

**TECHBOND GROUP BERHAD**

201601019667 (1190604-M)

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2022<sup>(1)</sup>**

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2022 RM'000	Preceding year quarter 31/03/2021 RM'000	Current year- to-date 31/03/2022 RM'000	Preceding year-to-date 31/03/2021 RM'000
<b>Revenue</b>	22,810	21,593	60,678	67,310
Cost of sales	(17,819)	(14,968)	(46,210)	(45,486)
<b>Gross profit</b>	4,991	6,625	14,468	21,824
Other income	1,737	1,396	2,457	383
Finance income	135	183	419	610
Administration expenses	(2,591)	(3,158)	(7,025)	(7,814)
Distribution expenses	(761)	(629)	(1,927)	(1,599)
Other expenses	(111)	(35)	(120)	(1,829)
<b>Profit before tax</b>	3,400	4,382	8,272	11,575
Tax expense	(575)	(559)	(1,514)	(2,692)
<b>Profit for the period</b>	2,825	3,823	6,758	8,883
<b>Other comprehensive income/(loss), net of tax:-</b>				
<b>Item that may be reclassify subsequently to profit or loss</b>				
Foreign currency translation differences	102	774	151	(763)
<b>Total comprehensive income for the period</b>	2,927	4,597	6,909	8,120
Earnings per share (Note B11)				
- Basic (sen)	0.54	0.73	1.28	1.70
- Diluted (sen)	0.48	0.69	1.14	1.62

## Note:-

- (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 2021 and the accompanying explanatory notes attached to the interim financial report.

**TECHBOND GROUP BERHAD**

201601019667 (1190604-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 <sup>(1)</sup>**

	Unaudited As at 31/03/2022 RM'000	Audited As at 30/06/2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	12,365	12,388
Property, plant and equipment	48,297	48,388
Land use rights	6,374	6,434
Other receivables	26	123
<b>Total non-current assets</b>	<b>67,062</b>	<b>67,333</b>
<b>Current assets</b>		
Inventories	31,242	30,111
Trade receivables	18,150	18,665
Other receivables	8,168	7,234
Tax recoverable	984	1,086
Cash and cash equivalents	36,604	38,022
<b>Total current assets</b>	<b>95,148</b>	<b>95,118</b>
<b>TOTAL ASSETS</b>	<b>162,210</b>	<b>162,451</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity attributable to the owners of the company:-		
Share capital	143,826	143,821
Merger deficits	(78,938)	(78,938)
Exchange translation reserve	6,729	6,578
Retained earnings	83,114	79,003
<b>Total equity</b>	<b>154,731</b>	<b>150,464</b>
<b>LIABILITIES</b>		
<b>Non-current liability</b>		
Deferred tax liabilities	1,419	1,341
<b>Total non-current liability</b>	<b>1,419</b>	<b>1,341</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022  
(cont'd)<sup>(1)</sup>**

	<b>Unaudited As at 31/03/2022 RM'000</b>	<b>Audited As at 30/06/2021 RM'000</b>
<b>Current liabilities</b>		
Trade payables	3,542	7,349
Other payables	2,518	1,933
Tax payable	-	1,364
<b>Total current liabilities</b>	<u>6,060</u>	<u>10,646</u>
<b>Total liabilities</b>	<u>7,479</u>	<u>11,987</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>162,210</u>	<u>162,451</u>
Net assets per share (RM) <sup>(2)</sup>	0.29	0.29

## Notes:-

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2021 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 529,395,000 as at 31 March 2022 and 527,318,000 as at 30 June 2021.

## TECHBOND GROUP BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 MARCH 2022<sup>(1)</sup>

	← 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	-	-	-	8,883	8,883
Other comprehensive income, net of tax	-	-	(763)	-	(763)
Total comprehensive income	-	-	(763)	8,883	8,120
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(2,337)	(2,337)
Exercise of warrants conversion	4,014	-	-	-	4,014
Total transactions with owners	4,014	-	-	(2,337)	1,677
Balance as at 31 March 2021	143,821	(78,938)	6,560	76,375	147,818

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 MARCH 2022 (cont'd)<sup>(1)</sup>

	← 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 2021	143,821	(78,938)	6,578	79,003	150,464
Profit of the financial period	-	-	-	6,758	6,758
Other comprehensive income, net of tax	-	-	151	-	151
Total comprehensive income	-	-	151	6,758	6,909
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(2,647)	(2,647)
Exercise of warrants conversion	5	-	-	-	5
Total transactions with owners	5	-	-	(2,647)	(2,642)
Balance as at 31 March 2022	143,826	(78,938)	6,729	83,114	154,731

