

TECHBOND®

YOUR TECHNICAL BONDING PARTNER

ANNUAL REPORT

2021



A New Chapter
of **Growth**

TECHBOND GROUP BERHAD
201601019667 (1190604-M)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' HAMZAH BIN MOHD SALLEH

*Independent Non-Executive
Chairman*

LEE SENG THYE

Managing Director

LEE SEH MENG

Deputy Managing Director

TAN SIEW GEAK

Executive Director

OUI GUAN HOE

*Independent Non-Executive
Director*

SELMA ENOLIL BINTI MUSTAPHA KHALIL

*Independent Non-Executive
Director*

LEE YUEN SHIUAN

*Alternate Director to
Tan Siew Geak*

AUDIT AND RISK MANAGEMENT COMMITTEE

Ooi Guan Hoe

Chairman

Dato' Hamzah Bin Mohd Salleh

Member

Selma Enolil Binti Mustapha Khalil

Member

REMUNERATION COMMITTEE

Dato' Hamzah Bin Mohd Salleh

Chairman

Ooi Guan Hoe

Member

Selma Enolil Binti Mustapha Khalil

Member

NOMINATION COMMITTEE

Dato' Hamzah Bin Mohd Salleh

Chairman

Ooi Guan Hoe

Member

Selma Enolil Binti Mustapha Khalil

Member

COMPANY SECRETARIES

Wong Wai Foong

(SSM PC No. 202008001472)

(MAICSA 7001358)

Lim Hooi Mooi

(SSM PC No. 201908000134)

(MAICSA 0799764)

Ong Wai Leng

(SSM PC No. 202008003219)

(MAICSA 7065544)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03-2783 9191

Fax : 03-2783 9111

HEAD OFFICE

No. 36, Jalan Anggerik Mokara

31/59, Seksyen 31

Kota Kemuning, 40460 Shah Alam

Selangor Darul Ehsan

Tel : 03-5122 3333

Fax : 03-5122 3888

AUDITORS

Grant Thornton Malaysia PLT

(AF0737)

Registration No. 201906003682 &

LLP0022494-LCA

Chartered Accountants

Level 11, Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

Tel : 03-2692 4022

Fax : 03-2732 5119

PRINCIPAL BANKER

Public Bank Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House

Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03-2783 9299

Fax : 03-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

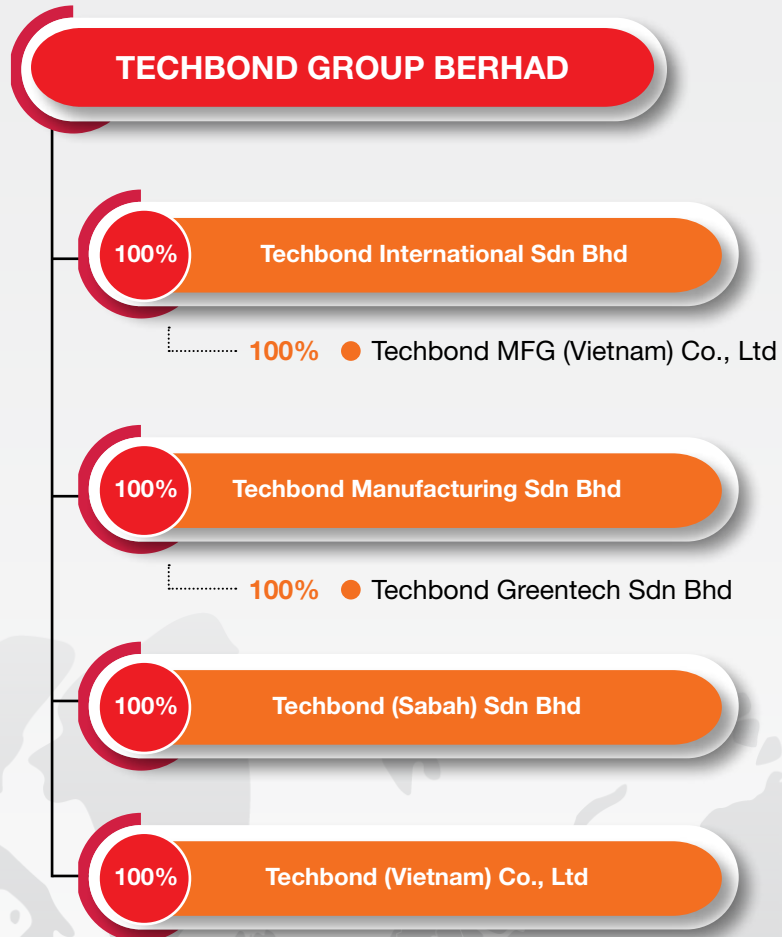
CORPORATE WEBSITE

www.techbond.com.my

INVESTOR RELATIONS

Email: ir@techbond.com.my

CORPORATE STRUCTURE



DIRECTORS' PROFILES



DATO' HAMZAH BIN MOHD SALLEH

Independent Non-Executive Chairman

(Gender: Male)

Dato' Hamzah Bin Mohd Salleh, a Malaysian, aged 72, is our Independent Non-Executive Chairman. He was appointed to our Board on 2 January 2018.

He is also the Chairman of the Remuneration Committee, Nomination Committee as well as a member of the Audit and Risk Management Committee.

He graduated with a Diploma in Management from Malaysian Institute of Management in 1980. Subsequently in 1989, he obtained a Master of Business Administration from University of Bath, United Kingdom.

He articulated at Price, Waterhouse & Co. (now known as PricewaterhouseCoopers) in 1969 and left as Audit Assistant in 1974 to join Pillar Naco Malaysia Sdn Bhd as Finance and Administration Manager in 1975.

He left Pillar Naco Malaysia Sdn Bhd in 1981 to join Pernas Sime Darby group. His last position was General Manager of Sime Swede Distribution Services Sdn Bhd before he left in 1994. He subsequently joined Malaysia Aica Berhad (now known as Sunsuria Berhad) as an Executive Director in 1995

and was redesignated as a Non-Executive Director in 1997. He resigned as a Non-Executive Director of Malaysia Aica Berhad in 2001.

In April 1996, he was appointed as a Non-Executive Director of Spanco Sdn Bhd and was redesignated as Executive Director in 1997. He is currently the Chief Executive Officer of the company.

He was appointed to the board of directors of companies that are listed on Bursa Securities, namely Rhone Ma Holdings Berhad on 1 April 2015 and PRG Holdings Berhad on 21st July 2003 as Independent Non-Executive Chairman. He resigned from PRG Holdings Berhad on 27 December 2018. He also sits on the board of various other private limited companies based in Malaysia.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there have not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 30 June 2021.

In the financial year ended 30 June 2021, he attended all six meetings of the Board.



LEE SENG THYE
Managing Director
(Gender: Male)

Lee Seng Thye, a Malaysian, aged 61, is our Managing Director. He was appointed to our Board on 8 November 2017.

He completed his secondary education in 1981 after he obtained two additional GCE Ordinary Level papers from the University of Cambridge Local Examinations Syndicate - International Examinations, in addition to his Malaysia Certificate of Education.

He started his career as a Sales Executive in furniture and fittings industry in 1982. In 1990, he ventured into the trading of wood working machinery and further expanded into trading of industrial adhesive in 1994. He established Techbond Manufacturing to develop and manufacture of industrial adhesives in 1996.

Lee Seng Thye is the spouse of Tan Siew Geak and father of both Lee Seh Meng and Lee Yuen Shiuan. Save as disclosed, he has no family relationship

with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there have not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 30 June 2021.

He does not hold any directorship in any other public company and other listed corporation.

In the financial year ended 30 June 2021, he attended all six meetings of the Board.



LEE SEH MENG
Deputy Managing Director
(Gender: Male)

Lee Seh Meng, a Malaysian, aged 32, is our Deputy Managing Director. He was appointed as Deputy Managing Director on 1 December 2019.

He graduated from Monash University with Bachelor of Commerce (Accounting and Finance) in 2010 and Master of Business (International Business) from University of Queensland in 2012.

He began his career as an Audit Assistant at TPL & Associates in October 2010. He joined our Group as a Sales Executive in February 2011. In the same year, he left our Group to further his studies before rejoining our Group in February 2013 as Business Development Executive. He was promoted to Head of Business Development in November 2017.

Lee Seh Meng is the son of Lee Seng Thye and Tan Siew Geak and brother of Lee Yuen Shiuan. Save as disclosed, he has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past

5 years other than traffic offences (if any), there have not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 30 June 2021.

He does not hold any directorship in any other public company and other listed corporation.

In the financial year ended 30 June 2021, he attended five meetings of the Board.

DIRECTORS' PROFILES (CONT'D)



TAN SIEW GEAK

Executive Director

(Gender: Female)

Tan Siew Geak, a Malaysian, aged 61, is our Executive Director. She was appointed to our Board on 8 November 2017.

She completed her secondary education in 1979 in Melaka. She started her career as a clerk in a transportation company in 1980 and subsequently joined Public Bank Berhad in 1983. In 1993, she joined Lee Seng Thye, her spouse, to manage their own business venture. Since the commencement of Techbond Manufacturing's business operation in 1996, she has been actively involved in the management and administrative functions of our Group.

She is primarily responsible for the overall management and day-to-day operations of our Group, including administrative and human resource functions.

Tan Siew Geak is the spouse of Lee Seng Thye and mother of both Lee Seh Meng and Lee Yuen Shiuan. Save as disclosed, she has no family relationship with any Director and/or major shareholder of the Group and has no conflict

of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences (if any), there have not been any public sanctions nor penalties imposed upon her by relevant regulatory bodies for the financial year ended 30 June 2021.

She does not hold any directorship in any other public company and other listed corporation.

In the financial year ended 30 June 2021, she attended all six meetings of the Board.



Ooi Guan Hoe

Independent Non-Executive Director

(Gender: Male)

Ooi Guan Hoe, a Malaysian, aged 46, is our Independent Non-Executive Director and was appointed to our Board on 2 January 2018.

He is the Chairman of Audit and Risk Management Committee, and a member of both the Remuneration Committee and Nomination Committee.

He obtained his Bachelor Degree in Accountancy (Honours) from University Putra Malaysia in 1999 and is a member of the Malaysian Institute of Accountants ("MIA") since 2002. He attended the Harvard Business School Executive Education's program on Private Equity and Venture Capital in 2011.

In 1999, he started his career in Arthur Andersen Malaysia as Audit Assistant. He left Arthur Andersen Malaysia in 2002 to join CIMB Investment Bank Berhad as Executive in the corporate finance department. He left CIMB Investment Bank Berhad in 2009 as a Senior Manager.

From 2010 to July 2017, he was Director and Management Board member of various listed companies in Malaysia and Germany. Currently, he also sits on the board of directors of Revenue Group Berhad, Only World Group Holdings Berhad and TCS Group Holdings Berhad. He is also the Chief Financial Officer of MOG Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there have not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 30 June 2021.

In the financial year ended 30 June 2021, he attended all six meetings of the Board.



**SELMA ENOLIL
BINTI MUSTAPHA KHALIL**
Independent Non-Executive Director
(Gender: Female)

Selma Enolil Binti Mustapha Khalil, a Malaysian, aged 50, is our Independent Non-Executive Director. She was appointed to our Board on 2 January 2018.

She is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

She graduated from University of Wales, Aberystwyth with a Bachelor of Laws in 1994. She obtained her Certificate in Legal Practice in 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in 1996.

In 1996, she started her career as an Advocate and Solicitor with Messrs Abu Talib Shahrom & Zahari. She joined TNB Remaco Sdn Bhd as a legal executive in 1998. She resumed practising law as an Advocate and Solicitor with Messrs Raslan Loong in 2000. She co-founded Messrs Enolil Loo, Advocates and

Solicitors in 2003, in which she is currently a Partner.

She presently sits on the board of directors of Selangor Dredging Berhad and Powerwell Holdings Berhad, both of which are public companies listed on Bursa Malaysia Securities Berhad. On 8 October 2021, she has been appointed as a director of Unique Fire Holdings Berhad, a public company incorporated under the Companies Act, 2016.

In Selangor Dredging Berhad, she is a Member of the Audit Committee, Nomination Committee, and Remuneration Committee. In Powerwell Holdings Berhad, she is the Chairman of the Audit and Risk Management Committee and a Member of the Nomination Committee and Remuneration Committee.

She is also a director and trustee of Ericson Foundation.

She has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences (if any), there have not been any public sanctions nor penalties imposed upon her by relevant regulatory bodies for the financial year ended 30 June 2021.

In the financial year ended 30 June 2021, she attended all six meetings of the Board.

PROFILE OF KEY SENIOR MANAGEMENT

LEE YUEN SHIUAN

(Alternate Director to Tan Siew Geak)

Operation Manager

(Gender: Male)

Lee Yuen Shiuan, a Malaysian, aged 26, is our Operation Manager and Alternate Director to Tan Siew Geak. He graduated from University of Melbourne with Bachelor of Commerce, major in Marketing and Management.

He began his career as Online Media Strategist with Locus-T Sdn Bhd in March 2016 and continue working with Tetra Pak Malaysia Sdn Bhd in May 2016 as Business Development Associate. He then joined Techbond Manufacturing Sdn Bhd as Business Development Executive in November 2016. He was promoted to Operation Manager in May 2017.

Lee Yuen Shiuan is the son of Lee Seng Thye and Tan Siew Geak and brother of Lee Seh Meng. Save as disclosed, he has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there have not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 30 June 2021.

NG YEOW SIANG

Group Finance Director

(Gender: Male)

Ng Yeow Siang, a Malaysian, aged 45, is our Group Finance Director. He graduated from Curtin University of Technology, Australia with Bachelor of Commerce Accounting in 1999. He is a member of the Malaysia Institute of Accountants since 2004.

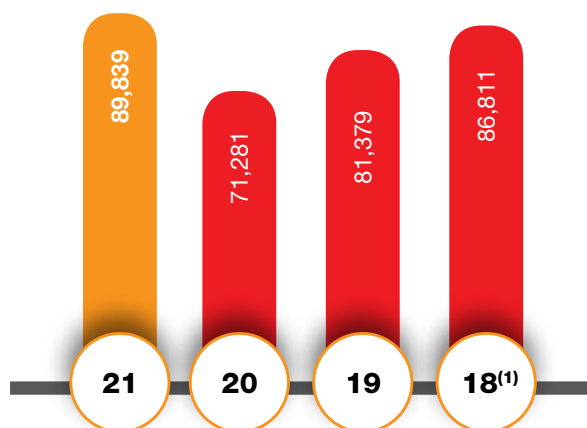
He began his career in 1999 as an Assurance Associate where he was involved in providing audit services to various sizes of companies across different industries in Malaysia. In 2004, he joined our Group as Accountant. He was promoted to Group Finance Manager in 2008 and subsequently promoted to Group Finance Director in 2012. He is responsible for overseeing our Group's accounting and finance functions.

He has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there have not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 30 June 2021.

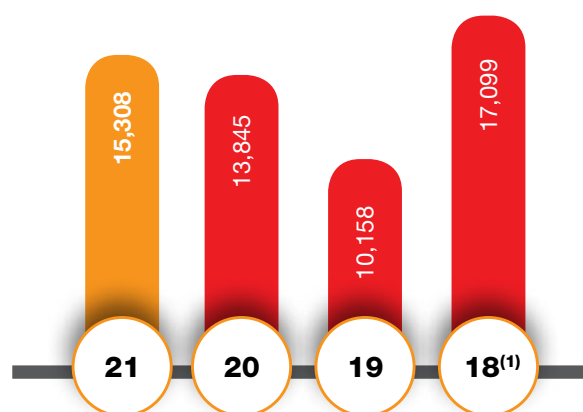
FINANCIAL HIGHLIGHTS

FYE June	2021	2020	2019	2018 ⁽¹⁾
Revenue (RM'000)	89,839	71,281	81,379	86,811
Profit before taxation (RM'000)	15,308	13,845	10,158	17,099
Total Assets (RM'000)	162,451	146,606	138,773	95,995
Shareholders' Equity (RM'000)	150,464	138,021	130,596	84,778

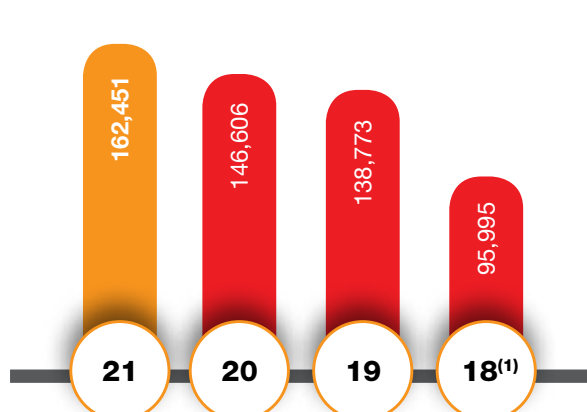
REVENUE (RM'000)



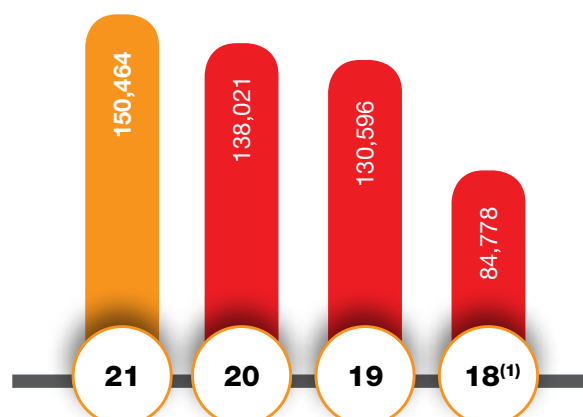
PROFIT BEFORE TAXATION (RM'000)



TOTAL ASSETS (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



Note:

⁽¹⁾ The Group was only formed on 7 September 2018. The financial information for FY 2018 was presented based on the historical combined financial statements of the subsidiaries as disclosed in the Prospectus of the Company dated 13 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors (“Board”) of Techbond Group Berhad (“Techbond” or the “Group”), I am delighted to present to you the Management Discussion and Analysis Statement (“MD&A”) for the financial year ended 30 June 2021 (“FY2021”).

The year in review was extremely challenging but yet at the same time, exciting for us at Techbond. We reached a new breakthrough with the commencement of our new factory complex in Vietnam, which houses our new upstream polymerization plant. The expansion of our Vietnam operations was one of the main utilisations for the proceeds from our listing on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) in 2018. With the capability to produce our own raw material, it ultimately elevates Techbond’s earnings to the next level.

On the flip side, it was also a taxing time for the Group as the unprecedented challenges brought upon by the Coronavirus disease 2019 (“Covid-19”) in FY2020 continued into FY2021. Nevertheless, we managed to manoeuvre through the demanding landscape and prevailed by leveraging on our extensive experience, proven track record, and solid balance sheet. In fact, the Group delivered a remarkable set of results with our best-ever bottom-line recorded since our listing back in 2018.

For FY2021, our profit after tax and non-controlling interest (“PATNCI” or “net profit”) stood at RM11.5 million on the back of RM89.8 million revenue. Furthermore, we have also declared a total dividend of approximately RM5.0 million for the financial year under review, representing a 43.5% payout based on FY2021 net profit.

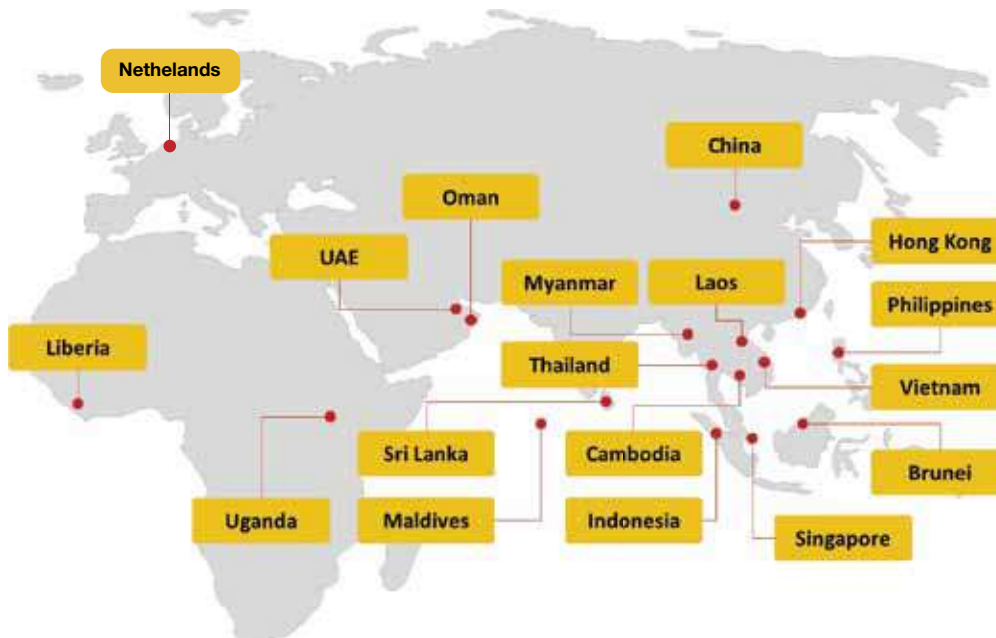


GROUP BUSINESS OVERVIEW

Techbond is a homegrown pioneer that specializes in developing and manufacturing industrial adhesives & sealants. Based in Shah Alam, Selangor, the Group was established in 1996, and later ventured into Vietnam in 2005. Techbond places huge emphasis on research & development (“R&D”) and has 8 in-house trademarked brands. We take pride in the fact that most of our industrial adhesives & sealants are developed in-house. In December 2018, we reached a major milestone following the listing of our shares on the Main Market of Bursa Malaysia. The Group successfully raised RM39.7 million via an initial public offering (“IPO”) to expand our operations in Malaysia and Vietnam.

