

TECHBOND GROUP BERHAD

(Company No. 1190604-M)

(Incorporated in Malaysia)


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2020⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2020 RM'000	Preceding year quarter 31/03/2019 RM'000	Current year- to-date 31/03/2020 RM'000	Preceding year-to-date 31/03/2019 RM'000
Revenue	17,113	17,117	57,315	61,217
Cost of sales	(11,919)	(12,836)	(40,156)	(45,345)
Gross profit	5,194	4,281	17,159	15,872
Other income	2,536	383	4,151	1,923
Administration expenses	(2,368)	(2,249)	(6,521)	(7,899)
Distribution expenses	(465)	(595)	(1,513)	(1,455)
Other expenses	(1,520)	(426)	(2,510)	(1,276)
Profit before tax	3,377	1,394	10,766	7,165
Tax expense	(854)	(355)	(2,516)	(2,185)
Profit for the period	2,523	1,039	8,250	4,980
Other comprehensive income/(loss), net of tax:-				
Item that may be reclassify subsequently to profit or loss				
Foreign currency translation differences	1,700	(504)	1,520	385
Total comprehensive income for the period	4,223	535	9,770	5,365
Earnings per share				
- Basic (sen)	1.10	0.45	3.59	3.21
- Diluted (sen) ⁽²⁾	1.10	0.45	3.59	3.21

Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Diluted EPS is equivalent to basic EPS. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have any dilutive effects on the weighted average number of ordinary shares.

TECHBOND GROUP BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020⁽¹⁾**

	Unaudited As at 31/03/2020 RM'000	Audited As at 30/06/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,709	21,822
Land use rights	6,882	6,667
Other receivables	163	191
Total non-current assets	47,754	28,680
Current assets		
Inventories	20,268	25,363
Trade receivables	13,951	14,204
Other receivables	3,519	4,050
Tax recoverable	146	341
Cash and cash equivalents	58,312	66,135
Total current assets	96,196	110,093
TOTAL ASSETS	143,950	138,773
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to the owners of the company:-		
Share capital	139,807	139,807
Merger deficits	(78,938)	(78,938)
Exchange translation reserve	7,541	6,021
Retained earnings	67,356	63,706
Total equity	135,766	130,596
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	830	879
Deferred income	-	30
Total non-current liabilities	830	909

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020
(continued)⁽¹⁾**

	Unaudited As at 31/03/2020 RM'000	Audited As at 30/06/2019 RM'000
Current liabilities		
Trade payables	4,430	4,850
Other payables	1,792	1,341
Tax payable	1,091	1,032
Deferred income	41	45
Total current liabilities	<u>7,354</u>	<u>7,268</u>
Total liabilities	<u>8,184</u>	<u>8,177</u>
TOTAL EQUITY AND LIABILITIES	<u>143,950</u>	<u>138,773</u>
Net assets per share (RM) ⁽²⁾	0.59	0.57

Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on the issued and paid up share capital of 230,000,000 ordinary shares as at 31 March 2020.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 MARCH 2020⁽¹⁾

	← Non-distributable →			Distributable	
	Share capital RM'000	Merger deficits RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2018	_(2)	-	-	(231)	(231)
Adjustment pursuant to acquisitions	22,999	-	4,799	57,211	85,009
Profit of the financial period	-	-	-	4,980	4,980
Other comprehensive income, net of tax	-	-	385	-	385
Total comprehensive income	22,999	-	5,184	62,191	90,374
Transactions with owners:-					
Issuance of new ordinary shares	141,606	-	-	-	141,606
Share issuance expenses	(1,799)	-	-	-	(1,799)
Acquisition of subsidiaries	(22,999)	(78,938)	-	-	(101,937)
Total transactions with owners	116,808	(78,938)	-	-	37,870
Balance as at 31 March 2019	139,807	(78,938)	5,184	61,960	128,013