Note:-

- (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 2021 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 31 MARCH 2022<sup>(1)</sup>**

	Current year- to-date 31/03/2022 RM'000	Preceding year-to-date 31/03/2021 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	8,272	11,575
<b>Adjustments for:-</b>		
Amortisation of deferred income	-	(30)
Amortisation of land use rights	144	117
Depreciation of investment property	23	-
Depreciation of property, plant and equipment	2,209	1,319
Fair value gain on short-term demand deposits	(132)	-
Gain on disposal of property, plant and equipment	(1,010)	(15)
Interest income	(287)	(610)
Net impairment loss on trade receivables	105	(225)
Net unrealised (gain)/loss on foreign exchange	(742)	1,532
Operating profit before working capital changes	8,582	13,663
<b>Changes in working capital:-</b>		
Inventories	(1,053)	(2,997)
Receivables	(410)	(18,354)
Payables	(4,194)	2,328
Cash generated from/(used in) operations	2,925	(5,360)
Tax paid	(1,197)	(3,387)
Finance income received	419	610
Net cash flows from/(used in) operating activities	2,147	(8,137)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,788)	(5,538)
Proceeds from disposal of property, plant and equipment	1,087	15
Net cash flows used in investing activities	(701)	(5,523)
<b>FINANCING ACTIVITIES</b>		
Proceeds from conversion of warrants into ordinary shares	5	4,014
Dividend paid	(2,647)	(2,337)
Net cash flows (used in)/from financing activities	(2,642)	1,677

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 31 MARCH 2022 (cont'd)<sup>(1)</sup>**

	<b>Current year- to-date 31/03/2022 RM'000</b>	<b>Preceding year- to-date 31/03/2021 RM'000</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(1,196)	(11,983)
Effect of foreign currency translation differences	(222)	22
At beginning of financial period	<u>38,022</u>	<u>56,991</u>
At end of financial period	<u>36,604</u>	<u>45,030</u>
<b>Cash and cash equivalents at the end of the financial period comprises:-</b>		
Cash and bank balances	9,817	18,189
Fixed deposits with licensed banks	-	8,066
Short-term demand deposits	<u>26,787</u>	<u>18,775</u>
	<u>36,604</u>	<u>45,030</u>

Note:-

- (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 2021 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 2021 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:-

*MFRS and Amendments to MFRS effective 1 January 2023:*

Amendments to MFRS 4*#	Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17*# and Amendments to MFRS 17*#	Insurance Contracts and amendment to MFRS 17 Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates



**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:

MFRS 10*# and 128*#	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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\* Not applicable to the Company's operation

# Not applicable to the Group's operation

**A3. Auditors' report**

There was no qualification on the audited financial statements of the Group for the financial year ended 30 June 2021.

**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 13,162 new ordinary shares for the financial period-to-date pursuant to the exercise of warrants at RM0.33 per warrant. The total cash proceeds arising from the exercise of warrants during the financial period under review amounted to RM4,343.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)****A8. Dividend paid**

A first single-tier interim dividend of 1 sen per ordinary share amounting to RM2,336,525 in respect of financial year ended 30 June 2021 has been paid on 18 January 2021.

A second single-tier interim dividend of 0.5 sen per ordinary share amounting to RM2,646,986 in respect of financial year ended 30 June 2021 has been paid on 30 September 2021.

**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 31/03/2022 RM'000	Preceding year quarter 31/03/2021 RM'000	Current year- to-date 31/03/2022 RM'000	Preceding year- to-date 31/03/2021 RM'000
<b>Revenue</b>				
Adhesives and sealants	21,810	19,759	57,660	62,003
Supporting products and services	1,000	1,834	3,018	5,307
	<u>22,810</u>	<u>21,593</u>	<u>60,678</u>	<u>67,310</u>
<b>Profit before tax</b>				
Adhesives and sealants	3,246	4,289	7,857	11,145
Supporting products and services	154	93	415	430
	<u>3,400</u>	<u>4,382</u>	<u>8,272</u>	<u>11,575</u>

**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**

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
<b>Authorised and contracted for:-</b>	
Setting up the VSIP2 factory complex	396
Shah Alam Factory complex	424
	820
	820

**A15. Significant related party transactions**

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

	Current year quarter 31/03/2022 RM'000	Current period- to-date 31/03/2022 RM'000
Rental expenses charged by a company in which the Directors have interests	22	66
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 recorded a revenue of RM22.81 million for the three months period ended 31 March 2022 (“Current Quarter”). This represented an increase of 5.65% year-on-year (“YoY”) as compared to RM21.59 million posted in the previous year corresponding quarter. This was mainly attributed to higher demand from the Vietnam market as the economic recovery gains further traction. For the quarter under review, industrial adhesives and sealants remained our primary revenue contributor, accounting for 95.62% or RM21.81 million of the total revenue.

