

**TECHBOND GROUP BERHAD**

201601019667 (1190604-M)

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>**

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2022 RM'000	Preceding year quarter 30/06/2021 RM'000	Current year- to-date 30/06/2022 RM'000	Preceding year-to-date 30/06/2021 RM'000
<b>Revenue</b>	24,447	22,529	85,125	89,839
Cost of sales	(19,039)	(16,374)	(65,249)	(62,120)
<b>Gross profit</b>	5,408	6,155	19,876	27,719
Other income	2,692	559	5,149	1,426
Finance income	136	159	555	769
Administration expenses	(2,408)	(2,394)	(9,433)	(10,274)
Distribution expenses	(877)	(572)	(2,804)	(2,157)
Other expenses	(170)	(174)	(290)	(2,175)
<b>Profit before tax</b>	4,781	3,733	13,053	15,308
Tax expense	(341)	(1,105)	(1,855)	(3,797)
<b>Profit for the period</b>	4,440	2,628	11,198	11,511
<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	555	18	706	(745)
<b>Total comprehensive income for the period</b>	4,995	2,646	11,904	10,766
Earnings per share (Note B11)				
- Basic (sen)	0.84	0.50	2.12	2.20
- Diluted (sen)	0.77	0.48	1.91	1.84

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 30 JUNE 2022 <sup>(1)</sup>**

	Unaudited As at 30/06/2022 RM'000	Audited As at 30/06/2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	12,357	12,388
Property, plant and equipment	49,765	48,388
Land use rights	6,630	6,434
Other receivables	152	123
<b>Total non-current assets</b>	<b>68,904</b>	<b>67,333</b>
<b>Current assets</b>		
Inventories	43,575	30,111
Trade receivables	18,243	18,665
Other receivables	6,280	7,234
Tax recoverable	1,127	1,086
Cash and cash equivalents	39,140	38,022
<b>Total current assets</b>	<b>108,365</b>	<b>95,118</b>
<b>TOTAL ASSETS</b>	<b>177,269</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 deficit	(78,938)	(78,938)
Exchange translation reserve	7,284	6,578
Retained earnings	87,554	79,003
<b>Total equity</b>	<b>159,726</b>	<b>150,464</b>
<b>LIABILITIES</b>		
<b>Non-current liability</b>		
Deferred tax liabilities	1,534	1,341
<b>Total non-current liability</b>	<b>1,534</b>	<b>1,341</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022  
(cont'd)<sup>(1)</sup>**

	Unaudited As at 30/06/2022 RM'000	Audited As at 30/06/2021 RM'000
<b>Current liabilities</b>		
Trade payables	14,140	7,349
Other payables	1,869	1,933
Tax payable	-	1,364
<b>Total current liabilities</b>	<u>16,009</u>	<u>10,646</u>
<b>Total liabilities</b>	<u>17,543</u>	<u>11,987</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>177,269</u>	<u>162,451</u>
Net assets per share (RM) <sup>(2)</sup>	0.30	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 30 June 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 FOURTH QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>

	← Non-distributable →			Distributable	
	Share capital RM'000	Merger deficit 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	-	-	-	11,511	11,511
Other comprehensive income, net of tax	-	-	(745)	-	(745)
Total comprehensive income	-	-	(745)	11,511	10,766
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 30 June 2021	143,821	(78,938)	6,578	79,003	150,464

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 JUNE 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	-	-	-	11,198	11,198
Other comprehensive income, net of tax	-	-	706	-	706
Total comprehensive income	-	-	706	11,198	11,904
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 30 June 2022	143,826	(78,938)	7,284	87,554	159,726

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 FOURTH QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>**

