

**TECHBOND GROUP BERHAD**

201601019667 (1190604-M)  
(Incorporated in Malaysia)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023<sup>(1)</sup>**

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2023 RM'000	Preceding year quarter 31/12/2022 RM'000	Current year- to-date 31/12/2023 RM'000	Preceding year-to-date 31/12/2022 RM'000
<b>Revenue</b>	40,160	24,855	76,544	48,248
Cost of sales	(29,112)	(19,740)	(56,503)	(38,335)
<b>Gross profit</b>	11,048	5,115	20,041	9,913
Other income	429	185	765	385
Finance income	343	260	702	434
Administration expenses	(3,735)	(2,861)	(7,094)	(5,139)
Distribution expenses	(1,568)	(895)	(3,108)	(1,802)
Finance cost	(193)	-	(449)	-
Other expenses	(742)	(3,062)	(1,370)	(130)
<b>Profit/(Loss) before tax</b>	5,582	(1,258)	9,487	3,661
Tax expense	(1,233)	(425)	(2,051)	(843)
<b>Profit/(Loss) for the period</b>	4,349	(1,683)	7,436	2,818
<b>Other comprehensive expense, net of tax:-</b>				
<b>Item that may be reclassify subsequently to profit or loss</b>				
Foreign currency translation differences	(1,094)	(590)	(807)	(66)
<b>Total comprehensive income/(expense) for the period</b>	3,255	(2,273)	6,629	2,752
Earnings per share (Note B10)				
- Basic (sen)	0.81	(0.32)	1.39	0.53
- Diluted (sen)	0.74	(0.32)	1.28	0.51

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 2023 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 31 DECEMBER 2023<sup>(1)</sup>**

	Unaudited As at 31/12/2023 RM'000	Audited As at 30/06/2023 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	12,311	12,326
Property, plant and equipment	55,896	58,610
Right-of-use assets	46,205	46,385
Other receivables	58	93
<b>Total non-current assets</b>	<b>114,470</b>	<b>117,414</b>
<b>Current assets</b>		
Inventories	36,111	38,191
Trade receivables	28,921	24,547
Other receivables	6,169	7,015
Current tax assets	141	1,118
Cash and cash equivalents	30,432	31,312
<b>Total current assets</b>	<b>101,774</b>	<b>102,183</b>
<b>TOTAL ASSETS</b>	<b>216,244</b>	<b>219,597</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity attributable to the owners of the Company:-		
Share capital	145,815	143,826
Merger deficit	(78,938)	(78,938)
Exchange translation reserve	8,664	9,471
Retained earnings	99,338	95,915
<b>Total equity</b>	<b>174,879</b>	<b>170,274</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	10,955	11,054
Other payables	-	43
Borrowings	9,112	22,811
<b>Total non-current liabilities</b>	<b>20,067</b>	<b>33,908</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (cont'd)<sup>(1)</sup>**

	<b>Unaudited As at 31/12/2023 RM'000</b>	<b>Audited As at 30/06/2023 RM'000</b>
<b>Current liabilities</b>		
Trade payables	13,646	9,762
Other payables	5,046	4,163
Current tax liabilities	-	5
Borrowings	2,606	1,485
<b>Total current liabilities</b>	<b>21,298</b>	<b>15,415</b>
<b>Total liabilities</b>	<b>41,365</b>	<b>49,323</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>216,244</b>	<b>219,597</b>
Net assets per share (RM) <sup>(2)</sup>	0.33	0.32

## 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 2023 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 533,489,000 as at 31 December 2023 and 529,397,000 as at 30 June 2023.