Our headquarter (“HQ”) is located in Shah Alam, Selangor, Malaysia together with our manufacturing plant, R&D facility and quality control (“QC”) centre. We expanded our manufacturing base to Vietnam in 2005 before moving to our current Binh Duong Factory Complex, Vietnam in 2008.

As a specialist in the development and manufacture of industrial adhesives & sealants, the Group serves a wide variety of industries such as woodworking, paper & packaging, automotive, building & construction, personal care, cigarette and mattress. Our products are distributed to more than 15 countries around the world.



At Techbond, we have 2 key business segments – industrial adhesives & sealants and supporting products & services.

I. Industrial Adhesives & Sealants

The Group manufactures 2 types of industrial adhesives, water-based adhesives and hot melt adhesives. The raw materials used are mainly plastics and polymer-based materials.

- a. **Water-based adhesives** generally consist of a mixture of the base adhesive and additives (if any are present) that are dissolved or dispersed in water.
- b. **Hot melt adhesives** are solid at room temperature but melt into liquid when it is heated into its working temperature range.

Industrial sealants are used to seal a surface to prevent the passage of liquid, gas, or unwanted matter. We started manufacturing sealants in-house in 2015. The formulation was developed internally through our R&D initiatives. Techbond produces 2 main types of sealants – water-based sealants and solvent-based sealants.

II. Supporting Products & Services

The Group also provides supporting products & services as part of our strategy to enhance competitive advantages and increase customer stickiness. These include providing Original Equipment Manufacturer (“OEM”)’s industrial adhesives & sealants, supply of adhesive repellent & cleaner and chemicals as well as adhesive mixing machines.



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

Research & Development (“R&D”)

R&D is in our DNA and our technical innovations are one of the Group’s competitive advantages. Techbond has a dedicated R&D facility in our Shah Alam Factory Complex with a highly capable team. The Group is proud that most of our industrial adhesives & sealants are developed in-house. Techbond has the capability to customize products to meet the changing needs of customers. Additionally, we also continuously develop new formulations to expand our product range in order to stay at the forefront of competition and sustain customer interest.



BUSINESS & OPERATIONAL REVIEW

The prolonged Covid-19 pandemic has placed further pressure on the challenging operating environment stemming from the ongoing global and local macroeconomic uncertainties. Authorities around the world, including Malaysia and Vietnam, continued to impose restrictions on movement and travelling in an effort to curb the spread of the Covid-19.

During the fiscal year under review, we experienced some levels of disruptions to our domestic operations arising from the Covid-19 pandemic as well as implementations of various versions of Movement Control Orders (“MCOs”). As an essential services provider, we were allowed to operate but at reduced capacity, while fully complying with the standard operating procedures (“SOPs”) imposed. Similarly, our operations in Binh Duong, Vietnam continued to run in accordance with the stipulated SOPs.

Amidst the pandemic, the safety and welfare of our employees are of utmost importance to us. As such, we took extra precautionary measures to safeguard our employees to minimise the spread of the virus. In addition to enforcing social distancing, everyone was provided with sufficient and appropriate Personal Protective Equipment (“PPE”). Deep cleaning and sanitization exercises were carried out frequently, along with screening exercises. Any employees found infected were provided with the necessary care and treatment whereas close contacts were swiftly identified and quarantined.

Overall, the team at Techbond promptly adapted to the new normal. Interactions with customers and other stakeholders along with management meetings continued albeit under the virtual environment. We are pleased to share that notwithstanding the difficult operating landscape, orders from our customers remained robust from both the domestic and overseas markets in FY2021.

New Factory Complex in Vietnam

As for our new factory complex at Vietnam Singapore Industrial Park II (“VSIP 2”), the construction was completed in October 2020. Due to travel restrictions, our team in Malaysia was unable to fly over for the handover process. In overcoming the obstacles, the Group leveraged on the use of technology such as virtual conferencing to conduct inspections. Following that, and post issuance of relevant certifications by the Vietnamese authority, the installation of machinery and production trial run soon took place. Similarly, through the use of technology, our team in Malaysia successfully guided the local team in Vietnam to perform the user acceptance test independently and completed the knowledge transfer sessions.

In June 2021, our new upstream polymerization plant has officially commenced operations. This was a breakthrough for us as our plan to move upstream in Vietnam with the polymerization plant has finally come to fruition, after more than 5 years in the making. We had been conducting R&D on the polymerization process since 2015. The VSIP 2 factory complex sits on a 30,000-square meter (“sqm.”) land with a built-up size of 6,968 sqm., which comprises new industrial adhesives manufacturing lines, warehouses, office and quality control centre.



Pioneering Palm Oil-Based Industrial Adhesives

Our collaboration with the Malaysia Palm Oil Board (“MPOB”) in pioneering non-toxic palm oil-based industrial adhesives continued to chart good progress. The prototype has passed the stringent industry tests and we are currently in the design for manufacturability stage. At the same time, we are also in discussions with potential partners and customers.

In another development, we took a big step forward in June 2021 as Techbond together with MPOB, have filed a patent application for the improved production process of palm-based polyol. We successfully reduced the production process of the polyol significantly, which is key in enabling commercialization of the palm oil-based industrial adhesives.

CORPORATE DEVELOPMENTS

On the corporate front, the Group completed the acquisition of a 4,803-sqm. property comprising an office and factory in Shah Alam for RM11.9 million in April 2021. The property is located adjacent to our existing facility in Shah Alam, enabling us to expand our capacity in the future. The strategic location provides us with logistical convenience while concurrently enabling close management control on our future operations. Besides, the said property is currently tenanted, which has contributed and will continue to contribute additional source of recurring income in the form of rental income.



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)



In March 2021, Techbond had completed a bonus issue on the basis of five (5) bonus shares for every four (4) existing Techbond shares held. This was a token of appreciation for the resolute support from all our shareholders, especially during the challenging times in this Covid-19 pandemic. Apart from that, we also acknowledged the patience and confidence shown to us throughout our journey of growth. The Group views the bonus issue as another avenue to reward our shareholders apart from dividends. From Techbond's perspective, the exercise could also improve the trading liquidity of our shares on Bursa Malaysia without affecting the Group's market capitalization. Furthermore, this would encourage greater participation by investors as well as potentially broadening the shareholder base.

For FY2021, there was a total of 5,281,900 new ordinary shares issued pursuant to the exercise of warrants at RM0.76 per warrant. The total cash proceeds arising from the exercise of warrants during the FY2021 amounted to RM4.0 million.

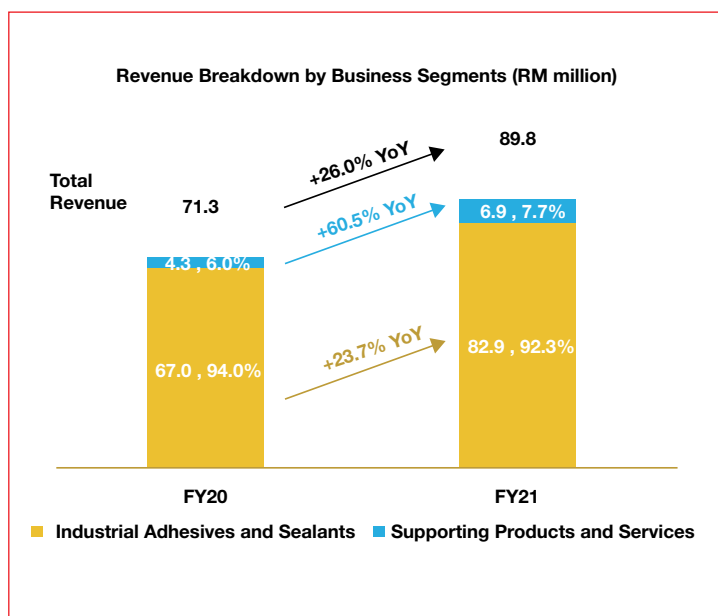
FINANCIAL REVIEW

Revenue

For FY2021, we posted a revenue of RM89.8 million, an increase of 26.0% year-on-year ("YoY") from RM71.3 million a year ago. The double-digit leap was chiefly attributed to higher demand and recovery of sales orders from both domestic and overseas markets.

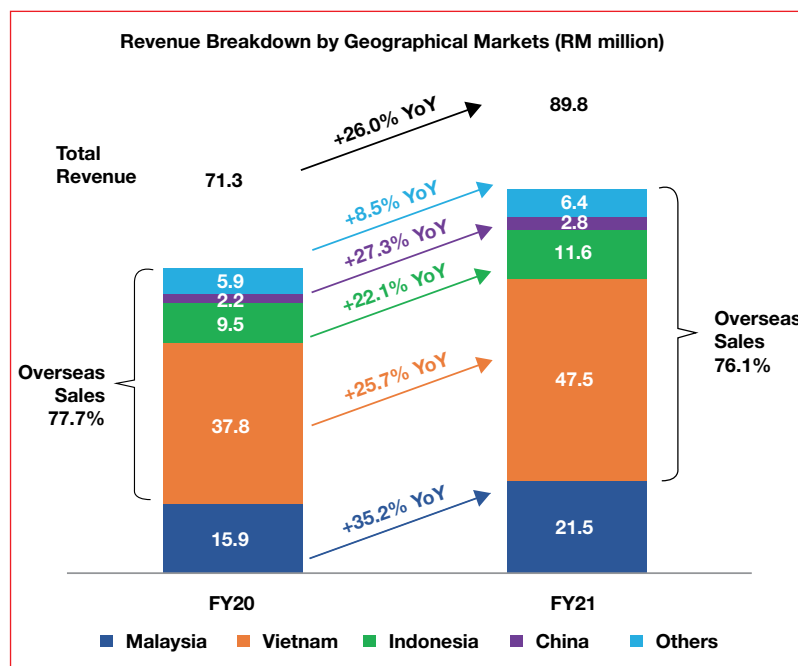
Revenue Breakdown by Business Segments

Industrial adhesives and sealants remained the Group's primarily revenue contributor, accounting for 92.3% or RM82.9 million to total turnover for the period under review. The remaining 7.7% came from the supporting products and services segment.



Revenue Breakdown by Geographical Markets

All our key markets achieved double-digit YoY growth in FY2021. Overseas sales accounted for 76.1% of total revenue in FY2021 versus 77.7% in FY2020. Vietnam was the largest revenue contributor with 52.9% or RM47.5 million of FY2021 Group turnover as compared to 53.0% or RM37.8 million a year ago. Local sales made up the remaining 23.9% or RM21.5 million of the total sales in FY2021 versus 22.3% or RM15.9 million for FY2020.



Gross Profit ("GP")

In tandem with the top-line improvement, our GP jumped 27.1% YoY to RM27.7 million in FY2021 from RM21.8 million a year ago. This translated into a GP margin of 30.8% for the financial year under review, an increase of 0.2 percentage points from 30.6% in FY2020.

Profit Before Tax ("PBT")

Meanwhile, the Group's PBT rose 10.9% YoY to RM15.3 million in FY2021. This was Techbond's best-ever annual PBT as a listed entity. This was in spite of an unrealised foreign exchange ("forex") loss amounting to RM1.4 million, which was a non-cash item that had no impact on cash flow. For illustration purposes, in the absence of the non-cash item, the adjusted PBT would have been even higher at RM16.7 million.

Profit After Tax and Non-Controlling Interest ("PATNCI" or "net profit")

The record PBT was also reflected in the Group's net profit performance. For the year under review, net profit increased 7.5% YoY to RM11.5 million, which was Techbond's highest bottom-line performance since its listing back in 2018.

Capital Structure & Capital Resources

As at 30 June 2021, the Group's total assets stood at RM162.5 million, an increase of RM15.9 million from a year ago. The increase was primarily due to the inclusion of the investment property acquired during the financial year under review, in addition to higher inventory and trade receivables. At the same time, the Group's cash and cash equivalent amounted to RM38.0 million.

On the other end, shareholders' equity jumped RM12.5 million or 9.1% YoY to RM150.5 million from RM138.0 million a year ago, due mainly to higher retained earnings with the inclusion of net profit after dividend distribution for the current financial year.

Techbond's total liabilities was at RM12.0 million versus RM8.6 million a year ago. The rise was largely attributed to higher trade payables. The Group continued to have zero borrowings as at 30 June 2021.

Net Gearing & Cash Per Share

With zero borrowings, Techbond remained in net cash position with a net cash per share of 7.2 sen as at 30 June 2021. The Group has been in net cash position for the last 5 years.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)



Balance Sheet Highlights As at 30 June 2021

ANTICIPATED OR KNOWN RISKS

Operational Disruptions

We are dependent on our manufacturing facilities to run smoothly and efficiently as any disruptions or unplanned shutdowns may have an adverse impact on our operations. To this end, the Group has taken up insurance policies to provide coverage against the risk of fire, burglary and personal accidents for our workers.

However, external risks that are beyond our control such as natural disasters, pandemics, riots, and general strikes may also adversely affect our operations as well. With regards to operational risks relating to Covid-19, we fully comply with the stringent SOPs enforced by the authorities and continue to take extra precautionary measures to ensure minimal disruptions to production while safeguarding our employees.

Availability of Raw Materials

The main raw materials to manufacture our products consist of base adhesive materials and additives, which are mainly polymer-based materials. Any interruptions in the supply of the raw materials may in turn disrupt our operations and adversely impact our financial performance. We manage this risk by keeping constant contact with our suppliers to closely monitor the possibility of supply disruptions. Moreover, we also maintain healthy levels of raw materials and inventory as part of our risk management plan. Moving forward, with our own supply of polymer from our new polymerization plant in Vietnam, we will be able to reduce the reliance on external suppliers, allowing us to better manage this potential risk.

Foreign Currency Exposure

We are exposed to risks associated with foreign exchange as we have transactions in, amongst others, the US Dollar and Vietnamese Dong. Thus, any unfavourable fluctuations in foreign exchange rates may have negative impact on our financial performance. As part of our risk mitigation efforts, we diligently monitor the volatility of foreign exchange rates and shall consider entering into foreign currency hedging contracts if or when necessary.

Changes in Regulations and Policies

Techbond has operations in two countries – Malaysia and Vietnam. Any changes in the regulations and policies of either country may affect our operations. These include issues such as minimum wages, export restrictions and tariffs, as well as foreign exchange controls, to name a few. The Group constantly ensures that our operations comply with all the local regulations and policies. Besides, we engage with authorities and relevant business associations, both to provide feedback and gain insights into prospective regulations and policies changes. With an adequate notice period, we believe we would be able to prepare ourselves and adjust to any amendments or changes in regulations and policies.



MOVING FORWARD

As we head into FY2022, we continue to be optimistic on the Group's prospects, underpinned by our expansion plans along with the anticipated recovery in the global and local economic conditions following the worldwide mass Covid-19 vaccine deployment. The International Monetary Fund ("IMF") has forecasted the global economy to expand by 6.0% in 2021 with Malaysia's and Vietnam's gross domestic product ("GDP") growth at 4.7% and 6.5% respectively in the current year.

Game-Changing Upstream Polymerization Plant in Vietnam

Having commenced operations in June 2021, we expect the production of our new polymerization plant to pick up pace in the coming months. We are manufacturing our own base material, polyvinyl acetate ("PVAc") polymer which is a raw material used by the Group to manufacture its industrial adhesives.

Equipped with the capability to produce our own raw material, it provides us greater control over the quality, properties, and characteristics of the polymer. In turn, this allows us to better meet the requirements of our customers. Additionally, the Group will enjoy cost savings through reduced transportation of raw materials from third-party suppliers and lower our reliance on external suppliers at the same time.

Currently, our plan is to meet our own polymer needs for existing industrial adhesives. Subsequently, the excess will be used to produce new types of adhesives to be sold to customers.

Based on the above, we believe that the polymerization plant would be a game-changer for Techbond as it would improve our profit margin going forward, and coupled with the tax incentives, it will elevate Techbond's earnings to the next level in addition to moving us up the value chain.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

Penetrating New Markets While Enhancing Presence in Existing Markets

As part of our strategy to create sustainable growth, we are continuously expanding our distribution network to more countries whilst simultaneously enhancing our presence in the existing countries that we are in. Having penetrated a few new markets in FY2021 notwithstanding the pandemic, we strive to keep the positive momentum up in FY2022. For existing markets, we will further grow our market share in the industries we specialise in, namely the woodworking and paper & packaging industries.



Continuous Product Expansion

The Group will continue to leverage on our R&D capabilities to develop new innovative products that provide solutions to our customers' needs. This would not only enable us to expand our product range but also allow us to capture a larger market share. Now that we produce our own raw material, it opens up a new dimension of possibilities for new product development as well.

While we journey on our expansion plans, we remain committed and focused on our R&D activities. The Group will continue to invest in R&D in order to expand our product range and meet the changing needs of our customers that will ultimately strengthen our competitive advantages.

Workforce Vaccination

We are delighted to share that our entire workforce is fully inoculated. The Group's operations in Malaysia have been operating at optimal capacity since early September 2021 after more than 80% of our employees were fully vaccinated by then and received approval from authorities to run at full capacity. While over in Vietnam, our production continued to run at a reduced capacity of 60% since early August 2021 in accordance with the SOPs enforced by the Government of Vietnam. We have been preparing ourselves to anticipate the demand from our customers for paper & packaging sector. Since mid-October 2021, our operations have been running at full capacity with the entire workforce.



All in all, the outlook of the Group continues to be positive, premised on the abovementioned factors along with the sustained healthy order flow from our customers. We are confident with our expansion plans and our ability to navigate through the challenges ahead with the aim to continuously enhance shareholder value.

Creating World's First Palm-Oil Based Industrial Adhesives

We see great potential in demand for these non-toxic palm oil-based industrial adhesives with little to no formaldehyde emission levels as consumers worldwide are increasingly more health and environmentally conscious when making their purchase decisions. Our ultimate aim is to commercialize the product using local sustainably-sourced palm oil. These first-of-its-kind industrial adhesives would enable us to penetrate higher-end clientele and in turn, allow us to expand our presence in both the existing and new markets. Currently, we are engaging with existing and potential customers to undertake product testing and in discussion with prospective partners as well.

Upon successful commercialization of the product, we can showcase to the world another beneficial use of palm oil, which bodes well with our country's initiatives to promote the Malaysian palm oil industry globally. We are proud to play our part in helping our country demonstrate to the world the benefits of Malaysian palm oil.



DIVIDEND

For FY2021, Techbond declared a total dividend of approximately RM5.0 million. This represented a 43.5% dividend payout based on FY2021 net profit of RM11.5 million. The Group has a dividend policy of distributing up to 30% of its net profit.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our management and staff of Techbond for their dedication, hard work and contribution to the Group, especially during such challenging time that we faced in FY2021.

I would also like to record my appreciation to our stakeholders, including but not limited to our respected shareholders, customers, business partners, bankers and suppliers for the trust they have put in us, and look forward to their continued support in the future.

Finally, I would like to thank my fellow Board members for their invaluable advice, insightful counsel and service to the Board. I believe that under the guidance of our Board, Techbond will keep on achieving greater breakthroughs.

Lee Seng Thye
Managing Director

SUSTAINABILITY STATEMENT

Introduction

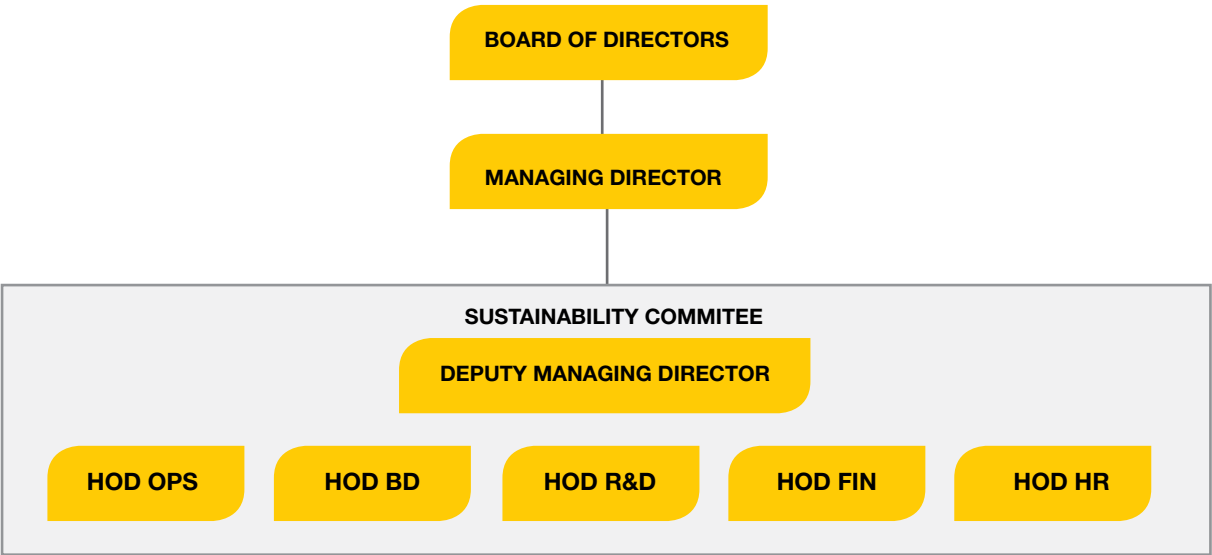
The Board of Directors (“the Board”) is committed to continuously promote good sustainability practices and engage openly with Techbond Group Berhad (“the Company”) and its subsidiaries’ (“the Group”) stakeholders through transparent and responsible sustainability reporting.

