



**TECHBOND®**  
YOUR TECHNICAL BONDING PARTNER

**CHARTING FOR  
SUSTAINABILITY GROWTH**  
ANNUAL REPORT **2022**

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# CORPORATE INFORMATION



## **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*

## **Ooi 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**

*Chairman*

**Ooi Guan Hoe**

*Member*

**Dato' Hamzah Bin Mohd Salleh**

**Selma Enolil Binti Mustapha Khalil**

### **REMUNERATION COMMITTEE**

*Chairman*

**Dato' Hamzah Bin Mohd Salleh**

*Member*

**Ooi Guan Hoe**

**Selma Enolil Binti Mustapha Khalil**

### **NOMINATION COMMITTEE**

*Chairman*

**Dato' Hamzah Bin Mohd Salleh**

*Member*

**Ooi Guan Hoe**

**Selma Enolil Binti Mustapha Khalil**

### **COMPANY SECRETARIES**

Wong Wai Foong  
(SSM PC No. 202008001472)  
(MAICSA 7001358)

Ong Wai Leng  
(SSM PC No. 202208000633)  
(MAICSA 7065544)

Nadiah Ili Binti Adnan  
(SSM PC No. 202008001698)  
(MAICSA 7062952)

### **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  
Registration No. 201906003682 &  
LLP0022494-LCA  
Chartered Accountants (AF 0737)  
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](http://www.techbond.com.my)

### **INVESTOR RELATIONS**

Email: [ir@techbond.com.my](mailto:ir@techbond.com.my)

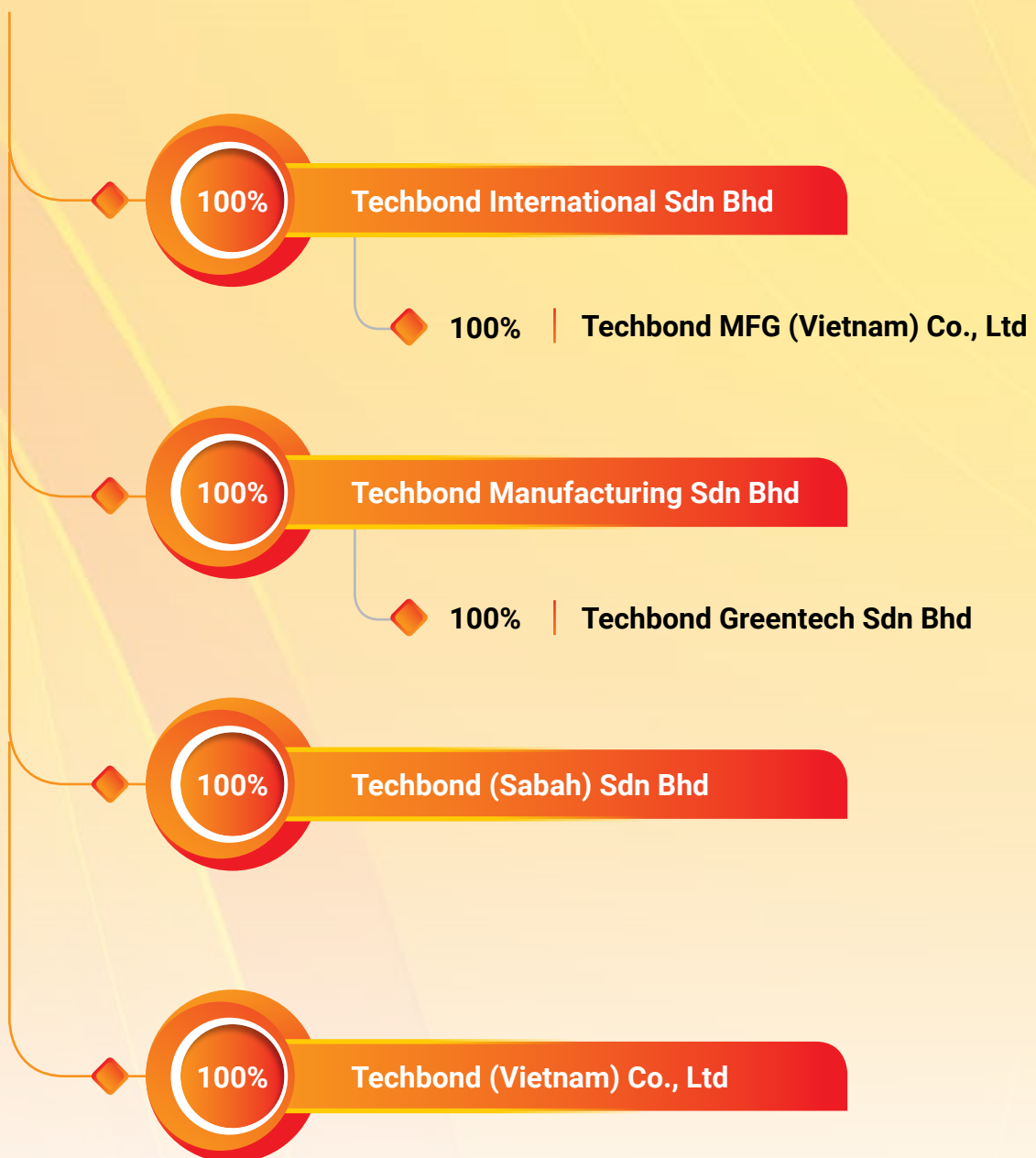
# CORPORATE STRUCTURE

# TECHBOND®

YOUR TECHNICAL BONDING PARTNER

## TECHBOND GROUP BERHAD

201601019667 (1190604-M)



# DIRECTORS' PROFILES



## DATO' HAMZAH BIN MOHD SALLEH

*Independent Non-Executive Chairman*

Nationality



Gender



Age



**Dato' Hamzah Bin Mohd Salleh** 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 and the 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 and was the Chief Executive Officer of the company. In February 2022, he was redesignated to Deputy Chairman of Spanco Sdn. Bhd.

He was appointed to the board of directors of companies that are listed on Bursa Malaysia Securities Berhad, namely SFP Tech Holdings Berhad on 16 August 2021, Rhone Ma Holdings Berhad on 1 April 2015 and PRG Holdings Berhad on 21 July 2003 as Independent Non-Executive Chairman. He resigned from PRG Holdings Berhad on 27 December 2018. He also sits on the board of other various 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 five (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 2022.

In the financial year ended 30 June 2022, he attended five (5) out of six (6) meetings of the Board.



## DIRECTORS' PROFILES (cont'd)



### LEE SENG THYE

*Managing Director*

Nationality



Gender



Age

62

**Mr Lee Seng Thye** ("Mr Lee") 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 (2) 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 Sdn Bhd ("Techbond Manufacturing") to develop and manufacture of industrial adhesives in 1996.

Mr Lee is the spouse of Ms Tan Siew Geak and father of both Mr Lee Seh Meng and Mr 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 five (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 2022.

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

In the financial year ended 30 June 2022, he attended all six (6) meetings of the Board.



### LEE SEH MENG

*Deputy Managing Director*

Nationality



Gender



Age

33

**Mr Lee Seh Meng** 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.

Mr Lee Seh Meng is the son of Mr Lee and Ms Tan Siew Geak and brother of Mr 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 five (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 2022.

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

In the financial year ended 30 June 2022, he attended all six (6) meetings of the Board.

## DIRECTORS' PROFILES (cont'd)



### TAN SIEW GEAK

*Executive Director*

Nationality



Gender



Age

62

**Ms Tan Siew Geak** ("Ms Tan") 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 Mr Lee, 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.

Ms Tan is the spouse of Mr Lee and mother of both Mr Lee Seh Meng and Mr 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 five (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 2022.

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

In the financial year ended 30 June 2022, she attended five (5) out of six (6) meetings of the Board.

## DIRECTORS' PROFILES (cont'd)



**Mr Ooi Guan Hoe** ("Mr Ooi") is our Independent Non-Executive Director and was appointed to our Board on 2 January 2018.

He is the Chairman of the Audit and Risk Management Committee, and a member of both the Remuneration Committee and the 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. In June 2011, Mr Ooi completed an executive education program co-organised by Harvard Business School and Tsinghua University and obtained a certificate in Private Equity and Venture Capital - China.

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 public listed companies in Malaysia and Germany. He was the Chief Financial Officer of MOG Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited from January 2019 to March 2022. Currently, he also sits on the board of directors of Revenue Group Berhad, Vertice Berhad, TCS Group Holdings Berhad and Swang Chai Chuan 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 five (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 2022.

In the financial year ended 30 June 2022, he attended all six (6) meetings of the Board.

### OOI GUAN HOE

*Independent Non-Executive Director*

Nationality



Gender



Age





## DIRECTORS' PROFILES (cont'd)



### **SELMA ENOLIL BINTI MUSTAPHA KHALIL**

*Independent Non-Executive Director*

Nationality



Gender



Age



**Pn Selma Enolil Binti Mustapha Khalil** 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, Powerwell Holdings Berhad and Unique Fire Holdings Berhad, all of which are public companies listed on Bursa Malaysia Securities Berhad.

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. In Unique Fire Holdings Berhad, she is the Independent Non-Executive Chairperson of the Board.

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 five (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 2022.

In the financial year ended 30 June 2022, she attended all six (6) meetings of the Board.

# PROFILES OF KEY SENIOR MANAGEMENT

## LEE YUEN SHIUAN

*(Alternate Director to Tan Siew Geak)  
Deputy General Director - Vietnam*

Nationality



Gender



Age



**Mr Lee Yuen Shiuan** is our Deputy General Director – Vietnam 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 as Business Development Executive in November 2016. He was promoted to Operation Manager in May 2017.

Mr Lee Yuen Shiuan is the son of Mr Lee and Ms Tan and brother of Mr 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 five (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 2022.

## NG YEOW SIANG

*Group Finance Director*

Nationality



Gender



Age



**Mr Ng Yeow Siang** 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 Malaysian Institute of Accountants since 2004.

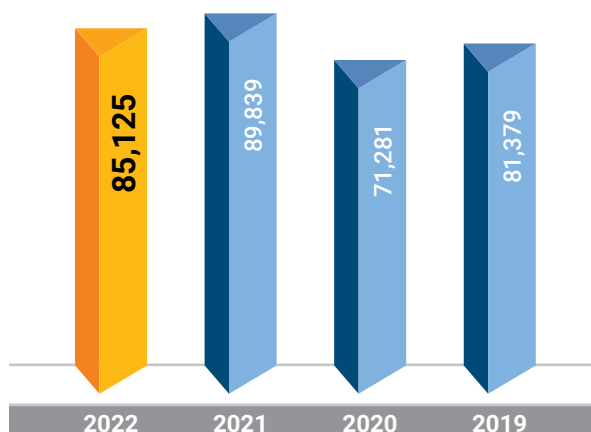
He began his career in 1999 as an Assurance Associate where he was involved in providing audit services to various sizes of companies across different industries in Malaysia. In 2004, he joined our Group as Accountant. He was promoted to Group Finance Manager in 2008 and subsequently promoted to Group 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 five (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 2022.

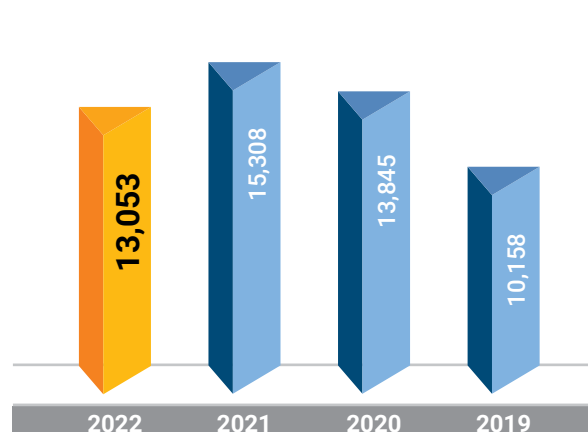
# FINANCIAL HIGHLIGHTS

FYE June	2022	2021	2020	2019
Revenue (RM'000)	<b>85,125</b>	89,839	71,281	81,379
Profit before taxation (RM'000)	<b>13,053</b>	15,308	13,845	10,158
Total Assets (RM'000)	<b>177,845</b>	162,451	146,606	138,773
Shareholders' Equity (RM'000)	<b>159,726</b>	150,464	138,021	130,596

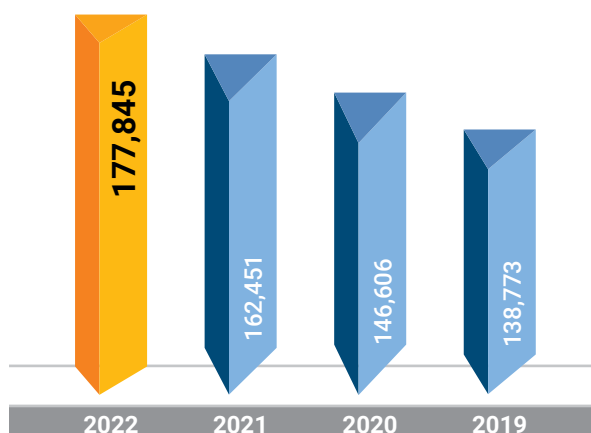
## REVENUE (RM'000)



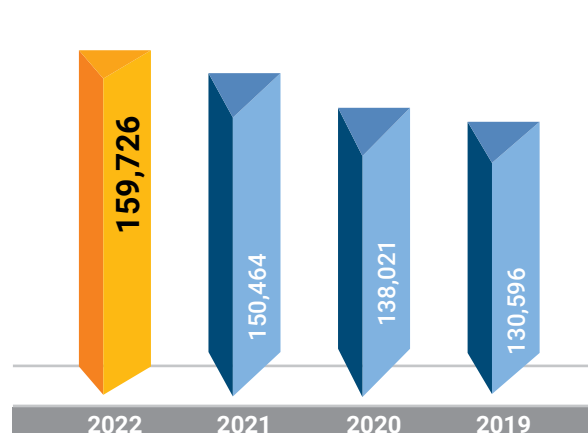
## PROFIT BEFORE TAXATION (RM'000)



## TOTAL ASSETS (RM'000)



## SHAREHOLDERS' EQUITY (RM'000)



# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT



FY2022 Revenue:

**RM85.1**  
million



FY2022 Net Profit:

**RM11.2**  
million

## DEAR VALUED SHAREHOLDERS,

I am pleased to deliver the Management Discussion and Analysis Statement (“MD&A”) for the financial year ended 30 June 2022 (“FY2022”) on behalf of the Board of Directors (“Board”) of Techbond Group Berhad (“Techbond” or the “Group”).

FY2022 has been a challenging year for Techbond, owing to the aftermath of the prolonged Coronavirus disease (“Covid-19”) as well as the geopolitical turbulence such as the Russian-Ukraine war and China-United States trade tensions, which had caused global supply chain disruptions and rising inflation.

On a brighter note, despite the market uncertainties, Techbond thrived and managed to deliver a commendable set of results, thanks to our resilient business model, experienced management, and dedicated team. For FY2022, we registered a profit after tax and non-controlling interest (“PATNCI” or “net profit”) of RM11.2 million on the back of RM85.1 million revenue.

## GROUP BUSINESS OVERVIEW

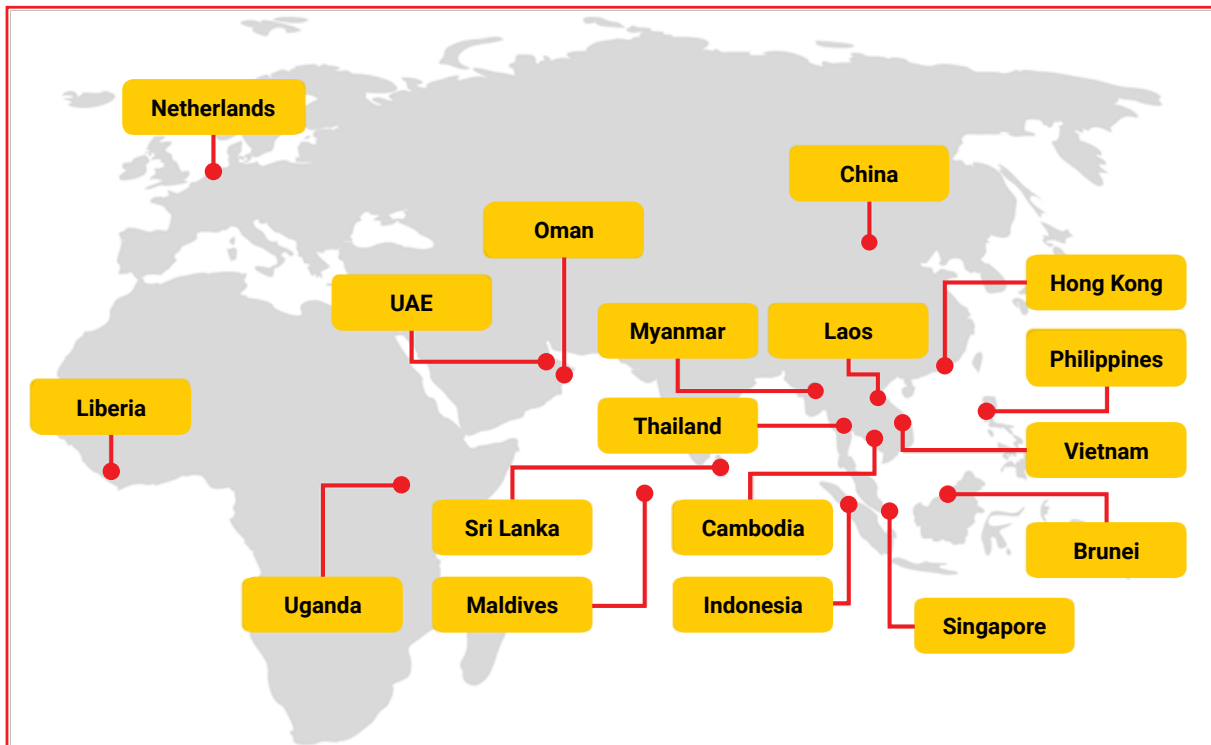
A leading specialist in the development and production of commercial adhesives and sealants, the Group was founded in 1996 with its headquarters (“HQ”), manufacturing plant, research and development (“R&D”) facility, warehouse and quality control (“QC”) centre located in Shah Alam, Selangor. Techbond is currently listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”), a milestone achieved in 2018.

Beyond the shore of Malaysia, the Group has an established presence in Vietnam as well, having ventured into the country since 2005.

Our Group invests substantially in R&D initiatives. We are pleased to share that most of our industrial adhesives and sealants are manufactured in-house.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (cont'd)

Techbond's products are used across various industries, these include but not limited to woodworking, paper and packaging, automotive, building and construction, personal care, cigarettes, and mattresses. In terms of geographical market, we serve not only domestic clientele but also exports to more than 20 countries across Asia, Europe and Africa continents.



There are 2 main business divisions in Techbond, which are as below:

## I. Industrial Adhesives & Sealants

The Group produces 2 kinds of industrial adhesives, which are water-based and hot melt adhesives. Primarily, plastics and polymer-based materials are employed as raw materials.

### a. Water-Based Adhesives

A combination of basic adhesive and (if present) additives that have been dissolved or distributed in water.

### b. Hot Melt Adhesives

A substance that is solid at ambient temperature but melts when heated to its operating temperature range.

**Industrial sealants** are used to seal a surface in order to prevent the passage of liquids, gases, and other undesired substances. In 2015, we began manufacturing sealants in-house via our R&D efforts. We manufacture two primary kinds of sealants: water-based and solvent-based sealants.



# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (cont'd)

There are 2 main business divisions in Techbond, which are as below: (Cont'd)

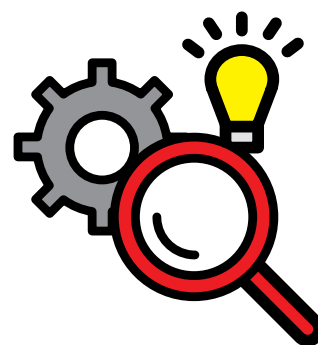
## II. Supporting Products & Services

Besides our own in-house products, the Group also offers supporting goods and services in our bid to strengthen our competitive advantages and develop clients' loyalty. These include supplying Original Equipment Manufacturer ("OEM")'s industrial adhesives and sealants, adhesive repellents and cleaners, chemicals as well as adhesive blending machines.

## RESEARCH & DEVELOPMENT ("R&D")

One of our main competitive advantages is our R&D capability. As mentioned earlier, most of our products are formulated in-house. This is made possible by our technical team, dedicating their time in the R&D centre located within the Shah Alam plant. The facility is well-equipped with laboratory and various equipment such as gas chromatograph, fourier-transform infrared spectroscopy, programmable temperature, and humidity test chamber.

Having our own in-house R&D team allows us to customize our products according to clients' specifications. At the same time, we continually develop new formulas and seek opportunities to increase our product portfolio in order to remain competitive.



## BUSINESS & OPERATIONAL REVIEW

After two years of battling Covid-19, Malaysia has finally entered into the transition phase into endemicity, with movement restrictions lifted and economic sectors resumed operations since the second quarter of 2022. The operations at our Shah Alam plant have also resumed at full force. Similarly, the production at the plants in Vietnam gradually returned to normal as the country opened up its economy.