## TECHBOND GROUP BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023<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 2022	143,826	(78,938)	7,284	87,554	159,726
Profit of the financial period	-	-	-	2,818	2,818
Other comprehensive expense, net of tax	-	-	(66)	-	(66)
Total comprehensive (expense)/income	-	-	(66)	2,818	2,752
Transactions with owners:-					
Dividends to owners of the company	-	-	-	-	-
Exercise of warrants conversion	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance as at 31 December 2022	143,826	(78,938)	7,218	90,372	162,478

## TECHBOND GROUP BERHAD

201601019667 (1190604-M)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023 (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 2023	143,826	(78,938)	9,471	95,915	170,274
Profit of the financial period	-	-	-	7,436	7,436
Other comprehensive expense, net of tax	-	-	(807)	-	(807)
Total comprehensive (expense)/income	-	-	(807)	7,436	6,629
Transactions with owners:-					
Dividends to owners of the company	-	-	-	(4,013)	(4,013)
Exercise of warrants conversion	1,989	-	-	-	1,989
Total transactions with owners	1,989	-	-	(4,013)	(2,024)
Balance as at 31 December 2023	145,815	(78,938)	8,664	99,338	174,879

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 2023 and the accompanying explanatory notes attached to the interim financial report.

**TECHBOND GROUP BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023<sup>(1)</sup>**

	<b>Current year- to-date 31/12/2023 RM'000</b>	<b>Preceding year-to-date 31/12/2022 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	9,487	3,661
<b>Adjustments for:-</b>		
Amortisation of right-of-use-assets	729	103
Depreciation of investment properties	15	15
Depreciation of property, plant and equipment	2,401	1,584
Finance cost	449	-
Fair value gain on short-term demand deposits	(157)	(359)
Interest income	(545)	(75)
Net impairment gain on trade receivables	-	(17)
Net unrealised loss on foreign exchange	1,370	35
Provision for gratuity	9	-
Operating profit before working capital changes	13,758	4,947
Changes in working capital:-		
Inventories	1,842	9,868
Receivables	(4,205)	(5,322)
Payables	4,855	(5,262)
Cash generated from operations	16,250	4,231
Tax paid	(1,197)	(179)
Finance income received	702	434
Net cash flows from operating activities	15,755	4,486
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(956)	(769)
Net cash flows used in investing activity	(956)	(769)
<b>FINANCING ACTIVITIES</b>		
Proceeds from conversion of warrants into ordinary shares	1,989	-
Repayment of term loan	(13,027)	-
Drawdown of term loan	-	500
Dividend paid	(4,013)	-
Net cash flows (used in)/from financing activities	(15,051)	500

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023 (cont'd)<sup>(1)</sup>**

	<b>Current year- to-date 31/12/2023 RM'000</b>	<b>Preceding year- to-date 31/12/2022 RM'000</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(252)	4,217
Effect of foreign currency translation differences	(628)	(125)
At beginning of financial period	31,312	39,140
At end of financial period	30,432	43,232
<b>Cash and cash equivalents at the end of the financial period comprises:-</b>		
Cash and bank balances	15,095	8,464
Fixed deposits with licensed banks	9,333	5,202
Short-term demand deposits	6,004	29,566
	30,432	43,232

## 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 2023 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 2023 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:-

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

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 - 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
Amendments to MFRS 112*	Income Taxes - International Tax Reform: Pillar Two Model Rules

**Amendments to MFRSs effective 1 January 2024:-**

Amendments to MFRS 16	Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements: Non-current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 107*# and MFRS 7*#	Statement of Cash Flows: Supplier Finance Arrangements

**Amendments to MFRS effective 1 January 2025:-**

Amendments to MFRS 121*	The Effects of Changes in Foreign Rates - Lack of Exchangeability
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**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 2023.

**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 5,373,000 and 6,028,000 new ordinary shares respectively pursuant to the exercise of warrants at RM0.33 per warrant. The total cash proceeds arising from the exercise of warrants during the current quarter and financial period under review amounted to RM1,773,090 and RM1,989,240 respectively.

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

A final single-tier interim dividend of 0.75 sen per ordinary share amounting to RM4,013,084 in respect of financial year ended 30 June 2023 was paid on 15 December 2023.

**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 31/12/2023 RM'000	Preceding year quarter 31/12/2022 RM'000	Current year- to-date 31/12/2023 RM'000	Preceding year- to-date 31/12/2022 RM'000
<b>Revenue</b>				
Adhesives and sealants	37,681	23,256	72,608	46,013
Supporting products and services	2,324	1,599	3,628	2,235
Others*	155	-	308	-
	<b>40,160</b>	<b>24,855</b>	<b>76,544</b>	<b>48,248</b>
<b>Profit/(Loss) before tax</b>				
Adhesives and sealants	5,388	(1,227)	9,129	3,500
Supporting products and services	161	(31)	298	161
Others*	33	-	60	-
	<b>5,582</b>	<b>(1,258)</b>	<b>9,487</b>	<b>3,661</b>

\* Others segments of the Group which are not of sufficient size to be reported separately.

