysia	2018

In addition, one of our marketing strategies is to provide some of the customers that purchase certain types of water-based adhesives for woodworking applications with adhesive mixing machines, as an additional service. The adhesive mixing machines are installed at the customer's premises and are used to mix together the appropriate amounts of adhesive and hardener for the required length of time. While we do not charge these customers with any fees for using the machine, the customer has to purchase a minimum quantity (one tonne) of the water-based adhesives from us within a specified time period.

As at the LPD, we have a total of 11 sales and marketing personnel who are focused on serving existing customers as well as business development activities. Six of our sales and marketing employees are based in Malaysia, and five are based in Vietnam.

### 5.11 Our Distribution Channels

We distribute our products through both the direct distribution and indirect distribution channels as depicted in the following diagram:



Notes:

- (a) Includes manufacturers, construction companies and building contractors.
- (b) Includes agents, hardware retailers, trading companies, and manufacturers of adhesives and sealants.

## 5. BUSINESS OVERVIEW (Cont'd)

We mainly use a direct distribution channel strategy, where we sell our products directly to the end-users of our industrial adhesives. The end-users are primarily manufacturers, including manufacturers of furniture and other wood-based products, paper and packaging, cigarettes and cigarette packs, books, personal care products, automobile components, and mattresses. Our direct distribution channel strategy enables us to work closely with end-users to develop industrial adhesives that meet their specifications and requirements. We are also able to obtain feedback on our products for continuous improvement.

We also use indirect distribution channel strategy to distribute some of our products and this includes distributors, agents, hardware retailers, trading companies and manufacturers of adhesives and sealants.

We also market our products through distributors, who are also our customers. These distributors would subsequently resell our products to their respective customers. Our distributors are located in Cambodia, China, Indonesia, Thailand, Vietnam and UAE. Our distributor in Vietnam mainly focuses on sales in the northern part of Vietnam while sales in other areas of Vietnam are covered by our subsidiary, Techbond Vietnam.

As at the LPD, we have engaged the following distributors to market our products:

Country	Distributor	Types of products distributed
Cambodia	<ul style="list-style-type: none"> <li>Peakbond Co., Ltd.</li> </ul>	Water-based and hot melt adhesives
China	<ul style="list-style-type: none"> <li>Guangzhou Internet Wood Glue Trade</li> </ul>	Water-based adhesives
Indonesia	<ul style="list-style-type: none"> <li>PT. Asiatech Anugrah Setia</li> </ul>	Water-based and hot melt adhesives
Thailand	<ul style="list-style-type: none"> <li>Advance Adhesive Solution Co. Ltd</li> <li>Kim Chemical</li> <li>Unicorp Co., Ltd</li> </ul>	Water-based and hot melt adhesives
UAE	<ul style="list-style-type: none"> <li>Ofion Trading LLC</li> <li>Printing &amp; Packaging Solutions LLC</li> </ul>	Water-based and hot melt adhesives
Vietnam	<ul style="list-style-type: none"> <li>Công Ty TNHH Sản Xuất Và Thương Mại Minh Giang</li> </ul>	Water-based and hot melt adhesives

We also use indirect channels such as free agents who work on an ad hoc and commission basis to market our products in countries outside of Malaysia. We have engaged two free agents, who are individuals for the FYE 2015 up to FYE 2017. The revenue attributed to sales through these agents was 0.77%, 1.23%, and 0.34% of our total revenue for the FYE 2015, FYE 2016, and FYE 2017, respectively.

Other indirect channels include hardware retailers, trading companies, and other manufacturers of adhesives and sealants, who are also our customers. These retailers and trading companies would subsequently resell our products to their customers.

### 5.12 Seasonality

We do not experience any material seasonality in our business.

### 5.13 Business Interruptions

There have been no material interruptions to our business operations in the past twelve months.

## 5. BUSINESS OVERVIEW (Cont'd)

## 5.14 Top Five Major Customers

Our top five major customers (by revenue contribution) for the past four FYEs are as follows:

Customers	Country	Length of relationship as at the LPD	Revenue contribution							
			FYE 2015		FYE 2016		FYE 2017		FYE 2018	
			RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
PT Asiatech Anugrah Setia	Indonesia	10 years	6,584	10.35	9,939	13.10	9,495	11.53	10,127	11.67
Guangzhou Internet Wood Glue Trade	China	14 years	4,252	6.68	3,846	5.07	5,543	6.73	5,990	6.90
Advance Adhesive Solution Co., Ltd	Thailand	8 years	1,407	2.21	1,577	2.08	1,904	2.31	2,393	2.76
Công Ty Cổ Phần Johnson Wood	Vietnam	13 years	2,273	3.57	2,927	3.86	2,335	2.83	2,323	2.68
Khmer Beverages Co., Ltd <sup>(a)</sup>	Cambodia	7 years	-	-	576	0.76	1,161	1.41	1,969	2.27
Công Ty TNHH Sản Xuất Và Thương Mại Minh Giang	Vietnam	11 years	2,330	3.66	2,074	2.73	2,210	2.68	1,827	2.10
Công Ty TNHH RK Resources	Vietnam	12 years	2,072	3.26	2,164	2.85	2,086	2.53	1,309	1.51
<b>Total revenue</b>			<b>63,627</b>		<b>75,862</b>		<b>82,364</b>		<b>86,811</b>	

Note:

(a) Formerly known as Khmer Brewery Ltd.

Save for Công Ty Cổ Phần Johnson Wood, Công Ty TNHH RK Resources and Khmer Beverages Co., Ltd, the above remaining customers are our distributor in Indonesia, China, Thailand and Vietnam (Hanoi), respectively. Nevertheless, we are not dependent on any individual major customer listed in the table above. Further, we have established long-term business relationships with these customers as they have been our customers for seven years or more, which provide a basis for continuing supplier-customer relationships.

## 5. BUSINESS OVERVIEW (Cont'd)

## 5.15 Top Five Major Suppliers

Our top five major suppliers (by total purchases) for the past four FYEs are as follows:

Suppliers	Country	Length of relationship as at the LPD	Value of purchases							
			FYE 2015		FYE 2016		FYE 2017		FYE 2018	
			RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases
WWRC Group of Companies <sup>(a)</sup>	Malaysia	18 years	5,367	13.87	5,126	11.45	5,249	11.45	10,980	21.24
Mitsubishi Corporation	Singapore	11 years	1,315	3.40	2,599	5.81	3,123	6.81	7,667	14.83
Exxonmobil Chemical Asia Pacific	Singapore	11 years	3,276	8.46	3,197	7.14	4,008	8.74	5,041	9.75
Kuraray Asia Pacific Pte Ltd	Singapore	4 years	3,779	9.76	5,220	11.66	4,184	9.13	4,472	8.65
Chuanplus Industries Sdn Bhd	Malaysia	3 years	611	1.58	1,988	4.44	2,750	5.77	2,445	4.73
SA Group of Companies <sup>(b)</sup>	Malaysia	10 years	3,848	9.94	5,189	11.59	3,350	7.31	210	0.41
Toyota Tsusho (Malaysia) Sdn Bhd	Malaysia	3 years	741	1.91	3,216	7.18	1,317	2.87	-	-
Tamy Productions Company Limited	Vietnam	4 years	3,426	8.85	2,501	5.59	1,563	3.41	1,965	3.80
<b>Total purchases</b>			<b>38,702</b>		<b>44,770</b>		<b>45,835</b>		<b>51,702</b>	

Notes:

(a) Refers to WWRC Malaysia Sdn Bhd and WWRC Specialties Sdn Bhd.

(b) Refers to S.A. Marketing Sdn Bhd and S.A. Wood Chemicals Sdn Bhd. Our business relationship and dealings began with S.A. Marketing Sdn Bhd in 2008. For the FYE 2015, we purchased from S.A. Marketing Sdn Bhd and S.A. Wood Chemicals Sdn Bhd. For the FYE 2016, FYE 2017, FYE 2018 and up to the LPD, we purchased from S.A. Wood Chemicals Sdn Bhd.

We are not dependent on any individual supplier from the table above, as the raw materials that we purchased from them are widely manufactured and available. During the FYE 2018, we purchased base adhesives for water-based adhesives from 31 suppliers, base adhesives for hot melt adhesives from 11 suppliers, base sealants from four suppliers, and additives from 36 suppliers.