Nevertheless, we experienced our fair share of difficulties due to the challenging business operating environment arising from the lingering effects of the pandemic. Rising raw material prices and logistics cost has been an ongoing issue but remained manageable for us. As part of our mitigation efforts, the Group has increased our inventory in anticipation of the price hike.

In ensuring the health and safety of all our employees, be it in Malaysia or Vietnam, Techbond continues to adhere to Standard Operating Procedures ("SOP") including providing staff with adequate Personal Protective Equipment ("PPE"). In addition, deep cleaning, sanitization and screening activities are routinely conducted in our facilities.

100% of our employees in Malaysia and Vietnam respectively had completed their Covid-19 vaccination. This effort had contributed towards minimising the risk of exposure to Covid-19. However, any employees found infected were provided with the necessary care and treatment whereas close contacts were swiftly identified and quarantined.

We are delighted to share that despite the adverse operating climate, orders from both local and international clients have been fairly stable and healthy in FY2022 and continues to pick up pace in tandem with the increased trade activities following the reopening of borders.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (cont'd)

## Upstream Polymerisation Factory in Vietnam

Techbond's new facility in Vietnam, an upstream polymerisation factory in Vietnam-Singapore Industrial Park II ("VSIP 2"), had commenced operation in June 2021 in the midst of the pandemic. To recap, the industrial complex consists of two water-based adhesives production lines, two warehouses, an administrative office and a QC centre, nestled on a 30,000 square meter ("sqm") land with a built-up area of 6,968 sqm. This plant marked a major milestone in our corporate journey as we have now successfully gone upstream in the value chain, allowing us to have better control over quality, cost and supply consistency of our raw materials.

During the year under review, the production at the upstream polymerisation plant has been gradually increasing. The pace has been measured given due consideration to the market uncertainties along with the rising input cost and raw material shortage, and this has reflected our prudent approach as well.



## Palm Oil-Based Industrial Adhesives

Our partnership with the Malaysia Palm Oil Board ("MPOB") to develop non-toxic industrial adhesives derived from using locally sourced and sustainable palm oil, continued to make headway albeit at moderate pace during the pandemic. Currently, we are working on process enhancement, whilst concurrently exploring opportunities with prospective customers.

Techbond, together with MPOB, had earlier in June 2021 filed a patent application for the improved method of producing palm-based polyol, which is a critical factor for the commercialisation of this product.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (cont'd)

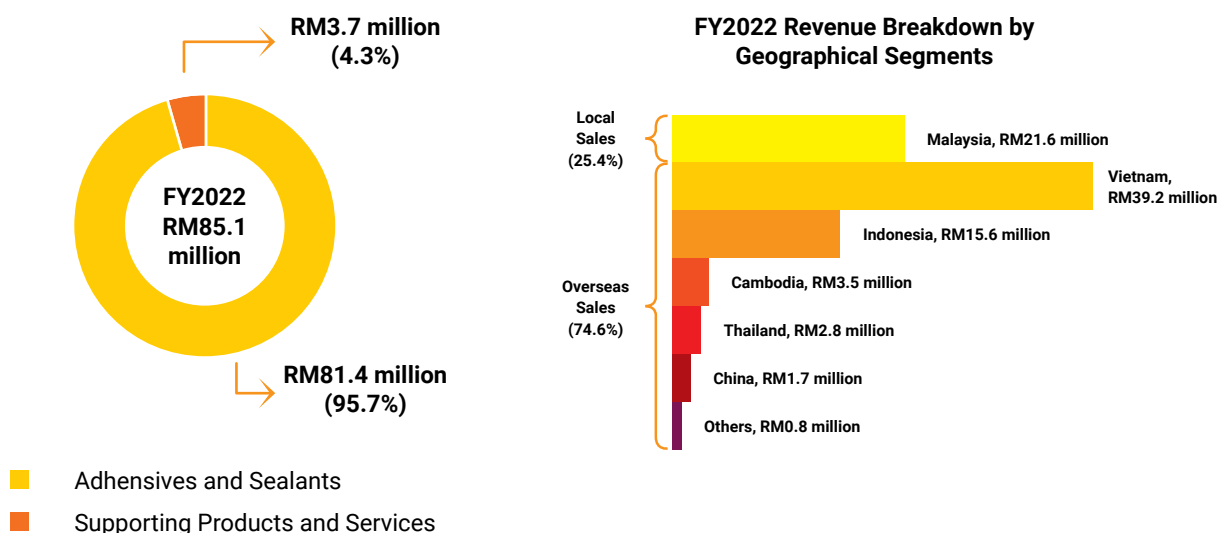
## FINANCIAL REVIEW

### Revenue

In FY2022, we recorded a revenue of RM85.1 million, a mild contraction of 5.2% Year-on-Year (“YoY”) as compared to RM89.8 million a year ago. The downtick was primarily attributable to lower demand from customers in both Malaysia and Vietnam in the first half of FY2022 as a result of lockdown imposed by the government of the respective countries.

### Revenue Breakdown by Segment

For the year under review, industrial adhesives and sealants accounted for 95.7% or RM81.4 million of the Group’s total sales. The balance 4.3% was contributed by the supporting products and services.



### Revenue Breakdown by Geographical Markets

Contribution from overseas accounted for 74.6% of total revenue in FY2022, with the domestic market making up the remaining turnover.

Vietnam continued to be Techbond’s largest market outside Malaysia, having accounted for 46.1% or RM39.2 million of the Group revenue in FY2022. This was followed by Malaysia, Indonesia, Cambodia, Thailand, China and other markets.

### Gross Profit (“GP”)

For the financial year under review, our GP slipped 28.2% YoY to RM19.9 million from RM27.7 million in the preceding year. As a result, FY2022 GP margin was lower at 23.3%, down 7.5 percentage points from 30.8% in FY2021.

This was largely due to disruption in the supply chain brought by the pandemic as well as geopolitical tensions, which resulted in higher raw materials prices, logistics costs and longer delivery period to customers.

### Profit Before Tax (“PBT”)

In tandem with the lower GP, the Group’s PBT too, softened by 14.7% YoY to RM13.1 million in FY2022. The smaller-than-proportionate decline in PBT was attributed to our meticulous efforts and prudent measures in keeping our operating costs in check.

### PATNCI / Net Profit

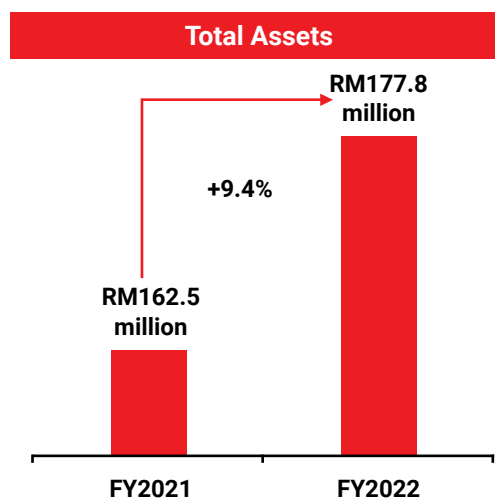
Following our high record of RM11.5 million net profit achieved in FY2021, the Group’s net profit in FY2022 eased by a marginal 2.7% YoY to RM11.2 million. The decline was cushioned by lower effective tax rate owing to tax exemption granted to the subsidiary in Vietnam, coupled with a non-taxable unrealised gain on foreign exchange.



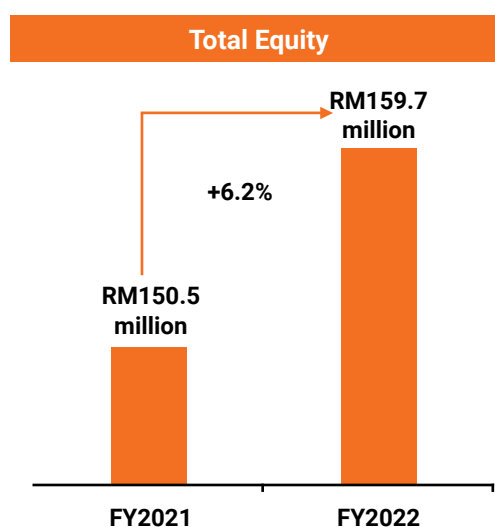
# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (cont'd)

## Capital Structure & Capital Resources

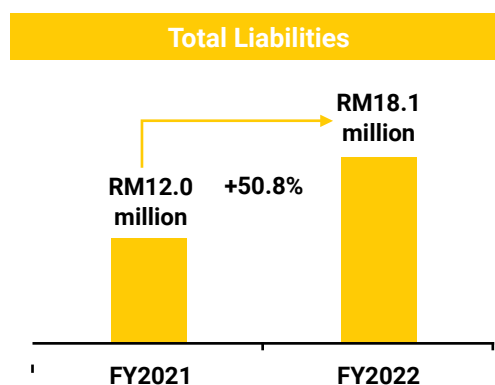
In FY2022, the Group's total assets grew 9.4% YoY to RM177.8 million, primarily on account of higher inventories held. Meanwhile, Cash and cash equivalent increased to RM39.1 million from RM38.0 million in FY2021.



Shareholders' equity for the financial year under review increased by RM9.2 million or 6.2% YoY to RM159.7 million from RM150.5 million in FY2021, predominantly a result of higher retained earnings.



Total liabilities were higher at RM18.1 million as opposed to RM12.0 million in the prior year. The increase was largely attributed to higher trade payables. Techbond continued to have zero borrowings as at 30 June 2022.



# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (cont'd)

## Net Gearing & Net Cash Per Share

As at 30 June 2022, Techbond had no borrowings, and remained in net cash position with a net cash per share of 7.4 sen. The Group has been in net cash position for the past 6 years.

### FY2022 Balance Sheet Highlights



**Total Assets**

RM177.8 million



**Cash & Cash Equivalents**

RM39.1 million



**Total Equity**

RM159.7 million



**No Outstanding Borrowings**

## Net Operating Cash Flow ("NOCF")

Techbond generated positive NOCF of RM4.7 million in FY2022, in contrast to a negative NOCF of RM0.9 million in FY2021.

## ANTICIPATED OR KNOWN RISKS

### Operational Disruptions

The smooth running of our businesses relies on the efficiency and uninterrupted operation of our production facilities. Thus, any disruption or unplanned cessation of any production lines would have adverse effect to the Group. To this end, we have purchased adequate insurance coverage to protect from the risks of fire, theft, and accidents for our employees.

Nonetheless, external hazards beyond our control, such as natural catastrophes, pandemics, riots, and general strikes, may also negatively impact our operations. With regards to risk arising from Covid-19, we fully adhere to regulators' stringent SOPs and continue to make additional efforts to ensure the safety of our employees while minimizing production disruptions.

### Fluctuations in Foreign Currency Exchange Rates

Techbond is subject to foreign exchange risks as we have transactions denominated in foreign currencies, for instance, the US Dollar and the Vietnamese Dong. Hence, any unfavourable changes in foreign exchange rates might have detrimental impact on our financial performance. In mitigation, we actively monitor the volatility of foreign exchange rates and may consider entering into foreign currency hedging contracts if or when necessary.

### Availability of Raw Materials

Polymer-based materials are the primary raw materials used in the production of our goods, particularly industrial adhesives. Any disruptions in the distribution of these raw materials could have damaging impact on our business and financial performance.

In mitigation, we keep close contacts with our suppliers to monitor the supply process of the raw materials. We also maintain adequate amounts of raw materials and stock as part of our risk management strategy, which has demonstrated our heightened inventory level in FY2022. Apart from these measures, our new polymerization facility in Vietnam plays a key role in minimizing our dependency on external suppliers, thereby putting us in a better position to manage this potential risk.

### Changes in Regulations & Policies

As a transnational enterprise with operations in both Malaysia and Vietnam, any changes in the laws and policies of either nation may have an impact on our business. Among the crucial concerns are revision to minimum wage laws, export tariffs and currency exchange regulations, to name a few. We constantly ensure that our operations adhere to all local requirements and laws. In addition, Techbond communicates with regulators and relevant industry associations to provide input and gain insight on potential shifts in policies. We believe we can adapt to changes in legislation and policies when is given sufficient notice period.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (cont'd)

## OUTLOOK & PROSPECTS

Looking ahead, the taxing operating environment is expected to prevail into 2023, mired in market uncertainties with various concerns such as rising inflation and high materials cost to dampen consumer sentiments and overwhelm investors. The International Monetary Fund ("IMF") had in July 2022 forecasted its global growth projection for 2022 to 3.2% from 3.8% earlier, before slowing further to 2.9% in 2023.

Closer to home, Bank Negara Malaysia has maintained its 2022 Gross Domestic Product ("GDP") growth estimation for our country at 5.3% to 6.3%. For 2023, the Asian Development Bank ("ADB") projected our nation's economic growth at 5.1%. Meanwhile, ADB's GDP forecasts for Vietnam are higher at 6.5% and 6.7% for 2022 and 2023, respectively.

Going into FY2023, we maintain a cautiously positive outlook and shall continue to adopt a prudent approach when deploying our resources. In assessing market opportunities, we see pockets of growth that we can capitalize on, while cognizant of the challenges arising from rising costs and inflationary pressure. Our growth strategies remain unchanged as we forge ahead in executing our plans and delivering results.

Following the resumption of cross border travelling, expanding our distribution network particularly in new markets is our high priority, with the sales and marketing team stepping up their activities in pursuing leads and prospects. At the same time, within our existing markets, we are working to increase our market share particularly in segments we are strong in – the woodworking as well as paper and packaging industries. In order to achieve the aforementioned objectives, our R&D team plays a key complementary role too, as they continually develop new and enhanced formulations to sustain market interest.

Over in Vietnam, we shall continue to boost the production of polyvinyl acetate ("PVAC") polymer at our polymerization facility at VSIP 2, which is one of our key raw ingredients for our industrial adhesives. As the output gradually reaches optimal point, we expect to see greater cost efficiency at the consolidated level.

As for our palm-oil based industrial adhesives project with MPOB, we will carry on our efforts to work towards feasible commercialization of the product. The progress had been somewhat hindered by the pandemic over the past 2 years and we certainly look forward to accelerate the development speed in the new financial year. Together with MPOB, we regard this adhesive product that has little to no formaldehyde emission levels to be revolutionary, one that has great commercial value in the international markets given its non-toxic property and sustainably sourced raw materials.

## DIVIDEND

For FY2022, the Board has recommended a final single tier dividend of 0.5 sen per share amounting to approximately RM2.65 million, subject to shareholders' approval at the upcoming annual general meeting.

It is the Board's intention to maintain a stable stream of dividends. However, this will depend on various factors such as our operating cash flow requirements, financing commitments and planned capital expenditure.

## APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to Techbond's management and workforce for their dedication, diligence and support for the Group, particularly during the difficult periods we had in FY2022.

In addition, I would also like to convey my gratitude to all of our stakeholders, including but not limited to our esteemed shareholders, clients, business partners, bankers and suppliers for their faith in us thus far, and our Group looks forward to their continuing assistance and support.

Last but not least, my heartfelt appreciation goes to my fellow Board members for their insights and guidance in steering the Group through the arduous times. It is my sincere belief that under the stewardship of our current Board, Techbond will emerge stronger from the current headwinds and continue to flourish.

**Lee Seng Thye**  
Managing Director

# SUSTAINABILITY STATEMENT

## ABOUT THE SUSTAINABILITY STATEMENT

Techbond Group Berhad's ("Techbond" or "the Company") fourth annual sustainability statement covers the financial year ended 30 June 2022 ("FY2022") and encompasses our efforts to inculcate a culture of sustainability within our organization and to manage our social, economic, governance and environmental impacts.

The Board of Directors ("the Board") is committed to continuously promote good sustainability practices and engage openly with Techbond and its subsidiaries' 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.

Performance evaluation of the Board and management in addressing the company's material sustainability risks and opportunities was carried out during the annual Board assessment. The Board was satisfied with the performance of both the Board and management roles respectively.

Reporting Scope and Boundary	This statement covers all the operations of Techbond Group Berhad and its subsidiaries: both Malaysia and Vietnam. All monetary values reported are expressed in Ringgit Malaysia (RM), unless stated otherwise.
Reporting Cycle	Annually
Reporting Period	1 July 2021 to 30 June 2022 ("FY2022")
Reporting Guidelines and Principles	Principle Guideline: <ul style="list-style-type: none"> <li>• Bursa Malaysia's Sustainability Reporting Guide</li> <li>• United Nations Sustainable Development Goals (UNSDGs)</li> <li>• Note 9 of Main Market Listing Requirements (MMLR)</li> </ul>
Reporting Approach	This Statement summarizes the sustainability performance of Techbond's strategic businesses.  The content of this Statement has been developed according to defined material topics. These topics were identified following a review of the overall sustainability risks and opportunities, which were determined by macroeconomics analysis, sustainability trends, and senior management input. Stakeholders views, concerns and key expectations also helped shape the overall materiality assessment. This assessment helped the Board realign the Group's sustainability strategy while ensuring the transparent coverage of key topics.
Reliability of information disclosed	The accuracy of Statement's contents has been: <ul style="list-style-type: none"> <li>• Reviewed by the Sustainability Committees</li> <li>• Presented to the Board for approval</li> </ul>

# SUSTAINABILITY STATEMENT (cont'd)

## TECHBOND SUSTAINABILITY POLICY

The Board embrace our social and environmental responsibilities by incorporating sustainability gradually in our overall business strategy and practices throughout the value chain in both the short and long term. 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.

## SUSTAINABILITY GOVERNANCE

Sustainability is driven from the top at Techbond with the Board heading our sustainability governance structure. The Company has included ESG factors as a strategic consideration in decision-making process. Responsible department heads are tasked with identifying, assessing and mitigating current and potential ESG risks.

The Board is responsible for providing oversight of the sustainability and ESG matters in Group's strategy development. The content of this sustainability statement is required to be reviewed and approved by the Board prior to publication. Supporting the Board is the Managing Director, who strategically manages the Group's sustainability matters.

Established in 2019, the Sustainability Working Group (SWG) is responsible for executing, monitoring and implementing sustainability initiatives across the Group. The SWG will champion and manage all aspects of a sustainable ecosystem including tracks and collates sustainability performance data. Lead by Deputy Managing Director, the SWG is an engine of our governance structure and supported by Heads of Departments including Finance, Operations, Business Development, Research & Developments and Human Resources. 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 on sustainability issues and its relevant performance indicators.

### BOARD OF DIRECTORS

- Overseeing the development and adoption of sustainability strategy and related policies
- Reviews and approves contents of the sustainability statement

### MANAGING DIRECTOR

- Develop Techbond's overarching sustainability framework
- Inform the Board's strategic planning in monitoring ESG risks and opportunities

### DEPUTY MANAGING DIRECTOR

- Drive initiative across the Group
- Acts as a thinker and planner of sustainable development projects.