Profit before tax (“PBT”) for the Current Quarter stood at RM3.40 million versus RM4.38 million a year ago. The main reason the top-line improvement was not reflected on the PBT level is due to lower unrealised foreign exchange gain in the Current Quarter amounting to RM0.58 million as compared to RM1.37 million a year ago. Besides, PBT was also affected by higher input and logistics costs.

Similarly, the Group’s profit after tax and non-controlling interest (“PATNCI” or “net profit”) was also affected by the aforementioned factors. Net profit for the current quarter under review slipped to RM2.83 million versus RM3.82 million in the previous year corresponding quarter.

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

For the cumulative financial period-to-date, the Group recorded a revenue of RM60.68 million, a decrease of 9.85% YoY from RM67.31 million in the previous year corresponding period. This was mainly attributed to lower demand from customers in Vietnam and Malaysia following the lockdown imposed in the respective countries. Industrial adhesives and sealants continued to be the Group’s anchor revenue driver, contributing 95.02% or RM57.66 million to total turnover for the period under review.

In tandem with the softer top-line performance, the Group’s net profit slipped 23.87% YoY to RM6.76 million in the current financial year from RM8.88 million a year ago.

**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		RM'000	Changes %
	31/03/2022 RM'000	31/12/2021 RM'000		
Revenue	22,810	22,591	219	0.97%
Profit before tax	3,400	3,104	296	9.54%
Profit for the period	2,825	2,586	239	9.24%

Revenue for the Current Quarter improved 0.97% quarter-on-quarter (“QoQ”) to RM22.81 million versus RM22.59 million in the immediate preceding quarter. The increase was primarily attributed to sustained demand from our customers.

Meanwhile, net profit rose 9.24% QoQ to RM2.83 million in the quarter under review from RM2.59 million in the immediate preceding quarter. The improvement was chiefly due to higher gain on disposal of assets as well as unrealised forex gain.

**B3. Prospects**

The Group’s production in Vietnam continues to pick up further pace in line with the higher economic activities while production utilization in Malaysia is running smoothly at optimal capacity. Meanwhile, the utilization rate for our game-changing upstream polymerization plant in Vietnam is slowly picking up pace. Given the rising input cost and raw material shortage, we are undertaking a prudent approach in ramping up the utilization.

On the demand outlook, the orders from our Malaysia customers remain strong and are expected to sustain in the coming quarters. The Group is in active discussions with potential customers to scale our business. So far, response has been very encouraging and the Group managed to secure several new customers. Furthermore, with Malaysia’s international borders reopened and the transition to endemicity, we are looking forward to meeting our existing and potential customers physically to expand our distribution network and enhance our presence in existing countries. Over in Vietnam, the demand from our customers has recovered very healthily with the reopening of the economy picking up speed. We anticipate the orders recovery continues to gain solid positive momentum and remain on the upward trend.

At the same time, the Group is also cognizant of the ongoing challenges such as rising raw material prices and logistics cost as well as raw material and labour shortages. The situation is currently manageable and we are working closely with our customers on this matter. Moreover, part of our mitigation plan is also continuously improving our efficiency to minimize the impact of rising costs.

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

#### **B3. Prospects (cont'd)**

Our collaboration with the Malaysian Palm Oil Board (“MPOB”) in pioneering palm oil-based industrial adhesives using locally sourced and sustainable palm oil continued make good headway since Malaysia reopened its economy. The active discussions with potential customers continue to yield positive response as we made good progress on the process enhancement.

Looking ahead, we continue to be optimistic on the prospects of the Group underpinned by the abovementioned factors while being mindful of the challenges and uncertainties. With our prudent management and the backing of our strong balance sheet, we are confident to navigate through the obstacles ahead. The Board opines that the financial performance of the remaining quarter 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.