	<b>Current year- to-date 30/06/2022 RM'000</b>	<b>Preceding year-to-date 30/06/2021 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	13,053	15,308
<b>Adjustments for:-</b>		
Amortisation of deferred income	-	(30)
Amortisation of land use rights	193	165
Depreciation of investment property	31	7
Depreciation of property, plant and equipment	2,987	1,948
Fair value gain on short-term demand deposits	(258)	-
Gain on disposal of property, plant and equipment	(998)	(185)
Interest income	(297)	(769)
Inventories written off	-	46
Net impairment loss on trade receivables	(32)	(321)
Net unrealised (gain)/loss on foreign exchange	(3,141)	1,438
Operating profit before working capital changes	11,538	17,607
<b>Changes in working capital:-</b>		
Inventories	(13,353)	(8,740)
Receivables	1,350	(9,714)
Payables	8,237	3,195
Cash generated from operations	7,772	2,348
Tax paid	(1,508)	(3,986)
Finance income received	555	769
Net cash flows from/(used in) operating activities	6,819	(869)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,873)	(6,835)
Proceeds from disposal of property, plant and equipment	1,113	226
Purchase of investment properties	-	(12,395)
Net cash flows used in investing activities	(1,760)	(19,004)
<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 FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022 (cont'd)<sup>(1)</sup>**

	<b>Current year- to-date 30/06/2022 RM'000</b>	<b>Preceding year- to-date 30/06/2021 RM'000</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	2,417	(18,196)
Effect of foreign currency translation differences	(1,299)	(773)
At beginning of financial period	<u>38,022</u>	<u>56,991</u>
At end of financial period	<u>39,140</u>	<u>38,022</u>
<b>Cash and cash equivalents at the end of the financial period comprises:-</b>		
Cash and bank balances	12,630	12,228
Fixed deposits with licensed banks	-	7,617
Short-term demand deposits	<u>26,510</u>	<u>18,177</u>
	<u>39,140</u>	<u>38,022</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 new and amended standards that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective:-

*Amendments to MFRSs effective 1 January 2022:*

Amendments to MFRS 3	References to the Conceptual Framework
Amendments to MFRS 116*	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvement to MFRS Standards 2018 – 2020	

*MFRSs and Amendments to MFRSs 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 17*	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
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
Amendments to MFRS 112*#	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction



**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

The initial application of the above applicable standards and amendments are not expected to have any significant impacts to the financial statements.

**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 30/06/2022 RM'000	Preceding year quarter 30/06/2021 RM'000	Current year- to-date 30/06/2022 RM'000	Preceding year- to-date 30/06/2021 RM'000
<b>Revenue</b>				
Adhesives and sealants	23,716	20,867	81,376	82,870
Supporting products and services	731	1,662	3,749	6,969
	<u>24,447</u>	<u>22,529</u>	<u>85,125</u>	<u>89,839</u>
<b>Profit before tax</b>				
Adhesives and sealants	4,625	3,499	12,482	14,644
Supporting products and services	156	234	571	664
	<u>4,781</u>	<u>3,733</u>	<u>13,053</u>	<u>15,308</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>	
Shah Alam Factory complex	424

**A15. Significant related party transactions**

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

	Current year quarter 30/06/2022 RM'000	Current period- to-date 30/06/2022 RM'000
Rental expenses charged by a company in which the Directors have interests	23	88
Rental income charged to a company in which the Directors have interests	(*)	2

\*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**

For the three months period ended 30 June 2022 (“Current Quarter”), the Group registered a revenue of RM24.45 million, which was an improvement of 8.52% year-on-year (“YoY”) from RM22.53 million achieved in the previous year corresponding quarter. The increase primarily stemmed from higher demand from both local and overseas markets as the economic recovery gains further traction. For the Current Quarter, industrial adhesives and sealants continued to be the Group anchor revenue contributor, accounting for 97.01% or RM23.72 million of the total revenue.

Meanwhile, the Group’s profit after tax and non-controlling interest (“PATNCI” or “net profit”) surged 68.82% YoY to an all-time quarterly high of RM4.44 million in the Current Quarter from RM2.63 million in the previous year corresponding quarter. This was predominantly owing to the top-line improvement as well as higher unrealised foreign exchange gain.