### SUSTAINABILITY COMMITTEE

- Identifying, assessing and mitigating current and potential ESG risks
- Executing, monitoring and reporting sustainability initiative

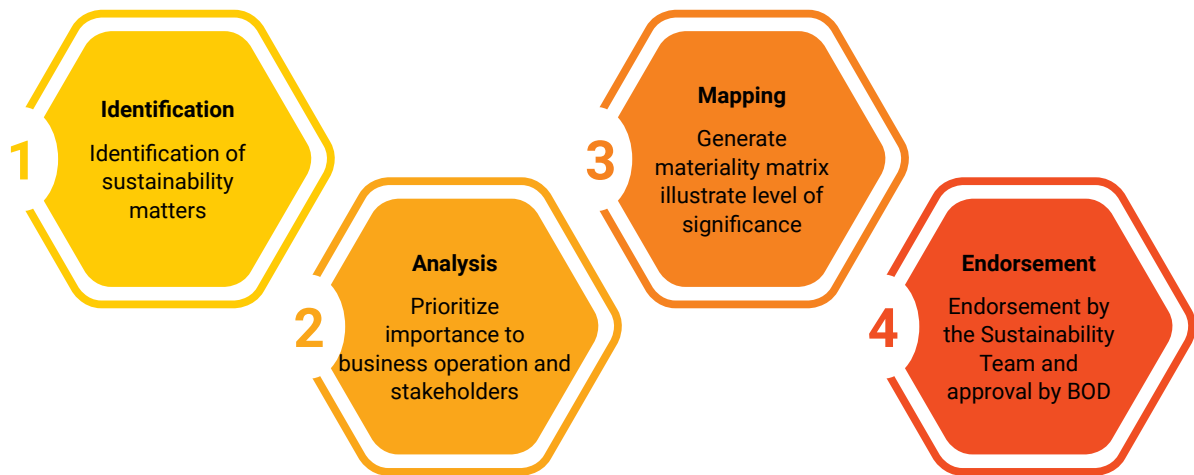
# SUSTAINABILITY STATEMENT (cont'd)

## OUR MATERIAL SUSTAINABILITY MATTERS

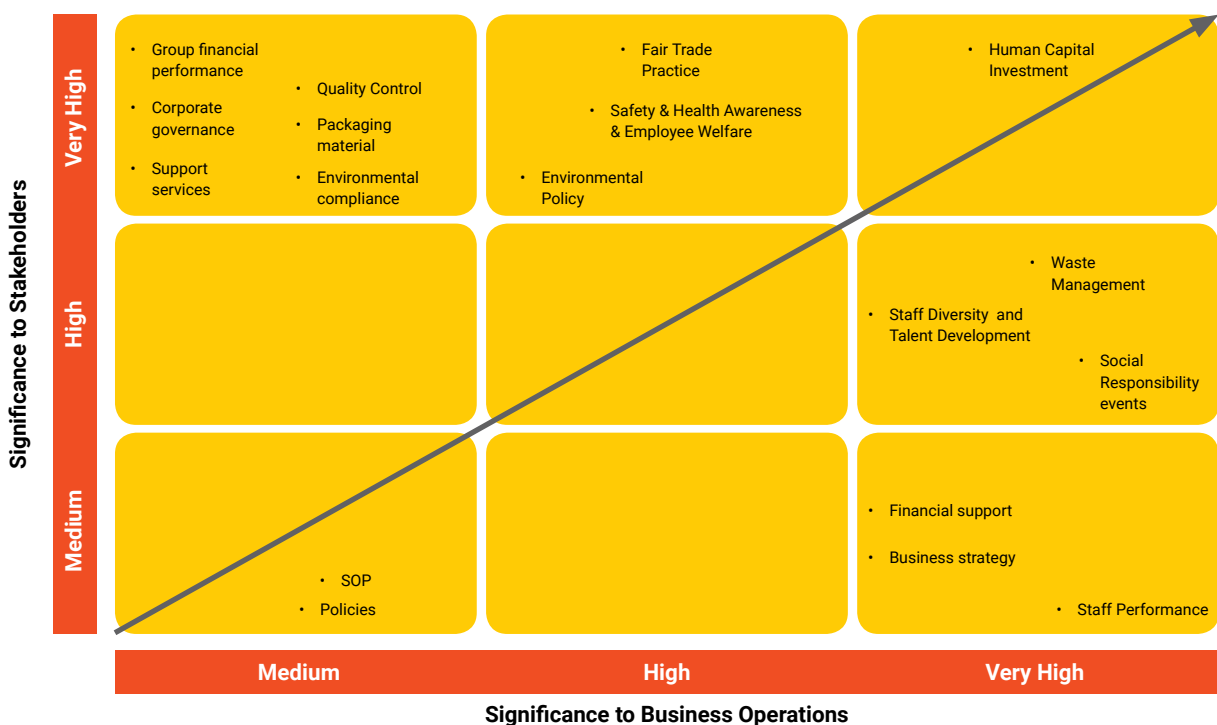
Stakeholders relevant to the Group are defined as individuals, groups, communities or entities that are impacted by the Group' business operation. All stakeholders can influence or be influenced, directly or indirectly, by the achievement of business objectives.

During the year, Techbond, in compliance with principle of materiality, conducted a stakeholder-driven assessment to identify our material sustainability matters and concluded that almost all the matters remained relevant to our operation in three perspectives encompasses Economic, Environmental and Social.

THE PROCESS of materiality assessment is as follow:



The materiality assessment is reviewed and approved by the Board of Directors. The overall position of each issue in the matrix determines its level of significance (medium, high, very high). The results of materiality analysis presented below:



# SUSTAINABILITY STATEMENT (cont'd)

This Sustainability Statement covers all the sustainability activities and initiatives carried out during the financial year ended 30 June 2022. 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.







## STAKEHOLDERS' ENGAGEMENT

As a leading global adhesives manufacturer that offers state-of-the-art adhesives solutions for numerous types of industries globally, we embrace our social and environmental responsibilities. At Techbond, we strongly believe that effective communication and engagement with our key stakeholders are essential to develop a solid understanding of stakeholders' demands and incorporate their inputs into the formulation of our sustainability strategies.

Stakeholders relevant to the Group are identified as individuals, groups, communities or entities that are impacted by the Group's business operations. The Group's key stakeholders and engagement activities are as outlined below: -

Stakeholder Group	Engagement Objective(s)	Engagement Channels	Sustainability Matters Discussed
 Board of Directors	To align business strategy with sustainable practices.	<ul style="list-style-type: none"> <li>Board meetings</li> <li>Committee Meetings</li> <li>Annual General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Company direction &amp; business strategy</li> <li>Policies</li> </ul>
 Investors and Media	To cultivate investors' and public confidence level.	<ul style="list-style-type: none"> <li>Annual report</li> <li>Quarterly report</li> <li>Annual General Meeting</li> <li>Investor's briefing</li> <li>Public announcements</li> <li>Press conference</li> <li>Interviews and visits</li> <li>Media interviews</li> <li>Media release</li> </ul>	<ul style="list-style-type: none"> <li>Group financial performance</li> <li>Corporate governance</li> <li>Regulatory compliance</li> <li>Business prospects</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

Stakeholder Group	Engagement Objective(s)	Engagement Channels	Sustainability Matters Discussed
Customers 	To improve customers' satisfaction.	<ul style="list-style-type: none"> <li>Customer's Feedback Form</li> <li>Customer's Audit</li> <li>Corrective Action Report</li> <li>On-site factory visit</li> <li>Regular Business Meetings</li> <li>Electronic mail</li> <li>Code of Ethics and Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Consistent quality product and quality control</li> <li>Support services</li> <li>ISO Certificate</li> <li>Data Privacy &amp; Security</li> </ul>
Suppliers 	To ensure sustainable supply of quality services and materials.	<ul style="list-style-type: none"> <li>Supplier's Evaluation and Appraisal</li> <li>Site visit</li> <li>Regular Business Meetings</li> <li>Corrective Action Report</li> <li>Electronic mail</li> <li>Code of Ethics and Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Competitive Pricing</li> <li>Packaging material</li> <li>Sustainable supply chain management</li> <li>Data Privacy &amp; Security</li> <li>Incoming quality inspection</li> </ul>
Employees 	<ul style="list-style-type: none"> <li>To develop career progression, talent retention and equitable remuneration and benefits.</li> <li>Promote conducive working environment through Health and Safety Practices, staff welfare improvement.</li> </ul>	<ul style="list-style-type: none"> <li>Performance appraisal</li> <li>Internal memorandum</li> <li>Training Programs</li> <li>Department Meetings</li> <li>Management Discussion and Meetings</li> <li>Employees Training Needs Assessment</li> <li>Employee engagement activity</li> <li>Employee Handbook</li> <li>Job enrichment through rotation</li> </ul>	<ul style="list-style-type: none"> <li>Training and development</li> <li>Talent attraction and retention</li> <li>Occupational Safety and health</li> <li>Team building activities</li> <li>Staff performance</li> <li>Employee welfare</li> <li>Standard operating procedures ("SOP")</li> <li>Employee engagement</li> </ul>
Government & Regulators 	To ensure full compliance with relevant laws and regulations.	<ul style="list-style-type: none"> <li>Active engagement with respective authorities and regulatory agencies</li> <li>Official correspondence</li> <li>Timely submission of reports to relevant authority</li> </ul>	<ul style="list-style-type: none"> <li>Environmental compliance</li> <li>Waste management</li> <li>Strict compliance with all laws, regulations and requirements to maintain licenses</li> <li>Human capital development and labor practices</li> </ul>
Financial Institutions 	To ensure continuous financial support & sufficient banking facilities from financial institutions.	<ul style="list-style-type: none"> <li>Annual report</li> <li>Public announcements</li> <li>Press releases</li> </ul>	<ul style="list-style-type: none"> <li>Financial support</li> </ul>
Local Communities 	To create positive image and awareness to the public.	<ul style="list-style-type: none"> <li>Corporate social responsibilities</li> <li>Community day</li> <li>Sponsorships</li> </ul>	<ul style="list-style-type: none"> <li>Social responsibilities events such as donations for school</li> <li>Job creation for local communication</li> <li>Energy, Pollution control</li> </ul>



# SUSTAINABILITY STATEMENT (cont'd)

## SUSTAINABILITY MANAGEMENT ACTIVITY

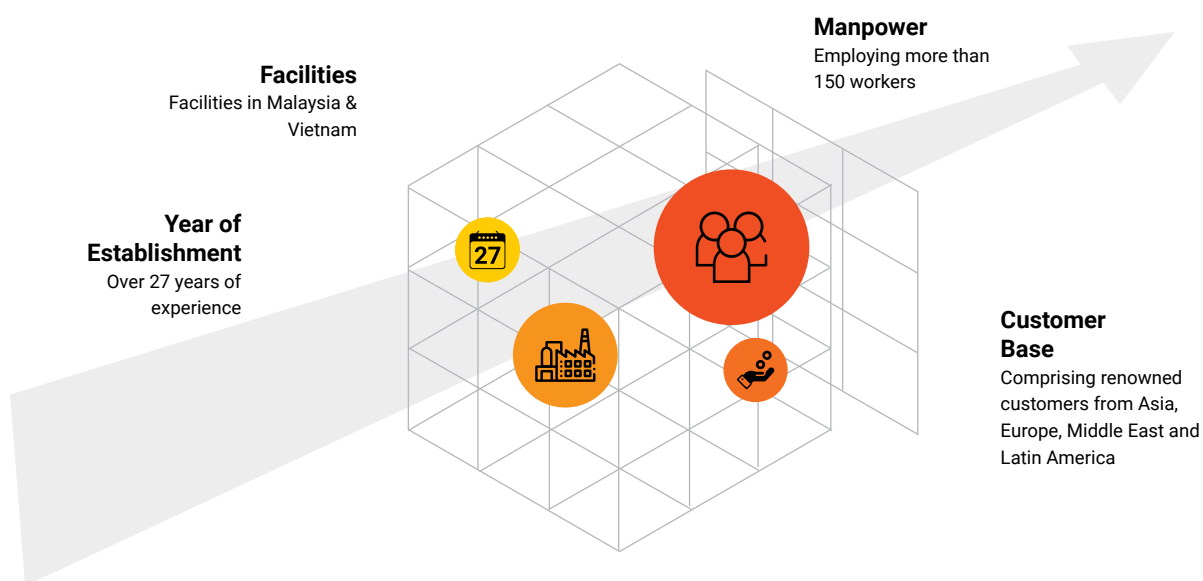
	ECONOMIC	ENVIRONMENTAL	SOCIAL
Sustainability Matters	<ul style="list-style-type: none"> <li>Practice fair trade engagement to ensure quality (ISO certified), stability and supply consistency.</li> <li>Human capital investment to build technical skills and raise productivity.</li> </ul>	<ul style="list-style-type: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

## SUSTAINABILITY STATEMENT (cont'd)

### ECONOMIC

As we are aware, Malaysia's abundant natural resources prove to be an advantage for the country's chemicals and chemical products industry. The chemical manufacturing industry is a major and significant contributor to exports. Following the COVID-19 outbreak, the industry has also played a critical role in the country's recovery and re-growth.

#### THE ECONOMIC IMPACT



#### BUILDING A RESPONSIBLE SUPPLY CHAIN

The Group is committed to conducting all business operations sustainably by applying highest ethical standards. Supply chain management is an enabler of our sustainable growth and overall success. The Group supply chain is guided by the Group's Supplier Code of Ethics on Business Integrity and Supplier Qualification procedure to evaluate the capabilities of potential suppliers to ensure that all comply with the principles and apply high standards to meet our requirements.

Supplier's material selections, quality, labor practices and overall sustainable practices are considered along with formal certification including:

1. ISO 9001: 2015 Quality Management System; and
2. ISO 14001: 2015 Environmental Management System.

# SUSTAINABILITY STATEMENT (cont'd)

## FAIR TRADE PRACTICE

Local procurement creates value for local communities. 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.

Number of Local and Foreign Suppliers Engaged are as follow:

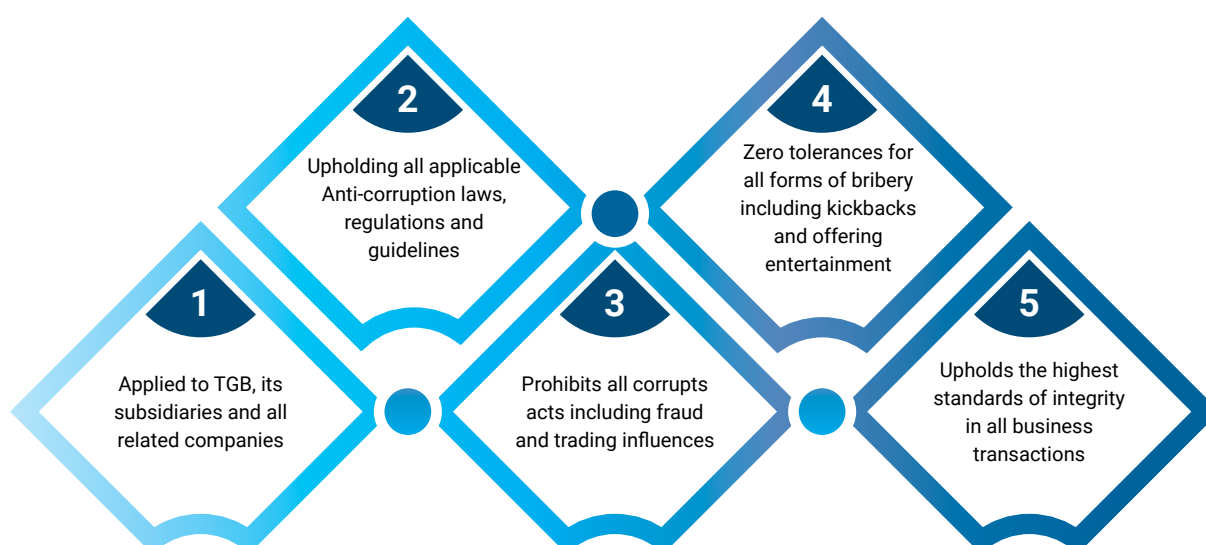
	FY2021		FY2022	
	Local	Foreign	Local	Foreign
Malaysia Operation	150	39	150	40
Vietnam Operation	118	10	160	18

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.

## ETHICS AND INTEGRITY

Integrity is a fundamental business philosophy and deeply rooted in the corporate culture. The Group has adopted a zero-tolerance approach and takes a strong stance against all forms of corruption and bribery throughout our value chain.

## ANTI-BRIBERY MANAGEMENT SYSTEM POLICY



# SUSTAINABILITY STATEMENT (cont'd)

## ANTI-BRIBERY MANAGEMENT SYSTEM POLICY (CONT'D)

The Group introduced the Anti-Bribery Management System Policy, which communicates its comprehensive stand on anti-corruption. The Anti-Bribery Management System Policy was established to set out relevant measures to prevent the occurrence of corruption and bribery. All Board members and employees have completed the Anti-Bribery Management System Policy conducted by external trainer.

The Managing Director oversees our compliance with anti-corruption policies and compliance. Every employee is responsible for preventing and reporting the instances of corruption, bribery, suspicious activity or wrongdoing which may lead to bribery using our whistleblowing channels. Employees found to have been involved in bribery are subject to disciplinary action that can lead to instant dismissal.

The Group strives to build and strengthen its relationships with Business Associates. In ensuring that the Business Associate adhere to industry best practice and accepted standards of behaviour, Business Associates is required to understand and adopt the Anti Bribery Management System Policy.

During the FY 2022, none of the employees were involved in any incidents of corruption and bribery activities.

## CLOUD-BASED SYSTEM

To reduce loses and risk event with forward-looking risk visibility, Techbond has invested in cloud-based system for real time connectivity of our operation to promote centralized management, more transparency and less complexity. We practice daily back up to minimize any disruption to our operations in term of cyber risk involving virus or ransomware.

## ENVIRONMENTAL SUSTAINABILITY

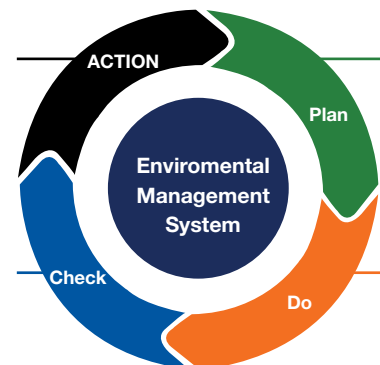
### ENVIRONMENTAL POLICY

The Group relentlessly pursue environmental sustainability, increasing resources to manage its environmental impact amidst business growth. We closely monitor the trends and changes in environmental policies which allow us to update our management system to conform to new regulations and requirements when necessary.

Currently, our Malaysian operation has obtained ISO 14001: 2015 Environmental Management System Certification, and is audited annually to ensure compliance with certification requirements. Though not certified to international management system standards, Vietnam Operations has adopted an Environmental Management System. These management systems guide and ensure the entities continue to implement best practices when managing and mitigating environmental impacts.

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)

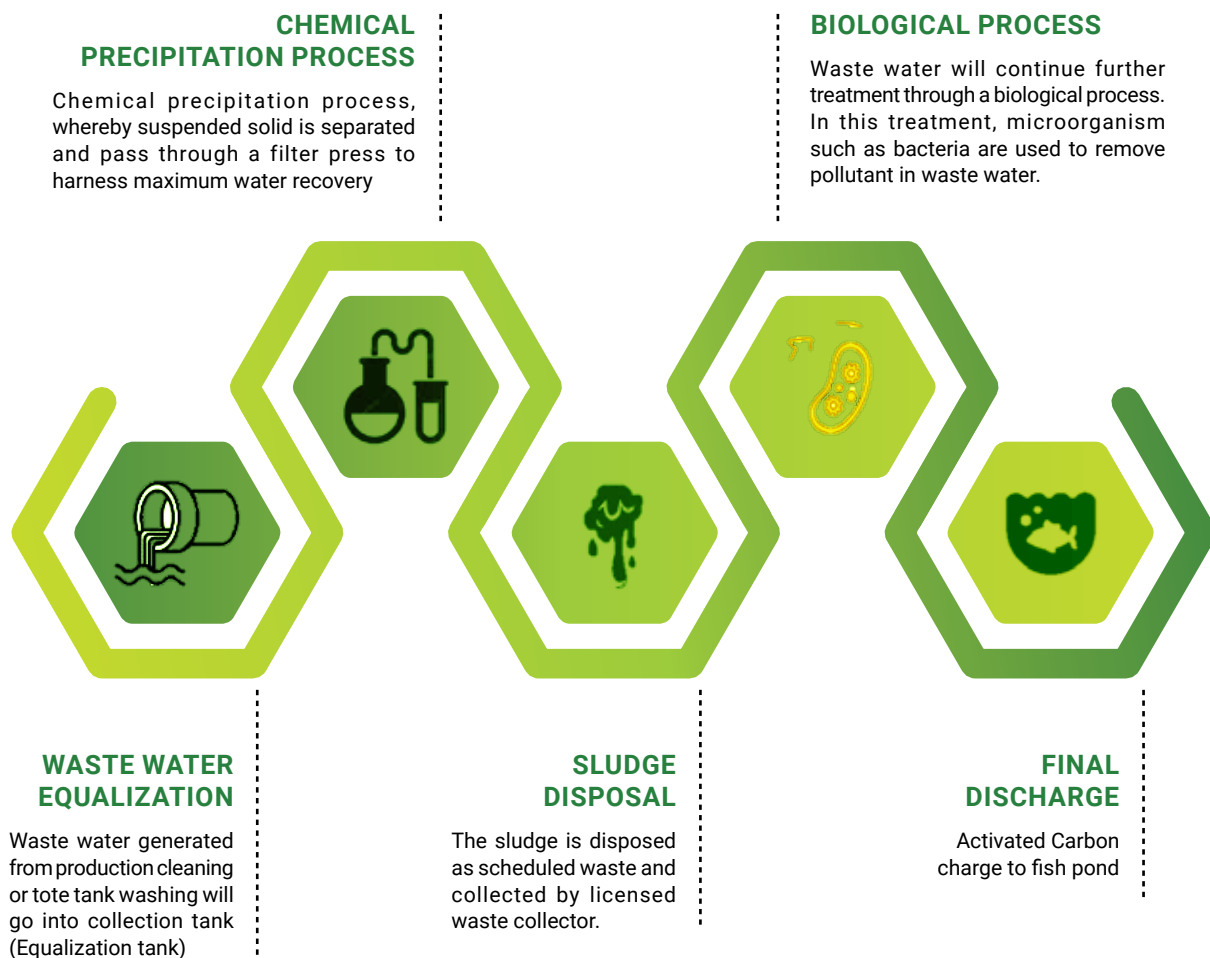
## WASTE MANAGEMENT - INDUSTRIAL EFFLUENT TREATMENT SYSTEM (IETS)

Proper waste management practices are essential in reducing our environmental footprint. The Group promotes reducing waste, recycling, proper waste management and waste sorting activities. We work to ensure all waste generated by the Group are handled in accordance with applicable environmental regulations (i.e. Environmental Quality (Scheduled Wastes) regulations 2005 [Malaysia]).