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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B5. Tax expense**

	Individual quarter		Cumulative quarter	
	Current year quarter 31/03/2022 RM'000	Preceding year quarter 31/03/2021 RM'000	Current year- to-date 31/03/2022 RM'000	Preceding year- to-date 31/03/2021 RM'000
Current tax	595	598	1,435	2,722
Deferred tax	(20)	(39)	79	(30)
Total	<u>575</u>	<u>559</u>	<u>1,514</u>	<u>2,692</u>

The effective tax rate of the Group for the current year quarter and current year-to-date was lower than the Malaysia statutory rate of 24% due to tax exemption granted for subsidiary in Vietnam.

**B6. Status of corporate proposals**

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

**B7. Utilisation of proceeds from the public issue**

The proceeds from the IPO have been fully utilised.

**B8. Borrowings**

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



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

**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:-

- (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
	<b>Total</b>	<b>5,170.00</b>	<b>172.92</b>	<b>5,342.92</b>	<b>945,697</b>

**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.

As at 5 June 2020, Techbond Vietnam has received a total of VND 1,408,000,000 (approximately equivalent to RM 253,440) 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. The Board reserved the right to withdraw the suspension and serve the Enforcement on the Defendant in the event the Defendant default in the balance of the outstanding amount.

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

**B9. Material litigation (cont'd)**

The Defendant had subsequently defaulted in paying the balance outstanding amount owed to Techbond Vietnam of which Techbond Vietnam had received a total of VND2,660,000,000 (approximately equivalent to RM470,820\*) from the Defendant out of the total outstanding amount of VND5,170,000,000 (approximately equivalent to RM915,090\*).

In view of the above, the Board had decided to waive the suspension and decided to enforce the Enforcement on the Defendant. Bankruptcy action will be commenced unto the Defendant following the Court session held on November 25, 2021 in Vietnam which was not attended by the representative of the Defendant.

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.*

- (ii) Suit in the Shah Alam High Court (“Court”) (Suit No. BA-22NCvC-217-05/2018) filed by Techbond Manufacturing (“Plaintiff”) against Fabina Properties Sdn Bhd (“1st Defendant”), Peng Hai Chai (“2nd Defendant”), Cemerlang Emas Sdn Bhd (“3rd Defendant”) and Pendaftar Hakmilik Negeri Selangor (“4th Defendant”)

Detail of the law suit should be read in conjunction with the Prospectus of the Company dated 13 November 2018.

As Lee Seng Thye had issued a letter of indemnity to the Plaintiff, indemnifying Techbond Manufacturing against the possibility of a counter-claim by any of the Defendants. As such, the outcome of the suit will not have any financial impact to Techbond Group Berhad.

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

**B9. Material litigation (cont'd)**

Subsequent to the full trial held on 29 and 30 April 2019 and status update received on 7 May 2019 from the Plaintiff's solicitors, Messrs Hifdzi Salmiah Kee Hanisah & Co, the Board of Directors of the Company wishes to announce as follows:-

- (i) The 1<sup>st</sup> Defendant had not entered their appearance through-out the entire case managements and full trial even having been served a subpoena. The Plaintiff's solicitors have proceeded to file an application to record a judgment in default against the 1<sup>st</sup> Defendant accordingly due to their non-appearance. However, as the Honourable Court was of the view that the judgment in default involves a declaration on the legality of the transaction between 1<sup>st</sup> and 2<sup>nd</sup> Defendants and between 2<sup>nd</sup> and 3<sup>rd</sup> Defendants, the Court had postponed its decision on the application until full hearing of the Parties' submissions; and
- (ii) The 2<sup>nd</sup> Defendant's solicitors managed to produce relevant documents to prove that the sale and purchase between 2<sup>nd</sup> Defendant and 1<sup>st</sup> Defendant was made with lawful consideration.

On 2 August 2019, Techbond Manufacturing filed a fresh lawsuit against Fabina Properties, Ong Tai Chin @ Wong Tai Chin (being the shareholder of Fabina Properties) and Low Yang Cheok (being the director and shareholder of Fabina Properties) at the High Court ("Suit No. 2"). On 30 September 2019, the High Court had ordered Fabina Properties, Ong Tai Chin @ Wong Tai Chin and Low Yang Cheok to settle the following to Techbond Manufacturing:-

- (a) total claim amounting to RM4,242,079.00 ("Claim");
  - (b) interest of 5% of the Claim from the date of filing of the writ summon on 2 August 2019 until the Claim is fully settled; and
  - (c) cost of the proceeding amounting to RM1,436.00,
- (collectively referred to as the "Debt Owed").

