

TECHBOND GROUP BERHAD

201601019667 (1190604-M)
(Incorporated in Malaysia)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/2020 RM'000	Preceding year quarter 30/09/2019 RM'000	Current year- to-date 30/09/2020 RM'000	Preceding year-to-date 30/09/2019 RM'000
Revenue	22,006	19,377	22,006	19,377
Cost of sales	(14,907)	(14,048)	(14,907)	(14,048)
Gross profit	7,099	5,329	7,099	5,329
Other income	416	888	416	888
Administration expenses	(2,206)	(2,085)	(2,206)	(2,085)
Distribution expenses	(466)	(483)	(466)	(483)
Other expenses	(1,330)	(96)	(1,330)	(96)
Profit before tax	3,513	3,553	3,513	3,553
Tax expense	(1,003)	(845)	(1,003)	(845)
Profit for the period	2,510	2,708	2,510	2,708
Other comprehensive (loss)/income, net of tax:-				
Item that may be reclassify subsequently to profit or loss				
Foreign currency translation differences	(627)	587	(627)	587
Total comprehensive income for the period	1,883	3,295	1,883	3,295
Earnings per share (Note B11)				
- Basic (sen)	1.09	1.18	1.09	1.18
- Diluted (sen)	1.06	1.18	1.06	1.18

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 2020 and the accompanying explanatory notes attached to the interim financial report.

TECHBOND GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020⁽¹⁾

	Unaudited As at 30/09/2020 RM'000	Audited As at 30/06/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	46,812	44,288
Land use rights	6,614	6,808
Other receivables	135	150
Total non-current assets	53,561	51,246
Current assets		
Inventories	19,698	21,599
Trade receivables	15,080	12,228
Other receivables	4,885	3,841
Tax recoverable	662	701
Cash and cash equivalents	55,400	56,991
Total current assets	95,725	95,360
TOTAL ASSETS	149,286	146,606
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to the owners of the company:-		
Share capital	140,809	139,807
Merger deficits	(78,938)	(78,938)
Exchange translation reserve	6,696	7,323
Retained earnings	72,339	69,829
Total equity	140,906	138,021
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,236	1,235
Total non-current liabilities	1,236	1,235

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (continued)⁽¹⁾**

	Unaudited As at 30/09/2020 RM'000	Audited As at 30/06/2020 RM'000
Current liabilities		
Trade payables	4,325	4,454
Other payables	1,936	1,553
Tax payable	864	1,313
Deferred income	19	30
Total current liabilities	7,144	7,350
Total liabilities	8,380	8,585
TOTAL EQUITY AND LIABILITIES	149,286	146,606
Net assets per share (RM) ⁽²⁾	0.61	0.60

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 2020 and the accompanying explanatory notes attached to the interim financial report.
- (2) The net assets per share is calculated based on the weighted average number of shares in issue of 230,214,748 as at 30 September 2020 and 230,000,000 as at 30 June 2020.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2019	139,807	(78,938)	6,021	63,706	130,596
Profit of the financial period	-	-	-	10,723	10,723
Other comprehensive income, net of tax	-	-	1,302	-	1,302
Total comprehensive income	-	-	1,302	10,723	12,025
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(4,600)	(4,600)
Total transactions with owners	-	-	-	(4,600)	(4,600)
Balance as at 30 June 2020	139,807	(78,938)	7,323	69,829	138,021

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2020	139,807	(78,938)	7,323	69,829	138,021
Profit of the financial period	-	-	-	2,510	2,510
Other comprehensive income, net of tax	-	-	(627)	-	(627)
Total comprehensive income	-	-	(627)	2,510	1,883
Transactions with owners:-					
Exercise of warrants conversion	1,002	-	-	-	1,002
Total transactions with owners	1,002	-	-	-	1,002
Balance as at 30 September 2020	140,809	(78,938)	6,696	72,339	140,906

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 2020 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2020⁽¹⁾**