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 MARCH 2020 (continued)⁽¹⁾

	← Non-distributable →			Distributable	
	Share capital RM'000	Merger deficits RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2019	139,807	(78,938)	6,021	63,706	130,596
Profit of the financial period	-	-	-	8,250	8,250
Other comprehensive income, net of tax	-	-	1,520	-	1,520
Total comprehensive income	-	-	1,520	8,250	9,770
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(4,600)	(4,600)
Total transactions with owners	-	-	-	(4,600)	(4,600)
Balance as at 31 March 2020	139,807	(78,938)	7,541	67,356	135,766

Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Represents an amount of RM2.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED
31 MARCH 2020⁽¹⁾**

	Current year- to-date 31/03/2020 RM'000	Preceding year-to-date 31/03/2019 RM'000
OPERATING ACTIVITIES		
Profit before taxation	10,766	7,165
Adjustments for:-		
Amortisation of deferred income	(33)	(33)
Amortisation of land use rights	72	72
Depreciation of property, plant and equipment	993	940
Interest income	(1,340)	(990)
Inventories written off	-	1
Unrealised (gain)/loss on foreign exchange	(1,098)	591
Impairment loss on trade receivables	996	307
Operating profit before working capital changes	10,356	8,053
Changes in working capital:-		
Inventories	5,046	(1,272)
Receivables	(44)	4,660
Payables	1,083	(7,688)
Cash generated from operations	16,441	3,753
Tax paid	(2,426)	(2,226)
Interest received	1,340	990
Net cash flows from operating activities	15,355	2,517
INVESTING ACTIVITIES		
Proceeds from issuance of shares	-	37,870
Purchase of property, plant and equipment	(19,169)	(2,194)
Net cash flows (used in)/from investing activities	(19,169)	35,676
FINANCING ACTIVITY		
Dividend paid	(4,600)	-
Net cash flows used in financing activity	(4,600)	-

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED
31 MARCH 2020 (continued)⁽¹⁾**

	Current year- to-date 31/03/2020 RM'000	Preceding year- to-date 31/03/2019 RM'000
CASH AND CASH EQUIVALENTS		
Net changes	(8,414)	38,193
Effect of foreign currency translation differences	591	(466)
At beginning of financial period	66,135	27,676
At end of financial period	58,312	65,403
Cash and cash equivalents at the end of the financial period comprises:-		
Cash and bank balances	21,782	14,776
Fixed deposits with licensed banks	7,104	15,627
Short-term demand deposits	29,426	35,000
	58,312	65,403

Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial report.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING**A1. Basis of preparation**

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“Listing Requirements”).

This interim financial report should be read in conjunction with the Group audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

MFRS 17	Insurance Contracts
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 3	Definition of a business
Amendments to MFRS 101 and MFRS 108	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in MFRS Standards

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

A3. Auditors’ report

There was no qualification on the audited financial statements of the Group for the financial year ended 30 June 2019.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal and cyclical factors during the current quarter and financial period-to-date under review.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A5. Material unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A6. Material changes in estimates

There were no changes in estimates that have a material effect in the current quarter and financial period-to-date under review.

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities for the current quarter and financial period-to-date under review.

A8. Dividend paid

No dividend has been paid during the current quarter ended 31 March 2020.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)****A9. Segmental information**

The Group's operating segments are adhesives, sealants and supporting products and services. These operating segments are required to be organised and managed for the purpose of making decisions about resource allocation and performance assessment. The segmental results are as follows:-

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2020 RM'000	Preceding year quarter 31/03/2019 RM'000	Current year- to-date 31/03/2020 RM'000	Preceding year- to-date 31/03/2019 RM'000
Revenue				
Adhesives	16,065	16,393	53,600	57,910
Sealants	120	92	382	1,060
Supporting products and services	928	632	3,333	2,247
	17,113	17,117	57,315	61,217
Profit before tax				
Adhesives	3,282	1,618	10,216	9,388
Sealants	13	8	47	113
Supporting products and services	82	66	503	265
Others ⁽¹⁾	-	(298)	-	(2,601)
	3,377	1,394	10,766	7,165

Notes:-

(1) One-off non-recurring listing expenses

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A10. Property, plant and equipment

(i) Acquisitions and disposals

There were additions of property, plant and equipment during the current quarter and financial period-to-date under review.