The Board is cognizant that the Group is judged beyond its financial performance including its conduct on Economic, Environmental and Social aspects to generate sustainable value and economic returns to the stakeholders. In order to have an Effective Board Leadership and Oversight, the Board is also responsible to promote the integration of sustainability considerations in corporate strategy, governance and decision-making, as sustainability and its underlying environmental, social and governance (ESG) issues become increasingly material to the ability of companies to create durable and sustainable value and maintain confidence of the stakeholders. The Senior Leadership Team is aligned in the same aspect to identify, assess and manage key sustainability issues of the Group’s operations to enhance its value.

The Board is pleased to present its inaugural Sustainability Statement for the financial year ended 30 June 2021 pursuant to Part III of Practice Note 9 of Main Market Listing Requirements (“MMLR”) and Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad.

Governance Framework

The Company has initiated the Sustainability Committee (“SC”) comprising the Group Managing Director (MD), Deputy Group Managing Director (Deputy MD), Head of Group Operations (HOD OPS), Head of Business Development (HOD BD), Head of Research and Development (HOD R&D), Head of Finance (HOD FIN) and Head of Human Resources (HOD HR). The SC is responsible for planning and implementing sustainability initiatives across the Group. The SC will champion and manage all aspects of a sustainable ecosystem. The Deputy Group Managing Director will head the SC in alignment with the Group Managing Director. All sustainability issues and other operational performance issues are deliberated in quarterly management meetings chaired by the MD. The MD provides updates to the Board of Directors on sustainability issues and its relevant performance indicators.



Principles and Policies

The Board has laid down the following principles for sustainability management:

- To observe and comply with all relevant legislation, regulations, recommended trade practices and code of practices applicable to the Group.
- To consider sustainability matters and integrate the considerations into the Group's operations and implementation strategies.
- To continuously engage and communicate with all relevant stakeholders on the identification and assessment of sustainability matters that are relevant and important to the Group.
- To manage sustainability matters in a structured and systematic manner where sustainability practices embedded into the Group's culture are documented, assessed and reported to the Board of Directors on scheduled intervals.
- To continuously promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure a high awareness of the Group's sustainability practices.

Scope and Materiality

This Sustainability Statement covers all the sustainability activities and initiatives carried out during the financial year ended 30 June 2021. The Statement will also discuss and disclose how the Group manages its economic, environmental and social matters for its Malaysia and Vietnam operations.



The Group is committed in championing the Sustainable Development Goals as part of its pursuit of excellence. Key areas of our focus comprise Gender Equality, Clean Water and Sanitation, and Responsible Consumption and Production.

The SC has evaluated the overall sustainability issues and identify the issues with substantial direct financial impact or indirect financial impact, financially or non-financially to be reported in this Sustainability Statement. The materiality threshold will be evaluated annually and will revise the material sustainability issues in alignment with the Group's strategy annually.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholders' Engagement

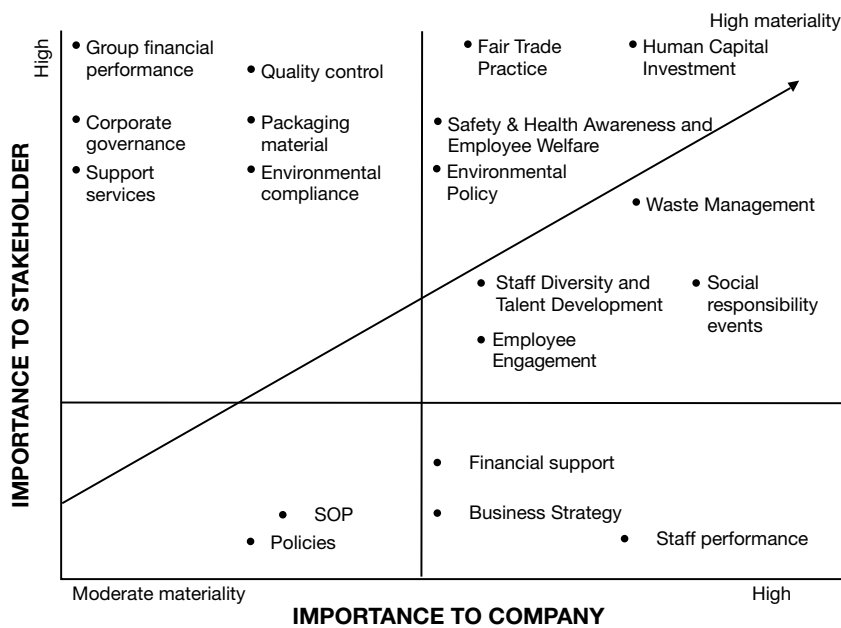
The Group has identified employees, customers, suppliers, shareholders, regulators and local communities as its key stakeholders to help the Group formulate its sustainability agendas. Engagement activities with these stakeholders are as follows:

Stakeholder Group	Engagement Objective(s)	Forms of Engagement	Sustainability Matters Discussed
Customers	To improve customers' satisfaction.	<ul style="list-style-type: none"> • Customer's Feedback Form • Customer's Audit • Corrective Action Report • Review Meetings • Electronic mail • Code of Ethics and Conduct 	<ul style="list-style-type: none"> • Consistent quality product and quality control • Support services • ISO Certificate
Suppliers	To ensure sustainable supply of quality services and materials.	<ul style="list-style-type: none"> • Supplier's Evaluation and Appraisal • Site visit • Review Meetings • Corrective Action Report • Electronic mail • Code of Ethics and Conduct 	<ul style="list-style-type: none"> • Competitive Pricing • Packaging material • Consistent supply
Employees	<p>To develop career progression, talent retention and equitable remuneration and benefits.</p> <p>Promote conducive working environment through Health and Safety Practices, staff welfare improvement.</p>	<ul style="list-style-type: none"> • Annual appraisal • Internal memorandum • Training Programs • Department Meetings • Management Meetings • Employees Training Needs Assessment • Employee's engagement activity • Employee Handbook • Job enrichment through rotation 	<ul style="list-style-type: none"> • Training and development • Talent attraction and retention • Occupational Safety and health • Team building activities • Staff performance • Employee welfare • Standard operating procedures ("SOP")
Government & Regulators	To ensure full compliance with relevant laws and regulations.	<ul style="list-style-type: none"> • Active engagement with respective authorities and regulatory agencies • Official correspondence • Timely submission of reports to relevant authority 	<ul style="list-style-type: none"> • Environmental compliance • Waste management • Strict compliance with all laws, regulations and requirements to maintain licenses
Investors and Media	To cultivate investors' and public confidence level.	<ul style="list-style-type: none"> • Annual report • Quarterly report • Annual General Meeting • Investor's briefing • Public announcements • Press conference • Interviews and visits 	<ul style="list-style-type: none"> • Group financial performance • Corporate governance
Board of Directors	To align business strategy with sustainable practices.	<ul style="list-style-type: none"> • Board of Directors Meetings • Committee Meetings 	<ul style="list-style-type: none"> • Business strategy • Policies
Financial Institutions	To ensure continuous financial support & sufficient banking facilities from financial institutions.	<ul style="list-style-type: none"> • Annual report • Public announcements • Press releases 	<ul style="list-style-type: none"> • Financial support
Local Communities	To create positive image and awareness to the public.	<ul style="list-style-type: none"> • Corporate social responsibilities • Community day • Sponsorships 	<ul style="list-style-type: none"> • Social responsibilities events such as donations for school

Sustainability Management Activity

	ECONOMIC	ENVIRONMENTAL	SOCIAL
Sustainability Matters	<ul style="list-style-type: none"> Practice fair trade engagement to ensure quality (ISO certified), stability and supply consistency. Human capital investment to build technical skills and raise productivity. 	<ul style="list-style-type: none"> Prevent the contamination of air and water. Proper management of industrial effluent and scheduled waste. 	<ul style="list-style-type: none"> Enhance workplace health and safety to promote conducive working environment. Strengthening employees' welfare. Drive employment diversity for fair and equitable work environment.
Why these sustainability matters are important to Techbond	<ul style="list-style-type: none"> Ensures sustainable growth for the Company. 	<ul style="list-style-type: none"> Reduce environmental impact for the Company. 	<ul style="list-style-type: none"> Drive social well-being for its employees and community.
	  <ul style="list-style-type: none"> Decent Work and Economic Growth Responsible Consumption and Production 	 <ul style="list-style-type: none"> Clean Water and Sanitation Clean Environment 	  <ul style="list-style-type: none"> Good Health and Well-Being Gender Equality
Initiatives' Owners	<ul style="list-style-type: none"> Procurement Practitioner Human Resource Practitioner 	<ul style="list-style-type: none"> Group Operations Manager Factory Manager 	<ul style="list-style-type: none"> Group Operations Manager Factory Manager Human Resource Practitioner
Key Indicators	<ul style="list-style-type: none"> Employees training needs. Approved suppliers register for Local and Overseas suppliers. 	<ul style="list-style-type: none"> Scheduled waste disposed. Volume of treated water. 	<ul style="list-style-type: none"> Staff diversity register on gender equality, age and social background. Work place accidents register. Safety awareness training register.

SUSTAINABILITY STATEMENT (CONT'D)



ECONOMIC

Fair Trade Practice

The Group strives to engage local suppliers in its efforts to spur the growth of local economy in the countries in which it operates. The Group prefers sourcing local suppliers in the pursuit of excellence in accessibility, communication, logistics and timely response. The Group has in place a formal procurement process whereby new suppliers are subjected to pre-qualification process to ensure only qualified suppliers which meet the stringent internal specifications are registered as approved suppliers. Where local suppliers are not available or do not meet the internal specifications, overseas suppliers are considered under the same internal specifications.

The Group continuously tracks its composition of local to overseas suppliers with the objective of sourcing more local raw materials to support the local industries. However, where the Group is able to identify suppliers for common raw materials, we will engage them to supply the raw materials for both the Group's operating countries.

	FY2020	FY2021
No. of Approved Local Suppliers	149	150
No. of Approved Overseas Suppliers	38	39
Total Approved Suppliers	187	189

The Group also conducts periodical review of its packaging materials to continuously identify opportunities to reduce wastages and costs by using flexi-bags within the shipping containers. This significantly reduces the need for metal drums and efforts are in place to recycle flexi-bags to reduce waste generation.

The Group has adopted a zero-tolerance approach and takes a strong stance against all forms of corruption and bribery throughout our value chain.

To further enforce our commitment towards zero corruption and bribery within the Group, the Anti-Corruption Policy was established to set out relevant measures to prevent the occurrence of corruption and bribery. All of our employees have also attended Anti-Bribery Management System Policy conducted by external trainer.

Cloud-Based System

Techbond has invested in cloud-based system for real time connectivity of our operations. We practice daily back up to minimize any disruption to our operations in term of cyber risk involving virus or ransomware.

Human Capital Investment

The Group continues to explore talents through employment portals in search of multiple talents and contribute in the knowledge-based economy. We believe strongly in providing technical training to our employees to develop talents and to reduce local unemployment rate.

The Group has also initiated several research and development activities with the research bodies and agencies to develop new sources of raw materials, methodologies and commercial applications. Our employees are given the opportunity to lead research projects with external agencies as part of expanding their knowledge and enrich their experiences.

Despite a challenging year, we still encourage employee development. We provide a combination of training programmes, workshops and courses to improve health and safety awareness and strengthen leadership skills for preparing future challenges. Instead of physical meeting, we also briefed all of our staffs on Anti-Bribery and Corruptions via online on 25 June 2021. The following is average individual training hour per employee to upgrade employees' skills and knowledge:

	FY2020	FY2021
Manager and above (hour/employee)	68	32
Below manager (hour/employee)	44	12

Talent Development

The Group is committed in expanding its employees' competencies and product technical knowledge through internal trainings as well as external trainings from industry experts to enhance their skills and learning as well as rewarding them competitive remuneration packages and career development opportunities.

Title	Training Date	No. of Participants
Training & Mock Drill Event for Chemical Spillage Control	15/8/2020	27
Interview Skills	22/2/2021	9
Techbond Academy	22/2/2021	9
Saya Adalah Seorang Yang Bertanggungjawab	25/2/2021	15
Chemical Waste Handling	19/3/2021	10
Types of Tackifiers	7/5/2021	4
Business Warfare	7/5/2021	4

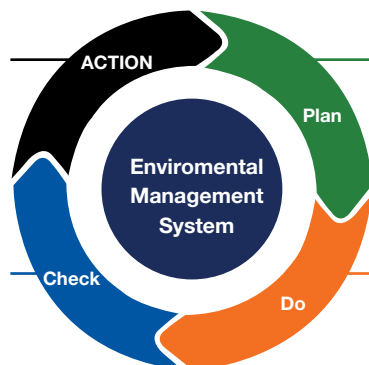
Besides that, the Group also implemented online job portal, internship and employee referral programmes in which the employees can introduce their potential talent candidates to join the Company.

ENVIRONMENTAL

Environmental Policy

In the manufacturing process, the Group is highly conscious of industrial effluent emission and scheduled waste generation. The Group has in place an Environmental Policy with ISO 14001 to incorporate our commitments in:

- 1) Establishing and maintaining an environmental management system with the "PLAN, DO, CHECK, ACTION" Cycle to prevent or minimize any potential adverse environmental impacts arising from our operations, products and services;



SUSTAINABILITY STATEMENT (CONT'D)

- 2) Prevention of pollution and continuous improvement of the environmental preservation in the Group's operation wherever technically and economically viable through the 4R Guide. The employees are encouraged to reduce printing and photocopying, to use double-sided printing and to use softcopy documents, where possible;



- 4) Promoting and communicating the environment policy through email, workshop, and notice board to all employees and persons working for or on behalf, and making it available to the public to provide a safe and healthful working place for future generations by taking environmental, health and safety considerations as top priority in all our manufacturing operations; and



- 3) To be conscious of global environmental movements and to comply with all applicable environmental, legal requirements and ISO14001 standard. ISO 14001 sets out the criteria for our environmental management system. It maps out a framework that we can follow to set up an effective environmental management system;



- 5) In order to make the Group as an environmental caring company. The environmental policy is used as a framework for setting and reviewing environmental objectives and targets to prevent or minimize any potential adverse environmental impacts arising from our operations, products and services.

Waste Management - Industrial Effluent Treatment System (IETS)

The Group has developed its own IETS to ensure all its waste water is properly treated through an environment friendly bio-treatment facility. The IETS is continuously monitored to ensure it is operating in an optimum performance condition and no untreated water is being discharged from the Plant to avoid potential water pollution. We ensure only treated water that fulfilled Department of Environmental (DOE) requirement is discharged.

IETS Process Flow:

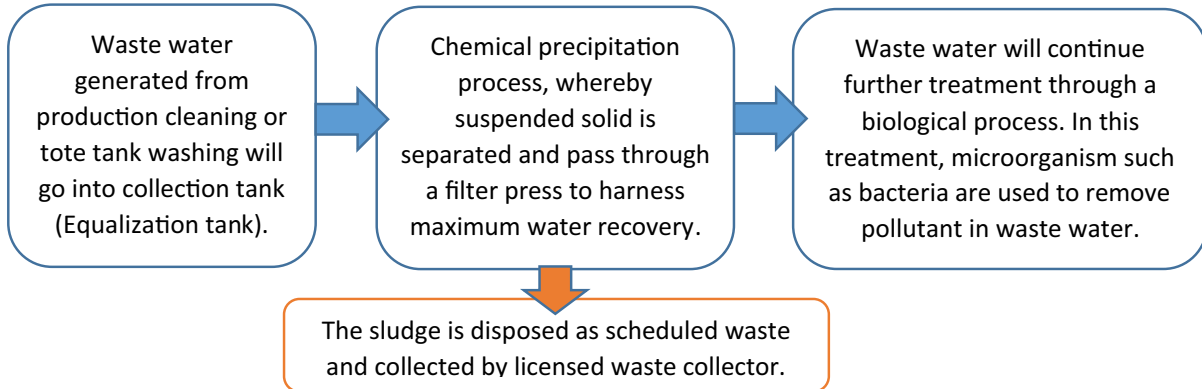
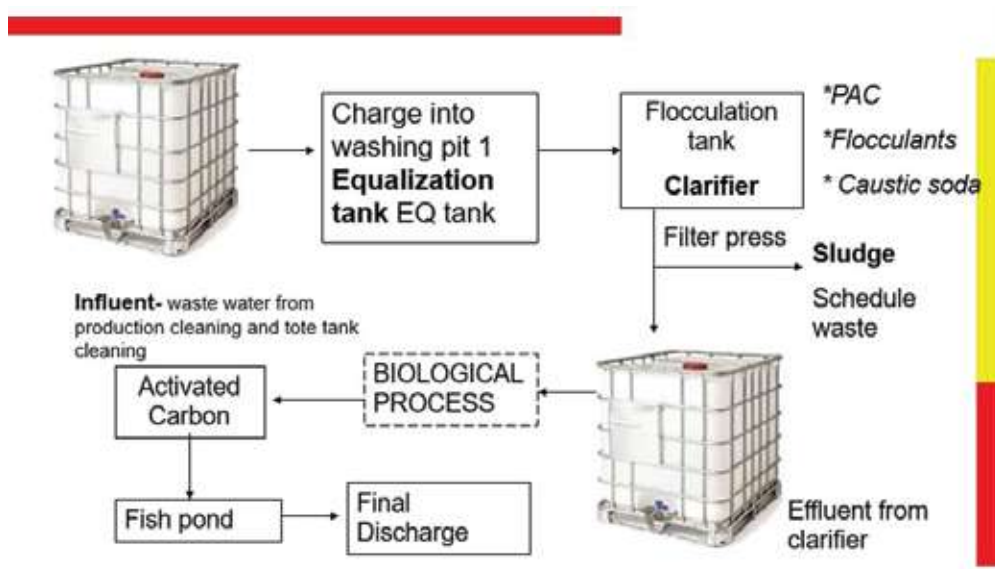


Diagram Flow:



Monitoring Process:

- * Competent person who in-charge of IETS, will monitor all components, unit processes/operations of the IETS.
- * The samples of treated water will send to both internal & external laboratories, to ensure it meets the final discharge standard.
- * IETS performance monitoring will report to management during periodic meetings and monthly online submissions to DOE.

Green Technology

Techbond uses energy efficiency production system to minimize energy consumption and reduce carbon emissions. We use natural gas which is high grade fuel as power source. Natural gas is a clean combustion with high heat factor which is more environment friendly.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

Safety and Health Awareness

The Group champions a safe and healthy working environment in all aspects of the operations. We strongly promote trainings for all employees to be aware and follow all ISO safety procedures and actively contribute to the overall reduction of Industrial accidents. Employees are required to report all accidents in the accident register. The Health and Safety Committee will monitor these incidents and will recommend for improvement actions.

Type of Injury case	FY2020	FY2021
Knife cut	1	0

We continue to target zero accident for next year.

The Group has provided the following safety and health awareness:

- 1) The Spillage Control Procedures. In the event of a chemical spillage, proper cleaning procedures and storage containers are provided to reduce environment contamination. Appropriate personal protective gears are provided to all employees to prevent personal injury and minimize accidents at the workplace.
- 2) ISO Safety Awareness is conducted once a year to inform and educate the staffs on procedures in handling accidents, illness and hazardous in the workplace. Safety assembly and fire drills are conducted on planned and unplanned intervals to ensure awareness and personal safety.
- 3) Emergency Response Team (ERT) has been formed to handle any workplace emergency and administer first-aid procedures before the arrival of medical rescue personnel. The ERT is equipped with first-aid kit in the manufacturing, research and development and office area.

To reduce number of incidents in the workplace, the Group has established a Health and Safety Policy where all employees are required to comply with the safety procedures and the relevant employees are also required to attend safety awareness programmes conducted by the Company.

Number of employees undergone company safety awareness for year 2021:

Safety Awareness Program	Numbers of Employees FY2021
Coronavirus Disease 2019 ("Covid-19") Awareness	26
Training & Mock Drill Event for Chemical Spillage Control	27

COVID-19 Management

In view of the current Covid-19 outbreak and the implementation of various forms of Movement Control Order by the Government of Malaysia, and to protect the wellbeing of the employees and their families, the Company has implemented its own SOP to address this pandemic and are strictly enforcing them. Some of the measures include the following:

- MySejahtera Check-In and temperature scanning at entry point of our company premises to reduce human contacts and any employee or visitor who has a temperature above 37.5 are not allowed to enter the premises. Visitors are also required to show their Vaccination Digital Certificate before entering the premises.
- Hand sanitizers are available at various locations of our premises. Employee or visitors are required to use the hand sanitizer after temperature check. Sanitizers are also given to every employee for their own use.
- Social Distancing is practiced at our work place. Employee or visitors are required to observe at least 1 metre distance from one another. Virtual meetings are held to stay connected and ensure the business continued as usual.
- Face masks are provided to all employees. Every employee were given a box of face mask every month for their own use. It is compulsory for all employees who are working in the office to wear face masks. Visitors are also required to show their Vaccination Digital Certificate before entering our premises and wear face mask at all time.
- Disinfection and cleaning at the entire company premises are as per SOP. The disinfection processes for Company factories were carried out twice a day to maintain hygiene and prevention against the virus.