	Current year- to-date 30/09/2020 RM'000	Preceding year-to-date 30/09/2019 RM'000
OPERATING ACTIVITIES		
Profit before taxation	3,513	3,553
Adjustments for:-		
Amortisation of deferred income	(11)	(11)
Amortisation of land use rights	24	24
Depreciation of property, plant and equipment	364	304
Gain on disposal of property, plant and equipment	(7)	-
Interest income	(211)	(538)
Unrealised loss/(gain) on foreign exchange	1,236	(262)
Operating profit before working capital changes	4,908	3,070
Changes in working capital:-		
Inventories	1,902	3,819
Receivables	(3,935)	(508)
Payables	(886)	1,073
Cash generated from operations	1,989	7,454
Tax paid	(1,302)	(962)
Interest received	211	538
Net cash flows from operating activities	898	7,030
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,526)	(6,748)
Proceeds from disposal of property, plant and equipment	7	-
Net cash flows used in investing activities	(3,519)	(6,748)
FINANCING ACTIVITIES		
Proceeds from conversion of warrants into ordinary shares	1,002	-
Net cash flows from/(used in) financing activities	1,002	-

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 (continued)⁽¹⁾**

	Current year- to-date 30/09/2020 RM'000	Preceding year-to-date 30/09/2019 RM'000
CASH AND CASH EQUIVALENTS		
Net changes	(1,619)	282
Effect of foreign currency translation differences	28	482
At beginning of financial period	56,991	66,135
At end of financial period	55,400	66,899
Cash and cash equivalents at the end of the financial period comprises:-		
Cash and bank balances	16,991	21,742
Fixed deposits with licensed banks	7,961	14,307
Short-term demand deposits	30,448	30,850
	55,400	66,899

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 2020 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 2020 and the accompanying explanatory notes attached to this interim financial report.

A2. Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and the Company:-

Amendments to MFRSs and IC Interpretations effective 1 January 2020:

Amendments to MFRS 3*	Definition of a Business
Amendments to MFRS 7*, 9* and 139*	Interest Rate Benchmark Reform
Amendments to MFRS 101 and 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards	

MFRS effective 1 June 2020:

Amendments to MFRS 16	Covid-19-Related Rent Concessions
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Amendments to MFRS effective 1 January 2022:

Amendments to MFRS 3*	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceed before Intended Use
Amendments to MFRS 137*	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020 (MFRS 1*, 9, 16* and 141*)	

MFRS and Amendments to MFRS effective 1 January 2023:

MFRS 17*	Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

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

A2. Standards issued but not yet effective (cont'd)

Amendments to MFRSs – effective date deferred indefinitely:

Amendments to MFRS 10 and 128*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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*Not applicable to the Company's and/or the subsidiary companies' existing operations

A3. Auditors' report

There was no qualification on the audited financial statements of the Group for the financial year ended 30 June 2020.

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.

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 except for the issuance of 1,318,000 new ordinary shares pursuant to the exercise of warrants at RM0.76 per warrant. The total cash proceeds arising from the exercise of warrants during the current quarter and financial period under review amounted to RM1,001,680.00.

A8. Dividend paid

There was no dividend paid in the current quarter ended 30 September 2020.

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 30/09/2020 RM'000	Preceding year quarter 30/09/2019 RM'000	Current year- to-date 30/09/2020 RM'000	Preceding year- to-date 30/09/2019 RM'000
Revenue				
Adhesives and sealants	20,255	18,160	20,255	18,160
Supporting products and services	1,751	1,217	1,751	1,217
	<u>22,006</u>	<u>19,377</u>	<u>22,006</u>	<u>19,377</u>
Profit before tax				
Adhesives and sealants	3,326	3,346	3,326	3,346
Supporting products and services	187	207	187	207
	<u>3,513</u>	<u>3,553</u>	<u>3,513</u>	<u>3,553</u>

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.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**A10. Property, plant and equipment (cont'd)**

(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

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.