There were no material disposals during the current quarter and financial period-to-date under review.

(ii) Impairment losses

There were no impairment losses during the current quarter and financial period-to-date under review.

(iii) Valuation

The Group has not carried out any valuation on its property, plant and equipment during the current quarter and financial period-to-date under review.

A11. Material events subsequent to the end of the quarter

Saved as disclosed in Note B6 "Status of corporate proposals", there were no material events subsequent to the end of the current quarter and financial period-to-date under review that have not been reflected in the interim financial report.

A12. Changes in the composition of the group

There were no changes in the composition of the Group during the current quarter under review.

A13. Contingent liabilities and contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)****A14. Material capital commitment**

The capital commitments of the Group as at the end of the quarter under review were as follows:-

	RM'000
Setting up the VSIP2 factory complex	
- Authorised but not contracted for	1,169
- Authorised and contracted for	6,371
Expansion of facilities in Shah Alam factory complex	
- Authorised but not contracted for	247
- Authorised and contracted for	-
	7,787

A15. Significant related party transactions

Significant related party transactions in the current quarter and current period-to-date are as follows:-

	Current year quarter 31/03/2020 RM'000	Current period- to-date 31/03/2020 RM'000
Rental expenses charged by a company in which the Directors have interests	21	63
Rental income charged to a company in which the Directors have interests	(*)	(1)
	(*)	(1)

*Amount below RM1,000

A16. Fair value of financial liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial period-to-date under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS**B1. Review of Performance****(a) Comparison with the corresponding quarter in the previous financial year**

The Group's total revenue for the three months period ended 31 March 2020 was RM17.11 million, a slight decrease of RM0.01 million or 0.06% from RM17.12 million in the previous corresponding quarter. Profit before tax ("PBT") for the Group was RM3.38 million, an increase of RM1.98 million or 141.43% from RM1.40 million in the previous corresponding quarter due to unrealised gain from the strengthening of USD against Ringgit towards the 31 March 2020 quarter end and improve of gross profit margin for current quarter.

The Group's revenue mainly driven from manufacture of industrial adhesives. In comparing against the corresponding quarter ended 31 March 2019, it shown a decrease of RM0.32 million or 1.95%. The overall decrease of industrial adhesives were primarily due to the slow-down of industry activities and aggressive competition in overseas market. The total industrial adhesives contributed RM16.07 million of the Group's total revenue and RM3.28 million of the Group's PBT for the current quarter as compared to RM16.39 million and RM1.62 million respectively in the previous corresponding quarter.

(b) Comparison with the corresponding financial period-to-date in the previous financial year (9 months)

For the financial period-to-date, the Group recorded revenue of RM57.32 million, a decrease of RM3.9 million or 6.37% from RM61.22 million in the previous financial period-to-date. The Group's revenue was principally derived from overseas market. The decrease was primarily due to softer demand in overseas market.

The Group recorded PBT of RM10.77 million, an increase of RM3.60 million or 50.21% from RM7.17 million in the previous financial period-to-date. The higher PBT achieved was mainly driven by one off charge of listing expenses amounting RM2.60 million in previous financial period-to-date and improve of gross profit margin for current financial period-to-date.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**B2. Comparison with Immediate preceding quarter**

	Individual quarter 3 months ended		Changes	
	31/03/2020 RM'000	31/12/2019 RM'000	RM'000	%
Revenue	17,113	20,825	(3,712)	(17.82)
Profit before tax	3,377	3,836	(459)	(11.97)

The Group's revenue of approximately RM17.11 million for the current quarter was approximately RM3.71 million lower as compared to the revenue reported for the immediate preceding quarter of approximately RM20.83 million. The decrease was primarily due to softer demand from overseas.

The Group's reported PBT of approximately RM3.38 million for the current quarter was approximately RM0.46 million lower as compared to the PBT reported for the immediate preceding quarter of approximately RM3.84 million. This was mainly due to lower revenue for current quarter.