### Waste Water Management

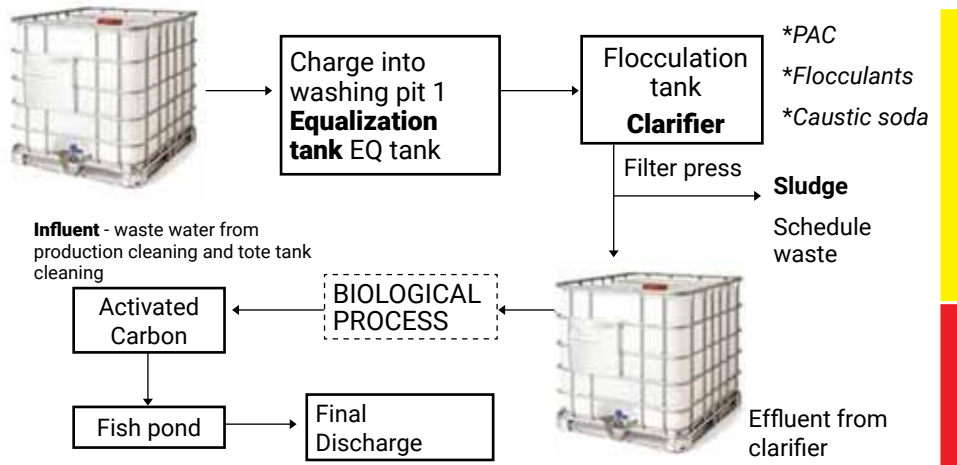
The Group has developed its own IETS to ensure all its waste water is properly treated through an environment friendly bio-treatment facility. The Group is regularly conducts test on the quality of treated water to ensure compliance with the requirements of the Department of Environment Malaysia ("DOE"). 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) requirements is discharged. The solid scheduled wastes are collected and stored separately for disposal to a licensed company.

### IETS Process Flow



# SUSTAINABILITY STATEMENT (cont'd)

## 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.

## Prevention Noise Pollution

Occupational noise, in the context of industrial noise, is hazardous to a person's hearing because of its loud intensity through repeated long-term exposure. Techbond Group has taken some corrective steps to protect employees from excessive exposure. Noise from plant machinery could also affect the surrounding environment. Voluntary monitoring activities are being implemented at production and the results show that all noise levels are acceptable at most of production area, except Hot Melt Adhesives and Water-Based Adhesives production area. The noise level (dB) at rest of the area rated less than 80 dB.

To decrease an employee's exposure to hazardous noise, the company can also take administrative control by limiting the employee's exposure time. Techbond Group also implemented a training program so that employees can learn about the hazards of occupational noise. Other administrative controls include provide hearing protection i.e. earplugs or ear muffs that can be used to attenuate the noise to a safe level.

At Techbond Group, we provide yearly hearing examination to diagnose medical condition, identify potential problem or further damage of hearing loss/hearing impairment.

Total number of Audiometry examination conducted are as follow:

	FY2021	FY2022
Malaysia Operation	59	50
Vietnam Operation	57	59

There was a total of 8 employees were detected with occupational noise related hearing impairment. Company provides hearing protection such as ear muffs and ear plug to all noise pollution area as an effective hearing protection devices to enable hearing conservation.

# SUSTAINABILITY STATEMENT (cont'd)

## GREEN TECHNOLOGY

Techbond Group 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.

### Solar Energy

The advantage of solar energy is that it is a sustainable alternative to fossil fuels. While fossil fuels have an expiration date that may be fast approaching, the sun is likely to be around for at least a few billion years.



### Low Environmental Impact

Solar energy has a substantially reduced impact on the environment compared to fossil fuels. Its greenhouse gas emissions are inconsequential as the technology does not require any fuel combustion. Reliance on non-renewable energy through photovoltaic Solar Panel installation which is in progress as at June 30, 2022. The estimated total fossil fuel saving upon commissioning of the solar energy is as follow:

	Unit	CO2 emission (kg)	Oil Consumption (litre)	Energy Cost Saving (kWh)
Techbond Manufacturing Sdn Bhd	Lot 36	286,307.68	113,320.50	462,532.61
	Lot 32	108,309.95	42,869.00	174,975.68



# SUSTAINABILITY STATEMENT (cont'd)

## SOCIAL SUSTAINABILITY

### HUMAN RIGHTS

Techbond respects the human rights of all its workers and supports the local communities. Human rights are respected throughout operations and extended value chain as we conduct business ethically and sustainably. Our practices proactively assessing our human rights impacts on an ongoing basis part of our business processes.

1



#### HIRING & EMPLOYMENT

Prohibits Discriminations in the hiring and employment practices including gender, race, religion, age, disability and nationality.

2



#### SAFETY WORKPLACE

Provides a safe and healthy workplace, free from discrimination and harassment.

3



#### NO ABUSE & HARASSMENT

Zero tolerance for discrimination, physical abuse and harassment.

4



#### NO FORCED, CHILD LABOR

Does not use child, forced, prison, indentured or involuntary labour.

5



#### FOREIGN WORKER TREATMENT

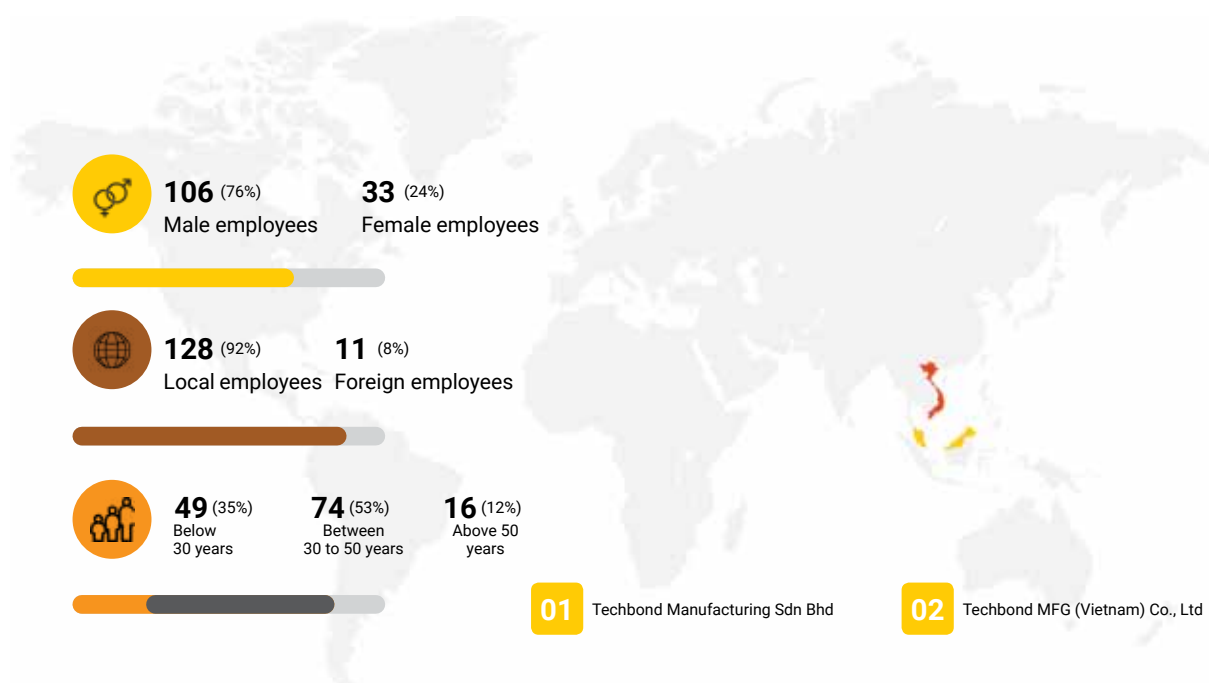
Foreign or migrants workers must be employed in full compliance with labour and immigration laws.

### DIVERSITY OF THE WORKFORCE

The success of the Group depends on having a top-notch personnel and a culture anchored by our values. The human capital development is a critical enabler for the success of Techbond Group. As such, the Group strives to offer employment opportunities to a diverse group of people regardless of their age, gender, cultural background, or race, while also utilizing the diversity of its workforce to reduce reliance on particular groups and maintain continuity for its more senior workforce.

Providing and promoting equitable employment opportunities for all employees is a commitment made by Techbond in its employment practices. We continue to maintain a workforce that is accepting and values everyone's inclusion and diversity. We will have about 139 staff members for FY 2022, 36 of whom are newly hired employees. Each employee works a full-time basis.

## SUSTAINABILITY STATEMENT (cont'd)



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 are as follow:

Ratio of Women Employed	FY2020	FY2021	FY2022
At Board Level	33%	33%	33%
Manager and Above	20%	19%	25%
Overall Organization	27%	29%	24%

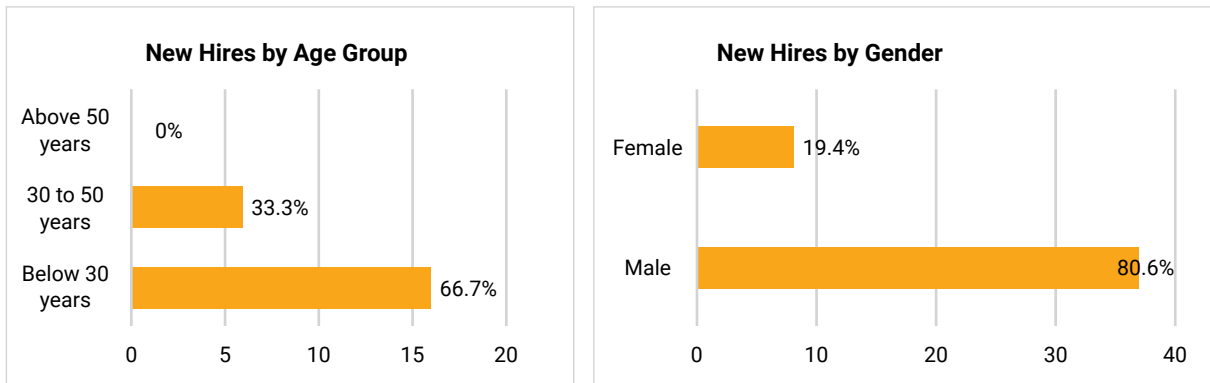
Talent acquisition goes beyond recruiting. It is about having a long-term employee retention strategy in place.

As such, the Group is committed constantly evaluate and revamp talent attraction strategies to include innovative methods which includes online job portal, internship, career expo and employee referral programs in which the employees can introduce their potential talent candidates to join the Company.

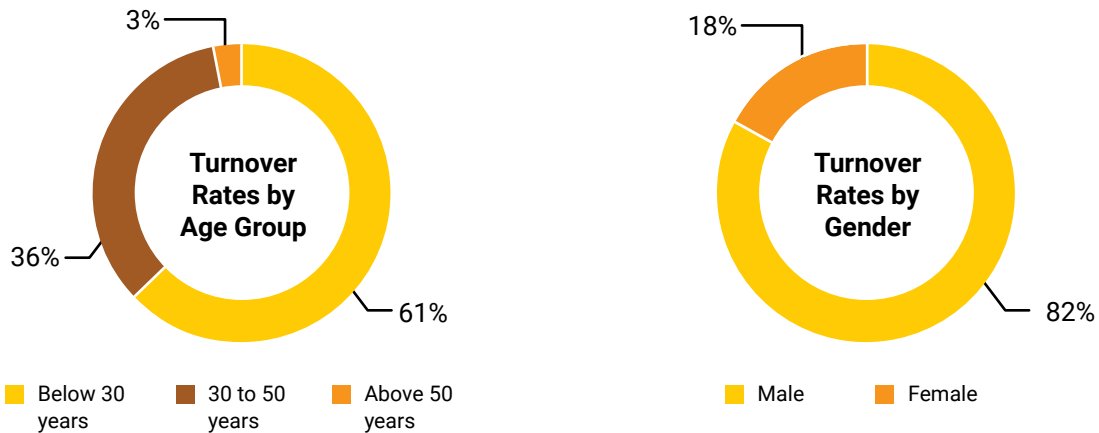
# SUSTAINABILITY STATEMENT (cont'd)

## NEW HIRE AND TURNOVER

Techbond Group has recorded a total 36 new hires, achieving a new hires rate at 25.9%, which include 80.6% or 29 individuals are male and 19.4% or 7 individuals are female. 66.7% of new hires were aged below 30 years, followed by 33.3% aged between 30 to 50 years.



In FY2022, the turnover rate of our full time staff was 23.7%.



## HUMAN CAPITAL DEVELOPMENT

As Malaysia has shifted from a labor-intensive, agriculture-based economy since its independence in 1957 to a knowledge and innovation-based economy. To sustain and achieve goals, long term survival, competitive advantage, and sustainability, The Group has made numerous efforts in continuing to attract talents through recruitment portals in search of multiple talents and contribute in the knowledge-based economy. We firmly believe that offering technical training to our staff would help them in developing their talents and lower the local unemployment rate.

The Group has also started a number of research and development projects with research organizations and agencies to develop new raw materials sources, methodologies and commercial applications. In order to broaden their expertise and enrich their experience, our employees are given the opportunity to lead research initiatives with outside organizations.

Maintaining employees' long term employability is a key factor in business success. Techbond firmly believes that, despite a difficult year, investing in employee development through personal development training has reduced risk by enabling employees to reach their full potential.

# SUSTAINABILITY STATEMENT (cont'd)

## HUMAN CAPITAL DEVELOPMENT (CONT'D)

In Techbond, these are the learning styles we adopt.

- On the job training and learning. For example, taking a new challenges or stretched assignments
- Growth through others. For example, social and collaborative interactions and constructive feedback in networks, peers, coaches and mentors
- Formal Learning through structured programmes, courses like training, online classes and reading.

The total annual training hours per employee slightly decreased in FY2022 due to Movement Control Order (MCO) that was enforced for much of the year.

Example of Training Programme conducted in FY2022 are as follows:



	FY2020	FY2021	FY2022
Manager and above (hour/employee)	68	32	30
Below manager (hour/employee)	44	12	11

## SAFETY AND HEALTH AWARENESS

Offering employees, a well-designed and comfortable work environment is integral to our commitment to investing in our workplace. This includes providing well ventilated office noise pollution according to applicable regulations. 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.

Lost-Time Incident Rate is as follow:

Type of Injury case	FY2020	FY2021	FY2022
Knife cut	<b>1</b>	<b>0</b>	<b>1</b>
Finger fracture	<b>0</b>	<b>0</b>	<b>1</b>

The health and safety of our employees have always been our top priority. We continue to target zero accident for next year. To achieve our target, we have established proper SOP as precautionary measure to protect our employees' health & safety. Our machine has been enhanced with an auto cut off function as an additional safety feature for improved worker safety.

## SUSTAINABILITY STATEMENT (cont'd)

### SAFETY AND HEALTH AWARENESS (CONT'D)

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 & health training is as follow:

Training Title	Date of Training	Number of Employees
Covid-19 Awareness	23-Jul-2021	30
Occupational Safety & Health Coordinator (OSH-C)	08, 15, 22 & 29-Aug 2021	1
Occupational Safety & Health Coordinator (OSH-C)	08, 15, 22 & 29-Aug 2021	1
Root Cause Analysis (RCA)	04 & 05-Oct 2021	14
Occupational First Aid & CPR Certification Program (Refresher)	08-Jan-2022	20
Safety Awareness Training	17-Jun-22	14
Forklift Safety Operation	30-Jun-2022	10
OHS training for Group 1 (Decree 44/2016/NĐ-CP)	06th – 07th Dec, 2021	36 hours
OHS training for Group 2 (Decree 44/2016/NĐ-CP)	06th – 11th Dec,2021	48 hours
OHS training for Group 6 (Decree 44/2016/NĐ-CP)	27th Dec,2021	8 hours
OHS training for Group 4 (Decree 44/2016/NĐ-CP)	06th – 07th Dec,2021	16 hours
Chemical Spillage	03rd – 05th Dec,2021	36
Forklift Operation Safety	09-11 Dec, 2021	18
Pressure equipment Safety	18-20 December 2021	7

## SUSTAINABILITY STATEMENT (cont'd)

### EMPLOYMENT SALARY & BENEFITS

In Techbond, employees' wages with all applicable Malaysian laws such as working hours, minimum wages, overtime hours and statutory mandated benefits. Our employee benefits include: -



The Management also implemented the following initiative to remediate the burden of employee financial during the MCO period.

- Employee continues receive bonuses and annual increments for FY2022
- No salary deduction/ forced leave imposed throughout the Movement Control Order period
- Employee's RTK and PCR tests were at the expenses of the Company
- Additional PPE such as face masks and self-test kits are provided to all employees
- No additional cost burden shifted to employees due to Covid-19 SOPs.

### CORONAVIRUS DISEASE 2019 ("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 well-being 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. Employees or visitors are required to observe at least 1-meter distance from one another. Virtual meetings are held to stay connected and ensure the business continued as usual.

## SUSTAINABILITY STATEMENT (cont'd)

- Face masks are provided to all employees. Every employee was 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.

We took a proactive 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.

### EMPLOYEE ENGAGEMENT

Highly engaged employee are essential for business success and help us achieve and sustain our vision. We have open door policy of which the staffs are encouraged to share their issues with superiors. Department Meeting is held in each respective department to discuss on operational matters and to provide solution and guidance. Monthly management meeting is held to conclude and update the department KPI performance.

The Group also organizes an array pf employee engagement programs. These programs seek to boost employee morale and foster employee relations at workplace.

Techbond embedded open communication culture. All 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 whistle-blowers making the allegation remain anonymous. In FY2022, 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 organized, 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 takeaway food and voucher for employees to bring home. As the underlying themes of most events generally promote healthy lifestyle, it is reported that more than 80% of employees are participate in all the company events.

All our employee is covered under Group Personal Accident (GPA) and Group Hospitalization & Surgical (GHS) Insurance. GPA coverage only refers to death of loss or disablement solely and directly by accidental bodily injury which injury shall solely and independently of any other cause result in death, permanent disablement, temporary total disablement, temporary partial disablement, medical and surgical treatment as well as funeral. Whilst, GHS is provided for cost of medical treatment and hospitalization, due to accidents and illnesses.

# SUSTAINABILITY STATEMENT (cont'd)

## Covid Precautious Measure



Covid Antibody Rapid testing in the workplace to ensure employers comply with the law and to ensure the safety of the workplace.



### Covid Test at Workplace

In Techbond, we strictly adhere the Ministry of Health and the Department of Occupational Safety and Health have set forth guidelines to help employers create a safe workplace for their workforce.



## CHRISTMAS

Dec 24, 2021



### Christmas celebration

On reminds us on of the importance of giving and sharing with friends and family. Through Christmas, such a festival which people from all religions and faith celebrate worldwide despite it being a Christian Festival. It is the essence of this festival which unites the people so much.





# SUSTAINABILITY STATEMENT (cont'd)

## CNY 2022





Lucky Draw - Prosperity Tree.





**Techbond Vietnam is celebrating Lunar New Year 2022.**

The Management has presented an 5-years Long Service Award to 2 staffs during the CNY2022.

## CNY 2022






### Calligraphy Writing Competition

The presence of a headscarf-wearing Malay staffs, standing with an inkstone, brushes, red paper and black ink, showcasing her Chinese calligraphy strokes attracted a lot of attention during a Chinese Calligraphy Writing

Chinese New Year Celebration held on date January 26, 2022 integrated with lucky draw prizes. Everyone stands a chance to win a prize. What a happy ending lucky draw.

Bravo to Sport Club Committees for




# SUSTAINABILITY STATEMENT (cont'd)

## Birthday Celebration



Birthday Celebration for ED in 2022



Talented sweet voice guitarist show time

Surprise Birthday Celebration for our Deputy MD



Thank you all for flooding me with Birthday Wishes! What a Special year ... from our Deputy MD i.e. SM Lee



## Corporate Visit



PCCS Group



Design Team



PCCS Core Value



Megalabel Academy



Leader sharing



Group Photo

**"Keep Learning"** is one of Techbond core values. TECHBOND has never stopped learning. On June 8, 2022, Techbond has organized a corporate visit to PCCS Group. All Techbond leaders have learned through exposure to diverse working methods; interaction with unfamiliar industries and organizational structures; and an in-depth understanding of winning company philosophies through exclusive conversations with respected leaders.



# SUSTAINABILITY STATEMENT (cont'd)

Alone we can do so little, together we can do so much

**TEAMBUILDING**

## GO KART

May 29, 2022

Coming together is a beginning. Keeping together is progress. Working together is success.





Let the engine roar over the pavement. Sport Club organizing a thrilling experience of fun teambuilding – Team go karting Race on May 29, 2022 at Pinnacle Kart, Subang Jaya.

Not only the speed counts. Our staff enjoy to think out strategy and teamwork to make the best racing car team in the **Go Kart Race**. It's fire up the **TECHBOND** team spirit!



**BONDING TIME**

## OFFICE POTLUCK LUNCH

June 9, 2022

Coming together is a beginning. Keeping together is progress. Working together is success.





We believe **FOOD** is always a universal language. It's a common thread that connects us no matter what culture we come from.

Eating meals together, as a team, bring a feeling of commune and shared culture to the environment, everyone to sit together and bond.

All of the participating employees are enjoying the precious bonding moment.