**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 commitments**

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

	<b>RM'000</b>
<b>Authorised and contracted for:-</b>	
Purchase of property, plant and equipment	1,927

**A15. Significant related party transactions**

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

	<b>Current year quarter 31/12/2023 RM'000</b>	<b>Current period- to-date 31/12/2023 RM'000</b>
Rental expenses charged by a company in which the Directors have interests	34	69
Rental income charged to a company in which the Directors have interests	(*)	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 posted yet another record quarterly top-line performance with a revenue of RM40.16 million for the three-month period ended 31 December 2023 (“Current Quarter”). This represented a jump of 61.54% year-on-year (“YoY”) from RM24.86 million in the previous year. The double-digit improvement stemmed from sustained orders across the markets we serve along with contributions from our wholly-owned subsidiary, Malayan Adhesives And Chemicals Sdn. Bhd. (“MAC”). It is also worth noting that this is the 5th consecutive quarter of revenue growth achieved by the Group. Meanwhile, the industrial adhesives and sealants remain the primary revenue driver, accounting for 93.82% or RM37.68 million of total revenue for the Current Quarter.

At the gross profit (“GP”) level, the group delivered an all-time high GP for the current quarter, in line with the top-line performance. GP for the Current Quarter came in at RM11.05 million versus RM5.12 million last year, translating to a surge of 115.82% YoY. This was the first time the Group’s GP surpassed the RM10-million mark. The healthy improvement was predominantly attributed to normalisation of raw material costs and favourable product sales mix. Consequently, GP margin also rose commendably to 27.51% for the quarter under review from 20.58% a year ago.

For the Current Quarter, profit before tax (“PBT”) came in at RM5.58 million as compared to a loss before tax of RM1.26 million last year. This included an unrealised foreign exchange (“forex”) loss amounting to RM0.74 million for the quarter under review and RM2.86 million in the previous year. The unrealised forex fluctuation is a non-cash item and has no impact on our cash flow. After adjusting for the forex movement, PBT for the Current Quarter would have been higher at RM6.32 million vis-à-vis RM1.60 million in the previous year corresponding quarter.

Profit after tax and non-controlling interest (“PATNCI” or “net profit”) was at RM4.35 million for the Current Quarter versus a net loss of RM1.68 million a year ago. The solid bottom-line performance was chiefly attributed to the aforementioned factors while the net loss incurred last year was due to the abovementioned unrealised forex movement.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B1. Review of performance (cont'd)****(b) Comparison with the corresponding financial period-to-date in the previous financial year (6 months)**

On a cumulative basis, revenue for the period under review jumped 58.63% YoY to a new high of RM76.54 million from RM48.25 million in the previous corresponding period. Similarly, this was largely driven by the aforementioned healthy order flow and contribution from MAC. Industrial adhesives and sealants remained the chief contributor, accounting for 94.87% or RM72.61 million to total revenue.

In tandem with the above, GP for the period under review hit an all-time high of RM20.04 million, which was a surge of 102.20% from RM9.91 million last year. GP margin increased to 26.18% for the cumulative financial period-to-date from 20.55% in the previous year.

At the bottom-line, the Group reported its best-ever first-half bottom-line performance. Net profit surged to RM7.44 million for the cumulative financial period-to-date versus RM2.82 million a year ago, mainly attributed to the abovementioned factors.

**B2. Comparison with immediate preceding quarter**

	Individual quarter 3 months ended		RM'000	Changes %
	31/12/2023 RM'000	30/09/2023 RM'000		
<b>Revenue</b>	40,160	36,384	3,776	10.38%
<b>Profit before tax</b>	5,582	3,905	1,677	42.94%
<b>Profit for the period</b>	4,349	3,087	1,262	40.88%

Sequentially, the Group achieved a quarter-on-quarter (“QoQ”) growth of 10.38% to RM40.16 million from RM36.38 million in the immediate preceding quarter on the back of healthy demand from customers.