B3. Prospects

As disclosed in the prospectus of the Company dated 13 November 2018, the Group has in place a business expansion plan moving forward, focused on the following:-

- Vietnam operations
 - (i) Construction of a new factory in Vietnam

We commence construction on the VSIP2 factory complex in May 2019 and expect to be completed by the second quarter of 2020. However, the Board of Directors wish to announce that the VSIP2 factory complex has yet to be handed over to Techbond MFG Vietnam Co Ltd. due to the pending issuance of the relevant certifications by the respective departments of Vietnamese authority. The delay in the issuance of the certifications was due to Coronavirus diseases ("Covid-19") outbreak, where government of Vietnam has announced the implementation of Social Distancing Order throughout the nation. Following thereto, the installation of machineries in VSIP2 factory complex is also expected to be delayed.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B3. Prospects (cont'd)

(ii) Manufacture of new products in Vietnam

We expect to commence production of PVAc polymer by the third quarter of 2020 and also intend to commence the manufacturing of the new types of water-based adhesives using our own manufactured PVAc polymer by the third quarter of 2020.

• Malaysia operations

(i) Expansion of production capacity in Malaysia

The Shah Alam Phase 2 Expansion commenced installation in March 2019 and commenced production trial run in December 2019. We commence the manufacturing operations at first quarter of 2020.

(ii) Develop and manufacture of new types of adhesives

With the completion of Shah Alam Phase 1 Expansion, we have commenced the manufacturing of high viscosity hot melt adhesives for commercial trial run. We had commenced manufacturing the new range of low viscosity hot melt adhesives following the completion of the Shah Alam Phase 2 Expansion.

Some uncertain factor affecting the Group would be the unprecedented Covid-19 pandemic which is felt worldwide causing disruption to global supply chain. Malaysia has implemented Movement Control Order (“MCO”) and Social Distancing Order (“SDO”) was declared in Vietnam. Our plants in Malaysia were shut down on 18 March 2020 due to MCO implemented by the Government as a preventive measure towards Covid-19 pandemic.

Subsequently, Techbond Manufacturing Sdn Bhd (“TMSB”) received approval from Ministry of Internal Trade (“MITI”) to operate at 50% manpower capacity on 27 March 2020. TMSB resumed business operation amidst at lower capacity namely to meet customers’ existing and new orders.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**B3. Prospects (cont'd)**

During the MCO period, albeit with reduced workforce, we are working hard to ensure that operations are moving fast and productivity is kept to its maximum. We are abiding to the directives from MITI to ensure standard operating procedures are in place to prevent contamination of its plants from Covid-19 disease. On 29 April 2020, MITI allowed certain economic sectors to operate without restrictions to their operating hours with full capacity workforce. As such, we were back with full workforce on 30 April 2020.

The eventual impact to the Group's operations will largely be dependent on the scale and length of the pandemic, of which this is almost impossible to predict at this juncture. The Board of Directors remain positive given our strong fundamentals. Our robust balance sheet and strong portfolio brands will help us weather the ongoing headwinds. We will continue to execute cost optimisation initiatives to deliver efficiencies and savings. We have stocked up a portion of raw materials requirements ahead for the financial year to mitigate the impact of the rise in certain input prices. We are strengthening our business so as to be ready when economic activities eventually normalise and consumer demand recover.

B4. Profit forecast

The Group did not issue any profit forecast in any form of public documentation and announcement.

B5. Tax expense

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2020 RM'000	Preceding year quarter 31/03/2019 RM'000	Current year- to-date 31/03/2020 RM'000	Preceding year- to-date 31/03/2019 RM'000
Current tax	917	348	2,564	2,152
Deferred tax	(63)	7	(48)	33
Total	<u>854</u>	<u>355</u>	<u>2,516</u>	<u>2,185</u>

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B5. Tax expense (cont'd)

The effective tax rate of the Group for the current year-to-date is slightly lower than the Malaysia statutory rate of 24%. This is mainly due to the tax rate difference in foreign jurisdiction. The statutory tax rate in Vietnam is 20%.

B6. Status of corporate proposals

On 10 December 2019, the Company proposed to undertake a bonus issue of 115,000,000 warrants on a basis of one warrant for every two existing Techbond shares held by the shareholders.