A14. Material capital commitment

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

	RM'000
Authorised and contracted for:-	
Setting up the VSIP2 factory complex	2,665
Shah Alam factory complex	83
	<hr/>
	2,748 <hr/>

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)****A15. Significant related party transactions**

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

	Current year quarter 30/09/2020 RM'000	Current period- to-date 30/09/2020 RM'000
Rental expenses charged by a company in which the Directors have interests	20	20
Rental income charged to a company in which the Directors have interests	(*)	(*)

*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 recorded a revenue of RM22.01 million for the three months period ended 30 September 2020 (“Current Quarter”). This represented an increase of 13.57% year-on-year (“YoY”) as compared to RM19.38 million posted in the previous year corresponding quarter. This was mainly attributed to higher demand and recovery of sales orders from both the domestic and overseas markets. Industrial adhesives and sealants remained our primary revenue contributor, accounting for 92.04% or RM22.26 million of the total revenue for the current quarter under review.

Meanwhile, the Group’s gross profit (“GP”) margin improved to 32.26% in the Current Quarter versus to 27.50% a year ago, stemming from lower raw material costs as well as better product mix.

For the quarter under review, profit before tax (“PBT”) remained relatively stable on a YoY basis at RM3.51 million compared to RM3.55 million in preceding year. The top-line improvement was not reflected on the PBT level due to unrealised foreign exchange loss amounting to RM1.24 million in the Current Quarter. The unrealised foreign exchange loss is a non-cash item and hence, has no impact on our cash flow. For illustration purposes, in the absence of the non-cash item, the adjusted PBT would have been RM4.75 million, which would be the highest-ever PBT per quarter recorded in the Group’s history as a listed entity.

The unrealised foreign exchange loss also led to higher effective tax rate for the Current Quarter as it was a non-deductible expense for tax purposes. Thus, it further impacted our profit after tax and non-controlling interest (“PATNCI” or “net profit”), which stood at RM2.51 million for the current quarter under review.

B2. Comparison with Immediate preceding quarter

	Individual quarter 3 months ended		Changes	
	30/09/2020 RM’000	30/06/2020 RM’000	RM’000	%
Revenue	22,006	13,966	8,040	57.57
Profit before tax	3,513	3,079	434	14.10

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

Revenue for the Current Quarter surged 57.57% quarter-on-quarter (“QoQ”) to RM22.01 million versus RM13.97 million posted in the immediate preceding quarter. The strong jump was achieved on the back of stronger demand and orders replenishment from our customers.

In tandem with the increase in revenue, PBT improved 14.10% QoQ from RM3.08 million in the immediate preceding quarter to RM3.51 million in the Current Quarter. The smaller-than-proportionate rise in profit was owing to the unrealised foreign exchange loss mentioned above.

B3. Prospects

The Group anticipates the business operating conditions to remain challenging with the persistence of uncertainties clouding the global and local markets stemming from the COVID-19 pandemic. Nevertheless, we remain steadfast as we continue to focus on our expansion plans.

On the local front, the production of our new manufacturing lines, which is part of our Shah Alam Phase 2 Expansion, has been picking up since it commenced operations in the first quarter of 2020. Part of this new capacity is catered for the production of a new range of low viscosity hot melt adhesives. Thus, this widens our range of products and enables us to capture a larger market share.

Over in Vietnam, the construction of our new 30,000 square meters factory complex was completed in June 2020, and subsequently handed over to the Group in October 2020 following the issuance of the relevant certifications by the Vietnamese authority. The new factory complex comprises our new upstream polymerization plant as well as 2 new water-based adhesives production lines.

The manufacturing operations are expected to commence once the installation of machineries in VSIP2 factory complex has been completed and passed the plant acceptance test. We will be producing polyvinyl acetate (“PVAc”) polymer at our new polymerization plant and the manufacturing of new variations of water-based adhesives using our own manufactured PVAc polymer. The capability to produce our own raw material provides us greater control over the quality, properties and characteristics, allow us to better meet the requirements of our customers, reduce our reliance on external suppliers and ultimately potentially improve our profit margins.