## 5. BUSINESS OVERVIEW (Cont'd)

### 5.16 Types, Sources and Availability of Input Materials and Services

The following are the major types of raw materials and services that we purchased for our business operations in the past four FYEs:

#### Purchases of Raw Materials and Services for the FYE 2015

	Value of purchases (RM'000)	Proportion of total purchases (%)	Sources of supply	
			Malaysia (%)	Other countries (%)
<b>RAW MATERIALS AND SERVICES</b>				
Base adhesive for water-based adhesive	25,370	65.55	33.01	66.99
Base adhesive for hot melt adhesive .....	10,490	27.11	13.50	86.50
Additives .....	1,921	4.96	22.19	77.81
OEM industrial adhesives and sealants ..	918	2.37	16.21	83.79
Other goods and services <sup>(a)</sup> .....	3	0.01	37.12	62.88
<b>TOTAL</b>	<b>38,702</b>	<b>100.00</b>	<b>26.79</b>	<b>73.21</b>

Note:

- (a) Other goods and services included base adhesive and additives purchased for product development and testing, and spare parts.

#### Purchases of Raw Materials and Services for the FYE 2016

	Value of purchases (RM'000)	Proportion of total purchases (%)	Sources of supply	
			Malaysia (%)	Other countries (%)
<b>RAW MATERIALS AND SERVICES</b>				
Base adhesive for water-based adhesive	28,714	64.14	32.10	67.90
Base adhesive for hot melt adhesive .....	12,008	26.82	8.15	91.85
Additives .....	2,522	5.63	12.32	87.68
OEM industrial adhesives and sealants ..	1,519	3.39	1.51	98.49
Other goods and services <sup>(a)</sup> .....	7	0.02	-	100.00
<b>TOTAL</b>	<b>44,770</b>	<b>100.00</b>	<b>23.52</b>	<b>76.48</b>

Note:

- (a) Other goods and services included base adhesive and additives purchased for product development and testing, and spare parts.

## 5. BUSINESS OVERVIEW (Cont'd)

## Purchases of Raw Materials and Services for the FYE 2017

	Value of purchases (RM'000)	Proportion of total purchases (%)	Sources of supply	
			Malaysia (%)	Other countries (%)
<b>RAW MATERIALS AND SERVICES</b>				
Base adhesive for water-based adhesive	28,902	63.06	35.17	64.83
Base adhesive for hot melt adhesive .....	12,681	27.67	8.77	91.23
Additives .....	2,636	5.75	15.55	84.45
OEM industrial adhesives and sealants ..	1,614	3.52	1.65	98.35
Other goods and services <sup>(a)</sup> .....	2	#	-	100.00
<b>TOTAL</b>	<b>45,835</b>	<b>100.00</b>	<b>25.56</b>	<b>74.44</b>

Notes:

# Negligible.

(a) Other goods and services included base adhesives and additives purchased for product development and testing, and spare parts.

## Purchases of Raw Materials and Services for the FYE 2018

	Value of purchases (RM'000)	Proportion of total purchases (%)	Sources of supply	
			Malaysia (%)	Other countries (%)
<b>RAW MATERIALS AND SERVICES</b>				
Base adhesive for water-based adhesive	34,885	67.47	30.73	69.27
Base adhesive for hot melt adhesive .....	10,809	20.91	-	100.00
Additives .....	3,290	6.36	21.76	78.24
OEM industrial adhesives and sealants ..	2,477	4.79	1.89	98.11
Other goods and services <sup>(a)</sup> .....	241	0.47	-	100.00
<b>TOTAL</b>	<b>51,702</b>	<b>100.00</b>	<b>22.23</b>	<b>77.77</b>

Note:

(a) Other goods and services included base adhesives and additives purchased for product development and testing, and spare parts.

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**5. BUSINESS OVERVIEW (Cont'd)**

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The main raw materials used for our manufacturing of industrial adhesives are base adhesives and additives. As these plastics and polymer based materials are globally traded, they are subject to price fluctuations or volatility. We also use some of the same types of base adhesives and additives to manufacture sealants, and we currently do not categorised them separately as revenue from sealants is still comparatively small. For the FYE 2018, purchases of base adhesives and additives represented 88.38% and 6.36% of our total purchases respectively:

- some of the base adhesives that we purchase to manufacture water-based adhesives include PVA, PVAc, EVA, styrene butadiene, acrylic, styrene acrylic, casein and silicone. These materials are mainly sourced from other countries.
- some of the base adhesives that we purchase to manufacture hot melt adhesives include polyethylene, polypropylene, hydrocarbon and hydrogenated resin, EVA, as well as non-polymer materials such as gum rosin and rosin ester. We mainly sourced all these materials from outside of Malaysia.
- additives are materials that are added to industrial adhesives to alter one or more of their properties, in order to achieve the required performance based on usage and application. More than one additive may be added to an industrial adhesive to achieve the desired performance. Some of the additives that we purchased are volume fillers, conductive fillers, plasticisers, pigments, solvents, dispersants, preservatives, stabilisers, wetting agents. These additives are mainly sourced from outside of Malaysia.

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## 5. BUSINESS OVERVIEW (Cont'd)

## 5.17 Approvals, Major Licences and Permits Obtained

As at the LPD, save as disclosed below, there are no other approvals, major licences and permits obtained by our Group.

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
<b>Techbond Manufacturing</b>							
1.	A 014275	MITI	Manufacturing licence for the manufacturing of industrial glue at No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, 40460 Shah Alam, Selangor in accordance with the Industrial Co-ordination Act, 1975	15.01.2004	Commencement Date: 27.10.2003  No renewal of this licence is required and it is valid unless revoked in accordance with the Industrial Co-ordination Act, 1975.	(a) The licence is subject to the approval from the relevant State Government and Department of Environment.  (b) MITI shall be informed of any sales of shares of Techbond Manufacturing.  (c) Techbond Manufacturing must train Malaysian citizens so that transfer of technology and expertise can be channelled to all levels of designations / positions.  (d) Techbond Manufacturing shall carry out its projects as approved and in accordance with the law and regulations in Malaysia.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
2.	A 020997	MITI	Manufacturing licence for the manufacturing of industrial glue at No. 32 & 34, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, 40460 Shah Alam, Selangor in accordance with the Industrial Co-ordination Act, 1975	17.08.2017	Commencement Date: 06.06.2017  No renewal of this licence is required and it is valid unless revoked in accordance with the Industrial Co-ordination Act, 1975.	<p>(a) The licence is subject to the approval from the relevant State Government and Department of Environment.</p> <p>(b) MITI and Malaysian Investment Development Authority ("MIDA") shall be informed of any sales of shares of Techbond Manufacturing.</p> <p>(c) Techbond Manufacturing must train Malaysian citizens so that transfer of technology and expertise can be channelled to all levels of designations.</p> <p>(d) Techbond Manufacturing shall comply with the capital investment per employee of at least RM140,000.</p> <p>(e) The total full time employment shall comprise at least 80% Malaysian by year 2020. The employment of foreigners including the outsourced workers is subject to the current policy.</p> <p>(f) Techbond Manufacturing shall carry out its projects as approved and in accordance with the law and regulations in Malaysia.</p>	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
3.	MBSA/LSP/LS/6 00-3/1/0469-16	Majlis Bandaraya Shah Alam ("MBSA")	Industrial licence for No. 34, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan  Description of licence: <ul style="list-style-type: none"> <li>Bahan pelekat (menjual / perkhidmatan);</li> <li>Bahan pelekat (buat / proses) (&gt; 500 MP);</li> <li>Bahan pelekat (borong / simpan) (&gt; 500 MP);</li> <li>Pejabat urusan dari 150 dan &lt;300 meter; dan</li> <li>LPG, LNG dan gas lain (borong / simpan) (&gt;500-2,500 liter)</li> </ul>	-	Valid until 31.10.2019	(a) The licence must be displayed at a location clearly seen.  (b) The Company shall comply with the conditions to the licence as set by MBSA from time to time.  (c) It is the responsibility of the Company to renew the licence before its expiry every year.	Complied
4.	MBSA/LSP/LS/6 00-3/1/1669	MBSA	Industrial licence for No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan  Description of licence: <ul style="list-style-type: none"> <li>Bahan pelekat (menjual / perkhidmatan);</li> <li>Bahan pelekat (buat / proses) (SHG 500 MP);</li> <li>Bahan pelekat (borong / simpan) (SHG 500 MP);</li> <li>Iklan kilang tidak berbahaya &lt;8 MP; dan</li> <li>LPG, LNG, gas lain (borong / simpan) (&lt;500 liter)</li> </ul>	-	Valid until 31.12.2018	(a) The licence must be displayed at a location clearly seen.  (b) The Company shall comply with the conditions to the licence as set by MBSA from time to time.  (c) It is the responsibility of the Company to renew the licence before its expiry every year.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
5.	MBSA/LSP/LS/6 00-3/1/0471-16	MBSA	Industrial Licence for No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan  Description of licence: <ul style="list-style-type: none"> <li>• Pejabat urusan dari 150 dan &lt;300 meter</li> </ul>	-	Valid until 31.10.2019	(a) The licence must be displayed at a location clearly seen.  (b) The Company shall comply with the conditions to the licence as set by MBSA from time to time.  (c) It is the responsibility of the Company to renew the licence before its expiry every year.	Complied
6.	MBSA/LSP/LS/6 00-3/1/0351-16	MBSA	Industrial licence for No. 32, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan  Description of licence: <ul style="list-style-type: none"> <li>• Industri bahan pelekat (menjual / perkhidmatan);</li> <li>• Industri bahan pelekat (buat / proses) (&gt; 500 MP); dan</li> <li>• Industri bahan pelekat (borong / simpan) (&gt; 500 MP)</li> </ul>	-	Valid until 31.07.2019	(a) This is a temporary licence issued by MBSA, which MBSA has the right to suspend or revoke this temporary licence at any time without giving any reason and compensation.  (b) The licence must be displayed at a location clearly seen.  (c) The Company shall comply with the conditions to the licence as set by MBSA from time to time.  (d) It is the responsibility of the Company to renew the licence before its expiry every year.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
7.	MBSA/LSP/LS/6 00-3/1/0470-16	MBSA	Industrial licence for No. 32, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan  Description of licence: <ul style="list-style-type: none"> <li>• Pejabat urusan (&lt;150 meter);</li> <li>• Makmal kaji selidik &amp; industri penyelidikan (menjual / perkhidmatan);</li> <li>• Makmal kaji selidik &amp; industri penyelidikan (buat / proses) (&gt;500 MP); dan</li> <li>• Makmal kaji selidik &amp; industri penyelidikan (borong / simpan) (&gt;500 MP)</li> </ul>	-	Valid until 31.10.2019	(a) This is a temporary licence issued by MBSA, which MBSA has the right to suspend or revoke this temporary licence at any time without giving any reason and compensation.  (b) The licence must be displayed at a location clearly seen.  (c) The Company shall comply with the conditions to the licence as set by MBSA from time to time.  (d) It is the responsibility of the Company to renew the licence before its expiry every year.	Complied
8.	L01042	Majlis Perbandaran Muar	Business licence for No. 9, Taman Perindustrian Parit Bakar, Jalan Parit Bakar Darat 1, 84010 Muar, Johor Darul Takzim  Description of licence: <ul style="list-style-type: none"> <li>• Lesen menyimpan</li> <li>• Lesen pejabat</li> <li>• Iklan</li> </ul>	01.01.2018	Valid until 31.12.2018	(a) The licence must be displayed during the business hours.  (b) Failure to comply with Trade, Business, Industrial And Profession By-Laws, 1981 shall, on conviction, be liable to a fine not exceeding RM2,000 or imprisonment for a term not exceeding one year or to both, and shall be liable to a fine not exceeding RM200 for each day if the offence is a continuing offence.	Complied



## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
9.	491683	Dewan Bandaraya Kota Kinabalu	Trading licence for 2 <sup>nd</sup> Floor, Shop Lot 5, Taman Fortuna, Phase II, Jalan Penampang, 88200 Kota Kinabalu.  Description of licence: To supply wood working glue / adhesive and hardwares	29.11.2017	Valid until 31.12.2018	-	N/A
10.	A01703218	Mayor of the City of Kota Kinabalu	Advertisement licence for Lot 5, 2 <sup>nd</sup> Floor, Taman Fortuna, Shop Lot, P.O. Box 10814, 88809 Kota Kinabalu	29.11.2017	01.01.2018 to 31.12.2018	-	N/A
11.	MBSA / BGN / KB / 600 / SEK:31 / 111-2017	MBSA	Temporary permit for shed at No. 32 Jalan Anggerik Mokara 31/59, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan under By-laws 19(1)(b), (d), (e) and (f) of Selangor Uniform Building By-Laws	-	14.12.2017 to 13.12.2018	-	N/A
12.	MBSA / BGN / KB / 600 / SEK:31 / 112-2017	MBSA	Temporary permit for shed awning at No. 34 & No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan under By-laws 19(1)(b), (d), (e) and (f) of Selangor Uniform Building By-Laws	-	21.08.2018 to 20.08.2021	-	N/A
13.	E104488	Intertek Certification Limited	Certification that the environmental management system of Techbond Manufacturing has been registered by Intertek Certification Limited as conforming to the requirements of ISO 14001:2015	07.07.2018	Valid until 05.08.2021	-	N/A
14.	Q104488	Intertek Certification Limited	Certification that the quality management system of Techbond Manufacturing has been registered by Intertek Certification Limited as conforming to the requirements of ISO 9001:2015	07.07.2018	Valid until 05.08.2021	-	N/A

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
15.	MBC 00104	SME Corporation Malaysia ("SME Corp") and SIRIM QAS International Sdn Bhd ("SIRIM")	Certification that Techbond Manufacturing has complied with the assessment criteria and has fulfilled all requirements for the Malaysian Brand Certification Scheme for the product of industrial adhesives with the brand of Techbond	03.08.2018	Valid until 27.04.2020	<p>(a) During the validity period of the certificate, Techbond Manufacturing agrees to:</p> <p>(i) notify SIRIM within a reasonable period of time of any changes of information contained in the certificate including but not limited to change in scope of certification; and</p> <p>(ii) notify SIRIM within a reasonable period of time of any significant changes to the organisation including changes in the ownership which may affect the ability of the organisation to continue to meet the assessment criteria.</p> <p>(b) SME Corp and SIRIM may at their discretion withdraw or refuse to renew a certificate if Techbond Manufacturing fails to inform SIRIM of any change of name, location of facilities or any significant changes to the organisation within a reasonable period of time</p>	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
16.	PMD - SL/18 54799	Department of Occupational Safety and Health, Selangor Darul Ehsan ("DOSH")	Certificate of fitness of thermal oil heater in accordance with the Factories and Machinery Act 1967 ("FAMA") and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970 ("FAMA Reg")  Machine registration number: SL PMD 463  Location of the machine: No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan.	09.02.2018	Valid until 28.04.2019	This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the steam boiler (Dandang Stum) shall not be violated.	Complied
17.	PMT - SL/18 54800	DOSH	Certificate of fitness of air receiver in accordance with FAMA and Regulation 10(2) of FAMA Reg  Machine registration number: SL PMT 45  Location of the machine: No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	09.02.2018	Valid until 28.04.2019	This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the unfired pressure vessel (Pengandung Tekanan Tak Berapi) shall not be violated.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
18.	PMT – SL/18 54801	DOSH	Certificate of fitness of vacuum tank in accordance with FAMA and Regulation 10(2) of FAMA Reg  Machine registration number: SL PMT 451  Location of the machine: No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	09.02.2018	Valid until 28.04.2019	This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the unfired pressure vessel (Pengandung Tekanan Tak Berapi) shall not be violated.	Complied
19.	PMA – SL/18 54813	DOSH	Certificate of fitness of lifter in accordance with FAMA and Regulation 10(2) of FAMA Reg  Machine registration number: SL PMA 50993  Location of the machine: No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	09.02.2018	Valid until 28.04.2019	This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the lifting machine (Mesin Angkat) shall not be violated.	Complied
20.	PMA – SL/18 54814	DOSH	Certificate of fitness of lifter in accordance with FAMA and Regulation 10(2) of FAMA Reg  Machine registration number: SL PMA 50994  Location of the machine: No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	09.02.2018	Valid until 28.04.2019	This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the lifting machine (Mesin Angkat) shall not be violated.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
21.	PMT - SL/18 62832	DOSH	Certificate of fitness of air receiver tank in accordance with FAMA and Regulation 10(2) of FAMA Reg Machine registration number: SL PMT 81328 Location of the machine: No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	04.04.2018	Valid until 03.07.2019	This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the unfired pressure vessel (Pengandung Tekanan Tak Berapi) shall not be violated.	Complied
22.	PMT - SL/18 62833	DOSH	Certificate of fitness of air receiver tank in accordance with FAMA and Regulation 10(2) of FAMA Reg Machine registration number: SL PMT 81329 Location of the machine: No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	04.04.2018	Valid until 03.07.2019	This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the unfired pressure vessel (Pengandung Tekanan Tak Berapi) shall not be violated.	Complied
23.	PMT - SL/18 62834	DOSH	Certificate of fitness of air receiver tank in accordance with FAMA and Regulation 10(2) of FAMA Reg Machine registration number: SL PMT 81330 Location of the machine: No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	04.04.2018	Valid until 03.07.2019	This certificate is valid until the date stated in the certificate, unless suspended, revoked or otherwise terminated earlier under the provisions of FAMA and provided that the provisions of FAMA and the regulations in respect of the unfired pressure vessel (Pengandung Tekanan Tak Berapi) shall not be violated.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
24.	JBPM:SL-7/616/2018	Fire and Rescue Department of Malaysia	Certification that the premises No. 32, 34 & 36, Jalan Anggerik Mokara 31/59, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan have complied with the life safety, fire prevention, fire protection and firefighting requirements of the Fire Services Act 1988	04.04.2018	04.04.2018 to 03.04.2019	The certificate is valid on condition that the facilities remain in good order at all times.	Complied
25.	240056-W(LC)	Land Public Transport Commission ("SPAD")	Operator licence for Vehicle No. VAR8269 in accordance with the Land Public Transport Act 2010	06.01.2014	06.01.2014 to 05.01.2019	The goods vehicle shall only be used to carry industrial adhesives, plastic products, pallet, chemicals in barrel, paper goods, drum, glue and boxes and shall not be used to carry soil, sand and gravel.	Complied
26.	240056-W(LA)	SPAD	Operator licence for Vehicle No. BKW6331 in accordance with the Land Public Transport Act 2010	23.04.2015	23.04.2015 to 08.08.2020	The goods vehicle shall only be used as a general cargo for hire or reward but not to carry soil, sand, gravel, container, pigs and twist lock assembly.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
27.	APB/075/2004	Department of Environment, Selangor Darul Ehsan	Written approval for fuel burning equipment and chimney under Regulations 36 and 38 of the Environmental Quality (Clean Air) Regulations 1978 for the installation of one unit of thermal oil heater at PT Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	27.03.2004	-	<p>(a) The fuel burning machine shall be operated by the appropriate remote control.</p> <p>(b) Techbond Manufacturing shall obtain the prior written approval of the Director General of the Department of Environment for any changes to the specifications of the fuel burning equipment and chimney.</p> <p>(c) The approval is given with the condition that it can be withdrawn or revoked if the works were not carried out in accordance with the approved drawings / plans.</p> <p>(d) Techbond Manufacturing shall fully comply with the directions issued by the Department of Environment from time to time and shall not violate any provisions under the Environmental Quality Act 1974 and all the regulations made thereunder.</p>	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
28.	APB/083/2005	Department of Environment, Selangor Darul Ehsan	Written approval under Regulations 36 and 38 of the Environmental Quality (Clean Air) Regulations 1978 for the installation of one unit of generator at PT 56370 & 50371, No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, Shah Alam, 40460 Selangor Darul Ehsan	29.04.2005	-	<p>(a) Techbond Manufacturing shall appoint a qualified staff to control and maintain the operation of the fuel burning equipment.</p> <p>(b) A log book shall be prepared to record the parameter of process control for the monitoring programme of the fuel burning equipment.</p> <p>(c) The approval is given with the condition that it can be withdrawn or revoked if the works were not carried out in accordance with the approved drawings / plans.</p> <p>(d) Techbond Manufacturing shall fully comply with the directions issued by the Department of Environment from time to time and shall not violate any provisions under the Environmental Quality Act 1974 and all the regulations made thereunder.</p>	Complied



## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
29.	320 / 24130 / 010115 / 000023JPC2	MIDA	<p>Exemption of import duty on the following raw material to produce the following finished products:</p> <p>Raw Material: Vinavil 2253M (High Water Resistance Polyvinylacetate Copolymer)</p> <p>Quantity via Port Klang: 427,500 kg</p> <p>Finished Products: DP36, L315 &amp; L3315 (Woodworking Adhesive – Water Resistant Polyvinyl Acetate Copolymer), (collectively referred to as “<b>Exempted Raw Material</b>”)</p> <p>at No. 36, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan</p>	12.02.2018	13.02.2018 to 12.02.2021	<p>(a) All the raw materials / components which are exempted from duty / tax shall be kept in the factory of Techbond Manufacturing according to the written rules of the Royal Malaysian Customs Department (“<b>Customs Department</b>”) in writing.</p> <p>(b) Any change of address or addition of store / factory shall only be made after receipt of the written approval from the Customs Department.</p> <p>(c) Techbond Manufacturing is allowed to export its finished products via third party after obtaining the approval from the Customs Department.</p> <p>(d) Techbond Manufacturing shall:</p> <p>(i) keep the records of usage of raw materials / components which includes manufacturing waste, finished products in the factory and the total marketed products;</p>	Complied

5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
						<p>(ii) prepare statements once in every three (3) months with regards to clause (i) above in the format as agreed in writing by the customs officer or Techbond Manufacturing and shall be signed and certified by Techbond Manufacturing's accountants or the authorized officer of Techbond Manufacturing. The statements shall be submitted to the customs office within the next one (1) month; and</p> <p>(iii) obtain the written approval of the Customs Department for any transfer which includes any sale, destruction and export on the manufacturing waste and raw materials / components. For the sale of manufacturing waste and raw materials / components in the local market, duty / tax involved shall be paid first and duty / tax will be remitted for the quantity of raw materials / components which have been destructed.</p>	

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
						<p>(e) The Exempted Raw Material must not be taken out from the store and the factory which have been approved for purposes of sub-contract works except with the written approval of the Customs Department.</p> <p>(f) Techbond Manufacturing shall inform the Customs Department in writing within fourteen (14) days upon the occurrence of the following events:</p> <ul style="list-style-type: none"> <li>(i) a resolution passed for the winding up of Techbond Manufacturing;</li> <li>(ii) an order made for the winding up of Techbond Manufacturing;</li> <li>(iii) the appointment of a liquidator or receiver; and</li> <li>(iv) Techbond Manufacturing is involved in any civil claim, bankruptcy or closure of business and others.</li> </ul> <p>(g) This exemption can be withdrawn or revoked by the Government of Malaysia via MIDA at any time without providing any reason. If the duty / tax is required to be paid, all the duty / tax exempted shall be paid within one (1) month from the date of revocation or withdrawal.</p> <p>(h) This exemption is also subject to the other laws and regulations in Malaysia.</p>	