In May 2021, we had conducted Covid-19 screening for all employees and discovered several positive cases among our factory workers in Shah Alam factories. The factories were voluntary closed for a week, after seven (7) of our employees were tested positive for Covid-19.

We took a pro-active measure by placing employees who were closed contact with the infected employees under quarantine and isolation and also had undergo subsequent screenings. We also carried out deep cleaning and disinfecting exercise at the premises and dormitories in Shah Alam. The Company is committed and strictly adhere to the SOP issued by authorities and continue to undertake precautionary and preventive measures for Covid-19 as part of its sustainability and business continuity management.

Fire Safety Awareness



The Fire Safety Awareness exercise was conducted at our existing Vietnam factory on 11 Dec 2020

The Fire Safety Awareness exercise was conducted to 17 persons of our Fire Fighting Team on 11 December 2020. Another Fire Fighting Rehearsal was also conducted on 3 June 2021 to 36 staffs from Production Department at our Vietnam VSIP2 premises. We invited fire marshals from the Fire Department to train our employees on fire handling procedures.



The Fire Fighting Rehearsal was conducted at our new VSIP2 manufacturing facility on 3 June 2021

Staff Diversity

The Group implements diversity in its workplace as to bring balance in working environment without discrimination in gender equality, age and ethnicity at all levels of management. The Group also has two (2) women directors or representing 33% women directors in its Board. The reduction of the staff diversity in current year is mainly due to additional male staffs were recruited during the year for our new production line. All employees were being treated equally and fairly in which everyone has equal career progression and receives benefits without gender discrimination. Ratio of women employed in different group levels:

Ratio of Women Employed	FY2020	FY2021
At Board Level	33%	33%
Manager and Above	22%	19%
Overall Organization	26%	26%

Employee Engagement

Employees are encouraged to communicate and express their views to the management through management meetings and their department managers are expected to escalate their concerns to the higher management for appropriate actions to be taken. Furthermore, performance review is done annually to review employees' performances as well as to give feedback for further improvement. Exit interviews are also conducted to find out the areas that need improvement. Employee handbook including updates of employee policy are accessible to all staff. Our Fraud & Whistleblowing Policy provides a clear reporting channel for all employees and members of the public to disclose any improper conduct or any action that is harmful to the reputation of the Group or compromise the interest of stakeholders. Any concerns about malpractices are escalated verbally or in writing either to the Chairman of the Audit & Risk Management Committee or Managing Director. All reports are treated with high confidentiality and whistleblowers making the allegation remain anonymous. In FY2021, no whistleblowing cases were reported.

Employee Welfare

Beside employee engagements, trainings and benefits to staffs, the sport club committee is responsible to create fun and promote better interaction within employees and management levels. Company-wide entertainment and social events such as annual dinner, festive celebrations, sport day and family day were organised, to break-down barriers and promote social interactions within all level of employees. However, in order to avoid big gatherings due to unprecedented measures to stem Covid-19, we celebrated the social events with voucher and takeaway food for employees to bring home. As the underlying themes of most events generally promote healthy lifestyle, all employees are encouraged to participate in all the company events.

**Birthday
Celebration on
22 January 2021**

Due to unprecedented measures to stem Covid-19, this year's monthly birthday celebration was celebrated in a simple way by giving away gift vouchers



**Chinese New Year
Celebration on 1
February 2021
and Lucky Draw
Session on 9
February 2021**

In order to avoid big gathering, instead of having annual dinner, we celebrated differently this time round by giving away gift bag to 63 staffs.





**Vietnam
Plant Team
Building on 30
January 2021**

In order to encourage team spirit and unity, the Group had held a team building programme at Vung Tau, Vietnam on 30 January 2021. A total of 53 Vietnam team staffs from all level of our Vietnam's companies attended the event. The Group encourages more outdoor activities within natural environment to balance employees daily work life. This will be our focus when the pandemic ease down more in the near future.





Our Staff received 10-year Service Award from the Management during Annual Dinner held in Vietnam in January 2021



Techbond Football Match in Vietnam

To promote a healthy lifestyle, our Sports Club committee organized friendly football match on 1 September 2020 to foster better interaction and rapport among employees and customers.

All confirmed employees are covered for personal accident, hospitalization and surgical insurance. Travel Insurance is also provided on a need basis to employees who travel locally and abroad. Furthermore, the Group encourages all our production and laboratory staffs to undergo annual medical checkup and early health screening to detect potential health issues.

Employee Personal Insurance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Techbond Group Berhad acknowledges the importance of the principles and practices as set out in the Malaysian Code on Corporate Governance (“MCCG”) in managing Techbond Group’s business towards its mission of sustainable growth. The Board strives to ensure the Group adopts the best practices of corporate governance in an effort to protect the interest of the stakeholders and to enhance shareholders’ value.

This statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and should be read together with the Corporate Governance Report 2021 which is available on the Company’s corporate website at www.techbond.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

A. BOARD RESPONSIBILITIES

The Board is responsible for the long-term success for the Group and the value and wealth of its stakeholders. Other than setting the strategic direction and overseeing the management, they shall also ensure the implementation and monitoring of the strategic plans of the Company. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

With the diverse background and experience, the Board is able to contribute their expertise and independent judgement and to act in high standards of transparency, accountability to uphold the core values of integrity while performing their fiduciary duties. They are principally responsible for the following responsibilities of which are also stated in the Company’s Board Charter:-

- (a) Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- (b) Review, challenge and decide on management’s proposals for the Company and monitor its implementation by management;
- (c) Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (d) Supervise and assess management performance to determine whether the business is being properly managed;
- (e) Ensure there is a sound framework for internal controls and risk management;
- (f) Understand the principal risks of the Company’s business and recognize that business decisions involve the taking of appropriate risks;
- (g) Set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (h) Review the adequacy and integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines including formalizing ethical values through a code of conduct;
- (i) Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;
- (j) Ensure that the Company has in place procedures to enable effective communication to stakeholders; and
- (k) Ensure the integrity of the Company’s financial and non-financial reporting.

The roles and responsibilities of the Directors are clearly stated in the Board Charter appropriately segregated between those of the Chairman, Managing Director, Individual Directors, Executive and Non-Executive Directors, Senior Independent Directors and lastly the Independent Directors.

To ensure the Board is able to effectively supervise the operations of the Company and to discharge their duties, the following Board Committees were formed to assist the Board:-

- (i) Audit & Risk Management Committee;
- (ii) Nomination Committee; and
- (iii) Remuneration Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. BOARD RESPONSIBILITIES (CONT'D)

Each of the Board Committees is governed by its own terms of reference which are aligned with the Malaysian Code of Corporate Governance. The chairman of each committee will report to the Board the findings of their meetings. The Board Charter and the respective terms of reference of the Board Committee will be reviewed periodically and is available on the Company's website, www.techbond.com.my.

The Board has an oversight on matters delegated to Management through the Group Managing Director and Management will provide updates and reports to the Board on quarterly basis.

The positions of the Chairman and Group Managing Director are held by different individuals, each with clear and distinct roles which are stated in the Company's Board Charter to ensure a balance of power and authority between the two (2) positions. The Chairman, Dato' Hamzah Bin Mohd Salleh leads the Board, focusing on board strategy, governance and compliance whilst the Group Managing Director, Mr Lee Seng Thye oversees the day-to-day operations of the Company and implements the Company's strategies and policies.

The Board has full access to the three (3) qualified and competent company secretaries, namely Ms Wong Wai Foong, Ms Lim Hooi Mooi and Ms Ong Wai Leng who are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The secretarial function of the Group is outsourced to Tricor Corporate Services Sdn. Bhd. The roles and responsibilities of the Company Secretaries are also stated in the Board Charter of the Company.

The following policies had adopted by the Board and to ensure proper governance is practiced by the Company and across the Group:-

- (i) Anti-Bribery Management System Policy;
- (ii) Board Diversity Policy;
- (iii) Corporate Code Of Business Conduct & Work Ethics Policy;
- (iv) Dividend Policy;
- (v) Fraud & Whistleblowing Policy;
- (vi) Gender Diversity Policy; and
- (vii) Remuneration Policy.

The Company adopts a Code of Business Conduct and Work Ethics Policy as well as Fraud and Whistleblowing Policy which serve as guidelines for managing improper conduct within the Group and provide a channel of communication to encourage the report of any misconduct so that appropriate actions can be taken to resolve these issues.

The above policies will be periodically reviewed and are available on the Company's corporate website at www.techbond.com.my.

The Board will convene meeting every quarter while Board Committees will meet at least four every financial year or as and when the need arises. In order for the Board to have sufficient time to study the materials, meeting materials are circulated via email at least five (5) business days prior to the meetings. The Management is invited to attend Board and Board Committees meetings to provide explanation on the meeting agenda. Full board minutes are circulated to the Board and Board Committees respectively as soon as practicable after meeting for review and comment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. BOARD RESPONSIBILITIES (CONT'D)

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Meetings held during FY2021, as follows:-

Director	Number of Meetings Attended / Held			
	Board of Directors'	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Dato' Hamzah Bin Mohd Salleh	6/6	5/5	1/1	1/1
Lee Seng Thye	6/6	-	-	-
Tan Siew Geak	6/6	-	-	-
Ooi Guan Hoe	6/6	5/5	1/1	1/1
Selma Enolil Binti Mustapha Khalil	6/6	5/5	1/1	1/1
Lee Seh Meng	5/6	-	-	-

In accordance with Paragraph 15.08(3) of the MMLR, the Board members had attended various training programmes during financial year ended 30 June 2021 as follows:-

Director	Programme Title
Dato' Hamzah Bin Mohd Salleh	<ul style="list-style-type: none"> Sustainable and Responsible Investment SRI 2021 - Paving the Way for Profitability Through Sustainability
Lee Seng Thye	<ul style="list-style-type: none"> Interview Skills Techbond Academy I Am A Responsible Person Scientific Decision ERM Review Workshop Anti-Bribery Management System Policy
Tan Siew Geak (Alternate: Lee Yuen Shiuan)	<ul style="list-style-type: none"> Interview Skills Techbond Academy ERM Review Workshop Anti-Bribery Management System Policy
Ooi Guan Hoe	<ul style="list-style-type: none"> Budget 2021 Fraud Risk Management Workshop for Directors of listed companies Corporate Liability and Corruption Offences by Commercial Organizations under Section 17A MACC Act 2009 Duties and responsibilities of Directors of a company listed on the Main Board of the Stock Exchange of Hong Kong Limited
Selma Enolil Binti Mustapha Khalil	<ul style="list-style-type: none"> MACC Act 2009, Section 17A Corporate Liability Awareness Talk Fraud Risk Management Workshop
Lee Seh Meng	<ul style="list-style-type: none"> EMBA – Winning Model 11.0 Pricing Strategy Customer Strategy Interview Skills Techbond Academy I Am A Responsible Person Scientific Decision ERM Review Workshop EMBA Headmaster (No. 47) Anti-Bribery Management System Policy
Lee Yuen Shiuan	<ul style="list-style-type: none"> Anti-Bribery Management System Policy

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. BOARD COMPOSITION

The Board currently consists of six (6) directors with three (3) Independent Non-Executive Directors and three (3) Executive Directors. The Board also consists of one (1) Alternate Director. The Board composition meets the requirements of MMLR, which requires a minimum of two (2) or one-third (1/3) of the Board, whichever is higher to be Independent Directors and the MCCG which requires at least half of the Board to consist of Independent Directors.

The Independent Directors are independent of management and are able to provide greater check and balance during boardroom deliberations and decision making.

No Independent Directors have served on the Board for more than nine (9) consecutive years as the Company was only listed on 5 December 2018. However, a policy on the tenure of Independent Directors was adopted and forms part of the Board Charter. Should the Board intend to retain the Independent Director whose tenure exceeds the term of nine (9) years, it shall seek for shareholders' approval. The profile of all members of the Board can be found on pages 4 to 7 in the Directors' Profile section of the Annual Report 2021.

The significance of the diversity on the Board and the senior management in regards to skills, experience, age, cultural background and gender have always been emphasized by the Board to ensure there is variety of professional opinion and where there is value that can be contributed to the growth of the Company. The Nomination Committee ("NC") was responsible to develop the policies on diversity and subsequently on 21 February 2019 and 9 October 2019, the Board approved and revised the Board Diversity Policy respectively to ensure mix of skills, experience, independence and diversity in its composition. The NC was also entrusted to identify and recommend suitable candidates for appointment as Directors or Management. Sources of candidates can be obtained from existing Directors, Management, major shareholders, or through independent sources.

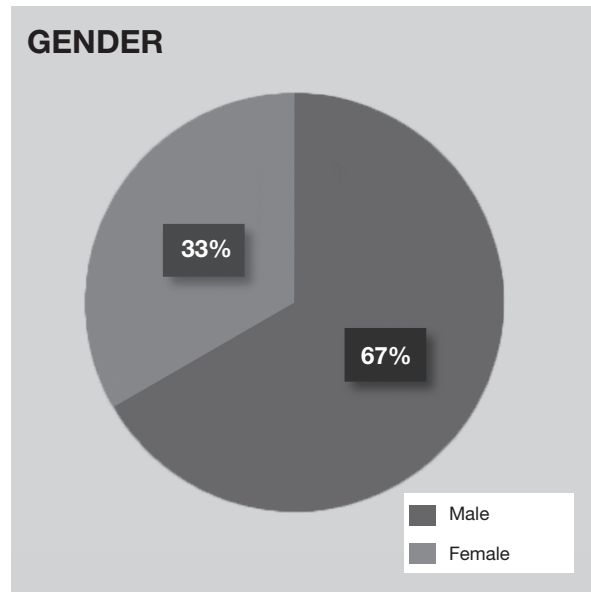
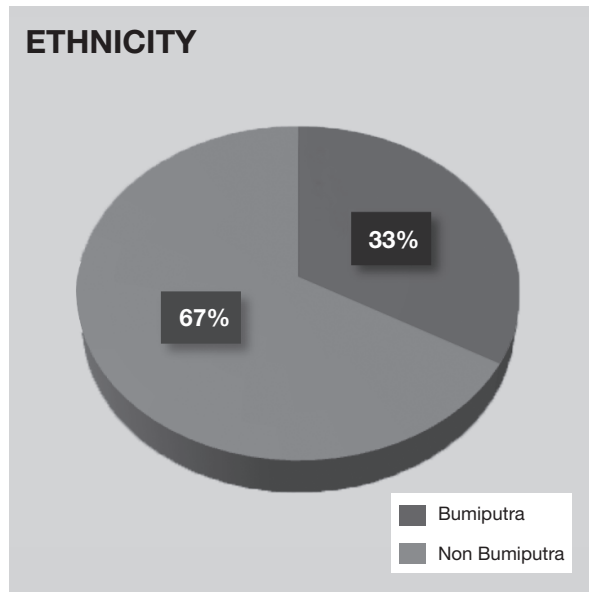
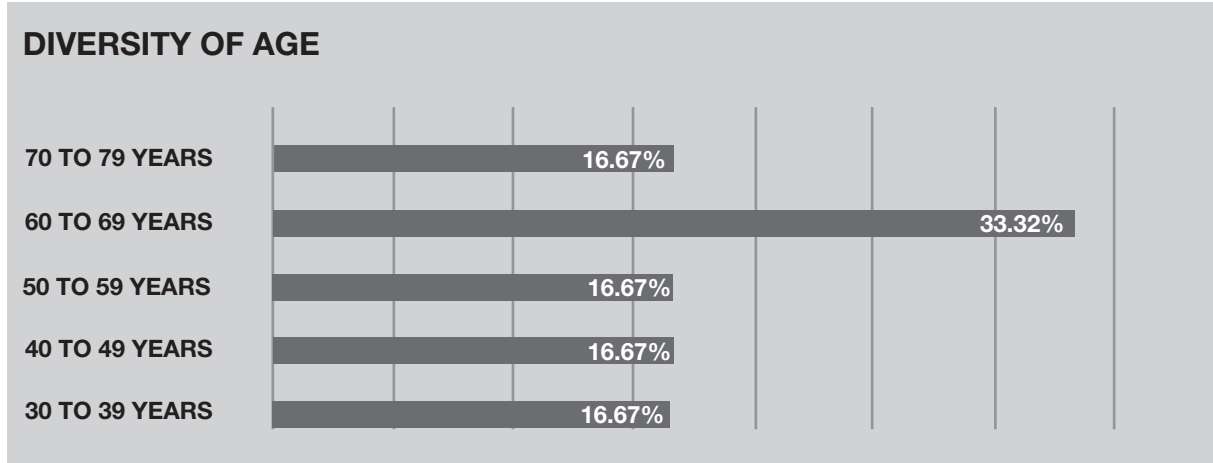
The current Board composition in terms of skill and experience of Directors, age and ethnic composition is as follows:-

SKILL AND EXPERIENCE OF DIRECTORS

Industry Knowledge	Global Experience	Strategy and Entrepreneurship
Legal/ Regulatory	Corporate Governance and Risk Management	Accounting/ Financial Management
Sales and Marketing	Production and Quality Assurance	Human Capital

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. BOARD COMPOSITION (CONT'D)



It is the Company's policy to assess all potential Board candidates without regard to age, race, gender, nationality, religion, or any other factors not relevant to their competence and performance. The main emphasis is on adding value and effectiveness to the Board and the Company.

The NC consists of three (3) members of the Board, all of whom are Independent Non-Executive Directors. Currently, there are two (2) female Directors on the Board, namely Madam Tan Siew Geak and Pn Selma Enolil Binti Mustapha Khalil.

The Terms of Reference ("TOR") of the NC is available on the Company's website, www.techbond.com.my.

The NC will conduct annual evaluation assessment on the effectiveness of the Board as a whole, the Committees of the Board, the contribution of each Director annually, and the independence of the Independent Directors. The results of the assessment were tabled to the NC for deliberation and shared with the Board to allow improvements to be undertaken.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

C. REMUNERATION

The Remuneration Committee (“RC”) had developed a fair and transparent policies and procedure for determining the remuneration of the Directors and Key Senior Management of the Group. The RC was tasked to develop a remuneration package which is competitive and in line with current market practice to attract, retain and reward talented Directors and Key Senior Management and is aligned with the Group’s strategy. The remuneration package is determined by taking into account the short-term and long-term objectives and growth of the Group. The RC consists of three (3) members, all of whom are Independent Non-Executive Directors.

The TOR of the RC is available on the Company’s website, www.techbond.com.my.

The RC has adopted the Remuneration Policy on 26 February 2020 which provides a guideline in determining the remuneration package for the Board and Key Senior Management.

The details of the remuneration of the Directors of the Company and the Group on a named basis for the financial year ended 30 June 2021 are as follows:-

Executive Directors (inclusive of Company and Group)	Fees (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Allowance (RM'000)	Benefits (RM'000)	Total (RM'000)
Lee Seng Thye	84*	1,355	226	–	–	1,665
Tan Siew Geak	84*	464	50	–	–	598
Lee Seh Meng	90*	280	40	22	–	432
Non-Executive Directors (Company)						
Dato’ Hamzah Bin Mohd Salleh	84	–	–	6	–	90
Ooi Guan Hoe	72	–	–	6	–	78
Selma Enolil Binti Mustapha Khalil	72	–	–	6	–	78

* Including shortfall of Directors’ Fees amounted to RM12,000 for Lee Seng Thye, RM12,000 for Tan Siew Geak, and RM18,000 for Lee Seh Meng for the financial year ended 30 June 2020 which was already approved at the last AGM on 2 December 2020.

The Company has only three (3) employees, consisting of the Executive Directors. The remaining Management personnel are employed by the subsidiary companies.

With regards to the disclosure of remuneration of the Group’s Key Senior Management, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Company’s Key Senior Management Personnel who are not Directors of the Company. In view of the competitive nature of human resource market in the industries the Company operates, the Company should protect the confidentiality of personal information such as employees’ remuneration package.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

A. AUDIT COMMITTEE

The Audit and Risk Management Committee (“ARMC”) currently comprises three (3) Independent Non-Executive Directors and it is chaired by Mr Ooi Guan Hoe. The Chairman of the ARMC and the Board are held by two (2) different individuals. The ARMC members have a wide range of skills and knowledge from business administration, accounts, finance, law, audit and others. In order to perform their duties professionally, the members participate in and attend different training, seminar, conference and any other relevant programme to ensure that they are up-to-date on the accounting and auditing standards, corporate governance practices and listing rules.

Currently, the ARMC does not have a member who was a former key audit partner of the Company. However, there is a policy in the TOR of the ARMC stated that any key audit partners are required to observe a cooling off period of at least two (2) years before being appointed as a member of the ARMC.

The TOR of the ARMC is available on the Company’s website, www.techbond.com.my.

During the financial year, the ARMC had carried out annual assessment on the independence and performance of the external auditors, Grant Thornton Malaysia PLT, and is satisfied that the external auditors have been independent throughout their audit work during the financial year.

B. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is well aware of the importance of a sound internal control and risk management framework in ensuring the operation runs smoothly and potential risks are mitigated. As such, the Company have engaged Tricor Axcelasia Sdn Bhd, an independent internal control consultant to assist in internal control and Cirrus Consulting Sdn. Bhd. as the independent risk management consultant to assist in the formulation of an effective risk management and internal control framework. They will report to the ARMC and table their reports for review.

The ARMC is responsible for reviewing the risk management and internal control frameworks and align them to the business objectives of the Group. They will take up the roles in identifying and communicating with the Board on the present critical risks, potential risks, profile changes and the management action plans to manage the identified risks. Annual assessment and periodic testing on the effectiveness of the risk management framework will be conducted. The results and recommendations will be reported to the Board.

Details on the key features of the risk management and internal control system together with its adequacy and effectiveness can be found on page 49 to 53 of the Statement on Risk Management and Internal Control, which is included from page 49 to 53 in the Company’s 2021 Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL REPLATIONSHIP WITH STAKEHOLDERS

A. COMMUNICATION WITH STAKEHOLDERS

The Company is fully committed in providing continuous communication with the stakeholders and also the importance of transparency. Hence, the Board has established an effective and transparent method to keep the stakeholders informed on corporate information, policies on governance, the environment and social responsibility.

The Company has the following posted on the Company's website, www.techbond.com.my, with the intention of building a communication channel between the Company with the stakeholders:-

- (i) Announcements submitted to Bursa Malaysia Securities Berhad

The Company have all its material announcements submitted to Bursa Malaysia Securities Berhad posted on the Company's website and stakeholders may access the announcements from its website.

- (ii) Investor section which provides relevant corporate information

The Company's website consists of an Investor section dedicated to provide corporate information to the stakeholders' such as share price, general corporate information, directors' profile, corporate structure and policies approved by the Board.

- (iii) General telephone number, fax number and email address.

The general line number, fax number and general enquiry email address of the Company are provided for the stakeholders to send in any enquiries to the Company directly.

B. CONDUCT OF ANNUAL GENERAL MEETING ("AGM")

The Annual General Meeting ("AGM") of the Company serves as a principal forum for the Company and the shareholders to meet and to discuss on matters related to the Company's growth and to seek for shareholders' approval on resolutions.

In view of the coronavirus disease ("COVID-19") outbreak and as part of the Company's safety measures, the Company convened its Fourth AGM on a fully virtual basis through live streaming from the broadcast venue and online remote voting via Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. The Company's prompt action in changing the mode of AGM from a physical AGM to a fully virtual AGM was in line with the Government's directive and Securities Commission Malaysia Guidance Note to curb the spread of COVID-19.

The notice and agenda of the AGM together with the proxy form are given to the shareholders at least 28 days prior to the date of the AGM. This will give the shareholders sufficient time to consider the resolutions to be tabled at the AGM and make the necessary arrangement to attend in person or to submit the proxy forms to attend the AGM. The Notice of AGM was also accompanied by explanatory notes which provides further explanation on each resolution proposed to facilitate informed decision-making by the shareholders.

All the Directors and Key Senior Management were present at the AGM to provide meaningful response to the questions addressed to them.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL REPLATIONSHIP
WITH STAKEHOLDERS (CONT'D)**

B. CONDUCT OF ANNUAL GENERAL MEETING (“AGM”) (CONT'D)

On 12 March 2021, the Company held its Extraordinary General Meeting (“EGM”) to seek shareholders’ approval on the Proposed Bonus Issue of up to 431,249,998 new Ordinary Shares in Techbond (“Techbond Shares”) (“Bonus Shares”) on the basis of 5 Bonus Shares for every 4 existing Techbond Shares. The EGM of the Company was also conducted on a fully virtual basis through live streaming from the broadcast venue and online remote voting to curb the spread of COVID-19.

The notice and circular to shareholders were circulated at least 14 days prior to the date of EGM to pass the ordinary resolution. This serves sufficient time to the shareholders to consider the resolution and make necessary arrangement to attend or to submit their proxy forms to attend the EGM. All the Directors and Key Senior Management were present at the EGM to provide meaningful response to the questions addressed to them.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE

This Statement is prepared in compliance with Paragraph 15.25 of the MMLR and it is advised to be read together with the Corporate Governance Report 2021 of the Company, which is available on the Company’s website, www.techbond.com.my.

The Board is of the opinion that the Group has maintained the highest standards in Corporate Governance practices and compliances and remain fully committed to achieve the highest level of integrity and ethical standard in delivering the strategic objectives and sustainable performance of the Group over the long term.

This statement was tabled and approved at the Board of Directors’ Meeting held on 7 October 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Techbond Group Berhad is pleased to present the Audit and Risk Management Report for the financial year ended 30 June 2021.

1. **Composition**

The Company's Audit and Risk Management Committee ("ARMC") comprises three (3) members, consist solely of Independent Non-Executive Directors. All Independent Non-Executive Directors satisfied the test of independence under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The ARMC meets the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR as well as Practice 9.4 of the Malaysian Code on Corporate Governance ("MCCG").

The Chairman of ARMC, Mr Ooi Guan Hoe, is a member of the Malaysian Institution of Accountants ("MIA"). Hence, the Company complies with Paragraph 15.09(1)(c)(i) of the MMLR.

The members of ARMC and their respective designation are as follows:-

Name	Designation
Ooi Guan Hoe	Chairman (Independent Non-Executive Director)
Dato' Hamzah Bin Mohd Salleh	Member (Independent Non-Executive Chairman)
Selma Enolil Binti Mustapha Khalil	Member (Independent Non-Executive Director)

The Board, via the Nomination Committee ("NC"), assesses the composition and performance of the ARMC and its members through an annual Board Assessment effectiveness evaluation. Based on the assessment conducted for Financial Year Ended 30 June 2021 ("FY2021"), the NC was of the view that the present composition in the ARMC was appropriate. The NC and the Board, as a whole was satisfied that the ARMC has effectively discharged its duties and responsibilities in accordance with its Terms of Reference ("TOR") and the ARMC has also provided constructive feedback to the Board in making informed decisions and enabling the effective functioning of the Board.

The TOR of the ARMC set out the authorities, duties and responsibilities of the ARMC is accessible on the Company's website at www.techbond.com.my.

2. **Meetings and Attendance**

The ARMC held five (5) meetings during the FY2021. The Managing Director, Executive Directors and Group Finance Director ("GFD") were invited to attend all ARMC meetings to provide clarifications and information on audit issues and relevant issues pertaining to the Groups' operations.

The representatives of the External Auditors ("EA"), Grant Thornton Malaysia PLT, attended three (3) ARMC meetings, while the representatives of the outsourced Internal Auditors and Risk Management Consultant, attended two (2) and one (1) of the ARMC meetings respectively.

The ARMC meetings were also attended by Key Senior Management as and when deemed necessary upon invitation by the ARMC to brief on specific issue arising from the audit reports or any other matters of interest. The Company Secretary attended all the meetings.

During the FY2021, the meetings attendance records of the ARMC members are as follow:-

Name	Number of meetings attended/held during the members' term in office
Ooi Guan Hoe Chairman (Independent Non-Executive Director)	5/5
Dato' Hamzah Bin Mohd Salleh Member (Independent Non-Executive Chairman)	5/5
Selma Enolil Binti Mustapha Khalil Member (Independent Non-Executive Director)	5/5

Minutes of each ARMC Meeting were recorded and tabled for confirmation at the following ARMC meeting.

3. Summary of Activities during the Financial Year Under Review

The ARMC had carried out its duties in accordance with its TOR.

The summary of works and activities performed by the ARMC during FY2021 comprised the following:-

3.1. Financial Reporting

On 25 November 2020, the ARMC reviewed the financial results for the first quarter ended 30 September 2020.

In 2021, the ARMC reviewed the second and third quarterly financial results on 24 February 2021 and 20 May 2021 respectively. Subsequently, the fourth quarterly financial results were reviewed on 25 August 2021, and with the External Auditors, reviewed Annual Financial Statements for FY2021 on 7 October 2021 before recommending the financial results and Audited Financial Statements to the Board for its approval.

The GFD was present at all ARMC meetings to present and explain the financial performance of the Group to members of the ARMC. He also informed the ARMC that the Audited Financial Statements were prepared in compliance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

3.2. Re-appointment of External Auditors

The ARMC recommended to the Board for the re-appointment of Grant Thornton Malaysia PLT as the Company’s EA, after the ARMC had assessed and satisfied with the EA’s suitability, objectivity, dependence as well as the quality of the services provided, sufficiency of audit resources and interactions with the Management based on the performance of Grant Thornton Malaysia PLT in auditing the Company’s financial statements for FY2021.

On 2 December 2020, the shareholders of the Company approved the re-appointment of Grant Thornton Malaysia PLT as the EA of the Company for FY2021 at the 4th Annual General Meeting.

On 20 May 2021, the ARMC reviewed and approved the Audit Planning Memorandum which include the scope of work, audit process, key audit matters, audit concepts, engagement team, regulatory compliance and the disclosure requirements of the relevant accounting standards.

The ARMC also had a private meeting with the EA without the presence of Executive Directors and Management on 8 October 2020.

3.3. External Audit

The EA, Grant Thornton Malaysia PLT, presented their Audit Planning Memorandum in relation to the audit of the Audited Financial Statements for the FY2021 on 20 May 2021.

Mr Kho Kim Eng, the engaging audit partner from Grant Thornton Malaysia PLT, highlighted their engagement team, audit approach and audit procedures taking into consideration of the implications of coronavirus disease (“COVID-19”), key audit matters, audit timeline, and the areas of audit focus in regard to the audit of the Audited Financial Statements for the FY2021. He had enquired the ARMC on any frauds affecting the Group that were not reported and the ARMC had confirmed they were not aware of such frauds.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. **Summary of Activities during the Financial Year Under Review (Cont'd)**

3.4. **Internal Audit**

The Group outsources its Internal Audit function to an outsourced Internal Auditor and an independent Risk Management Consultant. The Internal Auditors were engaged to undertake independent and objective review of the effectiveness of the governance, risk management and internal control process of the Group. The Internal Auditors report directly to the ARMC. The internal audit function provides timely and impartial advice to the ARMC and the Management as to whether the internal audit functions reviewed are:-

- i) in accordance with the Group's policies and direction;
- ii) in compliance with prescribed laws and regulations; and
- iii) achieving the desired results effectively and efficiently.

The Internal Audit Report was presented to the ARMC on a half yearly basis for deliberation and its recommendations were communicated to the Management for corrective actions to be taken. The internal audit function also provided follow-up audit reports in subsequent ARMC meetings to report on the status of the key audit issues highlighted in the preceding ARMC meetings. All proposals presented by the Internal Auditors after review by the ARMC were tabled to the Board for its notation or approval.

The total fees incurred for the Group's Internal Audit Function for FY2021 was RM47,000.

3.5. **Internal Audit Function**

The Internal Auditor, performed their internal audit function and the following activities during the year:-

3.5.1. **Internal Audit Reports**

During the financial year under review, the following key audit areas were conducted based on the annual internal Audit Plan approved by the ARMC:

- i) Sales & Marketing;
- ii) Credit Control and Collection; and
- iii) Inventory Management.

Prior to the review, recommendations and management action plans for the following key business processes were presented to the Management for appropriate corrective actions to be taken within the implementation timeframe:

- i) compliance with prescribed laws and regulations;
- ii) enhancement to the group financial reporting process; and
- iii) enhancement of strategic business planning project.

A follow-up report will be presented at the subsequent ARMC meetings to report on preceding outstanding issues.

3.5.2. **Enterprise Risk Management ("ERM") framework**

The Company had on 15 May 2019 adopted an ERM framework in accordance with the standards and best practices of ISO 31000.

For FY2021, ARMC's meeting on 20 May 2021 had reviewed the ERM Report based on approved ERM framework which included the following:-

- i) Discussed and reviewed existing key risk profile as well as identified new risks; and
- ii) Update the key risk profile through discussions or facilitated workshops with the Management in securing a concerted effort from the Management in unanimous decision-making and managing the risks.

The risk profile was presented and updated to the ARMC on 20 May 2021 respectively and it was approved by the ARMC.

3. Summary of Activities during the Financial Year Under Review (Cont'd)

3.6. Review of Related Party Transactions

The ARMC reviewed quarterly reports on related party transactions and possible conflict of interest situations that may arise within the Group including any transactions, procedure or course of conduct that may give rise to questions on management integrity and to ensure all transactions are at arm's length basis in every quarterly meeting.

The ARMC had ensured that the Company is in compliance and are not detrimental to minority shareholders.

The ARMC also did not detect any issue that warrants specific disclosure.

3.7. Other Activities

3.7.1 Established Policies and Procedures

As we are in the era of evidence-based practice, it is crucial for the Company to establish to safeguard the interest of the Company, and at the same time, adopt best practices of corporate governance in relation to the MMLR and MCCG:-

3.7.1.1 Corporate Code of Business Conduct and Work Ethics Policy

The Policy was established to promote professionalism and proper conduct of employees on the day-to-day business operations which will reflect the underlying values and commitment towards social and environmental growth to the surroundings in which the Company operates. This policy has been adopted on 9 October 2019. This Policy is available on the Company's website at www.techbond.com.my.

3.7.1.2 Risk Management Policy

The Risk Management Policy was developed to provide a guideline on risk management within the organisation and to prevent departure of relevant standards and could be designed specifically to fit the organisation's needs in various industries. This policy was presented to ARMC for deliberation and subsequently approved by the Board on 9 October 2019.

3.7.1.3 Dividend Policy

The Dividend Policy was established to provide guidance in recommending dividends to shareholders and will allow shareholder to participate in the profits of the Group. This policy was presented to ARMC on 28 November 2019 for review and subsequently approved by the Board on even date.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. **Summary of Activities during the Financial Year Under Review (Cont'd)**

3.7. **Other Activities (Cont'd)**

3.7.1 **Established Policies and Procedures (Cont'd)**

3.7.1.4 **Anti-Bribery Management Policy**

Our Anti-Corruption Management System Policy was established to provide guidance to the Directors, employees and business associates in observing and upholding our position on bribery and corruption as well as providing information on how to recognise and to deal with this issue. This policy was presented to ARMC for deliberation and was subsequently approved by the Board on 10 June 2020 is available at www.techbond.com.my

We have established adequate policies, manual and procedures to promote compliance with the Malaysian Anti-Corruption Commission Act 2009 ("MACC") (Amendment 2018) which came into effect on 1 June 2020. The awareness briefings were conducted for employees of all levels and external providers. In addition, it was compulsory for all employees and external providers to sign an Anti-Bribery and Corruption pledge form with the Group.

We are committed in conducting business and providing services to its clients and customers with integrity and honesty. The Group takes a zero tolerance approach to any form of corruption or bribery which in line with Section 17A of the MACC and other related legislations in Malaysia.

We strive to ensure that the Management and employees act professionally, fairly and with integrity in all its business dealings, and also aspires all our external providers will uphold their highest standard of integrity in performing their works and services for or on behalf of the Group, and in their business dealings with the Group.

3.7.2 **Review of the reports for the inclusion in this Annual Report**

The ARMC has reviewed and recommended the Corporate Governance Overview Statements, ARMC Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis Statement, and the Sustainability Report to the Board for approval, for inclusion in the 2021 Annual Report.

This report was reviewed by the ARMC and approved by the Board on 7 October 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The Board of Directors (“the Board”) acknowledges the importance of maintaining good risk management and internal control system and is pleased to provide the Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and after taking into consideration of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The following statement outlines the nature and scope of risk management and internal controls of Techbond Group Berhad (“Techbond” or the “Company”) and its subsidiaries (the “Group”) for the financial year ended 30 June 2021.

RESPONSIBILITY

The Board recognises the importance of a sound internal control and risk management practices to safeguard the assets of the Group as well as shareholders’ investment. The Board acknowledges its overall responsibility in the establishment and oversight of the Group’s risk management framework and internal control systems, including reviewing the adequacy and integrity of the framework and system. These are designed to manage and mitigate, rather than eliminate the risk of failure to achieve the Group’s goal and objectives within the risk appetite established by the Board and management. Therefore, the system can only provide reasonable but not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The Board has delegated these aforementioned responsibilities to the Audit and Risk Management Committee (“ARMC”) which is assigned with the duty, through its Terms of Reference and the Risk Management Policy approved by the Board. ARMC assists the Board in monitoring, reviewing, overseeing and assessing the risk management strategy and process, and internal control environment within the Group to ensure sound risk management framework and effective internal control system are established. Through the ARMC, the Board is kept informed of all significant control issues brought to the attention of the ARMC by the Management, the internal audit function and external auditors.

The primary responsibilities of the Board and management on risk management and internal control are summarised as follows:

	Position	Responsibility
BOARD	Board/ARMC	Oversight of risk management matters including identifying, assessing and monitoring key business risks.
ARMC	Senior Management/ Company Departmental Heads	Support the Group’s risk management philosophy, promote compliance and manage risks within their spheres of responsibilities.
SENIOR MANAGEMENT		

KEY FEATURES OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements that have been established in the Group’s risk management and internal control systems are described below:

1. Risk Management System

Risk management is firmly embedded in the Group’s management system as the Board firmly believes that risk management is critical for the Group’s sustainability and the enhancement of shareholders’ value. The ARMC supports the Board in monitoring the Group’s risk exposure and ensure senior management creates and maintains an effective process to identify, assess, manage and report risks.

The Group has established a Risk Management Policy to proactively identify, analyse, evaluate, treat, monitor, review and report key risks to an optimal level. In line with the Group’s commitment to deliver sustainable value, this policy aims to provide an integrated and organised group-wide approach. It adopts the ISO 31000:2018 Principles and Guidelines on Risk Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. INTERNAL CONTROL

The key elements of internal control established within the Group comprise the following:

- Control Environment;
- Risk Assessment;
- Control Activities; and
- Monitoring.

(a) **Control Environment**

Enhancing the Group's ability to achieve business objectives remains as the Board's primary objective and direction in managing Techbond Group. In ensuring that this objective is achieved, the Board continues to rely on Senior Management, led by the Managing Director to ensure that the performances of businesses are in line with the approved business strategies and risk appetite. The Board in turns monitors the Group's performance and profitability through the reports it received and its involvement in Board Meeting and Monthly Management Meeting.

Structure

The Group has instituted an organisational structure with defined lines of accountability and delegated authority. The Board Committees are given specific terms of reference to discharge their respective responsibilities. Senior Management is delegated with authority in the day-to-day decision-making pertaining to matters relating to the Group's business.

Audit and Risk Management Committee

The Board has delegated the responsibility for reviewing the adequacy and operating effectiveness of the internal control system to ARMC. ARMC assesses the adequacy and operating effectiveness of the system of internal control through independent reviews conducted on reports received from the Internal Auditors. ARMC review and report to the Board on the adequacy of the scope of work, competency, experience and resources of internal audit function.

Policies and Procedures

There are various written policies and procedures in place to ensure adequacy of controls, and compliance with relevant law and regulations. These policies and procedures are periodically reviewed and update, if any, to reflect change in business structure and processes. Techbond Group is certified with ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System by an international certification service firm.

Fraud & Whistleblowing Policy

The Board has formalised a Fraud & Whistleblowing Policy which provides a channel for parties to provide information on frauds, wrongdoings and non-compliance with regulations and procedures by a vendor, customer or employee of the Group.

The Whistleblowing Programme is overseen by Whistleblower Committee. It allows the whistleblower to voice such concerns with complete confidential, knowing that the people who can address these issues are appropriately informed.

The whistleblower's identity is always kept confidential and is protected against any form of reprisal or retribution. The Board is notified and updated on investigation of any concern raised.

**KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM
(CONT'D)**

2. INTERNAL CONTROL (Cont'd)

(a) Control Environment (Cont'd)

Anti-Bribery Management Policy

The Board has formalised an Anti-Bribery Management Policy in view of the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), which comes into force in June 2020.

(b) Risk Assessment

Risk assessments are conducted on new ventures and activities, including projects, processes, systems and commercial activities to ensure that these are aligned with the Group's objectives and goals. The identification and management of risk is a continuous process linked to the achievement of the objectives.

During the financial year under review, the Group has formalised a documentation for risks and controls in the format of risk registers. Senior Management is required to undertake risk assessments against the Group's business plan, strategies and other significant activities, and to maintain these risk registers.

The Group's key risk register is compiled by the Senior Management and helps to facilitate the identification, assessment and on-going monitoring of risks significant to the organisation, including actions taken to mitigate risks. The document is formally reviewed yearly, but any emerging risks are added as required, and mitigating actions, and risk indicators are monitored regularly and updated on an on-going basis. The key risk register is discussed at all regular meetings of the Senior Management and reported on a yearly basis to the Board via the ARMC.

Significant Risks

In pursuing the Company's goal to create and sustain value to its stakeholders, the Board has approved a range of risk appetite for different risk categories developed at the Group level by the Senior Management. The Board is aware of the inherent/ controllable risks and has developed internal control measures to address such risks:

• **Strategic risk**

These are risks that affect the business direction and the sustainability of the Group which arise from failure to respond to competition, changes in economic, environmental, social, political and regulatory conditions and improper selection of business strategies. Failure in addressing competition risks may result in loss of market share and positioning, business opportunities and expose to risk of getting into price war, and affect profit margin. The Group's efforts is to maintain a good business relationship with customers and continuously enhance product development to meet dynamic market requirements.