On 8 January 2020, the Company announced that Bursa Securities had, vide its letter dated 7 January 2020, resolved to approve the proposed bonus issue of warrants.

On 6 February 2020, the Board had resolved to fix the exercise price for the warrants to be issued pursuant to proposed bonus issue of warrants at RM0.76 per Warrant ("Exercise Price"), representing a discount of approximately 12.9% to 5-day volume weight average market price of Techbond share up to and including 5 February 2020 of approximately RM0.8723 per Techbond Share.

The warrants have been listed on 2 March 2020.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B7. Utilisation of proceeds from the public issue

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	Original Utilisation Proceeds	Revised Utilisation Proceeds	Actual utilisation	Percentage utilised	Estimated utilisation timeframe upon Listing
	RM'000	RM'000	RM'000	%	
<u>Expansion of Vietnam operations</u>					
(a) Construction of the VSIP2 Factory Complex	10,000	10,000	9,744	97.44	Within 24 months
(b) Purchase of machineries and equipment for the VSIP2 Factory Complex	12,740	12,740	9,956	78.15	Within 24 months
(c) Working capital	6,036	6,036	-	0.00	Within 24 months
<u>Expansion of Malaysia operations</u>					
(d) Purchase of machineries and equipment for the Shah Alam Factory Complex	4,500	4,500	4,500	100.00	Within 24 months
(e) Working capital	1,393	1,993	1,186	59.51	Within 24 months
(f) Estimated listing expenses	5,000	4,400	4,400	100.00	Within 3 months
Total	39,669	39,669	29,786		

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 November 2018 and the announcement made on 15 May 2019 on reallocation of the utilisation of IPO Proceeds.

B8. Borrowings

The Group does not have any bank borrowings, trade facilities and hire purchase loans outstanding.

B9. Material litigation

Save as disclosed below, our Group is not involved in any material litigation, claim and/or arbitration, either as plaintiff or defendant and our Board is not aware of any proceeding, pending or threatened against our Group, or of any fact which is likely to give rise to a proceeding which might materially affect the business or financial position of our Group:-

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B9. Material litigation (cont'd)

- (i) Techbond (Vietnam) Co. Ltd (“**Techbond Vietnam**”), a wholly-owned subsidiary of our Company, had on 10 October 2019 filed a lawsuit against Innopack Vietnam Co. Ltd (“**Defendant**”) at the People’s Court of District 7, Ho Chi Minh City (“**Vietnam Court**”), for a sum of VND5,342,920,000 (equivalent to approximately RM945,697*) (“**Amount Owning**”), of which VND5,170,000,000 (equivalent to approximately RM915,090*) (“**Sales Amount**” or “**Principal**”) represents the amount due and owing by the Defendant in relation to the goods sold and delivered by Techbond Vietnam to the Defendant pursuant to the sales contract dated 2 January 2019 entered into between Techbond Vietnam and the Defendant (collectively referred to as the “**Parties**”) while the remaining VND172,920,000 (equivalent to approximately RM30,607*) represents the late interest payment for the Sales Amount accumulated up to September 2019.

Subsequently, on 29 November 2019, the Parties had reached an agreement that the Amount Owning shall be paid by the Defendant in six (6) instalments as follows:-

Instalment	Period	Amount (VND’million)			Total amount equivalent to RM*
		Principal	Interest	Total	
First	20 to 30 December 2019	1,000.00	-	1,000.00	177,000
Second	20 to 29 February 2020	170.00	172.92	342.92	60,697
Third	20 to 30 March 2020	1,000.00	-	1,000.00	177,000
Fourth	20 to 30 April 2020	1,000.00	-	1,000.00	177,000
Fifth	20 to 30 May 2020	1,000.00	-	1,000.00	177,000
Sixth	20 to 30 June 2020	1,000.00	-	1,000.00	177,000
	Total	5,170.00	172.92	5,342.92	945,697

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**B9. Material litigation (cont'd)**

The Parties have also agreed that in the event the Defendant fails to pay any of the instalments as set out above, the Defendant shall pay all the outstanding amount in one lump sum payment to Techbond Vietnam. In such event, such outstanding amount will be subject to interest calculated using the rate as prescribed under Clause 2, Article 468 of the 2015 Civil Code of Vietnam from the date when Techbond Vietnam submits the request for judgment enforcement for such default until all such outstanding amount have been fully settled by the Defendant ("**Late Payment Interest**").