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
1.	Investment Certificate No. 461023000463 - third amendment	People's Committee of Binh Duong Province	Certifying the registration of the project, namely "NHÀ MÁY SẢN XUẤT KEO GHEP GÓ"	Issued for the first time on 30 June 2008 and third amendment on 8 October 2013	22.05.2032	<p>The company's project shall operate in accordance with the major followings:</p> <p>(a) Project location: Quarter 4, An Phu Ward, Thuan An Town, Binh Duong;</p> <p>(b) Acreage of land using: 8,596.4m<sup>2</sup>;</p> <p>(c) Project objectives:</p> <p>(i) manufacturing wood joining glue, quick dry glue, silicon;</p> <p>(ii) manufacturing gluing machine;</p> <p>(iii) exercising the rights of export, import, retail distribution (excluding the establishment of retail outlets), and wholesale distribution (excluding the establishment of wholesale outlets) of the goods with respective HS codes.</p> <p>(d) Total investment capital: USD 1,000,000, in which, contributing capital to implement the project: USD 300,000. Term of project: 30 years from 22 May 2002.</p>	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
2.	Enterprise Registration Certificate No. 3700424401 - seventh amendment	Department of Planning and Investment of Binh Duong Province	Certifying the registration of the enterprise, namely "TECHBOND (VIETNAM) CO., LTD", the change of owner to Techbond, and the conversion from a multiple- member company limited to a sole-member company limited	Issued for the first time on 30 June 2008 and seventh amendment on 6 September 2018	-	<p>The company shall operate in accordance with the major followings:</p> <p>(a) Enterprise name: (1) Name in Vietnamese: CÔNG TY TNHH TECHBOND VIỆT NAM; (2) Name in English: TECHBOND (VIETNAM) CO., LTD;</p> <p>(b) Head office address: Quarter 4, An Phu Ward, Thuan An Town, Binh Duong Province, Vietnam;</p> <p>(c) Charter capital: VND 6,750,000,000 equivalent to USD 300,000;</p> <p>(d) Owner: Techbond. Legal representatives: Lee Yuen Shiuan (Manager); Lee Seng Thye (General Director); Desmond Au Yew Hon (Manager)</p>	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
3.	Business license No. 461023000463 - KD	The People's Committee of Binh Duong Province	Techbond Vietnam registered for the issuance of this license in order to implement the activities of sale and purchase of goods and the activities relating to the sale and purchase of good, including exercising the rights of retailing (excluding the establishment of the retail outlet), and wholesaling (excluding the establishment of the wholesale outlet) for the goods with following HS Codes: 1518, 1520, 2501, 2507, 2712, 2814, 2834, 2835, 2836.50, 2916, 2929, 3206, 3214, 3402, 3403, 3503, 3505, 3506, 3802, 3806, 3812, 3824, 3901, 3902, 3903, 3904, 3905, 3906, 3907, 3908, 3909, 3910, 3911, 3912, 3913, 3914, 3916, 3918, 3919, 3920, 3923, 4002, 4005, 4009, 8202, 8424, 8465, 8479	October 2013	22.05.2032	Techbond Vietnam with foreign owned capital shall only be permitted to conduct activities consistent with the items recorded in its business license. Note that this business license does not restrict Techbond Vietnam's activities for a particular location. Rather, Techbond Vietnam may carry out its trading activities within Vietnam. However, in case Techbond Vietnam relocates its head office, it is required to apply for the amended business license according to the prevailing regulations of Vietnam.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
4.	Certification of Seal Specimen No. 5313/DKMD	The Public Security Department of Binh Duong Province	Registration of the Techbond Vietnam's Seal Specimen	26.06.2014	26.06.2019	The legal representative shall be responsible for the management and use of the seal in accordance with law.	Complied
5.	Owner of hazardous waste registration book No. 74.002122.T	Binh Duong Division of Environmental Protection	Owner of hazardous waste registration book which defines the name, state of existence and quantity of hazardous waste and general waste, which Techbond Vietnam is allowed to generate	15.10.2012	This registration book is valid until it is reissued or Techbond Vietnam terminates its operation	Techbond Vietnam may only generate the hazardous wastes as defined in the registration book.	Complied
6.	Written confirmation on the registration environmental protection schemes No. 2500/GXN-UBND	Thuan An Commune People's Committee	The relevant authority confirmed that Techbond Vietnam has registered its environmental protection schemes	30.10.2012	-	Techbond Vietnam must comply with the environmental protection commitments.	Complied
7.	Official Letter on the opinions regarding Wastewater treatment system No. 622/TNMT	Thuan An Commune Resources and Environment Division	Official letter approving the request for wastewater treatment system	12.11.2013	-	Techbond Vietnam must guarantee the operation of the wastewater treatment system and the waste-water meet the set standards before being discharged into the environment.	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
8.	Wastewater discharging license No. 58/GP-UBND	Binh Duong Province People's Committee	Wastewater discharging license	30.03.2016	29.03.2019	Techbond Vietnam must:  (a) Comply with the wastewater discharging contents specified in the Article 1 of this license;  (b) Perform periodic observation on the wastewater and the supplied water; and  (c) Guarantee that the operation of the wastewater treatment system and the waste water meet the set standards before being discharged into the environment.	Complied
9.	Certificate of Approval of fire safety and firefighting No. 442/TD-PCCC (TA)	Fire safety and firefighting Police Department of Binh Duong Province	Approval of fire safety and fire fighting	28.11.2012	-	-	N/A
10.	Certificate of technical inspection for anti-lightning system No. 028582/ATD/DSG- KD2	Center of Industrial Safety Registration Zone II	Technical inspection for anti-lightning system	02.07.2018	19.06.2019	-	N/A



## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
11.	Certificate of verification No. 01-1801013499 of forklift truck TOYOTA 62-8FD25 with serial number 608FD25-37696	Center of Industrial Safety Registration Zone II	Verification of forklift truck TOYOTA 62-8FD25	02.07.2018	19.06.2019	-	N/A
12.	Certificate of verification No. 01-1801013497 of forklift truck TOYOTA 20	Center of Industrial Safety Registration Zone II	Verification of forklift truck TOYOTA 20	02.07.2018	19.06.2019	-	N/A
13.	Certificate of verification No. 01-1801013498 of forklift truck TOYOTA-7FD25	Center of Industrial Safety Registration Zone II	Verification of forklift truck TOYOTA-7FD25	02.07.2018	19.06.2019	-	N/A
14.	Certificate of verification No. 01-1801013500 of forklift truck TOYOTA 62-8FD25 with serial number 608FD25-61486	Center of Industrial Safety Registration Zone II	Verification of forklift truck TOYOTA 62-8FD25 with serial number 608FD25-61486	02.07.2018	19.06.2019	-	N/A
15.	Certificate of verification No. 01-1801020540 of pressure cylinder PK100-300	Center of Industrial Safety Registration Zone II	Verification of pressure cylinder PK100-300	02.07.2018	29.06.2020	-	N/A

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
16.	Certificate of verification No. 01-1801020541 of pressure cylinder YLS280148	Center of Industrial Safety Registration Zone II	Verification of pressure cylinder YLS280148	02.07.2018	29.06.2020	-	N/A
17.	Certificate of verification No. 29242AK/DSG-KD2 of Pressure Gauge 177/DSG-01	Center of Industrial Safety Registration Zone II	Verification of Pressure Gauge 177/DSG-01	02.07.2018	30.06.2019	-	N/A
18.	Certificate of verification No. 29243/AK/DSG-KD2 of Pressure Gauge 177/DSG-02	Center of Industrial Safety Registration Zone II	Verification of Pressure Gauge 177/DSG-02	02.07.2018	30.06.2019	-	N/A

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed	Status of compliance
1.	Investment Registration Certificate no. 5414631168	Board of Management of Vietnam- Singapore Industrial Park	Certifying the registration of the project, namely "DỰ ÁN CỦA CÔNG TY TNHH TECHBOND MFG (VIỆT NAM) TẠI VSIP II-A"	Issued for the first time on 10 August 2016 and first amendment on 19 March 2018	19.03.2058	<p>The company's project shall operate in accordance with the major followings:</p> <p>(a) Project objectives:</p> <p>(i) Producing polymer, preservative and glue;</p> <p>(ii) Manufacturing the gluing machines and glue injection machines; and</p> <p>(iii) Exercising the rights of export, import, wholesale distribution and retail distribution of goods with respective HS codes;</p> <p>(b) Location of Project: No. 18 VSIP II-A, Road No. 23, Vietnam-Singapore II-A Industrial Park, Vinh Tan Commune, Tan Uyen Town, Binh Duong Province, Vietnam;</p> <p>(c) Acreage of land area: 30,000 m<sup>2</sup>;</p> <p>(d) Total investment capital: VND 66,000,000,000 equivalent to USD 3,000,000; in which, contributing capital to implement the project: VND 11,000,000,000 equivalent to USD 500,000;</p> <p>(e) Term of project: 42 years from the issuance date of Investment registration Certificate to 19/03/2058;</p>	Complied

## 5. BUSINESS OVERVIEW (Cont'd)

No.	License no. / Certificate no. / Reference no.	Issuing authority	Subject matter / purpose	Issue / Renewal date	Expiry date / Validity period	Major conditions imposed Progress of the project:	Status of compliance
2.	Enterprise Registration Certificate no. 3702506829	Department of Planning and Investment of Binh Duong Province	Certifying the registration of the enterprise, namely "TECHBOND MFG (VIET NAM) COMPANY LIMITED"	Issued for the first time on 14 October 2016	-	<p>(f) Progress of the project:</p> <p>(i) Commencement of construction of plant: April 2019;</p> <p>(ii) Assembly of machine and equipment: October 2019; and</p> <p>(iii) Commencement of business operation: April 2020.</p> <p>The company shall operate in accordance with the major followings:</p> <p>(a) Enterprise's name: (1) Name in Vietnamese: CÔNG TY TNHH TECHBOND MFG (VIỆT NAM); (2) Name in foreign language: TECHBOND MFG (VIET NAM) COMPANY LIMITED; (3) Abbreviated name: TECHBOND MFG (VIETNAM) CO., LTD;</p> <p>(b) Head Office Address: No. 18 VSIP II-A, Road No. 23, Vietnam-Singapore II-A Industrial Park, Vinh Tan Commune, Tan Uyen Town, Binh Duong Province, Vietnam;</p> <p>(c) Charter Capital: VND 11,000,000,000 equivalent to USD500,000;</p> <p>(d) Owner: TECHBOND INTERNATIONAL SDN.BHD; Legal representative: Lee Seng Thye; Title: General Director.</p>	Complied




**5. BUSINESS OVERVIEW (Cont'd)****5.18 Brand Names, Registrations and Trademarks****5.18.1 Trademarks**

Our Group has registered or applied for the registration of the following trademarks as at the LPD.