• **Operational risk**

These are risks of loss related to deficiency in the Group's internal processes and systemic procedures, and the human factor, e.g., product non-conformance risk. Senior Management communicates with subordinates and guides them effectively when there is any new or variation in internal procedural processes. The Group also implemented preventive and detective controls, e.g., conduct quality inspection processes, etc. to mitigate such risk.

• **Credit risk**

This relates to potential loss due to customers failing to perform their contractual obligations. The Group has in place a Credit Control Policies and Procedures which encompasses the credit evaluation, credit monitoring, and collection processes to mitigate this risk.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

(b) Risk Assessment (Cont'd)

Significant Risks (Cont'd)

- **Financial risk**

This risk relates to financial losses that arise from inaccurate costing, which could lead to poor pricing strategies. Senior Management emphasises the importance of communicating and updating the revised costing information in a timely manner, relative to the fluctuation in raw materials prices, overheads incurred and other relevant cost elements.

(c) Control Activities

Senior Management is accountable for all risks assumed under their respective areas of responsibilities and to ensure that the Group's objectives and goals are not adversely impacted by internal and external risks. Control activities generally can be divided into three main categories:-

- *Preventive controls* are introduced to deter undesirable events or incidence of mistake, e.g., establish the approval matrix by imposing organisational constraints and level of authority for execution, perform periodical review to ensure the reliability and integrity of the information, etc.
- *Detective controls* are designed to prevent fraudulent activities from happening and remain undetected, e.g., monitor and measure operational performance based on established key performance indicators, perform monthly management review on operations and financial matters, etc.
- *Corrective controls* are designed to decrease the impact to the Group, when the risks have occurred, e.g., rectification of certain detected product non-conformances, production lapses, insurance, etc.

(d) Monitoring

There are processes to monitor the internal control policies and procedures designed and implemented by Management:

- to ensure their effectiveness;
- to identify any significant control weaknesses which may prompt for corrective actions.

The Board, through the ARMC, Senior Management and the Internal Auditors, reviews the internal control system on an on-going basis whilst the External Auditors perform review on an annual basis. The outcome of the reviews is reported to ARMC for monitoring. Senior Management continues to be actively involved in upholding and enhancing the control processes within all business units within the Group.

Internal Audit

The Group outsources the internal auditing function to a professional internal auditing firm to provide an independent and objective assurance on its internal control system. The outsourced Internal Auditors review the Group's internal control system based on a risk-based approach and guided by accepted internal auditing practices. The outsourced Internal Auditors present its internal audit plan biennial to the Audit and Risk Management Committee for approval. Internal Audit Reports summarising audit scope and approach, highlighting audit findings together with Management's response are presented to ARMC on half-yearly basis. The outsourced Internal Auditors performs follow-up audit on the implementation of action plans agreed by Management in highlighted audit findings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control accordance with the Audit and Assurance Practice Guide 3 (“AAPG”) – Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report for the financial year ended 30 June 2021, and reported to the Board that nothing has come to their attention that causes them to believe that the Annual Report is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and paragraph 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. AAPG3 does not require the External Auditors to form an opinion on the adequacy on risk management and effectiveness of the risk management and internal control system of the Group.

CONCLUSION

In accordance with the assessment of the Group’s system of internal control and risk management, the Board is of the view that the system of internal control and risk management established for the financial year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group’s assets and the shareholders investments. The Board has received assurance from the Managing Director, Executive Director and Group Finance Director that the Group’s risk management and internal control system is operating effectively, in all material aspects, based on the framework adopted by the Group. There were no material losses, contingencies or uncertainties arising from any inadequacy or failure of the Group’s system of the internal control that would require separate disclosure in the Group’s Annual Report.

The Board and the management will continue to ensure that the Group’s system of internal control and risk management continuously evolve to meet the changing and challenging business environment.

This Statement was approved by the Board on 7 October 2021.

ADDITIONAL DISCLOSURE REQUIREMENTS

1. UTILISATION OF PROCEEDS

As at 30 June 2021, the Company's gross proceeds of RM39,669,300.00 raised from the Initial Public Offering exercise in 2018 had been fully utilised.

Apart from the above, there were no corporate exercises or proposals to raise funds during the financial year ended 30 June 2021.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the Group and the Company's external auditors for the financial year ended 30 June 2021 are as follows:-

	Group (RM)	Company (RM)
Audit fees	152,000	46,000
Non-audit fees	14,000	14,000
Total fees:	166,000	60,000

3. MATERIAL CONTRACTS

There was no material contract entered into by the Company or its subsidiaries involving interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 30 June 2021 or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS

The Company will not be seeking any new or renewal of shareholders' mandate for recurrent related party transactions at the coming annual general meeting to be convened on 24 November 2021 as there is no requirement for it.

STATEMENT OF DIRECTORS' **RESPONSIBILITIES**

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board of Directors (“the Board”) are required by the Companies Act 2016 (“the Act”) to prepare financial statements in accordance with the approved financial reporting standards in Malaysia for each financial year which give a true and fair view of the financial position of the Group and their financial performance and cash flows for the financial year.

Throughout the preparation of the financial statements for the financial year ended 30 June 2021 the Board have:-

- i) Adopted the appropriate accounting policies, which were applied consistently and prudently;
- ii) Made judgments and estimations that were reasonable and prudent; and
- iii) Ensured applicable financial reporting standards in Malaysia were complied and assured that the financial statements were prepared on a going concern basis.

The Board are responsible for ensuring that the Group keep proper and adequate accounting records which would be disclosed when necessary, with reasonable accuracy reflecting on the financial position of the Group, and ensuring the financial statements comply with the provisions of the Act.

The Board have the responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is prepared pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are engaged in investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	11,511	7,540

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are as disclosed in the financial statements.

DIVIDENDS

The dividend declared and paid by the Company since the end of the previous financial year is as follows:-

	RM
First interim single tier dividend of 1 sen per ordinary share in respect of financial year ended 30 June 2021 paid on 18 January 2021	2,336,525

On 25 August 2021, the Directors declared a second interim single tier dividend of 0.5 sen per ordinary share amounting to approximately RM2.65 million in respect of financial year ended 30 June 2021 and was paid on 30 September 2021. The current financial statements do not reflect this declared dividend and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

HOLDING COMPANY

The Directors regard Sonicbond Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia as the holding company.

DIRECTORS' REPORT (CONT'D)

DIRECTORS OF THE COMPANY

The Directors who held office during the financial year and up to the date of this report are as follows:-

Dato' Hamzah Bin Mohd Salleh
Lee Seng Thye
Tan Siew Geak
Lee Seh Meng
Ooi Guan Hoe
Selma Enolil Binti Mustapha Khalil
Lee Yuen Shiuan (alternate Director to Tan Siew Geak)

The names of the Directors of subsidiary companies are set out in the respective subsidiary companies' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 ("Act"), the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors of the Company as at year end are as follows:-

	Number of ordinary shares			At 30.6.2021
	At 1.7.2020	Bonus issue/ Bought	Sold	
Interests in the Company				
Direct interests				
Dato' Hamzah Bin Mohd Salleh	100,000	125,000	-	225,000
Lee Seng Thye	2,000,000	2,500,000	-	4,500,000
Lee Seh Meng	232,000	290,000	-	522,000
Ooi Guan Hoe	100,000	125,000	-	225,000
Selma Enolil Binti Mustapha Khalil	100,000	125,000	-	225,000
Lee Yuen Shiuan	232,000	290,000	-	522,000
Deemed interests				
Lee Seng Thye #	169,398,420	211,748,025	-	381,146,445
Number of Warrants				
	Number of Warrants			At 30.6.2021
	At 1.7.2020	Adjustment pursuant to bonus issue	Exercised/ sold	
Direct interests				
Dato' Hamzah Bin Mohd Salleh	50,000	62,500	-	112,500
Lee Seng Thye	1,000,000	1,250,000	-	2,250,000
Lee Seh Meng	116,000	145,000	-	261,000
Ooi Guan Hoe	50,000	62,500	-	112,500
Selma Enolil Binti Mustapha Khalil	50,000	-	(50,000)	-
Lee Yuen Shiuan	116,000	145,000	-	261,000
Deemed interests				
Lee Seng Thye #	84,699,210	105,874,012	-	190,573,222

Deemed interests by virtue of his interest in Sonicbond Sdn. Bhd. pursuant to Section 8(4) of the Act

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 ("Act"), the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors of the Company as at year end are as follows (cont'd) :-

	Number of ordinary shares			At 30.6.2021
	At 1.7.2020	Bought	Sold	
Sonicbond Sdn. Bhd. (holding company)				
Direct interests				
Lee Seng Thye	96,800	-	-	96,800
Tan Siew Geak (a)	3,200	-	-	3,200

- (a) Pursuant to Section 8(4)(c) of the Act, Tan Siew Geak is not deemed to have an interest in the Company as her shareholdings in Sonicbond Sdn. Bhd. is less than 20%

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those disclosed in Notes 21 and 22 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company of which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (a) increased its issued and fully paid up ordinary share capital from RM139,806,731 to RM143,820,975 by the issuance of 5,281,900 new ordinary shares via exercise of Warrants at an exercise price of RM0.76 each; and
- (b) completed a bonus issue of 294,102,373 ordinary shares on the basis of five (5) bonus shares for every four (4) existing ordinary shares held on 26 March 2021. Consequently, 137,147,562 additional Warrants had been issued and the exercise price of RM0.76 had been adjusted to RM0.33 as a result of the bonus issue.

The details and salient features of Warrants are disclosed in Note 13 to the Financial Statements.

There was no issuance of debentures during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICER

The amount of indemnity coverage and insurance premium paid for Directors and officer of the Company during the financial year amounted to RM3,000,000 and RM7,536 respectively.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 67 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of its financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

.....
LEE SENG THYE

.....
TAN SIEW GEAK

Kuala Lumpur
7 October 2021

STATUTORY DECLARATION

I, Ng Yeow Siang, being the Officer primarily responsible for the financial management of Techbond Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 67 to 105 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
7 October 2021)

.....
NG YEOW SIANG
(MIA NO: 22867)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths
Ramathilagam A/P T Ramasamy (W671)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHBOND GROUP BERHAD

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Techbond Group Berhad which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Inventories' valuation and existence

The risk –

As at 30 June 2021, the inventories as disclosed in Note 9 to the Financial Statements are significant to the total assets of the Group. The inventories are measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of inventories based on an assessment of expected sales prices. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group.

Our responses –

In addressing this area of focus, we have selected a sample of inventories items and reperformed the calculation of weighted average cost method and compared the unit cost to the purchase invoices. In addition, we obtained an understanding and reviewed the management's assessment of NRV of the inventories and on a sample basis, tested the subsequent selling prices of inventories. Also, we examined the conditions of inventories selected on a sample basis by attending physical stock counts at financial year end. We also considered the adequacy of the Group's disclosures in respect of inventories.

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Impairment loss on trade receivables

The risk –

The key risk associated with the Group's trade receivables is the recoverability of billed trade receivables as management judgement is required in assessing the calculation of impairment loss on trade receivables through considering the expected recoverability of the outstanding trade receivables. Group's trade receivables are material to the financial statements. The Group's disclosures regarding trade receivables are in Note 10 and 25.1(a) to the Financial Statements.

Our responses –

We have assessed management's assumptions in calculating the impairment loss on trade receivables. These include reviewing the trade receivables' ageing report and testing the integrity of the ageing report by recalculating the due date for a sample of invoices. We also tested the recoverability of outstanding trade receivables through examination of subsequent receipts and reviewed the expected credit losses model developed by the Group.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the Financial Statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

KHO KIM ENG
(NO: 03137/10/2022 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
7 October 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	48,388	44,288	–	–
Investment properties	5	12,388	–	–	–
Right-of-use assets	6	6,434	6,808	–	–
Investment in subsidiary companies	7	–	–	95,935	96,262
Other receivables	8	123	150	–	–
Amount due from subsidiary companies	11	–	–	20,313	–
Total non-current assets		67,333	51,246	116,248	96,262
Current assets					
Inventories	9	30,111	21,599	–	–
Trade receivables	10	18,665	12,228	–	–
Other receivables	8	7,234	3,841	57	144
Amounts due from subsidiary companies	11	–	–	32,617	34,228
Tax recoverable		1,086	701	14	21
Cash and cash equivalents	12	38,022	56,991	18,288	27,502
Total current assets		95,118	95,360	50,976	61,895
Total assets		162,451	146,606	167,224	158,157
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to the owners of the Company					
Share capital	13	143,821	139,807	143,821	139,807
Merger deficit		(78,938)	(78,938)	–	–
Exchange translation reserve		6,578	7,323	–	–
Retained earnings		79,003	69,829	23,335	18,132
Total equity		150,464	138,021	167,156	157,939
LIABILITIES					
Non-current liability					
Deferred tax liabilities	14	1,341	1,235	–	–
Total non-current liability		1,341	1,235	–	–
Current liabilities					
Trade payables	15	7,349	4,454	–	–
Other payables	16	1,933	1,553	68	218
Deferred income		–	30	–	–
Tax payable		1,364	1,313	–	–
Total current liabilities		10,646	7,350	68	218
Total liabilities		11,987	8,585	68	218
Total equity and liabilities		162,451	146,606	167,224	158,157

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	17	89,839	71,281	8,349	30,422
Cost of sales		(62,120)	(49,501)	-	-
Gross profit		27,719	21,780	8,349	30,422
Other income		1,105	1,901	-	234
Finance income		769	1,608	635	903
Net reversal/(allowance) on impairment loss on financial assets		321	(717)	-	-
Selling and distribution expenses		(2,157)	(1,922)	-	-
Administration expenses		(10,274)	(7,529)	(1,082)	(1,064)
Other expenses		(2,175)	(1,276)	(327)	(5,075)
Profit before taxation	18	15,308	13,845	7,575	25,420
Tax expenses	19	(3,797)	(3,122)	(35)	(2)
Net profit for the financial year		11,511	10,723	7,540	25,418
Other comprehensive income:- Item that will be subsequently reclassified to profit or loss					
Exchange translation differences		(745)	1,302	-	-
Total comprehensive income for the financial year		10,766	12,025	7,540	25,418
Earnings per share attributable to owners of the Company (sen):-					
- Basic		20	2.20	2.07	
- Diluted		20	1.84	#	

In prior year, the potential number of ordinary shares under exercise of Warrants was not taken into account in the computation of diluted earnings per share as the Warrants do not have any dilutive effect on weighted average number of ordinary shares.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Share capital RM'000	Merger deficit RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000
Group					
Balance as at 1 July 2019	139,807	(78,938)	6,021	63,706	130,596
Transactions with owners:					
First interim single tier dividend of 2 sen per ordinary share in respect of financial year ended 30 June 2020	-	-	-	(4,600)	(4,600)
Net profit for the financial year	-	-	-	10,723	10,723
Exchange translation differences	-	-	1,302	-	1,302
Total comprehensive income for the financial year	-	-	1,302	10,723	12,025
Balance as at 30 June 2020	139,807	(78,938)	7,323	69,829	138,021
Transactions with owners:					
First interim single tier dividend of 1 sen per ordinary share in respect of financial year ended 30 June 2021	-	-	-	(2,337)	(2,337)
Exercise of Warrants	4,014	-	-	-	4,014
Net profit for the financial year	-	-	-	11,511	11,511
Exchange translation differences	-	-	(745)	-	(745)
Total comprehensive income for the financial year	-	-	(745)	11,511	10,766
Balance as at 30 June 2021	143,821	(78,938)	6,578	79,003	150,464

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Share capital RM'000	(Accumulated losses)/ retained earnings RM'000	Total RM'000
Company			
Balance as at 1 July 2019	139,807	(2,686)	137,121
Transactions with owners:			
First interim single tier dividend of 2 sen per ordinary share in respect of financial year ended 30 June 2020	–	(4,600)	(4,600)
Total comprehensive income for the financial year	–	25,418	25,418
Balance as at 30 June 2020	139,807	18,132	157,939
Transactions with owners:			
Exercise of Warrants	4,014	–	4,014
First interim single tier dividend of 1 sen per ordinary share in respect of financial year ended 30 June 2021	–	(2,337)	(2,337)
Total comprehensive income for the financial year	–	7,540	7,540
Balance as at 30 June 2021	143,821	23,335	167,156

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
OPERATING ACTIVITIES				
Profit before taxation	15,308	13,845	7,575	25,420
Adjustments for:				
Amortisation of deferred income	(30)	(45)	-	-
Amortisation of right-of-use assets	165	96	-	-
Depreciation of property, plant and equipment	1,948	1,360	-	-
Depreciation of investment properties	7	-	-	-
Finance income	(769)	(1,608)	(635)	(903)
Gain on disposal of property, plant and equipment	(185)	(10)	-	-
Inventories written off	46	-	-	-
Impairment loss on investment in a subsidiary company	-	-	327	5,075
Impairment loss on trade receivables	-	723	-	-
Impairment loss on trade receivables no longer required	(321)	(6)	-	-
Unrealised loss/(gain) on foreign exchange	1,438	(1,026)	2	(13)
Operating profit before working capital changes	17,607	13,329	7,269	29,579
Changes in working capital:-				
Inventories	(8,740)	4,058	-	-
Receivables	(9,714)	1,879	87	(19)
Payables	3,195	(336)	(150)	157
Cash generated from operations	2,348	18,930	7,206	29,717
Tax refunded	-	14	-	-
Finance income received	769	1,608	635	903
Tax paid	(3,986)	(2,900)	(28)	(27)
Net cash (used in)/from operating activities	(869)	17,652	7,813	30,593
INVESTING ACTIVITIES				
Sales proceeds from disposal of property, plant and equipment	226	10	-	-
Purchase of property, plant and equipment	(6,835)	(23,267)	-	-
Purchase of investment properties	(12,395)	-	-	-
Advances to subsidiary companies	-	-	(18,702)	(25,873)
Net cash used in investing activities	(19,004)	(23,257)	(18,702)	(25,873)

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
FINANCING ACTIVITIES					
Proceeds from exercise of Warrants		4,014	–	4,014	–
Dividend paid		(2,337)	(4,600)	(2,337)	(4,600)
Net cash from/(used in) financing activities		1,677	(4,600)	1,677	(4,600)
CASH AND CASH EQUIVALENTS					
Net changes		(18,196)	(10,205)	(9,212)	120
Effect on foreign currency translation differences on cash and cash equivalents		(773)	1,061	(2)	13
At beginning of financial year		56,991	66,135	27,502	27,369
At end of financial year	A	38,022	56,991	18,288	27,502

NOTES TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	12,228	23,241	516	102
Fixed deposits with licensed banks (Note 12)	7,617	4,612	–	–
Short-term demand deposits (Note 12)	18,177	29,138	17,772	27,400
	38,022	56,991	18,288	27,502

B. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Included in net cash (used in)/from operating activities</i>				
Payment relating to short-term leases	149	106	–	–
Total cash outflows for leases	149	106	–	–

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

– 30 JUNE 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are engaged in investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The Directors regard Sonicbond Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia as the holding company.

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Directors passed on 7 October 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is also the Company’s functional currency. All amounts in the financial statements are rounded to the nearest thousand, unless otherwise indicated.

2.4 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have applied the accounting policies as set out in Note 3 to all financial years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2020.

Initial application of the new standards/amendments/improvements to the standards did not have a material impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.5 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 2021:-

Amendments to MFRS 9[#], 139[#], 7^{*#}, 4^{*#} and 16^{*} Interest Rate Benchmark Reform – Phase 2

Amendments to MFRS effective 1 April 2021:-

Amendments to MFRS 16^{*} Leases – Covid 19-Related Rent Concession beyond 30 June 2021

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
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

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

* 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.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment, investment properties and right-of-use assets to be within 2 to 50 years and reviews the useful lives of depreciable assets at each reporting date. At 30 June 2021, the management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

The carrying amounts of the Group's property, plant and equipment, investment properties and right-of-use assets at the reporting date are disclosed in Notes 4, 5 and 6 to the Financial Statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly and the Group's profit to change.

The management reviews inventories to identify damaged, obsolete and slow moving inventories which required judgement and change in such estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 9 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd):-

Provision for expected credit losses (“ECLs”) of trade receivables

The Group uses a provision matrix and credit rating assessment to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, coverage by letter of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates or apply the external credit rating if no historical of default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the commercial sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Income taxes and deferred tax liabilities

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

2.6.2 Significant management judgements

The following is the significant management judgement in applying accounting policies of the Group that have the most significant effect on the amounts recognised in the Financial Statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below consistently throughout all years presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiary companies

Subsidiary companies are entities, including structured entity, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in subsidiary companies, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance with MFRS 112 Income Taxes.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

3.1.3 Common control business combination

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before or after the business combination and that control is not transitory.

For such common control business combinations, the merger accounting principles are used to account for the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the end of transfer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Common control business combination (cont'd)

On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference are classified and presented as movement in other capital reserves.

The effect of all transactions and balances between the combining entities, whether occurring before or after the combination are eliminated in preparing the financial statements.

Merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of the shares acquired.