In addition, the court fee for this trade dispute case of VND56,671,460 (equivalent to approximately RM10,031*) ("**Court Fee**") paid by Techbond Vietnam, shall be payable by the Defendant.

The Vietnam Court had then on 9 December 2019 issued a decision to recognise the abovementioned agreements between the Parties.

Notwithstanding the above, the Defendant has failed to settle its first instalment payment of VND1,000,000,000 (equivalent to RM177,000*) by 30 December 2019 to Techbond Vietnam. Accordingly, Techbond Vietnam had on even date instructed its lawyers to file a request for judgement enforcement with the Vietnam Court to recover the full Amount Owing from the Defendant. The Vietnam Court had on 6 January 2020 issued a decision allowing the judgment enforcement against the Defendant ("**Decision**"). In the Decision, the Vietnam Court asserted that the Defendant is liable to pay the Amount Owing in one lump sum, the Court Fee and the Late Payment Interest to Techbond Vietnam and these amounts shall be paid by the Defendant within ten (10) days from the date of receipt of the Decision. However, the Defendant has failed to make the said payment within the stipulated timeframe.

Refer to the announcements made by our Company on 5 June 2020, Techbond Vietnam has received a total of VND 1,408,000,000 (approximately equivalent to RM 253,440.00) outstanding amount from the Defendant. In view that the Defendant had made several payments, the Board has decided to temporarily suspend the Decision on Judgement Enforcement dated 6 January 2020 until the outstanding amount is fully settled. Should the Defendant default in the balance of the outstanding amount, the Board has the right to withdraw the suspension and serve the Enforcement on the Defendant.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B9. Material litigation (cont'd)

Note:-

- * Translated to RM based on the exchange rate of VND100 : RM0.0177, being the 5:00 p.m. middle rate as set forth in the statistical release of Bank Negara Malaysia as at 31 December 2019.

B10. Earnings per share ("EPS")

The basic and diluted EPS for the current quarter and financial period is computed as below:-

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2020	Preceding year quarter 30/03/2019	Current year- to-date 31/03/2020	Preceding year-to-date 31/03/2019
Profit after tax attributable to the owners of the Company (RM '000)	2,523	1,039	8,250	4,980
Weighted average number of ordinary shares in issue ('000)	230,000	230,000	230,000	154,907
Basic EPS (sen) ⁽¹⁾	1.10	0.45	3.59	3.21
Diluted EPS (sen) ⁽²⁾	1.10	0.45	3.59	3.21

Notes:-

- (1) Basic EPS is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the period under review.
- (2) Diluted EPS is equivalent to basic EPS. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have any dilutive effects on the weighted average number of ordinary shares.

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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B11. Profit before tax**

Profit before tax is arrived at after charging/(crediting):-

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2020 RM'000	Preceding year quarter 31/03/2019 RM'000	Current year- to-date 31/03/2020 RM'000	Preceding year-to-date 31/03/2019 RM'000
Amortisation of deferred income	(11)	(11)	(33)	(33)
Amortisation of land use rights	24	24	72	72
Depreciation of property, plant and equipment	383	354	993	940
Interest income	(360)	(393)	(1,340)	(990)
Inventories written off	-	-	-	1
Net realised loss/ (gain) on foreign exchange	45	84	148	(456)
Net unrealised (gain)/ loss on foreign exchange	(1,636)	101	(1,098)	591
Rental income	(*)	(*)	(1)	(1)
Rental expenses	23	26	67	80
Impairment loss on trade receivables	996	307	996	307

* Amount below RM1,000

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

The Group does not have the following items for the financial period under review:-

- (i) interest expense;
- (ii) gain or loss on disposal of quoted or unquoted investments or properties; and
- (iii) gain or loss on derivatives.