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

Subsequently, Techbond Manufacturing's solicitors had on 19 November 2019, served the sealed copy of the judgement and the notice of demand dated 23 October 2019 on Fabina Properties pursuant to Section 466 of the Act to demand Fabina Properties to pay the Debt Owed within 21 days from the date of receipt of the said notice. However, Fabina Properties failed to settle the Debt Owed within the stipulated timeframe and Techbond Manufacturing's solicitors had on 10 January 2020 filed a winding-up petition against Fabina Properties in the High Court of Malaya. The first case management was fixed on 27 February 2020 while the hearing was held on 12 August 2020.

Further to the hearing held on 12 August 2020, it was informed that a separate winding-up order was obtained against Fabina Properties on 23 January 2020 by another petition. Therefore, the winding-up petition filed by Techbond Manufacturing was withdrawn on 12 August 2020 with a liberty to file afresh. The solicitors of Techbond Manufacturing are in the midst of preparing the proof of debts against Fabina Properties, and will file it to the Malaysian Insolvency Department.

Techbond Manufacturing had also on 20 November 2019, filed bankruptcy notices against Ong Tai Chin @ Wong Tai Chin and Low Yang Cheok with the High Court. However, Techbond Manufacturing was not able to locate both Ong Tai Chin @ Wong Tai Chin and Low Yang Cheok to serve the bankruptcy notices on them by hand. Given this, the bankruptcy notices had been duly served by way of substitute service through the advertisement at Berita Harian on 22 July 2020. The solicitors of Techbond Manufacturing had on 9 February 2021 filed the creditor's petition against both Ong Tai Chin @ Wong Tai Chin and Low Yang Cheok. In view that the statutory period to file the creditor's petition has lapsed, the High Court had on 9 February 2021 advised the solicitors of Techbond Manufacturing to file new bankruptcy notices against both Ong Tai Chin @ Wong Tai Chin and Low Yang Cheok with the High Court ("**New Bankruptcy Notices**"). The solicitors of Techbond Manufacturing had on 15 February 2021 filed the New Bankruptcy Notices and the next case management has been fixed on 15 July 2021.

On 30 July 2021, the Solicitor of the Company had informed that the High Court had fixed the next case management date on 17 September 2021 and 23 September 2021 to file the extension of Bankruptcy Notice, which had expired in July 2021 and file the fair order of substitute service against Low Yang Cheok and Ong Tai Chin @ Wong Tai Chin respectively.

Subsequent to the Case Management held on 29 March 2022, the Bankruptcy Order of the Judgement Debtor – Low Yang Cheok has been obtained from Court and the lawyers of the Company is in the midst of arranging with Percetakan Nasional Malaysia Berhad for the Gazette Notice dated 29 March 2022 to be officially gazetted.

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

However, the Bankruptcy Petition of the Judgement Debtor – Ong Tai Chin @ Wong Tai Chin has been withdrawn as he had been declared bankrupt on 08.04.2015 by RHB Bank Berhad at Georgetown High Court, Penang and the Revocation Order dated 29 March 2022 has been obtained from the Court.

**B10. Dividend**

Save as disclosed in Note A8, there were no other dividends proposed, declared or paid by the Company for current financial quarter and financial year-to-date.

**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 31/03/2022	Preceding year quarter 31/03/2021	Current year- to-date 31/03/2022	Preceding year-to-date 31/03/2021
Profit after tax attributable to the owners of the Company (RM '000)	2,825	3,823	6,758	8,883
Weighted average number of ordinary shares in issue ('000)	529,395	526,168	529,395	521,771
Basic EPS (sen) <sup>(1)</sup>	0.54	0.73	1.28	1.70
Diluted EPS (sen) <sup>(2)</sup>	0.48	0.69	1.14	1.62

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.

**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 31/03/2022 RM'000	Preceding year quarter 31/03/2021 RM'000	Current year- to-date 31/03/2022 RM'000	Preceding year-to-date 31/03/2021 RM'000
Amortisation of deferred income	-	(8)	-	(30)
Amortisation of land use rights	48	46	144	117
Depreciation of investment property	7	-	23	-
Depreciation of property, plant and equipment	752	481	2,209	1,319
Fair value gain on short-term demand deposits	(130)	-	(132)	-
Gain on disposal of property, plant and equipment	(1,010)	(8)	(1,010)	(15)
Interest income	(5)	(183)	(287)	(610)
Net realised loss/(gain) on foreign exchange	27	64	(91)	314
Net unrealised (gain)/loss on foreign exchange	(577)	(1,369)	(742)	1,532
Rental income	(177)	(*)	(530)	(1)
Rental expenses	38	34	108	107
Net impairment loss on trade receivables	117	-	105	(225)

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