3.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

3.2 Foreign currency translations

3.2.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in term of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency translations (cont'd)

3.2.2 Foreign operations

The assets and liabilities of foreign operations that are dominated in functional currency other than Ringgit Malaysia (“RM”) are translated into RM at the rate of exchange prevailing at the reporting date and their profit or loss and other comprehensive income are translated at average rate over the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operations, the component of other comprehensive income relating to that particular foreign operations is recognised in the profit or loss.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the exchange translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

3.3 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets to working condition for their intended use, cost of replacing component parts of the assets and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment are written down to recoverable amount if in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment (i.e. the amount obtainable from sale of an asset in an arm’s length transaction between knowledgeable, willing parties less the costs of disposal).

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful lives. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Buildings	2% - 4%
Renovation	2%
Plant and machinery	5% - 50%
Office furniture and equipment	10% - 50%
Motor vehicles	10% - 20%

Capital work-in-progress which consist of machineries and equipment under installation for their intended use as production facilities and factory under construction are stated at cost. Capital work-in-progress are not depreciated until they are completed and ready for their intended use.

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and rates of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the differences between the disposal proceeds and the carrying amounts of the assets and are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment properties. Subsequently to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment losses, if any.

Depreciation is recognised on the straight-line method in order to write off the cost over its estimated useful life. Freehold land with an infinite life is not depreciated. Investment properties are depreciated based on the estimated useful lives of the assets as follows:-

Building	2%
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Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of raw materials are determined on a weighted average basis which include all expenses incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods are determined using standard costing which includes cost of purchases, direct labours and other production costs.

Net realisable value is the estimated selling price in the ordinary course of business less any estimated costs necessary to make the sale.

3.6 Financial instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Financial assets (cont'd)

Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s and the Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group and the Company carry only financial assets measured at amortised costs on their statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s and the Company’s trade and other receivables excluding prepayments, amounts due from subsidiary companies, cash and cash equivalents fall into this category of financial instruments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Financial assets (cont'd)

Derecognition (cont'd)

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.6.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position.

The Group's and the Company's financial liabilities include trade and other payables excluding sales tax payable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.2 Financial liabilities (cont'd)

Subsequent measurement (cont'd)

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

3.6.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, fixed deposits with licensed banks and short-term demand deposits which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.8 Impairment of non-financial assets

At each reporting date, the Group and Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or groups of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of non-financial assets (cont'd)

An impairment loss is recognised as an expense in the profit or loss immediately.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

3.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.9.1 As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets representing the right to use the underlying assets.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.9.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, if any. The cost of right-of-use assets consist of up-front payments to acquire long-term interests in the usage of land in Vietnam. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

- Land use rights – over 30 to 41 years

3.9.1.2 Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight line basis over the lease term.

3.9.2 As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Contingent rents are recognised as other income in the year in which they are earned.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Equity instruments and reserves

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current year's net profit and prior years' retained earnings.

All transactions with the owners of the Company are recorded separately within equity.

Interim dividends on ordinary shares are accounted for in equity in the financial year in which they are declared while final dividends are recognised in equity upon approval of the shareholders in general meeting.

3.11 Employees benefits

3.11.1 Short term employees benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

3.11.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group or the Company pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.12 Revenue

Revenue is recognised as and when a performance obligation in the contract with customer is satisfied, i.e when the "control" of the goods or services underlying the particular performance obligation is transferred to customer.

The Group recognises the revenue arising from services at a point in time unless one of the following overtime criteria is met:-

- (a) The customer simultaneously receives and consumes the benefits provided;
- (b) The Group's performance creates or enhances an asset that the customer control as the assets is created or enhanced; or
- (c) The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue (cont'd)

The Group is in the business of developing, manufacturing and trading of industrial adhesives and sealants and providing supporting products and services. Revenue from contracts with customers is recognised when control of goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of goods.

3.12.1 Sales of goods

Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of goods.

3.12.2 Finance income

Finance income is recognised as it accrues using the effective interest method in profit or loss.

3.12.3 Dividend income

Dividend income is recognised when the Company's right to receive such payment is established, which is generally when it approves the dividend declared by its subsidiary companies.

3.13 Tax expenses

Tax expenses comprise current tax and deferred tax and are recognised in profit or loss.

3.13.1 Current tax

Current tax is the expected amount of income tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

3.15 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching for them and that the grants will be received.

Specifically, government grants which primary condition is that the Group should purchase or acquire non-current assets are recognised as deferred income in the statements of financial position and transferred to profit or loss at the rate of 15% per annum.

3.16 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decision about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	work-in-progress RM'000	Capital RM'000	Total RM'000
Cost									
At 1 July 2019	4,560	11,828	669	18,157	1,670	2,937	4,269	44,090	
Additions	-	-	-	256	98	-	22,913	23,267	
Reclassification	-	-	26	3,642	-	-	(3,668)	-	
Disposal	-	-	-	-	-	(32)	-	(32)	
Foreign currency translation differences	-	102	-	125	13	43	493	776	
At 30 June 2020	4,560	11,930	695	22,180	1,781	2,948	24,007	68,101	
Additions	-	49	194	302	363	698	5,229	6,835	
Reclassifications	-	12,007	19	16,269	644	-	(28,939)	-	
Disposals	-	-	-	(1,401)	(280)	(590)	-	(2,271)	
Foreign currency translation differences	-	(379)	-	(507)	(25)	(37)	1	(947)	
At 30 June 2021	4,560	23,607	908	36,843	2,483	3,019	298	71,718	
Accumulated depreciation									
At 1 July 2019	-	3,798	72	15,138	1,266	1,994	-	22,268	
Charge for the financial year	-	320	14	676	108	242	-	1,360	
Disposal	-	-	-	-	-	(32)	-	(32)	
Foreign currency translation differences	-	48	-	124	13	32	-	217	
At 30 June 2020	-	4,166	86	15,938	1,387	2,236	-	23,813	
Charge for the financial year	-	548	16	925	188	271	-	1,948	
Disposals	-	-	-	(1,401)	(280)	(549)	-	(2,230)	
Foreign currency translation differences	-	(42)	-	(117)	(11)	(31)	-	(201)	
At 30 June 2021	-	4,672	102	15,345	1,284	1,927	-	23,330	
Net carrying amount									
At 30 June 2021	4,560	18,935	806	21,498	1,199	1,092	298	48,388	
At 30 June 2020	4,560	7,764	609	6,242	394	712	24,007	44,288	

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Building RM'000	Total RM'000
Cost			
At 1 July 2019/30 June 2020	–	–	–
Additions	10,851	1,544	12,395
At 30 June 2021	10,851	1,544	12,395
Accumulated depreciation			
At 1 July 2019/30 June 2020	–	–	–
Charge for the financial year	–	7	7
At 30 June 2021	–	7	7
Net carrying amount			
30 June 2021	10,851	1,537	12,388
Fair value of investment properties			
30 June 2021	12,788	1,820	14,608

The market value at the reporting date was obtained from observable market information, determined by reference to similar industrial buildings which had been sold. No independent valuation by professional valuer has been performed on these investment properties.

The following is recognised in profit or loss in respect of investment properties:

	Group	
	2021 RM'000	2020 RM'000
Rental income	176	–

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

6. RIGHT-OF-USE ASSETS

Land use right	Group RM'000
Cost	
At 1 July 2019	7,126
Foreign currency translation reserve	257
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At 30 June 2020	7,383
Foreign currency translation reserve	(225)
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As at 30 June 2021	7,158
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Accumulated amortisation	
At 1 July 2019	459
Charge for the financial year	96
Foreign currency translation reserve	20
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At 30 June 2020	575
Charge for the financial year	165
Foreign currency translation reserve	(16)
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At 30 June 2021	724
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Net carrying amount	
30 June 2021	6,434
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30 June 2020	6,808
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7. SUBSIDIARY COMPANIES

Investment in subsidiary companies

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	101,937	101,937
Less: Accumulated impairment loss		
At beginning of financial year	5,675	600
Impairment loss recognised	327	5,075
At end of financial year	6,002	5,675
	95,935	96,262

In the current financial year, the Company received dividend of RM400,000 from its subsidiary company, Techbond (Sabah) Sdn. Bhd.. In the previous financial year, RM25,822,223 of dividend was received from Techbond (Vietnam) Co. Ltd..

At the reporting date, due to the dividends as paid above, the net assets of the respective subsidiary companies were lower than the Company's cost of investment which resulted in an impairment loss recognised accordingly.

The details of the subsidiary companies are as follows:-

Name of company	Principal place of business	Effective interest		Principal activities
		2021 %	2020 %	
Techbond Manufacturing Sdn. Bhd.	Malaysia	100	100	Developing, manufacturing and trading of industrial adhesives and sealants and providing supporting products and services.
Techbond (Vietnam) Co. Ltd. *	Vietnam	100	100	Manufacturing and trading industrial adhesives and providing supporting products and services.
Techbond (Sabah) Sdn. Bhd.	Malaysia	100	100	Selling and marketing of industrial adhesives and sealants. However, the Company had temporarily ceased its business operation since previous financial year.
Techbond International Sdn. Bhd.	Malaysia	100	100	Investment holding.
<u>Held under Techbond International Sdn. Bhd.</u>				
Techbond MFG (Vietnam) Co. Ltd. *	Vietnam	100	100	Manufacturing and trading industrial adhesives, sealants and base adhesives and providing supporting products and services.
<u>Held under Techbond Manufacturing Sdn. Bhd.</u>				
Techbond Greentech Sdn. Bhd.	Malaysia	100	100	Currently dormant. Proposed principal activities are developing, manufacturing and trading of industrial adhesives and chemicals, palm oil-based polyols, palm oil-based polyurethane adhesives, polyol-based adhesives and polyol-based products.

* Audited by a member firm of Grant Thornton International Ltd.

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

8. OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Non-trade receivables	123	150	–	–
Current				
Non-trade receivables	4,933	3,292	28	61
Deposits	220	215	–	–
Prepayments	2,081	334	29	83
	7,234	3,841	57	144

9. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At carrying amount:-		
Raw materials	22,558	14,449
Packing materials	395	357
Work-in-progress	1,813	1,737
Finished goods	4,209	4,960
Goods in transit	1,136	96
	30,111	21,599
Recognised in profit or loss:-		
Inventories recognised in cost of sales	53,239	42,919
Inventories written off	46	–

The write off of inventories is included in cost of sales.

10. TRADE RECEIVABLES

	Group	
	2021 RM'000	2020 RM'000
Trade receivables	19,608	13,531
Less: Allowance of expected credit losses		
At beginning of financial year	1,303	541
Allowance recognised	–	723
Allowance no longer required	(321)	(6)
Foreign currency translation differences	(39)	45
At end of financial year	943	1,303
	18,665	12,228

The Group's normal trade credit terms range from 1 to 120 days (2020: 1 to 120 days).

11. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due from subsidiary companies are non-trade in nature, unsecured, bear no interest and receivable on demand except for:

- (i) RM10,711,046 (2020: Nil) which is receivable by annual instalments of 20 years with first instalment commencing on 31 August 2021 and bears interest rate of 3.17% (2020: Nil) per annum; and
- (ii) RM11,854,548 (2020: Nil) which is receivable by annual instalments of 1 to 5 years with first instalment commencing on 30 June 2022 and bears interest rate of 2.25% (2020: Nil) per annum.

12. CASH AND CASH EQUIVALENTS

Fixed deposits with licensed banks bear interest rates ranging from 1.62% to 3.20% (2020: 3.20% to 4.60%) per annum.

Short-term demand deposits represent investment in trust funds managed by licensed investment management companies. They earned interest at prevailing market rates with no fixed maturity period, allow prompt redemption on demand and is tax exempted.

13. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021 Units	2020 Units	2021 RM'000	2020 RM'000
Issued and fully paid with no par value:-				
At beginning of financial year	230,000,000	230,000,000	139,807	139,807
Issued pursuant to the exercise of Warrants	5,281,900	–	4,014	–
Bonus issue	294,102,373	–	–	–
At end of financial year	529,384,273	230,000,000	143,821	139,807

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

On 2 March 2020, the Company issued 114,999,999 units of free warrants ("the Warrants") on the basis of one (1) warrant for every two (2) existing ordinary shares held by the shareholders.

During the financial year, the Company:

- (a) increased its issued and fully paid up ordinary share capital from RM139,806,731 to RM143,820,975 by the issuance of 5,281,900 new ordinary shares via exercise of Warrants at an exercise price of RM0.76 each; and
- (b) completed a bonus issue of 294,102,373 ordinary shares on the basis of five (5) bonus shares for every four (4) existing ordinary shares held on 26 March 2021. Consequently, 137,147,562 additional Warrants had been issued and the exercise price of RM0.76 had been adjusted to RM0.33 as a result of the bonus issue.

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

13. SHARE CAPITAL (CONT'D)

The main features of the Warrants are as follows:-

- (a) each of the Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an adjusted exercise price of RM0.33 (2020: RM0.76);
- (b) the Warrants shall be exercisable at any time within 5 years commencing on and including the date of the issuance of the Warrants. Any Warrants which are not exercised during the exercise period shall thereafter lapse and cease to be valid;
- (c) the exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions set out in the deed poll; and
- (d) all new ordinary shares to be issued arising from the exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the Warrants.

As at 30 June 2021, there are 246,865,661 Warrants remained not exercised.

14. DEFERRED TAX LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
At beginning of financial year	1,235	879
Recognised in profit or loss	85	317
Underprovision in prior year	21	39
	<hr/>	<hr/>
At end of financial year	1,341	1,235
	<hr/>	<hr/>

The components of deferred tax liabilities are made up of tax effects on temporary differences arising from:-

	Group	
	2021	2020
	RM'000	RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,497	1,310
Others	(156)	(75)
	<hr/>	<hr/>
	1,341	1,235
	<hr/>	<hr/>

15. TRADE PAYABLES

The normal trade credit terms granted by trade payables range from 1 to 120 days (2020: 1 to 120 days) and are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

16. OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-trade payables	570	755	22	55
Accruals	1,157	775	46	163
Deposits	176	–	–	–
Sales tax payable	30	23	–	–
	1,933	1,553	68	218

17. REVENUE

17.1 Disaggregated revenue information

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Type of revenue				
Sale of goods and services	89,839	71,281	–	–
Dividend income from subsidiary companies	–	–	8,349	30,422
	89,839	71,281	8,349	30,422

	Group	
	2021 RM'000	2020 RM'000
Segments		
Type of goods and services		
Industrial adhesives and sealants	82,870	67,000
Supporting products and services	6,969	4,281
	89,839	71,281

	Group	
	2021 RM'000	2020 RM'000
Geographical markets		
Malaysia	21,491	15,885
Vietnam	47,458	37,849
Indonesia	11,593	9,540
China	2,764	2,198
Others	6,533	5,809
	89,839	71,281

Revenue of the Group is recognised when the goods are transferred or services are rendered at a point in time.

Dividend income received from subsidiary companies is recognised at a point in time.

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

17. REVENUE (CONT'D)

17.2 Performance obligation

The performance obligation represents sales of industrial adhesives, sealants and rendering of supporting products and services and is satisfied upon delivery of goods and services rendered to the customers.

18. PROFIT BEFORE TAXATION

Profit before taxation has been determined after charging/(crediting), amongst others the following items:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration				
Statutory audit				
- Group auditors	106	103	46	46
- Other auditors	46	45	-	-
Non-statutory audit				
- Group auditors	14	6	14	6
Amortisation of deferred income	(30)	(45)	-	-
Amortisation of right-of-use assets	165	96	-	-
Depreciation of property, plant and equipment	1,948	1,360	-	-
Depreciation of investment properties	7	-	-	-
Finance income	(769)	(1,608)	(635)	(903)
Gain on disposal of property, plant and equipment	(185)	(10)	-	-
Inventories written off	46	-	-	-
Impairment loss on investment in a subsidiary company	-	-	327	5,075
Impairment loss on trade receivables	-	723	-	-
Impairment loss on trade receivables no longer required	(321)	(6)	-	-
Rental of premises – short-term leases	149	106	-	-
Rental income	(178)	(2)	-	-
Net realised loss on foreign exchange	366	159	-	-
Net unrealised loss/ (gain) on foreign exchange	1,438	(1,026)	2	(13)

19. TAX EXPENSES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax:				
- Current year provision	4,216	2,777	35	2
- Overprovision in prior year	(525)	(11)	-	-
Deferred tax:				
- Current year provision	85	317	-	-
- Underprovision in prior year	21	39	-	-
Total tax expenses	3,797	3,122	35	2

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

19. TAX EXPENSES (CONT'D)

Malaysian income tax is calculated at the statutory rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expenses applicable to profit before taxation at statutory tax rate and effective tax expenses of the Group and of the Company are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	15,308	13,845	7,575	25,420
Income tax at Malaysian tax rate of 24% (2020: 24%)	3,674	3,323	1,818	6,101
Tax effects in respect of :-				
Expenses not allowable for tax purposes	769	574	335	1,470
Income not subject to tax	(187)	(543)	(2,118)	(7,569)
(Over)/underprovision in prior year	(504)	28	-	-
Deferred tax assets not recognised	536	74	-	-
Effect of tax rate difference in foreign jurisdiction	(491)	(334)	-	-
Total tax expenses	3,797	3,122	35	2

Deferred tax assets have not been recognised in respect of the following item due to uncertainty of its recoverability: -

	Group	
	2021 RM'000	2020 RM'000
Unabsorbed business losses	2,850	616

Deferred tax assets have not been recognised in respect of the unabsorbed business losses as it is not probable that whether sufficient future taxable profits will be available against which unrecognised temporary differences can be utilised.

The unabsorbed business losses of the Group mainly arising from a foreign subsidiary and will only be available to carry forward for a period of five (5) consecutive years. Upon expiry of the 5 years, the unabsorbed business losses will be disregarded.

The expiry periods of the unabsorbed business losses are as follows:

	Group	
	2021 RM'000	2020 RM'000
Year of Assessment 2022	22	22
Year of Assessment 2023	134	134
Year of Assessment 2024	153	153
Year of Assessment 2025	307	307
Year of Assessment 2026	2,234	-
	2,850	616

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

20. EARNINGS PER SHARE

20.1 Basic

The basic earnings per ordinary share has been calculated based on the net profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year:-

	2021	Group 2020 Restated
Net profit attributable to ordinary equity holders of the Company (RM'000)	11,511	10,723
Weighted average number of ordinary shares in issue ('000)	527,318	517,500*
Basic earnings per share (sen)	2.20	2.07

20.2 Diluted

For the purpose of calculating diluted earnings per ordinary share, the net profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares arising consequent to the exercise of Warrants:

	2021	Group 2020
Net profit attributable to ordinary equity holders of the Company (RM'000)	11,511	10,723
Weighted average number of ordinary shares in issue ('000)	527,318	517,500*
Adjustment for effect of Warrants	99,838	#
	627,156	517,500
Diluted earnings per share (sen)	1.84	#

* The weighted average number of ordinary shares in issue of the previous financial year was restated to reflect the retrospective adjustments arising from the issuance of the bonus shares during the financial year as disclosed in Note 13 to the Financial Statements.

In prior year, the potential number of ordinary shares under exercise of Warrants was not taken into account in the computation of diluted earnings per share as the Warrants do not have any dilutive effect on weighted average number of ordinary shares.

21. EMPLOYEES BENEFITS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries, bonus and other emoluments	5,795	5,329	–	–
Directors' remuneration	3,122	2,731	504	390
Social security contributions	43	37	–	–
Defined contribution plan	672	655	–	–
Other benefits	29	26	–	–
	9,661	8,778	504	390

The details of Directors' remuneration are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors:-				
Directors of the Company				
Directors' fees	258	144	258	144
Salaries, bonus and other emoluments	2,437	2,185	–	–
Defined contribution plan	181	156	–	–
	2,876	2,485	258	144
Non-executive Directors:-				
Directors' fees	228	228	228	228
Other benefits	18	18	18	18
	246	246	246	246
	3,122	2,731	504	390

22. SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions

The significant related party transactions of the Group and of the Company are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Rental expenses charged by a company in which certain Directors have interests	84	84	–	–
Rental income received from a company in which certain Directors have interests	2	2	–	–
Dividend income received from subsidiary companies	–	–	8,349	30,422
Finance income received from subsidiary companies	–	–	156	–

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

22. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

Significant related party transactions (cont'd)

The Directors of the Group and of the Company are of the opinion that the above transactions were entered into in the normal course of business and were established under negotiated basis.

Compensation of key management personnel

The Group and the Company have no other key management personnel apart from the Directors. The Directors' remuneration is disclosed in Note 21 to the Financial Statements.

23. CAPITAL COMMITMENT

	2021	Group	2020
	RM'000		RM'000
Capital expenditure			
Authorised and contracted for:			
- Setting up the VSIP2 factory complex	487		4,950

24. OPERATING SEGMENTS

(a) Business segments

The Group is principally involved in developing, manufacturing and trading of industrial adhesives, sealants and providing supporting products and services.

Due to the interrelated nature of developing, manufacturing and trading of industrial adhesives and sealants and similar operational characteristics of managing the same field, management believes that it is overseeing a single reportable segment.

Hence, the Group does not present its results by industry or products segment.

(b) Geographical information

Non-current assets are determined according to the countries where they are located.

	2021	Group	2020
	RM'000		RM'000
Malaysia	30,813		18,743
Vietnam	36,520		32,503
	67,333		51,246

(c) Major customers

There is only one (2020: one) major customer with revenue equal or more than 10% (2020: 10%) of the Group's revenue which amounted to RM11,593,493 (2020: RM9,540,391).