# SUSTAINABILITY STATEMENT (cont'd)

## Raya Celebration



**First Raya Video Shooting**

Cultural diversity is synonymous with multiculturalism.

In TECHBOND, we're not only tolerating we celebrate the differences,

Respecting each other's differences, we valuing and empowering diverse groups to contribute



## Safety & Health Training



Occupational First aid and CPR Certification Program held on December 6-7, 2021 will help ensure employee health and safety in addition to enhanced well-being and morale. Every employee that receives standard first aid education will be happy to gain new knowledge. They will also appreciate the efforts of the employers to protect them from dangers while they work.



**Occupational First Aid & CPR Certification Program**



A **Forklift Safety Operation** refresher training held on June 30, 2022 by Factory Manager with the objective

Understanding forklift operational principles will enable Techbond forklift operator team to better comply with the Occupational Safety and Health Act requirements and increase overall



## SUSTAINABILITY STATEMENT (cont'd)

“ Employee loyalty begins with employer loyalty ”

In Techbond, our people is a valuable asset to us

### Long service award

is a gesture of recognition to thank your employee for working with your company for a certain length of time. Traditionally, long service awards have been celebrated for 10 and 20 years' of employment with a business.

Long Service Award was presented to our loyalty employee by Group Managing Director during the CNY 2022 celebration



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Techbond Group Berhad is committed to high standard of corporate governance to ensure that it is practiced throughout Techbond Group as a fundamental part of effort to protect the interest of the stakeholders and to enhance shareholders' value.

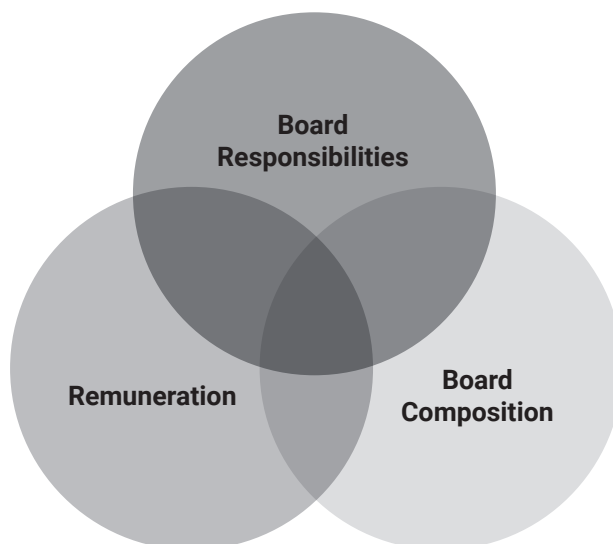
The Board also acknowledged the importance of the principles and practices as set out in the Malaysian Code on Corporate Governance ("MCCG") in managing Techbond Group's business towards its mission of sustainable growth. The Board strives to ensure the Group adopts the best practices of corporate governance.

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 for financial year 2022 which is available on the Company's corporate website at [www.techbond.com.my](http://www.techbond.com.my). This Statement shows how our measures are aligned with the principles of good governance in accordance with the MCCG and references are made to the three (3) key Corporate Governance principles in the MCCG:

Principle A	Principle B	Principle C
<ul style="list-style-type: none"> <li>Board Leadership and Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Effective Audit and Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders</li> </ul>

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The key principle of Board Leadership and Effectiveness are as follows:



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

### A. BOARD RESPONSIBILITIES

#### Board's Duties and Responsibilities

The Board is responsible for the overall governance of the Group, 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 are following the relevant laws, policies, standard and guidelines. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board meets regularly to review the corporate strategies, operations and performance of the Group's business. 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.

Each of the Board Committees is governed by its own terms of reference which are aligned with the MCGG and clearly define the matters that are specifically reserved for the Board Committees. The Chairman of each Board 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 updated from time to time in order to reflect the relevant changes to the policies, procedures, processes and amendments of rules and regulations. Both Board Charter and terms of reference of Board Committees are accessible on the Company's website, [www.techbond.com.my](http://www.techbond.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

### A. BOARD RESPONSIBILITIES (CONT'D)

#### Board's Duties and Responsibilities (Cont'd)

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

- (i) Directors' Fit and Proper Policy;
- (ii) Anti-Bribery Management System Policy;
- (iii) Dividend Policy;
- (iv) Remuneration Policy;
- (v) Corporate Code of Business Conduct & Work Ethics Policy;
- (vi) Gender Diversity Policy;
- (vii) Board Diversity Policy; and
- (viii) Fraud & Whistleblowing 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 for employees and public to encourage the report of any misconduct. Therefore, appropriate actions can be taken to resolve these issues.

The Company had on 19 May 2022 adopted the Directors' Fit and Proper Policy for the appointment and re-appointment of Directors, in line with the MMLR to enhance the governance of the Company in relation to the Board's quality and integrity, as well as ensure that each of its Directors has the character, experience, integrity, competence, time and commitment to effectively discharge his role as a Director.

The above policies will be periodically reviewed and are available on the Company's website at [www.techbond.com.my](http://www.techbond.com.my).

#### Chairman

The Chairman of the Board, Dato' Hamzah Bin Mohd Salleh, carries out the leadership role in the Board and its relations with the shareholders and stakeholders. He holds an Independent Non-Executive position and is responsible to lead and manage the Board by focusing on strategy, governance and compliance.

The Chairman of the Board is also the Chairman of Nomination Committee and Remuneration Committee as well as member of the Audit & Risk Management Committee. However, the Board took note that Chairman is not involved in the management and operational matters and also contributes constructive ideas and opinions to the Board. Other members of Board Committees will provide check and balance to the objectivity of decision made.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

### A. BOARD RESPONSIBILITIES (CONT'D)

#### Board's Duties and Responsibilities (Cont'd)

##### Separation of Positions of the Chairman and Group Managing Director

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:

Chairman Dato' Hamzah bin Mohd Salleh	Group Managing Director Mr Lee Seng Thye
<ul style="list-style-type: none"> <li>• Responsible for the leadership of the Board;</li> <li>• Responsible for ensuring Board's effectiveness;</li> <li>• Leading Board meetings, discussion, encourage participation and allowing dissenting views to be freely expressed;</li> <li>• Leading the Board in establishing and monitoring good corporate governance practices;</li> <li>• Setting the Board's agenda; and</li> <li>• Ensures Board members receive complete and accurate information in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Implements the Company's strategies and policies</li> <li>• Oversees the day-to-day operations of the Company</li> <li>• Responsible for the development of long term strategies and short term profit plans;</li> <li>• Oversees the human resource of the organisation with respect to key position and general well-being of employees and effectively representing the interest of the Group with stakeholders;</li> <li>• Providing assistance to the Board in discharging its duties and organising information necessary for the Board on a timely basis.</li> </ul>

Further details on the roles and responsibilities of the Chairman and Group Managing Director are contained in the Board Charter, which is available on the Company's website, [www.techbond.com.my](http://www.techbond.com.my).

#### Company Secretary

The Board has full access to the three (3) qualified and competent company secretaries, namely Ms Wong Wai Foong, Ms Ong Wai Leng and Ms Nadiah Ili Binti Adnan 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. They provide advisory services to the Board in relation to the Company's constitution, corporate disclosure, corporate governance matters, compliance with regulatory requirements, keeping the Board abreast of the changes in MCGG and MMLR, and assisting the Board with the application of corporate governance best practices. Further details on the roles and responsibilities of the Company Secretaries are also stated in the Board Charter, which is accessible on the Company's website at [www.techbond.com.my](http://www.techbond.com.my).

#### Board Meetings and Access to Meeting Materials

The Board will convene meeting every quarter while Board Committees will meet at least four (4) times 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 and were distributed in electronic form instead of printed copies. 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)

#### Board Meetings and Access to Meeting Materials (Cont'd)

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Meetings held during FY2022, as follows:

Name of Directors	Number of Meetings Attended / Held			
	Board of Directors'	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Dato' Hamzah Bin Mohd Salleh	5/6	4/5	0/1	1/1
Lee Seng Thye	6/6	–	–	–
Tan Siew Geak	5/6	–	–	–
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	6/6	–	–	–

#### Directors' Training

In accordance with Paragraph 15.08(3) of the MMLR, the Board members had attended various training programmes during financial year ended 30 June 2022 as follows:

Name of Directors	Programme Title
Dato' Hamzah Bin Mohd Salleh	<ul style="list-style-type: none"> <li>• Prevent Manage Fraud in the Workplace</li> <li>• Bursa Malaysia Mandatory Accreditation Programme</li> <li>• Main Market Listing Requirement - MAP</li> </ul>
Lee Seng Thye	<ul style="list-style-type: none"> <li>• MEGALABLE Corporate Visit Post Mortem Sharing</li> <li>• VIMIGO Performance Rewards System Private Webinar</li> <li>• Video Sharing: Finance/HR/Marketing/Operations/R&amp;D</li> </ul>
Tan Siew Geak (Alternate: Lee Yuen Shiuan)	<ul style="list-style-type: none"> <li>• MEGALABLE Corporate Visit Post Mortem Sharing</li> <li>• VIMIGO Performance Rewards System Private Webinar</li> <li>• Video Sharing: Finance/HR/Marketing/Operations/R&amp;D</li> </ul>
Ooi Guan Hoe	<ul style="list-style-type: none"> <li>• Advocacy Sessions for Directors and Senior Management of ACE Market Listed Corporation</li> <li>• Anti-Bribery &amp; Anti-Corruption</li> <li>• Audit Oversight Board Conversation with Audit Committee</li> </ul>
Selma Enolil Binti Mustapha Khalil	<ul style="list-style-type: none"> <li>• Webinar: Is your Business Franchisable?</li> <li>• SC's Audit Oversight Board's Conversation with Audit Committees</li> <li>• Directors' Responsibility Towards Tax Authority</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

### A. BOARD RESPONSIBILITIES (CONT'D)

#### Directors' Training (Cont'd)

Name of Directors	Programme Title
Lee Seh Meng	<ul style="list-style-type: none"> <li>• VIMIGO Performance Rewards System Private Webinar</li> <li>• Entrepreneurs EMBA - Equity Planning</li> <li>• Procurement Basic Training Part 1</li> <li>• Video Sharing: Finance/HR/Marketing/Operations/R&amp;D</li> <li>• Procurement Basic Training Part 2</li> <li>• Entrepreneurs EMBA - Branding Strategy</li> </ul>
Lee Yuen Shiuan	<ul style="list-style-type: none"> <li>• How to reduce 8+1 Wastes in manufacturing operations</li> <li>• Top 7 Intelligent Communities of The Year</li> <li>• Optimizing Risk and Embracing Sustainability in Turbulent Times: A Global Perspective for Vietnam</li> </ul>

#### Sustainability Risks and Opportunities

The Board, together with senior management, recognises the importance of sustainability risks and opportunities in order to remain resilient. The overall sustainability risks and opportunities, were determined by macroeconomics analysis, sustainability trends, and senior management input. Stakeholders' views, concerns and key expectations also helped shape the overall materiality assessment. This assessment helped the Board realign the Group's sustainability strategy while ensuring the transparent coverage of key topics.

The Sustainability Working Group ("SWG") is responsible for executing, monitoring and implementing sustainability initiatives across the Group. The SWG will champion and manage all aspects of a sustainable ecosystem including tracks and collates sustainability performance data. Lead by Deputy Managing Director, the SWG is an engine of the Company's governance structure and supported by Heads of Departments including Finance, Operations, Business Development, Research & Developments and Human Resources.

The Board and Management communicate the Group's sustainability strategies, priorities and performance to our internal and external shareholders through several channels, i.e. internal management meetings, e-mail communication, Sustainability Statement, Quarterly Report, investors briefing, Annual Report as well as Annual General Meeting. Further details of the sustainable risks and opportunities can be found on page 19 to 44 of the Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

### B. BOARD COMPOSITION

The Company has diverse Board comprising 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 at 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 comprises Independent Directors.

Independent Non-Executive Directors	Executive Directors	Alternate Director
<ul style="list-style-type: none"> <li>• Dato' Hamzah Bin Mohd Salleh</li> <li>• Ooi Guan Hoe</li> <li>• Selma Enolil Binti Mustapha Khalil</li> </ul>	<ul style="list-style-type: none"> <li>• Lee Seng Thye</li> <li>• Tan Siew Geak</li> <li>• Lee Seh Meng</li> </ul>	<ul style="list-style-type: none"> <li>• Lee Yuen Shiuan (Alternate Director to Tan Siew Geak)</li> </ul>

The profile of all members of the Board can be found on pages 4 to 8 in the Directors' Profile of the Annual Report 2022.

#### Tenure 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. The Board will continue to monitor and review the Board size and composition as may be needed.

None of the Independent Directors have served on the Board for more than nine (9) consecutive years. However, a policy on the tenure of Independent Directors was adopted and formed part of the Board Charter. Should the Board intend to retain the Independent Director whose tenure exceeds the term of nine (9) years, they shall seek for shareholders' approval.

#### Diversity of the Board and Senior Management

The significance of the diversity on the Board and the senior management in regard 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 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 in order to ensure mix of skills, experience, independence and diversity in its composition based on the revised Board Diversity Policy approved and adopted by the Company.

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

#### Skills and Experience of Directors

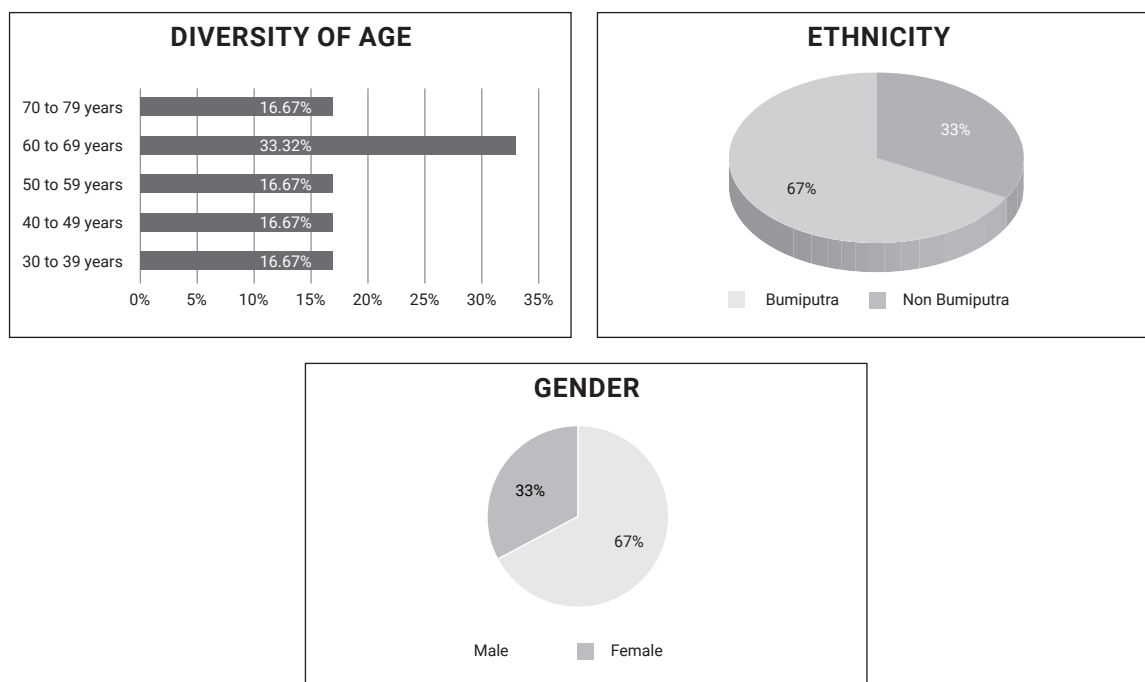
Industry Knowledge	Global Experience	Strategy and Entrepreneurship
Legal/ Regulatory	Corporate Governance and Risk Management	Accounting/ Financial Management
Sales and Marketing	Production and Quality Assurance	Human Capital

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

### B. BOARD COMPOSITION (CONT'D)

#### Diversity of the Board and Senior Management



It is the Company's policy to assess all potential Board and senior management 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.

In support of the MCCG's recommendation on 30% women Directors and participation of women in decision-making positions among the senior management, the Board, through Nomination Committee, is committed to underline gender diversity in identifying potential candidates for appointment as Directors, when arise.

The Gender Diversity Policy of the Company was adopted on 28 November 2019. Although the Board had decided that the quantum of men to women composition for the Company will be left flexible, the Nomination Committee will take into consideration the following measures:

- (a) Ensure that gender diversity objectives are adopted in Board and Senior Management's recruitment and succession planning processes.
- (b) Shortlist the potential women candidate based on the following criteria:
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and

in the case of the candidates for the position of Independent Non-Executive Directors, the NC would also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

- (c) Adopt a more accommodating boardroom culture and environment that is free from harassments and discriminations, in order to attract and retain women participation on the Board and senior management.
- (d) To avoid mismatch and ineffective appointment of the female Directors, the Company does not set any specific target for female Directors in the Gender Diversity Policy and will actively work towards having more female Directors on the Board and senior management.

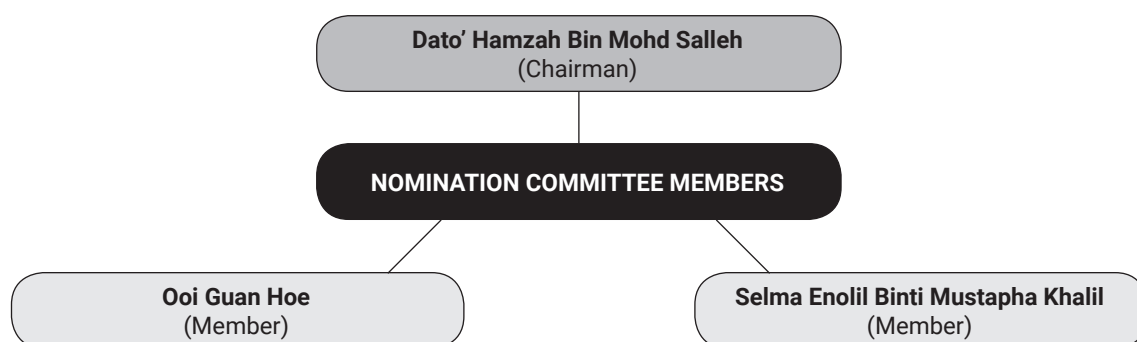
# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

### B. BOARD COMPOSITION (CONT'D)

#### Nomination Committee ("NC") and It's Function

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 Tan Siew Geak and Selma Enolil Binti Mustapha Khalil, representing 33% of the total Board members.



The Terms of Reference ("TOR") of the NC is available on the Company's website, [www.techbond.com.my](http://www.techbond.com.my). The revised TOR of NC was approved on 11 October 2022.

The NC is entrusted to oversee matters related to the nomination of new Directors, annual review of the required mix of skills, experience and other requisite qualities of Directors and to undertake the formal annual assessment of the effectiveness of the Board ("Annual Assessment") as a whole, its Committees, the contribution of each individual Director and the independence of the Independent Directors.

Questionnaires and evaluation forms facilitated by the company secretary were provided to the Board and Board Committees after each financial year to ensure that the Annual Assessment was conducted smoothly. The results of the Annual Assessment were tabled to the NC for deliberation. Thereafter, the Chairman of the NC shared the results and NC's input with the Board to allow improvements to be undertaken.

On 19 May 2022, the Board had approved for the adoption of the Directors' Fit and Proper Policy ("FPP"). The Company's FPP includes a self-declaration form – Directors' Declaration of Fit and Proper which requires the Director or candidates to complete the information related to their probity, personal integrity and reputation, past convictions and bankruptcy, as well as their financial integrity. This Policy is accessible on the Company's website, [www.techbond.com.my](http://www.techbond.com.my).

Based on the Annual Assessment results, the Board had on 24 August 2022, approved the NC's recommendation on the re-election of Dato' Hamzah Bin Mohd Salleh and Ooi Guan Hoe who are due to retire at the forthcoming AGM in accordance with Clause 127 of the Company's Constitution and had recommended the same to the Board for approval. The Board was satisfied with the performance and contribution of Dato' Hamzah Bin Mohd Salleh and Ooi Guan Hoe as they have the relevant mix of experience, skills and expertise that are beneficial to the Company. The Board was also convinced that they will continue to bring value and insights to the Board as they devoted their time in discharging their duties and responsibilities as Directors, work productively with other Board members and attend Board and Board Committees meetings.

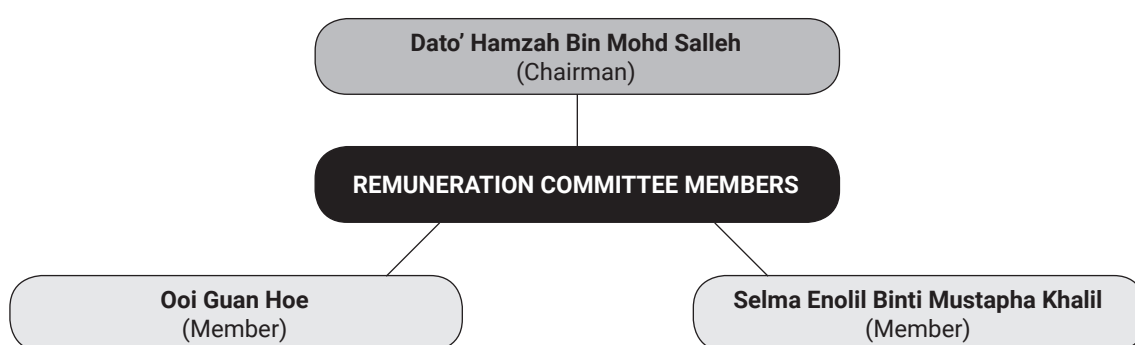
The above re-election of Directors shall be approved by the members of the Company at the AGM scheduled to be held on 22 December 2022.