On the other hand, our collaboration with the Malaysian Palm Oil Board (“MPOB”) in pioneering palm oil-based industrial adhesives using locally source and sustainable palm oil continued to make good progress. Our ultimate aim is to commercialize the product as we see great potential in demand for this non-toxic palm oil-based industrial adhesives as consumers worldwide are increasingly more health- and environmentally-conscious when making purchase decision.

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

Looking ahead, we are cognizant of the challenges ahead and we will continue to monitor the situation closely and take necessary precaution to manage it. Our strong balance sheet plays a pivotal role as we navigate through the demanding times. All in all, we remain positive on our long-term outlook underpinned by the expansion plans we have in place. Barring unforeseen circumstances, the Board opines that the financial performance of the Group in the current financial year to be satisfactory.

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 30/09/2020 RM'000	Preceding year quarter 30/09/2019 RM'000	Current year- to-date 30/09/2020 RM'000	Preceding year- to-date 30/09/2019 RM'000
Current tax	1,001	850	1,001	850
Deferred tax	2	(5)	2	(5)
Total	<u>1,003</u>	<u>845</u>	<u>1,003</u>	<u>845</u>

The effective tax rate of the Group for the current year-to-date was higher than the Malaysia statutory rate of 24%. This is due to unrealised foreign exchange losses incurred as it was a non-deductible expense for tax purposes.

B6. Status of corporate proposals

There were no corporate proposals announced that are not completed as at the date of this interim financial report.

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	10,000	100.00	Within 24 months
(b) Purchase of machineries and equipment for the VSIP2 Factory Complex	12,740	12,740	12,740	100.00	Within 24 months
(c) Working capital	6,036	6,036	-	0.00	Within 36 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	1,993	100.00	Within 24 months
(f) Estimated listing expenses	5,000	4,400	4,400	100.00	Within 3 months
Total	39,669	39,669	33,633		

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 Owing**”), 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 Owing 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.

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. Dividend

On 25 November 2020, the Directors declared a first single-tier interim dividend of 1 sen per ordinary share in respect of financial year ending 30 June 2021 to be paid on 18 January 2021. The dividend will be paid to holders of ordinary shares whose names appear in Record of Depositors at the close business on 22 December 2020.

B11. 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 30/09/2020	Preceding year quarter 30/09/2019	Current year- to-date 30/09/2020	Preceding year-to-date 30/09/2019
Profit after tax attributable to the owners of the Company (RM '000)	2,510	2,708	2,510	2,708
Weighted average number of ordinary shares in issue ('000)	230,215	230,000	230,215	230,000
Basic EPS (sen) ⁽¹⁾	1.09	1.18	1.09	1.18
Diluted EPS (sen) ⁽²⁾	1.06	1.18	1.06	1.18

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 calculated by dividing the profit attributable to owners of the company by the weighted average diluted number of ordinary shares outstanding during the period and after accounting for the effect of all dilutive potential ordinary shares arising from the exercising of outstanding warrants.

TECHBOND GROUP BERHAD

201601019667 (1190604-M)
(Incorporated in Malaysia)

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B12. Profit before tax**

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

	Individual quarter		Cumulative quarter	
	Current year quarter 30/09/2020 RM'000	Preceding year quarter 30/09/2019 RM'000	Current year- to-date 30/09/2020 RM'000	Preceding year-to-date 30/09/2019 RM'000
Amortisation of deferred income	(11)	(11)	(11)	(11)
Amortisation of land use rights	24	24	24	24
Depreciation of property, plant and equipment	364	304	364	304
Gain on disposal of property, plant and equipment	(7)	-	(7)	-
Interest income	(211)	(538)	(211)	(538)
Net realised loss on foreign exchange	101	47	101	47
Net unrealised loss/ (gain) on foreign exchange	1,236	(262)	1,236	(262)
Rental income	(*)	(*)	(*)	(*)
Rental expenses	32	21	32	21

* 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;
- (iii) gain or loss on derivatives; and
- (iv) impairment of assets