25. FINANCIAL INSTRUMENTS

25.1 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing its risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the Group's and the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval from the management.

Following are the areas where the Group and the Company are exposed to credit risk:-

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customer operates.

A credit rating assessment and impairment analysis are performed at each reporting date to measure expected credit losses ("ECL"). Generally, trade receivables are written off if the Directors deem them as uncollectable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Collateral is considered in the calculation of impairment. At the reporting date, none of the Group's trade receivables is covered by collateral.

The Group uses a provision matrix to measure ECL of trade receivables except for invoices which are past due for more than 90 days. The Group assessed the risk of each customer individually based on their credit ratings if overdue more than 90 days.

NOTES TO THE FINANCIAL STATEMENTS
– 30 JUNE 2021 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Set out below is the information about the credit risk exposure and ECL for the Group's trade receivables using provision matrix:-

	Expected credit losses rate %	Total gross carrying amount RM'000	Expected credit losses RM'000
Group			
<u>2021</u>			
Not past due	–	10,883	–
Past due for 1 to 30 days	–	4,804	–
Past due for 31 to 60 days	–	1,891	–
Past due for 61 to 90 days	–	688	–
Past due for more than 90 days	–	399	–
		18,665	–
Credit impaired	100	943	(943)
		19,608	(943)
Group			
<u>2020</u>			
Not past due	–	7,926	–
Past due for 1 to 30 days	–	2,102	–
Past due for 31 to 60 days	–	1,435	–
Past due for 61 to 90 days	–	552	–
Past due for more than 90 days	–	213	–
		12,228	–
Credit impaired	100	1,303	(1,303)
		13,531	(1,303)

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and had defaulted in payments.

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics other than 18% (2020: 15%) of the trade receivables are due from one (2020: one) customer.

Trade receivables consist of a large number of customers in various backgrounds. Based on historical information about customer's default rates, the management considers the credit quality of trade receivables that are not past due or impaired to be good.

The net carrying amount of trade receivables is considered a reasonable approximation of fair value.

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Intercompany loans and receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Company provides unsecured advances to subsidiary companies and monitors their results regularly.

As at the reporting date, there was no indication that the advances to the subsidiary companies are not recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due, due to shortage of funds.

The Group and the Company seek to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. account receivables and account payables management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

The maturity profile of all the financial liabilities based on the contractual undiscounted repayment obligations is less than a year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group's and the Company's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's and the Company's interest-bearing assets are primarily fixed deposits with licensed banks, short-term demand deposits with licensed investment management companies and amounts due from subsidiary companies. The interest rates on these deposits and advances are monitored closely to ensure that they are maintained at favourable rates. The Group and the Company consider the risk of significant changes to interest rates on deposits and advances to be immaterial.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates as at reporting date would not affect profit or loss.

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this is primarily United States Dollar (“USD”).

Carrying amounts of the Group’s exposure to foreign currency risk are as follows:-

	2021 RM'000	2020 RM'000
<i>Denominated in USD</i>		
Cash and bank balances	6,422	12,693
Trade receivables	3,379	2,171
Other receivables	–	11
Trade payables	(5,209)	(1,977)
Other payables	–	(5)
	4,592	12,893

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group’s exposure to foreign currency risk.

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity of the Group’s net profit/equity for the financial year to a reasonably possible change in the USD against the functional currency of the Group, with all other variables held constant:-

	Group Increase/(decrease) in net profit/equity for the financial year	
	2021 RM'000	2020 RM'000
USD/RM		
- Strengthened (0.9%) (2020: 1.1%)	41	142
- Weakened (0.9%) (2020: 1.1%)	(41)	(142)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Fair values of financial instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature and/or insignificant impact of discounting.

25.3 Fair value hierarchy

No fair value hierarchy is disclosed as the Group and the Company do not have financial instruments measured at fair value.

26. CAPITAL COMMITMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business.

The Group sets the amount of capital in proportion to its overall financing structure, that are equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends pay to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. There were no changes in the Group's approach to capital management during the financial year.

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE

- (i) On 25 August 2021, the Directors declared a second interim single tier dividend of 0.5 sen per ordinary share amounting to approximately RM2.65 million in respect of financial year ended 30 June 2021 and was paid on 30 September 2021.
- (ii) The outbreak of Covid-19 since the end of 2019 had seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. To control the spread of Covid-19 in Malaysia, the Malaysian Government had imposed the Movement Control Order ("MCO") effective from 18 March 2020 and subsequently entered various phases of the MCO. This has affected business and economic activities in Malaysia and beyond. The Covid-19 pandemic also resulted in various travel restrictions and other precautionary measures imposed in Malaysia and various other countries.

At this stage, there has been no significant impact on the Group's operations resulting from various phases of the MCO imposed, travel restrictions and other precautionary measures imposed by the Malaysian Government as the Group's operation was allowed to operate throughout the various phases of the MCO, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively.

However, the extent of the effect of the various phases of the MCO, travel restrictions and other precautionary measures on the operations and results of the Group for the financial year ending 30 June 2022 will depend on their conditions and durations. As at to-date, the Covid-19 pandemic situation is still evolving and uncertain. The Group will continue to monitor actively and manage its funds and operations to minimise any negative impact arising from the Covid-19 pandemic.

LIST OF PROPERTIES

Postal Address	Description of Property/ Existing Use	Registered Owner	Land Area (Sq.mt)	Tenure	Date of Purchase	Approximate age of building (Years)	NBV as at 30 June 2021 (RM'000)
No.34 & 36, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	Industrial/ Factory, Warehouse and Office Premise	Techbond Manufacturing Sdn Bhd	10,468	Freehold	Lot 36 - 22/6/1998 Lot 34 - 24/6/1999	21 13	6,922.00
No.32, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	Industrial/ Factory, Warehouse and Office Premise	Techbond Manufacturing Sdn Bhd	4,714	Freehold	Lot 32 - 28/4/2004	11	3,727.00
Quarter 4, An Phu Ward, Thuan An Town, Binh Duong Province, Vietnam	Industrial/ Factory, Warehouse and Office Premise	Techbond (Vietnam) Company Limited	9,037	Leasehold expiring 22 May 2032	20/12/2002	13	1,514.00
No.18, VSIP II-A, Road 23, Vietnam-Singapore II-A Industrial Park, Vinh Tan Commune, Tan Uyen Town, Binh Duong Province, Vietnam.	Industrial/ Factory, Warehouse and Office Premise	Techbond MFG (Vietnam) Company Limited	30,000	Leasehold expiring 19 March 2058	30/12/2016	1	6,286.00
No 30, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	Industrial/ Factory, Warehouse and Office Premise For rental income and capital appreciation purposes.	Techbond Manufacturing Sdn Bhd	4,803	Freehold	Lot 30 - 01/04/21	17	12,388.00

ANALYSIS OF SHAREHOLDINGS

AS AT 21 SEPTEMBER 2021

SHARE CAPITAL

Total Number of Issued Shares	:	529,397,435
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary shares

ANALYSIS BY SIZE OF HOLDINGS AS AT 21/09/2021

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	91	2.410	3,652	0.000
100 - 1,000	167	4.423	94,844	0.018
1,001 - 10,000	1,698	44.968	10,160,849	1.919
10,001 - 100,000	1,585	41.976	50,863,400	9.609
100,001 - 26,469,870 (*)	234	6.197	87,128,245	16.458
26,469,871 AND ABOVE (**)	1	0.026	381,146,445	71.996
TOTAL :	3,776	100.00	529,397,435	100.00

REMARK : * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

INFORMATION ON DIRECTORS HOLDINGS AS AT 21/09/2021

NO.	NAME	DIRECT	%	INDIRECT	%
1	DATO' HAMZAH BIN MOHD SALLEH	225,000	0.042	0	0.000
2	LEE SEH MENG	522,000	0.099	0	0.000
3	LEE SENG THYE	0	0.000	381,146,445	71.996
4	M & A NOMINEE (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LEE SENG THYE (M&A)	4,500,000	0.850	0	0.000
5	LEE YUEN SHIUAN	522,000	0.099	0	0.000
6	OOI GUAN HOE	225,000	0.042	0	0.000
7	SELMA ENOLIL BINTI MUSTAPHA KHALIL	225,000	0.042	0	0.000
8	TAN SIEW GEAK	0	0.000	0	0.000
	SUBTOTAL :	6,219,000	1.174	381,146,445	71.996

INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 21/09/2021

NO.	NAME	DIRECT	%	INDIRECT	%
1	SONICBOND SDN BHD	381,146,445	71.996	0	0.000

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 21/09/2021 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
1	SONICBOND SDN BHD	381,146,445	71.996
2	CHING HEAN CHONG	9,500,000	1.794
3	ONG KENG SENG	4,844,200	0.915
4	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SENG THYE (M&A)	4,500,000	0.850
5	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	4,500,000	0.850
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOONG FUI KIEN	3,610,000	0.682
7	WOO KUN YEOW	1,500,000	0.283
8	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP TAI CHON	1,348,075	0.255
9	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PENG SENG (CCTS)	1,200,000	0.227
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEE YEE MING (CHE2345M)	1,132,500	0.214
11	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,067,500	0.202
12	CHEAH SOH WIN	1,000,000	0.189
13	KONG TIONG KIAN	1,000,000	0.189
14	WOO JIN BIN @ HU JIN BIN	1,000,000	0.189
15	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS HO IK SING (SMT)	945,800	0.179
16	YEUNG SHAN SHAN	930,000	0.176
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEW KIM KIAT (7003922)	910,000	0.172
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOONG KAH YIN	710,000	0.134
19	HO JIYNN HUA	707,750	0.134
20	KEU SOCK MOANG	700,000	0.132
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOONG KEK YOONG (E-MLB)	665,000	0.126

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

LIST OF TOP 30 HOLDERS AS AT 21/09/2021 (CONT'D)

NO.	NAME	HOLDINGS	%
22	YAP KWEK VE	650,000	0.123
23	YEOW GUAT	643,800	0.122
24	LIM SEE PEK	573,750	0.108
25	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAUD BIN AHMAD	545,000	0.103
26	TAN SIM EE	544,000	0.103
27	TEN KIM THAI	525,000	0.099
28	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALEXANDRA YOONG LI ANN	522,000	0.099
29	LEE SEH MENG	522,000	0.099
30	LEE YUEN SHIUAN	522,000	0.099
TOTAL HOLDINGS:		427,964,820	80.843

ANALYSIS OF WARRANTS

AS AT 21 SEPTEMBER 2021

Type of Securities	:	5 years warrants 2020/2025
Total No. of Warrants Issued and Not Exercised	:	246,852,499
Exercise Price of Warrants	:	RM0.33
Issue Date of Warrants	:	25 February 2020
Expiry Date of Warrants	:	24 February 2025

ANALYSIS BY SIZE OF HOLDINGS AS AT 21/09/2021

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 - 99	18	1.746	828	0.000
100 - 1,000	108	10.475	24,451	0.009
1,001 - 10,000	275	26.673	1,299,721	0.527
10,001 - 100,000	492	47.721	20,024,153	8.112
100,001 - 12,342,623 (*)	136	13.191	59,026,262	23.912
12,342,624 AND ABOVE (**)	2	0.194	166,477,084	67.440
TOTAL :	1,031	100.00	246,852,499	100.00

REMARK : * - LESS THAN 5% OF ISSUED WARRANTS
 ** - 5% AND ABOVE OF ISSUED WARRANTS

INFORMATION ON DIRECTORS HOLDINGS AS AT 21/09/2021

NO.	NAME	DIRECT	%	INDIRECT	%
1	DATO' HAMZAH BIN MOHD SALLEH	112,500	0.046	0	0.000
2	LEE SEH MENG	261,000	0.106	0	0.000
3	LEE SENG THYE	0	0.000	140,573,222	56.946
4	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SENG THYE (M&A)	2,250,000	0.911	0	0.000
5	LEE YUEN SHIUAN	261,000	0.106	0	0.000
6	OOI GUAN HOE	112,500	0.046	0	0.000
7	SELMA ENOLIL BINTI MUSTAPHA KHALIL	0	0.000	0	0.000
8	TAN SIEW GEAK	0	0.000	0	0.000
	SUBTOTAL :	2,997,000	1.215	140,573,222	56.946

INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 21/09/2021

NO.	NAME	DIRECT	%	INDIRECT	%
1	SONICBOND SDN BHD	140,573,222	56.946	0	0.000
2	JAG CAPITAL EQUITY SDN BHD	25,903,862	10.494	0	0.000

**LIST OF TOP 30 HOLDERS AS AT 21/09/2021
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE
SAME REGISTERED HOLDER)**

NO.	NAME	HOLDINGS	%
1	SONICBOND SDN BHD	140,573,222	56.946
2	JAG CAPITAL EQUITY SDN BHD	25,903,862	10.494
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' NG AIK KEE (001)	6,844,200	2.773
4	ONG KENG SENG	6,213,700	2.517
5	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LUM YET CHONG (MARGIN)	4,253,000	1.723
6	LEE MEE YOKE	4,000,000	1.620
7	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN POO YOT (MARGIN)	2,250,000	0.911
8	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SENG THYE (M&A)	2,250,000	0.911
9	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SAU BING (MARGIN)	1,350,000	0.547
10	JARING METAL INDUSTRIES SDN BHD	1,219,500	0.494
11	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR YAP KWEK VE	1,100,000	0.446
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SING HUAT	921,575	0.373
13	WONG SU CHUNG	800,000	0.324
14	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PENG SENG (CCTS)	725,000	0.294
15	YAP KWEK VE	579,300	0.235
16	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHUN HUNG	500,000	0.203
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POR TEONG ENG	500,000	0.203
18	POR TEONG ENG	500,000	0.203
19	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR WONG YUK LING	450,000	0.182
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KAM CHOON (E-JBU)	450,000	0.182

ANALYSIS OF WARRANTS (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 21/09/2021 (FOR ANNUAL REPORT) (CONT'D)

NO.	NAME	HOLDINGS	%
21	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAUD BIN AHMAD	450,000	0.182
22	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR THONG CHEN CHEN	411,600	0.167
23	ONG SAY KIAT	409,425	0.166
24	GAN KAK HO	400,000	0.162
25	LO CHEE MENG	400,000	0.162
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHO PING	400,000	0.162
27	NG TENG LAN	400,000	0.162
28	MU SING KEONG	350,000	0.142
29	MOK SUK HWEE	340,000	0.138
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KOOI SUAN (PENANG-CL)	330,000	0.134
TOTAL HOLDINGS		205,274,384	83.158

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting (“5th AGM”) of Techbond Group Berhad (“the Company”) will be conducted **fully virtual** by way of live streaming and online remote voting through the Remote Participation and Voting (“RPV”) facilities via TIH Online websites at <https://tiah.online> or <https://tiah.com.my> (Domain Registration No. with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on **Wednesday, 24 November 2021 at 10.00 a.m.** for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Directors’ and Auditors’ Reports.

[Please refer to Note (a)]

2. To re-elect the following Directors retiring in accordance with Clause 127 of the Constitution of the Company and being eligible, have offered themselves for re-election:

- i. Lee Seng Thye
- ii. Tan Siew Geak

(Ordinary Resolution 1)

(Ordinary Resolution 2)

[Please refer to Note (b)]

3. To approve the payment of Directors’ fees up to RM444,000.00 for the financial year ending 30 June 2022.

(Ordinary Resolution 3)

[Please refer to Note (c)]

4. To approve the payment of Directors’ benefits of up to RM18,000.00 for the financial period from 1 January 2022 until the next Annual General Meeting of the Company.

(Ordinary Resolution 4)

[Please refer to Note (d)]

5. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

(Ordinary Resolution 5)

[Please refer to Note (e)]

NOTICE OF THE ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. **Proposed Renewal of Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”).** (Ordinary Resolution 6)

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed 20% General Mandate”).

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed 10% General Mandate”).

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as “Proposed General Mandate”.)

NOTICE OF THE ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS (CONT'D)

To consider and if thought fit, to pass the following resolutions (cont'd):-

6. **Proposed Renewal of Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”) (cont'd). (Ordinary Resolution 6)**

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

[Refer to Explanatory Note (f)]

7. To transact any other business of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

BY ORDER OF THE BOARD

Wong Wai Foong (SSM PC No. 202008001472) (MAICSA No. 7001358)
Lim Hooi Mooi (SSM PC No. 201908000134) (MAICSA No. 0799764)
Ong Wai Leng (SSM PC No. 202008003219) (MAICSA No. 7065544)
Company Secretaries

Kuala Lumpur
26 October 2021

NOTES:-

- i. As part of the initiative to curb the spread of Coronavirus Disease 2019 (“COVID-19”), the 5th AGM will be conducted fully virtual by way of live streaming and online remote voting through the Remote Participation and Voting (“RPV”) facilities via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd (“Share Registrar”, or “Tricor” or “TIIH”) in Malaysia.

According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognized as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

- ii. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 5th AGM via the RPV facilities provided by Tricor via its TIIH Online website at <https://tiih.online>. Please read the Administrative Guide for the 5th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 5th AGM of the Company.

NOTICE OF THE ANNUAL GENERAL MEETING (CONT'D)

NOTES (CONT'D):-

- iii. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint not more than two (2) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
- iv. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- v. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- vi. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- vii. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorized.
- viii. The instrument appointing a proxy either in writing or in electronic form shall be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for further information on electronic submission of proxy form.
- ix. For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at Thursday, 18 November 2021 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

Explanatory Notes to the Agenda:

a. Audited Financial Statements

This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting ("AGM"). As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

b. Re-election of Retiring Directors

Mr Lee Seng Thye and Madam Tan Siew Geak are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

c. Payment of Directors' Fees

This resolution is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Explanatory Notes to the Agenda (Cont'd):

d. Payment of Directors' Benefits

This resolution is to facilitate payment of Directors' benefits for the period from 1 January 2022 until the next AGM of the Company. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Directors' benefits include allowances for travel and training programmes for directors and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees, and covers the period from 1 January 2022 until the next AGM of the Company (the due date for which the next AGM should be held).

e. Proposed Renewal of Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it is useful for the Company to meet its financial needs due to the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic and it will enable the Board to take swift action during the challenging time to ensure long term sustainability and interest of the Company and its shareholders.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 5th AGM held on 24 November 2021 and will lapse at the conclusion of the 5th AGM to be held on 24 November 2021. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

STATEMENT ACCOMPANYING **NOTICE OF ANNUAL GENERAL MEETING**

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD)

1. There is no person seeking election as director of the Company at this Annual General Meeting.
2. General mandate for issue of securities

Kindly refer to the Explanatory Notes on Special Business – Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 under Explanatory Note (d) of the Notes to the Notice of the 5th Annual General Meeting.

TECHBOND®

YOUR TECHNICAL BONDING PARTNER

TECHBOND GROUP BERHAD

Registration No: 201601019667 (1190604-M)
(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

Number of Shares held	
CDS Account	

I/We (Name of Shareholder as per NRIC, in capital letters)

NRIC No./Company No. (New) (Old)

of

being a Member(s) of TECHBOND GROUP BERHAD, hereby appoint

..... (Name of proxy as per NRIC, in capital letters)

NRIC No. (New) (Old)

and (Name of proxy as per NRIC, in capital letters)

NRIC No. (New) (Old)

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be conducted **fully virtual** by way of live streaming and online remote voting through the Remote Participation and Voting ("RPV") facilities via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on **Wednesday, 24 November 2021 at 10.00 a.m.** and any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X".

ORDINARY RESOLUTIONS		FOR	AGAINST
1	Re-election of Lee Seng Thye as Director of the Company		
2	Re-election of Tan Siew Geak as Director of the Company		
3	Payment of Directors' fees up to RM444,000.00 for the financial year ending 30 June 2022		
4	Payment of Directors' benefits of up to RM18,000.00 for the financial period from 1 January 2022 until the next Annual General Meeting of the Company		
5	Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company		
6	Proposed Renewal of Authority to Allot and Issue Shares		

Dated this _____ day of _____ 2021.

Signatures/ Common Seal of Shareholder(s)

Contact:

NOTES:-

i) As part of the initiative to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the 5th AGM will be conducted fully virtual by way of live streaming and online remote voting through the Remote Participation and Voting ("RPV") facilities via TIIH Online website at <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", or "Tricor" or "TIIH") in Malaysia.

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iii) A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint not more than two (2) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

iv) Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%

Total		100%



- v) For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- vi) Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- vii) The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorized.
- viii) The instrument appointing a proxy either in writing or in electronic form shall be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIH Online at <https://tih.online> not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof. Kindly refer to the Administrative Guide for further information on electronic submission of proxy form.
- ix) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at Thursday, 18 November 2021 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

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**AFFIX
STAMP**

**Share Registrar of
TECHBOND GROUP BERHAD**
Registration No: 201601019667 (1190604-M)
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

2nd Fold Here

Fold This Flap For Sealing

TECHBOND®

YOUR TECHNICAL BONDING PARTNER

TECHBOND GROUP BERHAD

201601019667 (1190604-M)

No. 36, Jalan Anggerik Mokara 31/59, Seksyen 31, Kota Kemuning,
40460 Shah Alam, Selangor Darul Ehsan, Malaysia.

Tel : +603-5122 3333 (Hunting Line)

Fax : +603-5122 3888

Email : adhesive@techbond.com.my

www.techbond.com.my