# 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 exclusively Independent Non-Executive Directors.



The TOR of the RC is available on the Company's website, [www.techbond.com.my](http://www.techbond.com.my). The revised TOR of RC was approved on 11 October 2022.

The RC had adopted the Remuneration Policy on 26 February 2020 which provides a guideline in determining of remuneration package for the Board and Key Senior Management. The remuneration package will be reviewed annually by the RC and the Remuneration Policy will be reviewed by RC on a periodic basis.

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 2022 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	72	1,385	270	24	–	1,751
Tan Siew Geak	72	496	60	–	–	628
Lee Seh Meng	72	330	78	39	–	519
<b>Non-Executive Directors (Company)</b>						
Dato' Hamzah Bin Mohd Salleh	84	–	–	6	–	90
Ooi Guan Hoe	72	–	–	6	–	78
Selma Enolil Binti Mustapha Khalil	72	–	–	6	–	78

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.

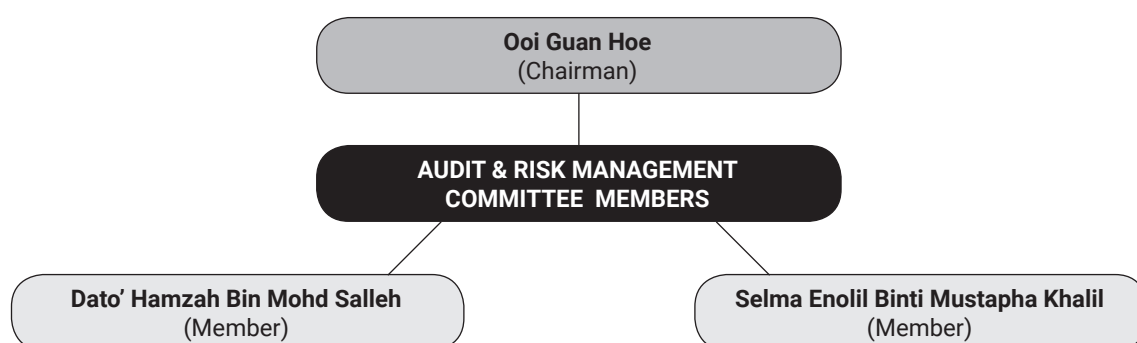
# CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### A. AUDIT AND RISK MANAGEMENT COMMITTEE



The Audit and Risk Management Committee (“ARMC”) comprises three (3) Independent Non-Executive Directors. The Chairman of the ARMC and the Chairman of the Board are held by two (2) different individuals, thus it allows the Board to objectively review the ARMC’s findings and recommendations. The ARMC’s Chairman was also able to provide full commitment and devote adequate time to review the matters fall under responsibilities of the ARMC.



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.

The TOR of the ARMC has a recommendation of a former key audit partner of the external auditors of the Company must first observe a cooling-off period of at least three (3) years before he/she is being appointed as member of the ARMC. Currently, the ARMC does not have a member who was a former key audit partner of the Company.

The TOR of the ARMC is available on the Company’s website, [www.techbond.com.my](http://www.techbond.com.my). The revised TOR of ARMC was approved on 11 October 2022.

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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### 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 ("Tricor Axcelasia") 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.

Tricor Axcelasia, who also acts as internal auditors of the Company, has to report to the ARMC on a half yearly basis and table the internal audit report for review. Under the TOR of the ARMC, the ARMC shall ensure the internal audit function is effective and able to function independently and will periodically review the appraisal and assessment of the performance of the internal audit function and the performance of internal auditors. The ARMC had reviewed the internal audit function and was satisfied with its performance.

Details on the key features of the risk management and internal control system together with its adequacy and effectiveness can be found on pages 63 to 68 of the Statement on Risk Management and Internal Control, which is included from pages 63 to 68 in the Company's 2022 Annual Report.

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### A. ENGAGEMENT WITH STAKEHOLDERS

The Company is fully committed in providing continuous communication with the stakeholders and the importance of transparency. The Company is also well aware of the importance of effective, transparent and regular communication with the shareholders and stakeholders of the Company. Therefore, 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 followings are accessible on the Company's website, [www.techbond.com.my](http://www.techbond.com.my), with the intention of building a communication channel between the Company with the stakeholders:

Announcements submitted to Bursa Malaysia Securities Berhad	Investor section which provides relevant corporate information	General telephone number, fax number and email address
<ul style="list-style-type: none"> <li>The Company has posted all its material announcements submitted to Bursa Malaysia Securities Berhad on the Company's website and stakeholders may access the announcements from its website.</li> </ul>	<ul style="list-style-type: none"> <li>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, matters relating to general meetings and policies approved by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### B. CONDUCT OF GENERAL MEETING

In addition to the channels of communication as described under "Engagement with Stakeholders" above, the general meeting of the Company serves as a principal forum for the Company and the shareholders to meet and to discuss matters related to the Company's financial highlights, prospects, 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's Fifth AGM ("5th AGM") was conducted on a fully virtual basis through live streaming and online remote voting through the Remote Participation and Voting ("RPV") facilities via TIIH Online websites at <https://tiih.online> or <https://tiih.com.my> (Domain Registration No. with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia to curb the spread of Covid-19. This virtual infrastructure had enabled the shareholders to attend, participate and cast their votes at the 5th AGM smoothly and in a secure online environment.

#### NOTICE

- The notice and agenda of the 5th AGM together with the proxy form were given to the shareholders at least 28 days prior to the date of the 5th AGM. This gave the shareholders sufficient time to consider the resolutions to be tabled at the 5th AGM and make the necessary arrangement to attend in person or to submit the proxy forms to attend the said AGM. The Notice was also accompanied by explanatory notes which provides further explanation on each resolution proposed to facilitate informed decision-making by the shareholders.

#### ATTENDANCE

- All the Directors and Key Senior Management were present at the 5th AGM to provide meaningful response to the questions addressed to them. The Chairman of the Board also ensures that shareholders were provided with sufficient time to pose questions and feedback before and during the 5th AGM via the RPV facilities provided. Their questions and feedback also received meaningful response from the Directors and Management.

#### MINUTES

- The minutes together with the questions and response from the Company transpired at the 5th AGM was published at the Company's website within 30 business days from the date of the AGM for shareholders information.

### 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 2022 of the Company, which is available on the Company's website, [www.techbond.com.my](http://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 11 October 2022.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of Techbond Group Berhad (“the Company”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report providing insights on the discharge and ARMC functions for the financial year ended 30 June 2022 (“FY 2022”).

## 1. COMPOSITION

The Company’s ARMC comprises three (3) members, consisting 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 Institute of Accountants (“MIA”). Hence, the Company complies with Paragraph 15.09(1)(c)(i) of the MMLR. He is not the Chairman of the Board.

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

Designation	Name	Directorship
Chairman	Ooi Guan Hoe	Chairman (Independent Non-Executive Director)
Member	Dato’ Hamzah Bin Mohd Salleh	Member (Independent Non-Executive Director, Chairman)
Member	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 through an annual Board Assessment effectiveness evaluation. Based on the assessment conducted for FY 2022, 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 setting out the authorities, scope and functions of the ARMC is periodically reviewed and accessible for reference on the Company’s website at [www.techbond.com.my](http://www.techbond.com.my). The revised TOR was approved on 11 October 2022 to be consistent with the best practices of the MCCG issued by the Securities Commission Malaysia on 28 April 2021.

## 2. MEETINGS AND ATTENDANCE

The ARMC held five (5) meetings during the FY 2022. 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 Grant Thornton Malaysia PLT, the External Auditors (“EA”), 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 the Key Senior Management as and when deemed necessary upon invitation by the ARMC to brief on specific issues arising from the audit reports or on any other matters of interest. The Company Secretary attended all the meetings.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

## 2. MEETINGS AND ATTENDANCE (CONT'D)

The details of the attendance records of the ARMC members during the FY 2022 are as follow:

Name	Number of meetings attended/held during the members' term in office
<b>Ooi Guan Hoe</b> Chairman (Independent Non-Executive Director)	5/5
<b>Dato' Hamzah Bin Mohd Salleh</b> Member (Independent Non-Executive Director, Chairman)	4/5
<b>Selma Enolil Binti Mustapha Khalil</b> 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

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

The summary of works and activities performed by the ARMC during FY 2022 comprised the following:

### 3.1. Financial Reporting

The ARMC reviewed all quarterly financial reports and audited financial statements for the FY 2022 before recommending the same 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 the ARMC. The review process by the ARMC was to ensure that the preparation of quarterly and financial reports and audited financial statement were prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), MMLR, Companies Act 2016 and other relevant regulatory requirements.

### 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, experience and technical knowledge as well as the quality of the services provided, sufficiency of audit resources and interactions with Management based on the performance of the EA in auditing the Company's financial statements for FY 2022 and ARMC has obtained written assurance for the EA on their independence and ethical requirements that had been complied with.

On 24 November 2022, the re-appointment of Grant Thornton Malaysia PLT as the EA of the Company was approved by the shareholders for the FY 2022 at the 5th Annual General Meeting.

On 19 May 2022, the ARMC reviewed and approved the Audit Planning Memorandum, which included 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 held a private discussion on 7 October 2021 with the EA, without the presence of Managing Director, Executive Directors and Management, to discuss any audit concerns that need to be highlighted to the ARMC and the level of cooperation received from Management.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

## 3. SUMMARY OF ACTIVITIES (CONT'D)

### 3.3. External Audit

The EA presented their Audit Planning Memorandum in relation to the audit of the audited financial statements for the FY 2022 on 19 May 2022.

Ms Tan Veer Leen, 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 FY 2022. She had enquired the ARMC on any frauds affecting the Group that were not reported and the ARMC had confirmed that they were unaware of such frauds.

### 3.4. Internal Audit

The Group outsources its Internal Audit function to an outsourced Internal Auditors, Tricor Axcelasia Sdn Bhd and an independent Risk Management Consultant, Cirrus Consulting Sdn Bhd. 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 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 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 FY 2022 was RM47,000.

### 3.5. Internal Audit Function

The Internal Auditors, 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 on Techbond MFG Vietnam Co. Ltd. based on the annual internal Audit Plan approved by the ARMC:

- (i) Production;
- (ii) Inventory Management; and
- (iii) Procurement.

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

- (i) enhancement on purchase order's terms and conditions;
- (ii) establishment of production key performance indicator; and
- (iii) adoption of condition-based maintenance.

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

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

## 3. SUMMARY OF ACTIVITIES (CONT'D)

### 3.5. Internal Audit Function (Cont'd)

#### 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 FY 2022, ARMC's meeting on 23 February 2022 had reviewed the ERM Report based on the approved ERM framework which included the following:

- (i) Discussed and reviewed existing key risk profile as well as identified new and potential risks for Techbond MFG (Vietnam) Co. Ltd.; and
- (ii) Profile the key risk of Vietnam business for the Group through discussions or facilitated workshops with Management in securing a concerted effort from Management in unanimous decision-making and managing the risks.

The risk profile was presented and updated to the ARMC on 23 February 2022 respectively and it was approved by the ARMC.

### 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

The Company had established the following policies, upon reviewed and recommended by the ARMC to safeguard the interest of the Company, and at the same time, adopt best practices of corporate governance in relation to the MMLR and MCGG:

##### 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 had been adopted on 9 October 2019. This Policy is available on the Company's website at [www.techbond.com.my](http://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.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (cont'd)

## 3. SUMMARY OF ACTIVITIES (CONT'D)

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

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

##### 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.

##### 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. This policy is available at [www.techbond.com.my](http://www.techbond.com.my).

We had established adequate policies, manual and procedures to promote compliance with the Malaysian Anti-Corruption Commission Act 2009 ("MACC") (Amendment) Act 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 Management and employees act professionally, fairly and with integrity in all its business dealings, and also aspire 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 2022 Annual Report.

#### 3.7.3 Declaration of Dividend

The ARMC had reviewed and recommended the declaration of the second interim dividend for the financial year ended 30 June 2021.

This report was reviewed by the ARMC and approved by the Board on 11 October 2022.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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.

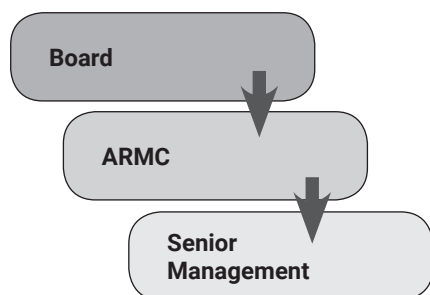
The following statement outlines the nature and scope of risk management and internal controls of Techbond Group Berhad (“Techbond” or the “Company”) and its subsidiaries (the “Group”) for the financial year ended 30 June 2022.

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



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

## 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.

### 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 reviews and reports 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 updated, 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.

# 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 (CONT'D)

#### (a) Control Environment (Cont'd)

##### **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 confidentiality, 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.

##### **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 came 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.

# 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 (CONT'D)

#### (b) Risk Assessment (Cont'd)

##### **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 are 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.

- **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.

# 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 (CONT'D)

#### (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 in 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 2022, 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 11 October 2022.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no corporate exercises or proposals to raise funds during the financial year ended 30 June 2022.

## 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 2022 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	105	46
Non-audit fees	6	6
<b>Total fees</b>	<b>111</b>	<b>52</b>

## 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 2022 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 22 December 2022 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 2022, 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 2022.

## 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	11,198	1,913

## 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
Second interim single tier dividend of 0.5 sen per ordinary share in respect of financial year ended 30 June 2021 paid on 30 September 2021	2,646,986

The Directors recommended a final single tier dividend of 0.5 sen per ordinary share amounting to approximately RM2.65 million in respect of financial year ended 30 June 2022 which was subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 30 June 2023.

## 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:-

	At	Number of ordinary shares		At
	1.7.2021	Bought	Sold	30.6.2022
<b>Interests in the Company</b>				
<u>Direct interests</u>				
Dato' Hamzah Bin Mohd Salleh	225,000	-	-	225,000
Lee Seng Thye	4,500,000	-	4,500,000	-
Lee Seh Meng	522,000	500,000	-	1,022,000
Ooi Guan Hoe	225,000	-	-	225,000
Selma Enolil Binti Mustapha Khalil	225,000	-	-	225,000
Lee Yuen Shiuan	522,000	500,000	-	1,022,000
<u>Deemed interests</u>				
Lee Seng Thye #	381,146,445	-	-	381,146,445
	At		Number of Warrants Exercised/ Sold	At
	1.7.2021	Bought		30.6.2022
<u>Direct interests</u>				
Dato' Hamzah Bin Mohd Salleh	112,500	-	-	112,500
Lee Seng Thye	2,250,000	-	-	2,250,000
Lee Seh Meng	261,000	-	-	261,000
Ooi Guan Hoe	112,500	-	-	112,500
Lee Yuen Shiuan	261,000	-	-	261,000
<u>Deemed interests</u>				
Lee Seng Thye #	190,573,222	-	(100,000,000)	90,573,222

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

## DIRECTORS' REPORT (cont'd)

### 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):-

	At	Number of ordinary shares		At
	1.7.2021	Bought	Sold	30.6.2022
Sonicbond Sdn. Bhd. (holding company)				
<b>Direct interests</b>				
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' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:

	Group RM'000	Company RM'000
Salaries, bonus and other emoluments	2,682	-
Directors' fees	444	444
Defined contribution plan	208	-
Other benefits	18	18

During and at the end of the financial year, no arrangement 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.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital was increased from RM143,820,975 to RM143,825,318 by the issuance of 13,162 new ordinary shares pursuant to the exercise of Warrants at an exercise price of RM0.33 each.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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 proper 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.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND AFTER THE REPORTING DATE

The significant events during the financial year and after the reporting date are disclosed in Note 27 to the Financial Statements.



# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 82 to 122 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 2022 and of its financial performance and its 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**

Kuala Lumpur  
11 October 2022

.....  
**TAN SIEW GEAK**

# 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 82 to 122 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 )  
11 October 2022 )

Before me:

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

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECHBOND GROUP BERHAD  
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 201601019667 (1190604 - M)

## 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 2022 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 82 to 122.

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 2022, and their financial performance and their 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 2022, 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 Notes 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.



# INDEPENDENT AUDITORS' REPORT (cont'd)

## 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 identified 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)

**TAN VEER LEEN**  
(NO: 03627/12/2023 J)  
CHARTERED ACCOUNTANT

Kuala Lumpur  
11 October 2022

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	49,765	48,388	–	–
Investment properties	5	12,357	12,388	–	–
Right-of-use assets	6	6,630	6,434	–	–
Investment in subsidiary companies	7	–	–	80,512	95,935
Other receivables	8	29	123	–	–
Amount due from subsidiary companies	11	–	–	20,157	20,313
<b>Total non-current assets</b>		68,781	67,333	100,669	116,248
<b>Current assets</b>					
Inventories	9	44,027	30,111	–	–
Trade receivables	10	18,243	18,665	–	–
Other receivables	8	6,408	7,234	29	57
Amounts due from subsidiary companies	11	–	–	32,633	32,617
Current tax assets		1,246	1,086	–	14
Cash and cash equivalents	12	39,140	38,022	33,303	18,288
<b>Total current assets</b>		109,064	95,118	65,965	50,976
<b>Total assets</b>		177,845	162,451	166,634	167,224
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Equity attributable to the owners of the Company</b>					
Share capital	13	143,826	143,821	143,826	143,821
Merger deficit		(78,938)	(78,938)	–	–
Exchange translation reserve		7,284	6,578	–	–
Retained earnings		87,554	79,003	22,601	23,335
<b>Total equity</b>		159,726	150,464	166,427	167,156
<b>LIABILITIES</b>					
<b>Non-current liability</b>					
Deferred tax liabilities	14	1,534	1,341	–	–
<b>Total non-current liability</b>		1,534	1,341	–	–
<b>Current liabilities</b>					
Trade payables	15	14,596	7,349	–	–
Other payables	16	1,849	1,933	188	68
Current tax liabilities		140	1,364	19	–
<b>Total current liabilities</b>		16,585	10,646	207	68
<b>Total liabilities</b>		18,119	11,987	207	68
<b>Total equity and liabilities</b>		177,845	162,451	166,634	167,224

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 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	17	85,125	89,839	17,290	8,349
Cost of sales		(65,249)	(62,120)	-	-
Gross profit		19,876	27,719	17,290	8,349
Other income		5,237	1,105	18	-
Finance income		555	769	1,015	635
Net (allowance)/reversal on impairment loss on financial assets		(133)	321	-	-
Selling and distribution expenses		(2,804)	(2,157)	-	-
Administration expenses		(9,433)	(10,274)	(846)	(1,082)
Other expenses	18	(245)	(2,175)	(15,423)	(327)
Profit before taxation	18	13,053	15,308	2,054	7,575
Tax expenses	19	(1,855)	(3,797)	(141)	(35)
Net profit for the financial year		11,198	11,511	1,913	7,540
Other comprehensive income:- <b>Item that will be subsequently reclassified to profit or loss</b>					
Exchange translation differences		706	(745)	-	-
Total comprehensive income for the financial year		11,904	10,766	1,913	7,540
Earnings per share attributable to owners of the Company (sen):-					
- Basic	20	2.12	2.20		
- Diluted	20	1.91	1.84		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Share capital RM'000	Merger deficit RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000
<b>Group</b>					
Balance as at 1 July 2020	139,807	(78,938)	7,323	69,829	138,021
<b>Transactions with owners:</b>					
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 (loss)/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
<b>Transactions with owners:</b>					
Second interim single tier dividend of 0.5 sen per ordinary share in respect of financial year ended 30 June 2021	-	-	-	(2,647)	(2,647)
Exercise of Warrants	5	-	-	-	5
Net profit for the financial year	-	-	-	11,198	11,198
Exchange translation differences	-	-	706	-	706
Total comprehensive income for the financial year	-	-	706	11,198	11,904
Balance as at 30 June 2022	143,826	(78,938)	7,284	87,554	159,726

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

STATEMENTS OF  
CHANGES IN EQUITY  
(cont'd)

	Share capital RM'000	Retained earnings RM'000	Total RM'000
<b>Company</b>			
Balance as at 1 July 2020	139,807	18,132	157,939
<b>Transactions with owners:</b>			
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
<b>Transactions with owners:</b>			
Exercise of Warrants	5	–	5
Second interim single tier dividend of 0.5 sen per ordinary share in respect of financial year ended 30 June 2021	–	(2,647)	(2,647)
Total comprehensive income for the financial year	–	1,913	1,913
Balance as at 30 June 2022	143,826	22,601	166,427