Similarly, net profit jumped 40.88% to RM4.35 million for the quarter under review versus RM3.09 million in the immediate preceding quarter. The larger-than-proportionate increase stemmed from more favourable product mix in addition to stronger sales.

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

**B3. Prospects**

Forging ahead, the prospects of the Group continue to be bright underpinned by the healthy order flow and demand recovery the markets and sectors that we serve. We also managed to tap into new markets and gain further traction on our upstream polymerization plant. Meanwhile, the Group has been further unlocking synergies with MAC. At the same time, we are cognizant of the demanding business operating environment and uncertainties in the global markets.

The Group's active participation in trade shows and exhibitions continues to yield good results, generating new customers and expanding into fresh markets. Separately, we are also seeing further signs of gradual recovery in certain markets/sectors that we serve. As for our polymerization plant in Vietnam, we made a new breakthrough as we started supplying polymer to external customers. This is a major step forward for us as the polymer were previously only used for our in-house production of adhesives. The Group remains excited on this front as we continue to focus on growing the orders and securing new customers.

On MAC, we are pleased to share that the operations refinement process has charted good progress and we are gradually seeing the results of our efforts. Looking ahead, our focus remains on enhancing the internal control measures to improve overall efficiency. The Group will continue to harness the strong synergies with MAC and leverage them to fully unlock the value.

All in all, the Group's long-term outlook is bright premised upon the previously mentioned factors backed by our robust balance sheet. The Board opines that the financial performance in the current financial year will be satisfactory, barring any unforeseen circumstances.

**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 31/12/2023 RM'000	Preceding year quarter 31/12/2022 RM'000	Current year- to-date 31/12/2023 RM'000	Preceding year- to-date 31/12/2022 RM'000
Current tax	1,284	344	2,151	819
Deferred tax	(51)	81	(100)	24
Total	<u>1,233</u>	<u>425</u>	<u>2,051</u>	<u>843</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. Borrowings**

All the Group's borrowings are short-term and long-term in nature, secured and denominated in Ringgit Malaysia.

	As at 31 December 2023		
	Long-term RM'000	Short-term RM'000	Total Borrowings RM'000
<u>Secured</u>			
Denominated in RM			
Term loan	<u>9,112</u>	<u>2,606</u>	<u>11,718</u>



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

**B8. 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 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)**

**B8. 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)**

**B8. 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.*

**B9. 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.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)****B10. Earnings per share (“EPS”)**

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

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2023	Preceding year quarter 31/12/2022	Current year- to-date 31/12/2023	Preceding year-to-date 31/12/2022
Profit/(Loss) after tax attributable to the owners of the Company (RM'000)	4,349	(1,683)	7,436	2,818
Weighted average number of ordinary shares in issue ('000)	533,489	529,397	533,489	529,397
Basic EPS (sen) <sup>(1)</sup>	0.81	(0.32)	1.39	0.53
Diluted EPS (sen) <sup>(2)</sup>	0.74	(0.32)	1.28	0.51

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.

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**TECHBOND GROUP BERHAD**

201601019667 (1190604-M)  
(Incorporated in Malaysia)

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

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

	Individual quarter		Cumulative quarter	
	Current year quarter 31/12/2023 RM'000	Preceding year quarter 31/12/2022 RM'000	Current year- to-date 31/12/2023 RM'000	Preceding year-to-date 31/12/2022 RM'000
Amortisation of right-of-use-assets	364	52	729	103
Depreciation of investment properties	7	7	15	15
Depreciation of property, plant and equipment	1,234	791	2,401	1,584
Fair value gain on short-term demand deposits	(80)	(196)	(157)	(359)
Finance cost	193	-	449	-
Interest income	(263)	(64)	(545)	(75)
Net realised (gain)/loss on foreign exchange	(206)	199	(339)	95
Net unrealised losses on foreign exchange	742	2,863	1,370	35
Rental income#	(300)	(176)	(647)	(353)
Rental expenses	51	39	101	77
Net impairment gain on trade receivables	-	(1)	-	(17)

# Included in Group's revenue and other income

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) gain or loss on disposal of quoted or unquoted investments;
- (ii) gain or loss on derivatives; and
- (iii) impairment of assets.