**Registered trademarks**

No.	Trademark	Registered owner	Trademark no.	Class	Description	Condition	Validity period
Malaysia							
1.	<b>TECHBOND</b>	Techbond Manufacturing	92007174	1	Note (a)	-	12.10.1992 to 12.10.2019
2.	<b>ECONAILS</b>	Techbond Manufacturing	2015051938	1	Note (b)	-	10.02.2015 to 10.02.2025
3.	<b>KOMOTECH</b>	Techbond Manufacturing	2015054970	1	Note (b)	-	31.03.2015 to 31.03.2025
4.	<b>SONICBOND</b>	Techbond Manufacturing	05014475	1	Note (c)	-	29.08.2005 to 29.08.2025
5.	<b>INNOMELT</b>	Techbond Manufacturing	2015066826	1	Note (b)	-	08.10.2015 to 08.10.2025
6.	<b>HYDROMELT</b>	Techbond Manufacturing	2015066877	1	Note (b)	-	08.10.2015 to 08.10.2025
7.	<b>SONICFILL</b>	Techbond Manufacturing	09005832	1	Note (c)	-	09.04.2009 to 09.04.2019
8.	<b>STARBOND</b>	Techbond Manufacturing	2015066878	1	Note (b)	-	08.10.2015 to 08.10.2025
9.	<b>Wanna</b>	Techbond Manufacturing	2017064687	1	Note (b)	-	02.08.2017 to 02.08.2027

## 5. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Registered owner	Trademark no.	Class	Description	Condition	Validity period
<u>Singapore</u>							
1.	<b>TECHBOND</b>	Techbond Manufacturing	T1414070Z	1	Note (d)	-	02.09.2014 to 02.09.2024
<u>Vietnam</u>							
1.	 <b>TECHBOND</b>	Techbond Manufacturing	47720	1	Note (e)	-	13.03.2002 to 13.03.2022
2.	<b>INNOMELT</b>	Techbond Vietnam	289885	1	Note (c)	-	10 years from 01.06.2015
3.	<b>HYDROMELT</b>	Techbond Vietnam	289883	1	Note (c)	-	10 years from 01.06.2015
4.	<b>SONICBOND</b>	Techbond Vietnam	289884	1	Note (c)	-	10 years from 01.06.2015
<u>Indonesia</u>							
1.	 <b>TECHBOND</b>	Techbond Manufacturing	IDM000356224	1	Note (f)	-	08.02.2012 to 08.02.2022
<u>India</u>							
1.	 <b>TECHBOND</b>	Techbond Manufacturing	1472586	1	Note (g)	-	24.07.2006 to 24.07.2026

Applications have been submitted but pending approval for registration

No.	Trademark	Applicant	Class	Description	Application no.	Application date
<u>Malaysia</u>						
1.	<b>TECHNAIL</b>	Techbond Manufacturing	1	Note (b)	2015066880	08.10.2015

## 5. BUSINESS OVERVIEW (Cont'd)

### Notes:

- (a) Glue and adhesive substances used in industry included in Class 1.
- (b) Adhesives used in industry; artificial and synthesis resins; fire extinguishing compositions; tanning substances; all included in Class 1.
- (c) Adhesives used in industry included in Class 1.
- (d) Industrial adhesives; bonding products; adhesives; solvents and cements; glue and adhesive substances used in industry included in Class 1.
- (e) Adhesives for billposting; adhesives for industrial purposes; adhesives for paperhanging; adhesives for wall tiles; glue for industrial purposes; chemical adhesives for other than stationery or household purposes.
- (f) Bahan perekat untuk menempelkan poster; bahan perekat untuk keperluan industri; bahan perekat untuk kertas dinding; bahan perekat untuk keramik dinding; perekat untuk keperluan industri; perekat (lem), selain untuk keperluan tulis menulis atau rumah tangga, semua termasuk dalam kelas 1.
- (g) Adhesives for billposting; adhesives for industrial purposes; adhesives for paperhanging; adhesives for wall tiles; glue for industrial purposes; gluten (glue), other than for stationery or household purposes; all included in Class 1.

### 5.18.2 Patents

As at the LPD, our Group has submitted applications for the following patents and are currently pending approval for registration:

No.	Patent title	Applicant	Country of registration	Application no.	Filing date
1.	Hot Melt Adhesive for Labelling	Techbond Manufacturing	Malaysia	PI 2013700604	15.04.2013
2.	A Wood Adhesive Composition	Techbond Manufacturing	Malaysia	UI 2017703819	09.10.2017

## 5. BUSINESS OVERVIEW (Cont'd)

## 5.19 Property, Plant and Equipment

## 5.19.1 Properties / Land Use Rights Owned by Our Group

Malaysia:

Properties	Shah Alam Factory I	Shah Alam Factory II
Registered owner	Techbond Manufacturing	Techbond Manufacturing
Lot number	PT 98130	PT 56369
Title number	HSD 119515	HSD 54950
Bandar / Pekan / Mukim	Mukim Klang	Mukim Klang
District and state	Klang, Selangor Darul Ehsan	Klang, Selangor Darul Ehsan
Address	No. 34 & 36, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan	No. 32, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan
Brief description	An individual-designed factory complex built on a piece of freehold industrial land measuring 10,468 sq. mt. which comprises a three storey office building (Phase 1), a double storey office building (Phase 2), a single storey factory annexed (Phase 1 & 2), a pump house (Phase 1), two refuse chambers (Phase 1 & 2) and two guardhouses (Phase 1 & 2)	An individual-designed factory complex built on a piece of freehold industrial land measuring 4,714 sq. mt. which comprises a three storey office building, a single storey factory annexed and a guardhouse
Date of issuance of certificate of fitness for occupation	28 November 2000 (Phase 1) and 6 March 2008 (Phase 2)	22 December 2010
Tenure	Term in perpetuity	Term in perpetuity
Surveyed land area	10,468 sq. mt.	4,714 sq. mt.
Gross floor area	6,618.08 sq. mt.	2,843.40 sq. mt.
Existing usage	Office, warehouse and production area	Office, laboratory and production area



## 5. BUSINESS OVERVIEW (Cont'd)

Properties	Shah Alam Factory I	Shah Alam Factory II
Audited net book value as at 30 June 2018	RM7,534,376	RM4,265,074
Market value appraised by the Independent Valuer	RM28,000,000 <sup>(a)</sup>	RM14,000,000 <sup>(b)</sup>
Net revaluation surplus <sup>(c)</sup>	RM18,783,713	RM8,983,362
Encumbrances	Nil	Nil

## Notes:

- (a) The Independent Valuer had conducted a valuation on the Shah Alam Factory I on 28 December 2017. During its inspection, the Independent Valuer noted a metal deck roof over the water treatment plant and temporary awnings at both side and rear part of the Shah Alam Factory I (“Structures”) have been constructed, and the Structures did not form part of the approved building plans. However, a temporary permit pertaining to the above Structures has been obtained from MBSA for a period from 21 August 2017 to 20 August 2018. The aforesaid temporary permit has been subsequently renewed from 21 August 2018 to 20 August 2021. For purpose of valuation, the Structures have been excluded in arriving at the market value of the Shah Alam Factory I as the Independent Valuer is of the view that the value attributed by the Structures is not significant.
- (b) The Independent Valuer had conducted a valuation on the Shah Alam Factory II on 28 December 2017. During its inspection, the Independent Valuer noted that temporary awnings at both side of the Shah Alam Factory II (“Awnings”) have been constructed, and the Awnings did not form part of the approved building plans. However, a temporary permit pertaining to the above Awnings has been obtained from MBSA for a period from 14 December 2017 to 13 December 2018. For purpose of valuation, the Awnings have been excluded in arriving at the market value of the Shah Alam Factory II as the Independent Valuer is of the view that the value attributed by the Awnings is not significant.
- (c) The net revaluation surplus is calculated based on the market value as at 28 December 2017 less the net book value as at 30 June 2018 and the provision for deferred taxation, which is equivalent to RM1,681,909 for Shah Alam Factory I and RM751,563 for Shah Alam Factory II. The net revaluation surplus has not been incorporated in the financial statements of the Group for the FYE 2018.