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>OPERATING ACTIVITIES</b>				
Profit before taxation	13,053	15,308	2,054	7,575
<b>Adjustments for:</b>				
Amortisation of deferred income	-	(30)	-	-
Amortisation of right-of-use assets	193	165	-	-
Depreciation of property, plant and equipment	2,987	1,948	-	-
Depreciation of investment properties	31	7	-	-
Finance income	(555)	(769)	(1,015)	(635)
Gain on disposal of property, plant and equipment	(1,250)	(185)	-	-
Inventories written off	-	46	-	-
Impairment loss on investment in a subsidiary company	-	-	15,423	327
Impairment loss on trade receivables	133	-	-	-
Impairment loss on trade receivables no longer required	-	(321)	-	-
Unrealised (gain)/loss on foreign exchange	(3,124)	1,438	(18)	2
Operating profit before working capital changes	11,468	17,607	16,444	7,269
Changes in working capital:-				
Inventories	(12,923)	(8,740)	-	-
Receivables	1,881	(9,714)	28	87
Payables	6,051	3,195	120	(150)
Cash generated from operations	6,477	2,348	16,592	7,206
Finance income received	555	769	1,015	635
Tax refunded	17	-	10	-
Tax paid	(2,383)	(3,986)	(118)	(28)
Net cash from/(used in) operating activities	4,666	(869)	17,499	7,813
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	1,379	226	-	-
Purchase of property, plant and equipment	(2,691)	(6,835)	-	-
Purchase of investment properties	-	(12,395)	-	-
Repayment from/(advances to) subsidiary companies	-	-	154	(18,702)
Net cash (used in)/from investing activities	(1,312)	(19,004)	154	(18,702)

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

STATEMENTS OF  
CASH FLOWS  
(cont'd)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>FINANCING ACTIVITIES</b>					
Proceeds from exercise of Warrants		5	4,014	5	4,014
Dividend paid		(2,647)	(2,337)	(2,647)	(2,337)
Net cash (used in)/from financing activities		(2,642)	1,677	(2,642)	1,677
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		712	(18,196)	15,011	(9,212)
Effect on foreign currency translation differences on cash and cash equivalents		406	(773)	4	(2)
At beginning of financial year		38,022	56,991	18,288	27,502
At end of financial year	<b>A</b>	39,140	38,022	33,303	18,288

**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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	12,630	12,228	6,801	516
Fixed deposits with licensed banks (Note 12)	–	7,617	–	–
Short-term demand deposits (Note 12)	26,510	18,177	26,502	17,772
	39,140	38,022	33,303	18,288

**B. CASH OUTFLOWS FOR LEASES AS A LESSEE**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<i>Included in net cash from/(used in) operating activities</i>				
Payment relating to short-term leases	147	149	–	–
Total cash outflows for leases	147	149	–	–

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



# NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2022

## 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 11 October 2022.

## 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 current financial year.

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 (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 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 Fulfiling a Contract
Annual Improvement to MFRS Standards 2018 – 2020	

MFRSs and Amendments to MFRSs effective 1 January 2023:-

Amendments to MFRS 4*#	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17*# and Amendments to MFRS 17*#	Insurance Contracts and amendment to MFRS 17 Insurance Contracts
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112*#	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRSs – effective date deferred indefinitely:-

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

# Not applicable to the Group's operation

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

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant accounting estimates and judgements (Cont'd)

#### 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 2022, 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant accounting estimates and judgements (Cont'd)

#### 2.6.1 Estimation uncertainty

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Foreign currency translations (Cont'd)

#### 3.2.2 Foreign operations (Cont'd)

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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Property, plant and equipment (Cont'd)

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.

### 3.4 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.



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial instruments (Cont'd)

#### 3.6.1 Financial assets (Cont'd)

##### **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.

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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial instruments (Cont'd)

#### 3.6.1 Financial assets (Cont'd)

##### 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.

##### 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.

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial instruments (Cont'd)

#### 3.6.2 Financial liabilities (Cont'd)

##### **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.

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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

## 3.10 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.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

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.

#### 3.12.4 Rental income

Rental income is recognised on a straight-line basis over the specific tenure of the leases.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

### 3.14 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 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  
(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	Capital work- in-progress RM'000	Total RM'000
<b>Cost</b>								
At 1 July 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
Additions	-	-	3	478	-	563	1,647	2,691
Reclassifications	-	-	-	1,168	86	-	(1,254)	-
Disposals	-	-	-	(2,116)	(113)	(487)	-	(2,716)
Foreign currency translation differences	-	901	-	1,070	4	77	-	2,052
At 30 June 2022	4,560	24,508	911	37,443	2,460	3,172	691	73,745
<b>Accumulated depreciation</b>								
At 1 July 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
Charge for the financial year	-	635	18	1,821	197	316	-	2,987
Disposals	-	-	-	(2,116)	(113)	(358)	-	(2,587)
Foreign currency translation differences	-	128	-	90	4	28	-	250
At 30 June 2022	-	5,435	120	15,140	1,372	1,913	-	23,980
<b>Net carrying amount</b>								
At 30 June 2022	4,560	19,073	791	22,303	1,088	1,259	691	49,765
At 30 June 2021	4,560	18,935	806	21,498	1,199	1,092	298	48,388



NOTES TO THE  
FINANCIAL STATEMENTS  
(cont'd)

**5. INVESTMENT PROPERTIES**

Group	Freehold land RM'000	Building RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2020/30 June 2021/30 June 2022	10,851	1,544	12,395
<b>Accumulated depreciation</b>			
At 1 July 2020	-	-	-
Charge for the financial year	-	7	7
At 30 June 2021	-	7	7
Charge for the financial year	-	31	31
At 30 June 2022	-	38	38
<b>Net carrying amount</b>			
At 30 June 2022	10,851	1,506	12,357
At 30 June 2021	10,851	1,537	12,388
<b>Fair value of investment properties</b>			
At 30 June 2022	13,580	1,933	15,513
At 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 income/(expenses) are recognised in profit or loss in respect of investment properties:

	Group	
	2022 RM'000	2021 RM'000
Rental income	704	176
Income generating direct operating expenses - Quit rent	(22)	-

NOTES TO THE  
FINANCIAL STATEMENTS  
(cont'd)

**6. RIGHT-OF-USE ASSETS**

	<b>Group RM'000</b>
<b>Land use right</b>	
<b>Cost</b>	
At 1 July 2020	7,383
Foreign currency translation differences	(225)
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At 30 June 2021	7,158
Foreign currency translation differences	442
<hr/>	
At 30 June 2022	7,600
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<b>Accumulated amortisation</b>	
At 1 July 2020	575
Charge for the financial year	165
Foreign currency translation differences	(16)
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At 30 June 2021	724
Charge for the financial year	193
Foreign currency translation differences	53
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At 30 June 2022	970
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<b>Net carrying amount</b>	
At 30 June 2022	6,630
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At 30 June 2021	6,434
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**7. SUBSIDIARY COMPANIES**

**Investment in subsidiary companies**

	<b>Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Unquoted shares, at cost	101,937	101,937
Less: Accumulated impairment loss		
At beginning of financial year	6,002	5,675
Impairment loss recognised	15,423	327
At end of financial year	21,425	6,002
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	80,512	95,935
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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. SUBSIDIARY COMPANIES (CONT'D)

#### Investment in subsidiary companies (Cont'd)

In the current financial year, the Company received dividend of RM17,289,838 from its subsidiary company, Techbond (Vietnam) Co. Ltd. In the previous financial year, the Company received dividend of RM400,000 from its subsidiary company, Techbond (Sabah) Sdn. Bhd..

At the reporting date, due to the above dividends paid, 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
		2022 %	2021 %	
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  
(cont'd)

**8. OTHER RECEIVABLES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Non-trade receivables	29	123	-	-
<b>Current</b>				
Non-trade receivables	4,871	4,933	-	28
Deposits	215	220	-	-
Prepayments	1,322	2,081	29	29
	6,408	7,234	29	57

**9. INVENTORIES**

	Group	
	2022 RM'000	2021 RM'000
At carrying amount:-		
Raw materials	30,639	22,558
Packing materials	441	395
Work-in-progress	1,684	1,813
Finished goods	5,663	4,209
Goods in transit	5,600	1,136
	44,027	30,111
Recognised in profit or loss:-		
Inventories recognised in cost of sales	60,822	53,239
Inventories written off	-	46

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

NOTES TO THE  
FINANCIAL STATEMENTS  
(cont'd)

**10. TRADE RECEIVABLES**

	2022 RM'000	Group 2021 RM'000
Trade receivables	19,381	19,608
Less: Allowance of expected credit losses		
At beginning of financial year	943	1,303
Allowance recognised	133	-
Allowance no longer required	-	(321)
Less: Foreign currency translation differences	62	(39)
At end of financial year	1,138	943
	18,243	18,665

The Group's normal trade credit terms range from 1 to 120 days (2021: 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) RM10,278,812 (2021: RM10,711,046) which is receivable by annual instalments of 20 years with first instalment commencing on 31 August 2021 and bears interest rate of 3.42% (2021: 3.17%) per annum; and
- (ii) RM12,137,044 (2021: RM11,854,548) which is receivable by annual instalments of 1 year to 5 years with first instalment commencing on 30 June 2023 and bears interest rate of 2.25% (2021: 2.25%) per annum.

**12. CASH AND CASH EQUIVALENTS**

Fixed deposits with licensed banks bear interest rates of 3.20% (2021: 1.62% to 3.20%) 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 13. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Units	2021 Units	2022 RM'000	2021 RM'000
<b>Issued and fully paid with no par value:-</b>				
At beginning of financial year	529,384,273	230,000,000	143,821	139,807
Issued pursuant to the exercise of Warrants	13,162	5,281,900	5	4,014
Bonus issue	-	294,102,373	-	-
<b>At end of financial year</b>	<b>529,397,435</b>	<b>529,384,273</b>	<b>143,826</b>	<b>143,821</b>

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 issued and fully paid-up ordinary share capital was increased from RM143,820,975 to RM143,825,318 by the issuance of 13,162 new ordinary shares pursuant to the exercise of Warrants at an exercise price of RM0.33 each.

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 exercise price of RM0.33 (2021: RM0.33);
- (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.

There are 246,852,499 (2021: 246,865,661) Warrants remained not exercised.

NOTES TO THE  
FINANCIAL STATEMENTS  
(cont'd)

**14. DEFERRED TAX LIABILITIES**

	2022 RM'000	Group 2021 RM'000
At beginning of financial year	1,341	1,235
Recognised in profit or loss	194	85
(Over)/underprovision in prior year	(1)	21
At end of financial year	1,534	1,341

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

	2022 RM'000	Group 2021 RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,534	1,341

**15. TRADE PAYABLES**

The normal trade credit terms granted by trade payables range from 1 to 120 days (2021: 1 to 120 days) and are non-interest bearing.

**16. OTHER PAYABLES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-trade payables	519	570	25	22
Accruals	1,110	1,157	163	46
Deposits	176	176	-	-
Sales tax payable	44	30	-	-
	1,849	1,933	188	68

NOTES TO THE  
FINANCIAL STATEMENTS  
(cont'd)

**17. REVENUE**

**17.1 Disaggregated revenue information**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Type of revenue</b>				
Sale of goods and services	85,125	89,839	–	–
Dividend income from subsidiary companies	–	–	17,290	8,349
	85,125	89,839	17,290	8,349

	Group	
	2022 RM'000	2021 RM'000
<b>Segments</b>		
<b>Type of goods and services</b>		
Industrial adhesives and sealants	81,376	82,870
Supporting products and services	3,749	6,969
	85,125	89,839

<b>Geographical markets</b>		
Malaysia	21,645	21,491
Vietnam	39,165	47,458
Indonesia	15,609	11,593
China	1,733	2,764
Others	6,973	6,533
	85,125	89,839

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.

**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.



NOTES TO THE  
FINANCIAL STATEMENTS  
(cont'd)

**18. PROFIT BEFORE TAXATION**

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration				
Statutory audit				
- Group auditors	105	106	46	46
- Other auditors	47	46	-	-
Non-statutory audit				
- Group auditors	6	14	6	14
Amortisation of deferred income	-	(30)	-	-
Amortisation of right-of-use assets	193	165	-	-
Depreciation of property, plant and equipment	2,987	1,948	-	-
Depreciation of investment properties	31	7	-	-
Finance income	(555)	(769)	(1,015)	(635)
Gain on disposal of property, plant and equipment	(1,250)	(185)	-	-
Inventories written off	-	46	-	-
Impairment loss on investment in a subsidiary company *	-	-	15,423	327
Impairment loss on trade receivables	133	-	-	-
Impairment loss on trade receivables no longer required	-	(321)	-	-
Rental of premises - short-term leases	147	149	-	-
Rental income	(706)	(178)	-	-
Net realised (gain)/loss on foreign exchange	(45)	366	-	-
Net unrealised (gain)/loss on foreign exchange	(3,124)	1,438	(18)	2

\* The impairment loss on investment in a subsidiary company is included in other expenses.

**19. TAX EXPENSES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax:				
- Current year provision	1,688	4,216	141	35
- Overprovision in prior year	(26)	(525)	-	-
Deferred tax:				
- Current year provision	194	85	-	-
- (Over)/underprovision in prior year	(1)	21	-	-
<b>Total tax expenses</b>	<b>1,855</b>	<b>3,797</b>	<b>141</b>	<b>35</b>

Malaysian income tax is calculated at the statutory rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE  
FINANCIAL STATEMENTS  
(cont'd)

**19. TAX EXPENSES (CONT'D)**

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	13,053	15,308	2,054	7,575
Income tax at Malaysian tax rate of 24% (2021: 24%)	3,133	3,674	493	1,818
Tax effects in respect of:-				
Expenses not allowable for tax purposes	581	769	3,896	335
Income not subject to tax	(1,801)	(187)	(4,248)	(2,118)
Overprovision in prior year	(27)	(504)	-	-
Deferred tax assets not recognised	105	536	-	-
Effect of tax rate difference in foreign jurisdiction	(136)	(491)	-	-
<b>Total tax expenses</b>	<b>1,855</b>	<b>3,797</b>	<b>141</b>	<b>35</b>

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

	Group	
	2022 RM'000	2021 RM'000
Unabsorbed business losses	3,286	2,850

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	
	2022 RM'000	2021 RM'000
Year of Assessment 2022	-	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	2,234
Year of Assessment 2027	458	-
	<b>3,286</b>	<b>2,850</b>

## NOTES TO THE FINANCIAL STATEMENTS (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:-

	<b>2022</b>	<b>Group 2021</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	11,198	11,511
<hr/>		
Weighted average number of ordinary shares in issue ('000)	529,395	527,318
<hr/>		
Basic earnings per share (sen)	2.12	2.20
<hr/>		

#### 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:

	<b>2022</b>	<b>Group 2021</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	11,198	11,511
<hr/>		
Weighted average number of ordinary shares in issue ('000)	529,395	527,318
Adjustment for effect of Warrants	56,131	99,838
<hr/>		
	585,526	627,156
<hr/>		
Diluted earnings per share (sen)	1.91	1.84
<hr/>		

NOTES TO THE  
FINANCIAL STATEMENTS  
(cont'd)

**21. EMPLOYEES BENEFITS**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, bonus and other emoluments	6,685	5,795	-	-
Directors' remuneration	3,352	3,122	462	504
Social security contributions	44	43	-	-
Defined contribution plan	722	672	-	-
Other benefits	40	29	-	-
	10,843	9,661	462	504

The details of Directors' remuneration are as follows:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Executive Directors:-</b>				
<u>Directors of the Company</u>				
Directors' fees	216	258	216	258
Salaries, bonus and other emoluments	2,682	2,437	-	-
Defined contribution plan	208	181	-	-
	3,106	2,876	216	258
<b>Non-executive Directors:-</b>				
Directors' fees	228	228	228	228
Other benefits	18	18	18	18
	246	246	246	246
	3,352	3,122	462	504

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Rental expenses charged by a company in which certain Directors have interests	88	84	-	-
Rental income received from a company in which certain Directors have interests	2	2	-	-
Dividend income received from subsidiary companies	-	-	17,290	8,349
Finance income received from subsidiary companies	-	-	602	156

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

	Group	
	2022 RM'000	2021 RM'000
<b>Capital expenditure</b>		
Authorised and contracted for:		
- Setting up the VSIP2 factory complex	-	487
- Shah Alam factory complex	424	-

### 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 24. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

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

	<b>2022</b>	<b>Group</b>
	<b>RM'000</b>	<b>2021</b>
		<b>RM'000</b>
Malaysia	30,598	30,813
Vietnam	38,183	36,520
	68,781	67,333

(c) Major customers

There is only one (2021: one) major customer with revenue equal or more than 10% (2021: 10%) of the Group's revenue which is amounted to RM15,608,631 (2021: RM11,593,493).

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (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)

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.

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

	Gross carrying amount RM'000	Loss allowances RM'000	Net balances RM'000
<b>Group</b>			
<b>2022</b>			
<b>Collectively impaired</b>			
Not past due	1,480	-	1,480
Past due for 1 to 30 days	10,136	-	10,136
Past due for 31 to 60 days	3,786	-	3,786
Past due for 61 to 90 days	1,634	-	1,634
Past due for more than 90 days	1,207	-	1,207
	18,243	-	18,243
<b>Credit impaired</b>			
Individually impaired	1,138	(1,138)	-
	19,381	(1,138)	18,243

# NOTES TO THE FINANCIAL STATEMENTS (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)

Following are the areas where the Group and the Company are exposed to 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 (Cont'd):-

	<b>Gross carrying amount RM'000</b>	<b>Loss allowances RM'000</b>	<b>Net balances RM'000</b>
<b>Group</b>			
<b>2021</b>			
<b>Collectively impaired</b>			
Not past due	10,883	-	10,883
Past due for 1 to 30 days	4,804	-	4,804
Past due for 31 to 60 days	1,891	-	1,891
Past due for 61 to 90 days	688	-	688
Past due for more than 90 days	399	-	399
	<hr/> 18,665	-	18,665
<b>Credit impaired</b>			
Individually impaired	943	(943)	-
	<hr/> 19,608	(943)	18,665

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 16% (2021: 18%) of the trade receivables are due from one (2021: 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.



# NOTES TO THE FINANCIAL STATEMENTS (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)

Following are the areas where the Group and the Company are exposed to 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.

## NOTES TO THE FINANCIAL STATEMENTS (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):-

(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:-

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Denominated in USD</i>		
Cash and bank balances	3,099	6,422
Trade receivables	3,778	3,379
Trade payables	(5,502)	(5,209)
Other payables	(80)	-
	1,295	4,592

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:-

	<b>Group</b>	
	<b>Increase/(decrease)</b>	
	<b>in net profit/equity for</b>	
	<b>the financial year</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
USD/RM		
- Strengthened (0.3%) (2021: 0.2%)	4	9
	(4)	(9)
- Weakened (0.3%) (2021: 0.2%)		

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 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

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.