**(b) Comparison with the corresponding financial period-to-date in the previous financial year (12 months)**

The Group’s revenue for the cumulative financial period-to-date stood at RM85.13 million as compared to RM89.84 million in the previous year. This was largely due to lower demand from customers in Vietnam during the lockdown imposed in the respective country. Industrial adhesives and sealants remained the chief revenue driver, contributing 95.60% or RM81.38 million to total turnover for the period under review. Similarly, net profit for the current financial year under review slipped 2.69% YoY to RM11.20 million from RM11.51 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 %
	30/06/2022 RM'000	31/03/2022 RM'000		
Revenue	24,447	22,810	1,637	7.18%
Profit before tax	4,781	3,400	1,381	40.62%
Profit for the period	4,440	2,825	1,615	57.17%

On a quarter-on-quarter (“QoQ”) basis, the Group’s revenue increased 7.18% QoQ to RM24.45 million from RM22.81 million in the immediate preceding quarter as a result of sustained demand from our customers. Net profit for the Current Quarter surged 57.17% QoQ to RM4.44 million versus RM2.83 million in the immediate preceding quarter, mainly driven by the unrealised foreign exchange gain in addition to the higher revenue recorded.

**B3. Prospects**

As we head into the new financial year (FY2023), we are cautiously optimistic on the long-term outlook of the Group while being mindful of the demanding business operating landscape that is filled with uncertainties. Ongoing issues such as rising raw material prices and logistics cost, raw material and labour shortages as well as the geopolitical tensions and Russia-Ukraine war continue to fuel market volatility.

The Group will be leveraging on our proven track record, prudent management and solid balance sheet to weather through these challenges. At the same time, Techbond also plans to expand and diversify our customer base to enhance our income stream while continuously improving our efficiency to minimize the impact of rising costs.

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

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

Meanwhile, the demand from our customers in Malaysia are sustaining. As for our collaboration with the Malaysian Palm Oil Board (“MPOB”) in pioneering palm oil-based industrial adhesives using locally sourced and sustainable palm oil, we are still working on the process enhancement and remain in active discussions with potential customers. To recap, Techbond, together with MPOB, have successfully filed a patent application for the improved production process of palm-based polyol.

All in all, we are confident to navigate through the headwinds as the Group continues to focus on the execution of our growth plans. The Board opines that the financial performance in the upcoming 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 30/06/2022 RM'000	Preceding year quarter 30/06/2021 RM'000	Current year- to-date 30/06/2022 RM'000	Preceding year- to-date 30/06/2021 RM'000
Current tax	374	1,155	1,809	3,691
Deferred tax	(33)	(50)	46	106
Total	<u>341</u>	<u>1,105</u>	<u>1,855</u>	<u>3,797</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 and non-taxable unrealised gain on foreign exchange.

**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 has been 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 it has been duly gazetted on 29 March 2022.

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

On the other hand, 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.

Henceforth, there is no further action required from Techbond Manufacturing Sdn. Bhd.

**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 30/06/2022	Preceding year quarter 30/06/2021	Current year- to-date 30/06/2022	Preceding year-to-date 30/06/2021
Profit after tax attributable to the owners of the Company (RM '000)	4,440	2,628	11,198	11,511
Weighted average number of ordinary shares in issue ('000)	529,395	527,318	529,395	527,318
Basic EPS (sen) <sup>(1)</sup>	0.84	0.50	2.12	2.20
Diluted EPS (sen) <sup>(2)</sup>	0.77	0.48	1.91	1.84

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 30/06/2022 RM'000	Preceding year quarter 30/06/2021 RM'000	Current year- to-date 30/06/2022 RM'000	Preceding year-to-date 30/06/2021 RM'000
Amortisation of deferred income	-	-	-	(30)
Amortisation of land use rights	49	48	193	165
Depreciation of investment property	8	7	31	7
Depreciation of property, plant and equipment	778	629	2,987	1,948
Fair value gain on short-term demand deposits	(126)	-	(258)	-
Loss/(Gain) on disposal of property, plant and equipment	12	(170)	(998)	(185)
Interest income	(10)	(159)	(297)	(769)
Inventories written off	-	46	-	46
Net realised (gain)/loss on foreign exchange	(89)	52	(180)	366
Net unrealised (gain)/loss on foreign exchange	(2,399)	(94)	(3,141)	1,438
Rental income	(176)	(177)	(706)	(178)
Rental expenses	39	42	147	149
Net impairment loss on trade receivables	(137)	(96)	(32)	(321)

\* 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