## 5. BUSINESS OVERVIEW (Cont'd)

Vietnam:

Land Use Rights	Binh Duong Factory Complex	VSIP2 Factory Complex
Lessee	Techbond Vietnam	Techbond Mfg Vietnam
Lessor	Land and Housing Department of Binh Duong	Vietnam - Singapore Industrial Park J.V., Co., Ltd
Location	Quarter 4, An Phu Ward, Thuan An Town, Binh Duong Province, Vietnam	Land Lot No. 146, Road No. 23, Vietnam- Singapore II-A Industrial Park, Vinh Tan Commune, Tan Uyen Town, Binh Duong Province, Vietnam (“ <b>VSIP2 Land</b> ”)
Brief description	A factory complex, comprising office building, security house, garage, factory (Phase 1), and another factory (Phase 2)	Vacant land
Date of issuance of works acceptance record	24 January 2008	Not applicable
Tenure	30 years from 22 May 2002 (expiring on 22 May 2032) <sup>(a)</sup>	From 30 December 2016 to 19 March 2058 <sup>(b)</sup>
Surveyed land area	9,037.3 sq. mt.	30,000 sq. mt.
Built-up floor area	3,972.3 sq. mt.	Not applicable
Existing usage	Office, production area, and QC facility area (Phase 1) and storage area (Phase 2)	Vacant land
Conditions	Techbond Vietnam is not allowed to transfer the land use right to other party without the permission of the competent authority (in accordance with Article III.1 of the Binh Duong Land Lease Agreement)	Techbond Mfg Vietnam is not allowed to assign, sublease, terminate or share the use or grant third parties any rights over the land and factory buildings without written consent of the Lessor (in accordance with Article 10.2 of the VSIP2 Land Lease Agreement). However, upon the non-renewal or termination of the Lessee's License or the cessation of the Lessee's business, the Lessee may transfer the remaining period of the lease term by performing the procedures set forth in Article 19.3 of VSIP2 Land Lease Agreement

## 5. BUSINESS OVERVIEW (Cont'd)

Land Use Rights	Binh Duong Factory Complex	VSIIP2 Factory Complex
Rental payable	According to the Binh Duong Land Lease Agreement, the rental was USD1,031.57 per year. However, under Decision 368/QĐ-STC of the Department of Finance of Binh Duong Province dated 6 October 2010, the rental is adjusted to be VND1,067/sq. mt./year. Given the area subject to rental is 8,596.4 sq. mt., the rental will be VND9,172,358.80 per year, equivalent to RM1,632.68 <sup>(e)</sup> per year (payment is made twice a year, the first payment before 30 June and the next payment before 30 December, yearly). Based on the Decree 46/2014/ND-CP, the rental for the remaining tenure of the lease period is subject to revision as determined by the tax authorities in Binh Duong.	VND35,775,000,000, equivalent to RM6,853,387 <sup>(d)</sup> for the entire tenure (payment has been fully paid to the Lessor in March 2017)

## Notes:

- (a) Pursuant to Article 126.3 of the Land Law 2013 (Vietnam), upon expiry of the lease period under the Binh Duong Land Lease Agreement, if Techbond Vietnam wishes to continue using the land, then the State of Vietnam shall consider extension of the lease period but not exceeding the duration prescribed in Article 126.3 of the Land Law 2013 (Vietnam) (i.e. not exceeding 50 years). Accordingly, Techbond Vietnam must submit an application to request the extension at least six months before the expiry of the lease period. However, such renewal would be subject to the extension / renewal of the investment period of Techbond Vietnam's investment project as provided in its Investment Registration Certificate.
- Therefore, the extension / renewal of the investment period of Techbond Vietnam's investment project must be performed prior to the procedure to extend / renew its land use right. Based on the Binh Duong Land Lease Agreement, Techbond Vietnam and the State of Vietnam shall settle the assets associated with the use of land after the termination / expiration of the agreement in accordance with the law.
- Under Article 92.1 of the Land Law 2013, if the lease period has expired and no extension of lease is allowed by the authorities, the State of Vietnam will not pay compensation to the land users for their land-attached assets upon land recovery by the State of Vietnam.
- (b) The extension / renewal of the land use term of Techbond Mfg Vietnam ("Lessee") under the VSIIP2 Land Lease Agreement would be subjected to the extension / renewal of Techbond Mfg Vietnam's investment period under its Investment Registration Certificate and also the extension / renewal of land lease term between Vietnam - Singapore Industrial Park J. V., Co., Ltd. ("Lessor") and the State of Vietnam.
- (c) For illustration purposes, we have assumed the foreign exchange translation rate of USD1:RM4.1565 and VND100:RM0.0178 as at the LPD.
- (d) As extracted from the Accountants' Report.
- Under the VSIIP2 Land Lease Agreement, the Lessee is entitled to access and use the VSIIP2 Land, as well as the factory buildings erected on the VSIIP2 Land during the lease period. The Lessee is also entitled to the income earned from the use of the VSIIP2 Land, and the ownership to all assets invested by the Lessee that are attached to the VSIIP2 Land. However, the Lessor is entitled to request the Lessee to cease using the VSIIP2 Land if the Lessee does not use it in accordance with the purpose stated in the VSIIP2 Land Lease Agreement, destroys or diminishes the value of the VSIIP2 Land. Upon expiration of the lease period, the Lessor is entitled to request the Lessee to return the VSIIP2 Land.

## 5. BUSINESS OVERVIEW (Cont'd)

The Lessee undertakes to, within six months from the date of the VSIP2 Land Lease Agreement, i.e. 30 June 2017, commence the construction of the factory buildings and within two years from the date of the construction commencement, i.e. 30 June 2019, complete the construction unless otherwise provided by law or as stated in the Lessee's license or its amendment. Based on Techbond Mfg Vietnam's Investment Registration Certificate, which was issued on 10 August 2016, the construction of the factory buildings / plant shall commence by April 2018, and the business operation shall commence by April 2019. Subsequently, based on the first amendment to the aforesaid Investment Registration Certificate, which was issued on 19 March 2018, the commencement of construction of the factory buildings / plant, and business operation have been extended to April 2019 and April 2020, respectively. We intend to commence construction work on the VSIP2 Factory Complex by April 2019 upon receiving the necessary approvals (which is anticipated to take approximately three months from the application date) and expect to complete construction work by first quarter of 2020.

### 5.19.2 Properties Rented by Our Group

No.	Tenant	Landlord	Location	Brief description / Usage	Approximate rented floor area	Rental payable per annum RM	Tenure of tenancy / lease
1.	Techbond Manufacturing	LST Realty Sdn Bhd	No. 9, Taman Perindustrian, Pt Bakar, Jalan Pt Bakar Darat 1, Pt Bakar, 84010 Muar, Johor Darul Takzim	A single storey warehouse building / Sales office and warehouse	1,374 sq. mt.	60,000	From 01.03.2018 to 28.02.2020
2.	Techbond Sabah	Tee Ming Chez	2nd Floor, Shoplot No. 5, Taman Fortuna Phase II, Jalan Penampang, 88200 Kota Kinabalu, Sabah	A three storey shop-office building / Sales office	106 sq. mt.	9,600	From 01.04.2018 to 31.03.2021
3.	Techbond Sabah	Standard Marine Agencies Sdn Bhd	No. 26A, Jalan Kilang, Sedco Industrial Estate, Kolombong, Miles 5.5, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	A single storey warehouse building / Warehouse	74 sq. mt.	12,960	From 16.11.2017 to 15.11.2019
4.	Techbond Vietnam	Setia Lai Thieu One Member Co., Ltd	Lai Thieu Ward, Thuan An Town, Binh Duong Province, Vietnam	A double storey terrace house / Staff accommodation	Land area: 120 sq. mt. Construction floor area: 167.93 sq. mt.	VND2,615,800,000, equivalent to RM465,612 <sup>(a)</sup> for the entire tenure	From 25.09.2013 to (i) expiry of the IC of Landlord; or (ii) 22.05.2032, subject to whichever is earlier

Note:

(a) For illustration purposes, we have assumed the foreign exchange translation rate of USD1:RM4.1565 and VND100:RM0.0178 as at the LPD.

None of the existing use of the abovementioned properties breached any laws, regulations, rules and requirements in relation to land and buildings.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.19.3 Plant and Equipment

As at 30 June 2018, our Shah Alam Factory Complex has a total of six manufacturing lines for water-based adhesives, three manufacturing lines for hot melt adhesives, and two manufacturing lines for our sealants. We also have three manufacturing lines and a mixing tank for our water-based adhesives in our Binh Duong Factory Complex.

Our manufacturing and laboratory equipment, with an average age ranging from 1 year to 17 years that are used in our manufacturing facilities are material to our Group as any damage or breakdown of these equipment would cause disruption or downtime to the production of our water-based adhesives, hot melt adhesives and industrial sealants, as well as disruption to our QC and R&D activities.

Generally, with timely preventive maintenance, the average life span of our manufacturing and laboratory equipment, which are stainless steel, would be approximately 30 years and 20 years, respectively.

Our Directors are of the opinion that our Group has sufficient capacity to carry out our current operations, the details of which are set out in Section 5.5.2 of this Prospectus.