The Group has performed assessments on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements of the Group for the financial year ended 30 June 2022. Given the fluidity of the situation, the Group will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

# 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 2022 (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	22	6,795.00
					Lot 34 - 24/6/1999	14	
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	12	3,674.00
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	14	1,446.00
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	2	18,348.00
No 30, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	For rental income and capital appreciation purposes.	Techbond Manufacturing Sdn Bhd	4,803	Freehold	Lot 30 - 01/04/21	18	12,357.00

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2022

## 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 29/09/2022

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	154	4.461	6,702	0.001
100 - 1,000	174	5.041	87,634	0.017
1,001 - 10,000	1,415	40.991	8,387,796	1.584
10,001 - 100,000	1,463	42.381	46,375,238	8.760
100,001 - 26,469,870 (*)	245	7.097	93,393,620	17.642
26,469,871 AND ABOVE (**)	1	0.029	381,146,445	71.996
<b>TOTAL :</b>	<b>3,452</b>	<b>100.000</b>	<b>529,397,435</b>	<b>100.000</b>

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

## INFORMATION ON DIRECTORS HOLDINGS AS AT 29/09/2022

NO.	NAME	DIRECT	%	INDIRECT	%
1	DATO' HAMZAH BIN MOHD SALLEH	225,000	0.042	0	0.000
2	LEE SEH MENG	1,022,000	0.193	0	0.000
3	LEE SENG THYE	0	0.000	381,146,445 <sup>#</sup>	71.996 <sup>#</sup>
4	LEE YUEN SHIUAN	1,022,000	0.193	0	0.000
5	OOI GUAN HOE	225,000	0.043	0	0.000
6	SELMA ENOLIL BINTI MUSTAPHA KHALIL	225,000	0.043	0	0.000
7	TAN SIEW GEAK	110,500	0.020	0	0.000
	<b>SUBTOTAL :</b>	<b>2,829,500</b>	<b>0.534</b>	<b>381,146,445</b>	<b>71.996</b>

## INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 29/09/2022

NO.	NAME	DIRECT	%	INDIRECT	%
1	SONICBOND SDN BHD	381,146,445	71.996	0	0.000
2	LEE SENG THYE	0	0	381,146,445 <sup>#</sup>	71.996 <sup>#</sup>

<sup>#</sup> Deemed interested by virtue of his interests in Sonicbond Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

## ANALYSIS OF SHAREHOLDINGS (cont'd)

### LIST OF TOP 30 HOLDERS AS AT 29/09/2022

(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	1.795
3	ONG KENG SENG	4,944,200	0.934
4	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	4,500,000	0.850
5	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOONG KAH YIN	3,830,000	0.723
6	WOO KUN YEOW	1,800,000	0.340
7	JARING METAL INDUSTRIES SDN BHD	1,638,000	0.309
8	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	1,567,500	0.296
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOONG KEK YOONG (E-MLB)	1,515,000	0.286
10	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PENG SENG (CCTS)	1,500,000	0.283
11	CHEAH SOH WIN	1,400,000	0.264
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEW KIM KIAT (7003922)	1,050,000	0.198
13	TAN SOY MOK	1,048,000	0.198
14	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEE YEE MING (CHE2345M)	1,047,300	0.198
15	LEE SEH MENG	1,022,000	0.193
16	LEE YUEN SHIUAN	1,022,000	0.193
17	WOO JIN BIN @ HU JIN BIN	1,000,000	0.189
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG MEOW GIAK	908,700	0.172
19	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AIK KEE (SMART)	900,000	0.170
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEE KOK WAH	897,600	0.170

## ANALYSIS OF SHAREHOLDINGS (cont'd)

**LIST OF TOP 30 HOLDERS AS AT 29/09/2022  
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)**

NO.	NAME	HOLDINGS	%
21	YEUNG SHAN SHAN	820,000	0.155
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE CHING	800,000	0.151
23	TEN KIM THAI	773,000	0.146
24	HO JIYNN HUA	707,750	0.134
25	YEOW GUAT	700,000	0.132
26	LIM LI XUAN	640,750	0.121
27	TAN LEONG KIAT	600,000	0.113
28	LIM SEE TONG	575,000	0.109
29	NG SIEW MUN	573,300	0.108
30	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS HO IK SING (SMT)	559,600	0.106
<b>TOTAL HOLDINGS:</b>		<b>428,986,145</b>	<b>81.032</b>

# ANALYSIS OF WARRANT HOLDINGS

AS AT 29 SEPTEMBER 2022

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 29/09/2022

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	39	3.956	1,537	0.001
100 - 1,000	110	11.156	24,151	0.010
1,001 - 10,000	238	24.138	1,137,459	0.461
10,001 - 100,000	433	43.915	18,127,453	7.343
100,001 - 12,342,623 (*)	163	16.531	71,084,815	28.796
12,342,624 AND ABOVE (**)	3	0.304	156,477,084	63.389
<b>TOTAL :</b>	<b>986</b>	<b>100.000</b>	<b>246,852,499</b>	<b>100.000</b>

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

## INFORMATION ON DIRECTORS HOLDINGS AS AT 29/09/2022

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	90,573,222 <sup>#</sup>	36.691 <sup>#</sup>
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
	<b>SUBTOTAL :</b>	<b>2,997,000</b>	<b>1.215</b>	<b>90,573,222</b>	<b>36.691</b>

## INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 29/09/2022

NO.	NAME	DIRECT	%	INDIRECT	%
1	SONICBOND SDN BHD	90,573,222	36.691	0	0.000
2	LEE SENG THYE	0	0	90,573,222 <sup>#</sup>	36.691 <sup>#</sup>
3	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIBRA VALEN SDN BHD	40,000,000	16.204	0	0.000
4	JAG CAPITAL EQUITY SDN BHD	25,903,862	10.494	0	0.000

<sup>#</sup> Deemed interested by virtue of his interests in Sonicbond Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.



## ANALYSIS OF WARRANT HOLDINGS (cont'd)

### LIST OF TOP 30 HOLDERS AS AT 29/09/2022 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
1	SONICBOND SDN BHD	90,573,222	36.691
2	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIBRA VALEN SDN BHD	40,000,000	16.204
3	JAG CAPITAL EQUITY SDN BHD	25,903,862	10.494
4	ONG KENG SENG	7,963,700	3.226
5	YAP KWEK VE	5,000,000	2.026
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHONG MEE FAH @ FEDERICK CHONG	3,030,000	1.227
7	LEE MEE YOKE	2,700,000	1.094
8	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN YIN PENG	2,300,000	0.932
9	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN POO YOT (MARGIN)	2,250,000	0.911
10	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SENG THYE (M&A)	2,250,000	0.911
11	THAM SIEW KIOK	1,500,000	0.608
12	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG SAU BING (MARGIN)	1,350,000	0.547
13	JARING METAL INDUSTRIES SDN BHD	1,219,500	0.494
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SING HUAT	1,001,575	0.406
15	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR YAP KWEK VE	1,000,000	0.405
16	YEAT SIAW PING	935,300	0.379
17	CHIA JOO NGEE	830,500	0.336
18	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH PENG SENG (CCTS)	825,000	0.334
19	WONG SU CHUNG	800,000	0.324
20	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ER SOON PUAY	700,000	0.284

## ANALYSIS OF WARRANT HOLDINGS (cont'd)

### LIST OF TOP 30 HOLDERS AS AT 29/09/2022

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
21	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE ENG SHAN	700,000	0.284
22	LIM SEE TONG	650,000	0.263
23	ONG SAY KIAT	609,425	0.247
24	LEE AEK HONG	608,000	0.246
25	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH YOON SEN	600,000	0.243
26	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE LOONG KUAN	600,000	0.243
27	KOH JINQ WEN	600,000	0.243
28	LEE YUET CHIN	590,000	0.239
29	KOH NAI HWEE	550,000	0.223
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD TANG GIK CHOON	550,000	0.223
<b>TOTAL HOLDINGS:</b>		<b>198,190,084</b>	<b>80.287</b>

# NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixth Annual General Meeting (“6th AGM”) of Techbond Group Berhad (“the Company”) will be conducted on **virtual** basis by way of live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Thursday, 22 December 2022** at **10.00 a.m.** for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Directors’ and Auditors’ Reports.  
  
**[Please refer to Note (a)]**
2. To approve the payment of the final single tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2022. **(Ordinary Resolution 1)**
3. 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. Dato’ Hamzah bin Mohd Salleh; **(Ordinary Resolution 2)**
  - ii. Ooi Guan Hoe. **(Ordinary Resolution 3)**  
**[Please refer to Note (b)]**
4. To approve the payment of Directors’ fees to the following Directors for the financial year ending 30 June 2023:
  - i. Dato’ Hamzah Bin Mohd Salleh: RM84,000.00 **(Ordinary Resolution 4)**
  - ii. Ooi Guan Hoe: RM72,000.00 **(Ordinary Resolution 5)**
  - iii. Selma Enolil Binti Mustapha Khalil: RM72,000.00 **(Ordinary Resolution 6)**  
**[Please refer to Note (c)]**
5. To approve the payment of Directors’ benefits of up to RM18,000.00 for the financial period from 1 January 2023 until the next Annual General Meeting of the Company. **(Ordinary Resolution 7)**  
  
**[Please refer to Note (d)]**
6. 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 8)**  
  
**[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:

7. **Waiver of Pre-emptive Rights under Section 85 of the Companies Act, 2016 ("the Act")** (Special Resolution 1)

"THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company under Section 85 of the Act, read together with Clause 15 of the Constitution of the Company.

THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 9 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act."

**[Refer to Explanatory Note (f)]**

8. **Proposed Renewal of Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act")** (Ordinary Resolution 9)

"THAT pursuant to Sections 75 and 76 of the Act, 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 2022.

THAT with effect from 1 January 2023, 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").

## NOTICE OF THE ANNUAL GENERAL MEETING (cont'd)

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".)

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 (g)]***

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

# NOTICE OF THE ANNUAL GENERAL MEETING (cont'd)

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** the final dividend of 0.5 sen per ordinary share held in the Company, if approved, will be paid on 17 January 2023 to shareholders whose names appear in the Record of Depositors at the close of business on 30 December 2022.

A Depositor shall qualify for entitlement to the final single tier dividend only in respect of:

- (a) shares transferred into the depositor's securities account before 4:30 p.m. on 30 December 2022 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## BY ORDER OF THE BOARD

Wong Wai Foong (SSM PC No. 202008001472) (MAICSA No. 7001358)  
Ong Wai Leng (SSM PC No. 202208000633) (MAICSA No. 7065544)  
Nadiah Ili Binti Adnan (SSM PC No. 202008001698) (MAICSA No. 7062952)  
Company Secretaries

Kuala Lumpur  
31 October 2022

## NOTES:

- i. The 6th AGM will be conducted on virtual basis through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The broadcast venue of the 6th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. NO SHAREHOLDERS / PROXY(IES) WILL BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE.*
- 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 6th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor" or "TIH" or "Share Registrar") via its TIH Online website at <https://tiah.online>. Please read the Administrative Guide for the 6th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 6th AGM of the Company.*
- 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.*

## NOTICE OF THE ANNUAL GENERAL MEETING (cont'd)

### NOTES: (CONT'D)

- 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 authorised.
- 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. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (viii) above not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- x. For a corporate member who has appointed a representative, please deposit the ORIGINAL OR DULY CERTIFIED certificate of appointment with the share registrar in accordance with Note (viii) above. The certificate of appointment should be executed in the following manner:
  - a. If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - 1. at least two (2) authorised officers, of whom one shall be a director; or
    - 2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- xi. 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 Friday, 16 December 2022 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.

# NOTICE OF THE ANNUAL GENERAL MEETING (cont'd)

## **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

The Board of Directors through its Nomination Committee ("NC") has assessed and support the re-election of the retiring Directors, Dato' Hamzah Bin Mohd Salleh and Mr Ooi Guan Hoe. The Nomination Committee ("NC") had conducted the annual Board Effectiveness Assessment, in the areas of performance, contribution to interaction, quality of input, understanding of their roles and independence of Independent Directors. A fit and proper assessment was also conducted by the NC on the Directors who are standing for re-election under Clause 127 of the Constitution to ensure that they have the essential quality and integrity as well as the relevant character, experience, competence, time and commitment to discharge their roles as Directors.

The NC agreed that their performances are satisfactory and the Directors have met the Board's expectation in the discharge of their duties and responsibilities. They have the relevant mix of experience, skills, expertise and finance requirements that are beneficial to the Company. They also devote adequate time in discharging their duties and responsibilities as Directors, work constructively with other Board members, attend meetings with well preparation and will continue to bring value and insights to the Board.

The aforesaid Directors, being eligible have offered themselves for re-election at the 6th AGM. The profiles of Directors standing for re-election are set out on pages 4 to 7 of the Annual Report 2022. All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the 6th AGM of the Company.

### 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.

### d. Payment of Directors' Benefits

This resolution is to facilitate payment of Directors' benefits for the period from 1 January 2023 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 2023 until the next AGM of the Company (the due date for which the next AGM should be held).

### e. Re-appointment of Grant Thornton Malaysia PLT

The Board had its meeting held on 11 October 2022 approved the recommendation by the Audit and Risk Management Committee ("ARMC") to re-appoint Grant Thornton Malaysia PLT. The Board and ARMC collectively agreed that Grant Thornton Malaysia PLT has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



## NOTICE OF THE ANNUAL GENERAL MEETING (cont'd)

### Explanatory Notes to the Agenda (Cont'd):

f. Waiver of Pre-emptive Rights under Section 85 of the Companies Act, 2016

The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Companies Act, 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right.

The Special Resolution if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

g. Proposed Renewal of Authority to Issue and Allot 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 2022. With effect from 1 January 2023, 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 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 6th AGM to be held on 22 December 2022. 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 ANNUAL GENERAL MEETING

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

1. The Directors who retire in accordance with Clause 127 of the Constitution of the Company and being eligible to offer themselves for re-election at the upcoming AGM are Dato' Hamzah Bin Mohd Salleh and Mr Ooi Guan Hoe.

The profile of the Directors who are standing for re-election as per Agenda 3 of the Notice of 6th AGM are as follows:

## Ordinary Resolution 2

### **Dato' Hamzah Bin Mohd Salleh**

Independent Non-Executive Chairman  
(Gender: Male)

Dato' Hamzah Bin Mohd Salleh, a Malaysian, aged 73, 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 and 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 and was the Chief Executive Officer of the company. In February 2022, he was redesignated to Deputy Chairman of Spanco Sdn. Bhd.

He was appointed to the board of directors of companies that are listed on Bursa Malaysia Securities Berhad, namely SFP Tech Holdings Berhad on 16 August 2021, Rhone Ma Holdings Berhad on 1 April 2015 and PRG Holdings Berhad on 21 July 2003 as Independent Non-Executive Chairman. He resigned from PRG Holdings Berhad on 27 December 2018. He also sits on the board of other various 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 five (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 2022.

In the financial year ended 30 June 2022, he attended five (5) out of six (6) meetings of the Board.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (cont'd)

1. The Directors who retire in accordance with Clause 127 of the Constitution of the Company and being eligible to offer themselves for re-election at the upcoming AGM are Dato' Hamzah Bin Mohd Salleh and Mr Ooi Guan Hoe (Cont'd).

The profile of the Directors who are standing for re-election as per Agenda 3 of the Notice of 6th AGM are as follows (Cont'd):

### **Ordinary Resolution 3**

#### **Ooi Guan Hoe**

Independent Non-Executive Director  
(Gender: Male)

Mr Ooi Guan Hoe ("Mr Ooi"), aged 47, a Malaysian, is our Independent Non-Executive Director and was appointed to our Board on 2 January 2018.

He is the Chairman of the 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. In June 2011, Mr Ooi completed an executive education program co-organised by Harvard Business School and Tsinghua University and obtained a certificate in Private Equity and Venture Capital - China.

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 a Director and Management Board member of various public listed companies in Malaysia and Germany. He was the Chief Financial Officer of MOG Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited from January 2019 to March 2022. Currently, he also sits on the board of directors of Revenue Group Berhad, Vertice Berhad, TCS Group Holdings Berhad and Swang Chai Chuan 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 five (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 2022.

In the financial year ended 30 June 2022, he attended all six (6) meetings of the Board.

### **2. General Mandate for Issue of Securities**

Kindly refer to the Explanatory Notes on Special Business – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 under Explanatory Note (g) of the Notes to the Notice of the 6th Annual General Meeting.

# ADMINISTRATIVE GUIDE

## FOR THE SIXTH ANNUAL GENERAL MEETING (“AGM”)

Date	:	Thursday, 22 December 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Meeting Platform	:	TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>

### Precautionary Measures Against the Coronavirus Disease (“COVID-19”)

- In light of the Coronavirus (COVID-19) and in line with the Guidance and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (including any amendment(s) that may be made from time to time) (SC Guidance), the AGM of the Company will be conducted on virtual basis through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The broadcast venue of the 6th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. NO SHAREHOLDERS / PROXY(IES) WILL BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE.
- Members are to attend, speak (including posing questions to the Board of Directors of TECHBOND via real time submission of typed texts) and vote (collectively, “Participate”) remotely at this AGM via Remote Participation and Voting (“RPV”) facilities provided by Tricor.
- We **strongly encourage** you to attend the AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.
- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our AGM at short notice. Kindly check the Company’s website or announcements for the latest updates on the status of the AGM.
- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

### Remote Participation and Voting

- The RPV facilities are available on Tricor’s **TIIH Online** website at <https://tiih.online>.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

## ADMINISTRATIVE GUIDE (cont'd)

### Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the AGM using the RPV facilities:

#### Before the AGM Day

Procedure	Action
i. Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access to website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” select the “Sign Up” button and followed by “<b>Create Account by Individual Holder</b>”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
ii. Submit your request to attend AGM remotely	<ul style="list-style-type: none"> <li>Registration is open from Monday, 31 October 2022 until the day of AGM on Thursday, 22 December 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV facilities.</li> <li>Login with your user ID (i.e. e-mail address) and password and select the corporate event: “<b>(REGISTRATION) TECHBOND 6TH AGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at Tuesday, 16 December 2022, the system will send you an <b>e-mail on or after Tuesday, 20 December 2022 to approve or reject</b> your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>

## ADMINISTRATIVE GUIDE (cont'd)

### Procedures to Remote Participation and Voting via RPV Facilities (Cont'd)

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the AGM using the RPV facilities (Cont'd):

#### **On the AGM Day**

Procedure	Action
i. Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Thursday, 22 December 2022.</li> </ul>
ii. Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>"(LIVE STREAM MEETING) TECHBOND 6TH AGM"</b> to engage in the proceedings of the AGM remotely.</li> </ul> <p>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</p>
iii. Online remote voting	<ul style="list-style-type: none"> <li>Voting session commences from 10.00 a.m. on Thursday, 22 December 2022 until a time when the Chairman announces the end of the session.</li> <li>Select the corporate event: <b>"(REMOTE VOTING) TECHBOND 6th AGM"</b> or if you are on the live stream meeting page, you can select <b>"GO TO REMOTE VOTING PAGE"</b> button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
iv. End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.</li> </ul>

#### **Note to users of the RPV facilities:**

- Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

## ADMINISTRATIVE GUIDE (cont'd)

### Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 16 December 2022 shall be eligible to attend, speak and vote at the AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in the AGM yourself, please do not submit any Form of Proxy for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Tuesday, 20 December 2022 at 10.00 a.m.:

(i) In Hard copy:

By hand or post to the office of the 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;

(ii) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: "<b>TECHBOND 6TH AGM - SUBMISSION OF PROXY FORM</b>".</li> <li>• Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.</li> <li>• Appoint your proxies and insert the required details of your proxy(ies) or appoint the Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>• Review and confirm your proxy(ies) appointment.</li> <li>• Print the form of proxy for your record.</li> </ul>

## ADMINISTRATIVE GUIDE (cont'd)

### Entitlement to Participate and Appointment of Proxy (Cont'd)

- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Tuesday, 20 December 2022 at 10.00 a.m. (Cont'd):

(ii) By Electronic form (Cont'd):

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below (Cont'd):

Procedure	Action
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "<b>Create Account by Representative of Corporate Holder</b>".</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Select the corporate event name: "<b>TECHBOND 6TH AGM - SUBMISSION OF PROXY FORM</b>".</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Login to TIIH Online, select corporate event name: "<b>TECHBOND 6TH AGM - SUBMISSION OF PROXY FORM</b>".</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select "Submit" to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>



## ADMINISTRATIVE GUIDE (cont'd)

### **Voting at Meeting**

- The voting at the AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting").
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the AGM at 10.00 a.m. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

### **Door Gift or Food Voucher**

- There will be no door gifts or food vouchers for attending the AGM.

### **No Recording or Photography**

- Unauthorised recording and photography are strictly prohibited at the AGM.

### **Pre-Meeting Submission of Questions to the Board of Directors**

- The Board recognises that the AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the AGM, shareholders may in advance, before the AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than, 20 December 2022 at 10.00 a.m. The Board of Directors will endeavor to address the questions received at the AGM.

### **Enquiry**

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday, except on public holidays).

# 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 Sixth Annual General Meeting of the Company to be conducted on **virtual** basis through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Thursday, 22 December 2022 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 NO.		FOR	AGAINST
1	To approve the payment of the final single tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2022		
2	Re-election of Dato' Hamzah bin Mohd Salleh as Director of the Company		
3	Re-election of Ooi Guan Hoe as Director of the Company		
4	Payment of Directors' fees to Dato' Hamzah Bin Mohd Salleh: RM84,000.00		
5	Payment of Directors' fees to Ooi Guan Hoe: RM72,000.00		
6	Payment of Directors' fees to Selma Enlolil Binti Mustapha Khalil: RM72,000.00		
7	Payment of Directors' benefits of up to RM18,000.00 for the financial period from 1 January 2023 until the next Annual General Meeting of the Company		
8	Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company		
9	Proposed Renewal of Authority to Issue and Allot Shares		

SPECIAL RESOLUTION NO.		FOR	AGAINST
1	Waiver of Pre-emptive Rights under Section 85 of the Companies Act, 2016		

Dated this ..... day of ..... 2022.

.....  
Signatures/ Common Seal of Shareholder(s)

Contact:

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
		-----
Total		100%
		-----



**NOTES:**

- (i) The 6th AGM will be conducted on virtual basis through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The broadcast venue of the 6th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. NO SHAREHOLDERS / PROXY(IES) WILL BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE.
- (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 6th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor" or "TIIH" or "Share Registrar") via its TIIH Online website at <https://tiih.online>. Please read the Administrative Guide for the 6th AGM of the Company for details on the registration process and procedures for RPV to participate remotely at the 6th AGM of the Company.
- (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 authorised.
- (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) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (viii) above not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (x) For a corporate member who has appointed a representative, please deposit the ORIGINAL OR DULY CERTIFIED certificate of appointment with the share registrar in accordance with Note (viii) above. The certificate of appointment should be executed in the following manner:
  - a. If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - 1. at least two (2) authorised officers, of whom one shall be a director; or
    - 2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (xi) 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 Friday, 16 December 2022 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

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Fold This Flap For Sealing



## **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](mailto:adhesive@techbond.com.my)

**Website:** [www.techbond.com.my](http://www.techbond.com.my)