### 5.19.4 Material Capital Expenditure and Divestitures

Save as disclosed below, there is no other material capital expenditure incurred by our Group for the past four FYEs and up to the LPD:

	FYE 30 June				As at the LPD RM'000
	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	
Plant and machinery	1,075	195	136	94	89
Capital work-in-progress					
- Shah Alam Phase 1 Expansion	-	-	-	1,100	615
- For R&D activities	-	-	-	100	-
Renovation	427	-	-	-	-
Office furniture and equipment	155	17	209	56	3
Motor vehicles	312	-	186	776	-
<b>Total</b>	<b>1,969</b>	<b>212</b>	<b>531</b>	<b>2,126</b>	<b>707</b>

#### FYE 2015

Our capital expenditure for the FYE 2015 was mainly for the purchase of plant and machinery to manufacture sealant in Malaysia amounting to RM0.81 million. We carried out renovations, which was mainly to set up the R&D Centre at our Shah Alam Factory II which amounted to RM0.31 million. We also purchased motor vehicles, comprising two pick-up trucks in Malaysia, as well as one car and one forklift in Vietnam.

#### FYE 2016

For the FYE 2016, our capital expenditure was mainly for the purchase of plant and machinery, which comprised of a gas chromatograph and other laboratory equipment.

## 5. BUSINESS OVERVIEW (Cont'd)

### FYE 2017

For the FYE 2017, our capital expenditure was mainly for the purchase of plant and machinery, which comprised mainly of glue spreader, compressor, and lab equipment. We also purchased office furniture and equipment comprised of an air-conditioner, computers and office chairs, as well as one motor vehicle in Vietnam.

### FYE 2018

For the FYE 2018, our capital expenditure was mainly for the purchase of plant and machinery pursuant to the Shah Alam Phase 1 Expansion, which was categorised as capital work-in-progress in view that those plant and machinery are not completely assembled as at 30 June 2018. We also purchased motor vehicles, comprising one multi-purpose vehicle, one pickup-truck and two lorries in Malaysia, as well as one forklift in Vietnam. Office furniture and equipment comprised of an air-conditioner, computers and office chairs.

### 1 July 2018 to the LPD

Our Group's capital expenditure from 1 July 2018 to the LPD was mainly for the purchase of plant and machinery pursuant to the Shah Alam Phase 1 Expansion of RM0.62 million, which are not completely assembled as at the LPD.

There are no material capital divestitures made by our Group for the past four FYEs and up to the LPD.

## 5.20 Regulatory Requirements and Environmental Issues

### 5.20.1 Scheduled Waste

In Malaysia, the disposal of scheduled waste is governed by the Environmental Quality (Scheduled Wastes) Regulations 2005. Our operations in Malaysia generate wastes that are classified as scheduled waste under these regulations, which are listed in the following table:

Code	Description
SW 204	Sludge cake from Industrial Effluent Treatment System
SW 305	Spent lubricant oil
SW 322	Waste of non-halogenated organic solvent
SW 325	Uncured resin waste containing organic solvents or heavy metals including epoxy resin and phenolic resin
SW 409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes
SW 410	Rags, plastics, papers or filters contaminated with scheduled wastes
SW 416	Sludges of inks, paints, pigments, lacquer, dye or varnish
SW 417	Waste of inks, paints, pigments, lacquer, dye or varnish
SW 429	Waste chemicals that are discarded or off-specification

## 5. BUSINESS OVERVIEW (Cont'd)

We have engaged the following companies to transport and dispose of the scheduled wastes listed above.

- Hiap Huat Chemicals Sdn Bhd;
- Tex Cycle (P2) Sdn Bhd;
- Secure Waste Management Sdn Bhd;
- Famous Phase Sdn Bhd;
- Estalco Sdn Bhd; and
- Edsha Solutions Sdn Bhd.

In Vietnam, the disposal of hazardous waste is governed by the Decree No. 38/2015/ND-CP on management of waste and discarded materials and Circular No. 36/2015/TT-BTNMT on management of hazardous wastes. Our operations in Vietnam generate some hazardous waste, which are listed in the owner of hazardous waste registration book issued by the Environmental Protection Branch (Chi Cuc) of the Department of Natural Resources and Environment of Binh Duong Province as follows:

Name of hazardous waste	Status of	Quantity
Fluorescent bulbs	Solid	24
Waste lubricating oil	Liquid	240
Rag stick with hazardous waste	Solid	240
Medical waste	Solid	3
Ink cartridges	Solid	6
Batteries, lead batteries	Solid	10
Metal crates containing the hazardous ingredients	Solid	1010
Plastic crates containing the hazardous ingredients	Solid	5400
Soft packaging containing the hazardous ingredients	Solid	480
Wasted glue	Solid	8040

We have previously engaged Binh Phuoc Xanh Environmental Technology Company Limited to transport and treat the hazardous wastes listed above. We have subsequently engaged Waste Treatment Enterprise - Binh Duong Water Environment Joint Stock Company to conduct the same services with effect from 17 September 2018.

### 5.20.2 Wastewater Treatment Plant

We currently operate an on-site wastewater treatment plant at our Shah Alam Factory Complex to treat wastewater generated during the normal course of manufacturing activities. The wastewater generated commonly contains acid, alkali, solid particles and traces of organic compounds consisting of base adhesive and additives.

We treat the wastewater so that it meets the levels specified by the Environmental Quality (Industrial Effluents) Regulations 2009. We monitor the treated wastewater before it is discharged, and ensure that parameters such as its chemical oxygen demand (COD), biochemical oxygen demand (BOP), suspended particle count, and presence of the chemicals comply with the Environmental Quality (Industrial Effluents) Regulations 2009.

We also send samples of treated wastewater to Alam Hijau Integrasi (M) Sdn Bhd for independent chemical analysis.

For our Vietnam operations, we have the wastewater discharging licence and we operate an on-site wastewater treatment system at our Binh Duong Factory Complex.

## 5. BUSINESS OVERVIEW (Cont'd)

### 5.21 Our Business Strategies

We will continue to focus on our core competencies in industrial adhesives and sealants with the objective of strengthening our market position in Malaysia and Vietnam through the following strategies:



In addition, our business strategies also include the following:

- (a) to set-up manufacturing facilities in different strategic locations / countries to service customers from different regions. Our Group currently has two manufacturing hubs serving different customers from different regions:
  - (i) Manufacturing hub in Malaysia
    - To focus and serve customers from Malaysia and the international market (countries other than northern part of the Indochina region).
  - (ii) Manufacturing hub in Vietnam
    - To focus and serve customers from Vietnam and other countries within the northern part of the Indochina region, comprising countries such as Cambodia, Laos, and Myanmar.
- (b) location of manufacturing facilities are preferred to be located nearer to our Group's customers factory. This is an important aspect of our Group's sales and service strategy, where fast turnaround time is required for product enhancement / modifications as well as after sales service to address any issues in relation to the products.

Further, as our Group's products are bulky and heavy, it will be more efficient to have manufacturing facilities closer to the customers to save cost and time for product delivery.



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**5. BUSINESS OVERVIEW (Cont'd)**

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**5.21.1 Vietnam Operations**

For the past four FYEs, our customers from Vietnam represent the largest contributor to our Group's total revenue. For the latest FYE 2018, Vietnam contributed 53.92% to our total revenue, followed by Malaysia (20.37%) and Indonesia (11.67%). GP margin for Techbond Vietnam was also higher than Techbond Manufacturing for the past four FYEs, with Techbond Vietnam's GP margin being at 30.68% as compared to Techbond Manufacturing's GP margin of 27.60% for the latest FYE 2018.

It should be noted that the majority of the IPO proceeds of approximately 72.54% (RM28.78 million) will be utilised for our business expansion in Vietnam, out of which RM22.74 million will be earmarked for the construction of the VSIP2 Factory Complex and purchase of new machineries and equipment there. This in turn would incur additional depreciation / amortisation charges to the Group moving forward.

We include in the ensuing sections below, our business strategies to further grow our Vietnam operations.

**5.21.1.1 Construction of a new factory in Vietnam**

In December 2016, we leased a piece of land of 30,000 sq. mt. in Vietnam-Singapore II-A Industrial Park, Binh Duong Province, Vietnam, which is located approximately 24 km from our existing Binh Duong Factory Complex.

The new factory, namely VSIP2 Factory Complex, is designed to supplement our existing production facilities in Binh Duong Province, which is currently focusing on producing water-based adhesives mainly for woodworking applications.

The new production facility at the VSIP2 Factory Complex will focus on the development and manufacturing of a base material, namely PVAc polymer, as well as new types of water-based adhesives for paper and packaging applications. We will use our production of PVAc polymer as the base material for our industrial adhesives to reduce the dependency of external suppliers. By manufacturing these products in Vietnam, we can achieve cost savings through reduced transportation costs and enhance delivery efficiency to customers.

Please refer to Sections 5.21.1.2 (a) and 5.21.1.2 (b) of this Prospectus for further details on our production of PVAc polymer, and introduction of new types of water-based adhesives in Vietnam, respectively.

We intend to commence construction on the VSIP2 Factory Complex by April 2019 and expect to be completed by the first quarter of 2020. We expect to commence manufacturing operations by April 2020.