

BUILDING GROWTH MOMENTUM WHILE CULTIVATING SUSTAINABILITY

ANNUAL REPORT **2023**



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Proxy Form



CORPORATE INFORMATION



BOARD OF DIRECTORS

**DATO' HAMZAH BIN
MOHD SALLEH**

Independent Non-Executive Chairman

LEE SENG THYE

Managing Director

LEE SEH MENG

Deputy Managing Director

TAN SIEW GEAK

Executive Director

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

Members

Dato' Hamzah Bin Mohd Salleh

Selma Enolil Binti Mustapha Khalil

**REMUNERATION
COMMITTEE**

Chairman

Dato' Hamzah Bin Mohd Salleh

Members

Ooi Guan Hoe

Selma Enolil Binti Mustapha Khalil

**NOMINATION
COMMITTEE**

Chairman

Dato' Hamzah Bin Mohd Salleh

Members

Ooi Guan Hoe

Selma Enolil Binti Mustapha Khalil

COMPANY SECRETARY

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

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9191
Fax : 03-2783 9111
Email : info@my.tricorglobal.com

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
Email : is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

CORPORATE WEBSITE

www.techbond.com.my

INVESTOR RELATIONS

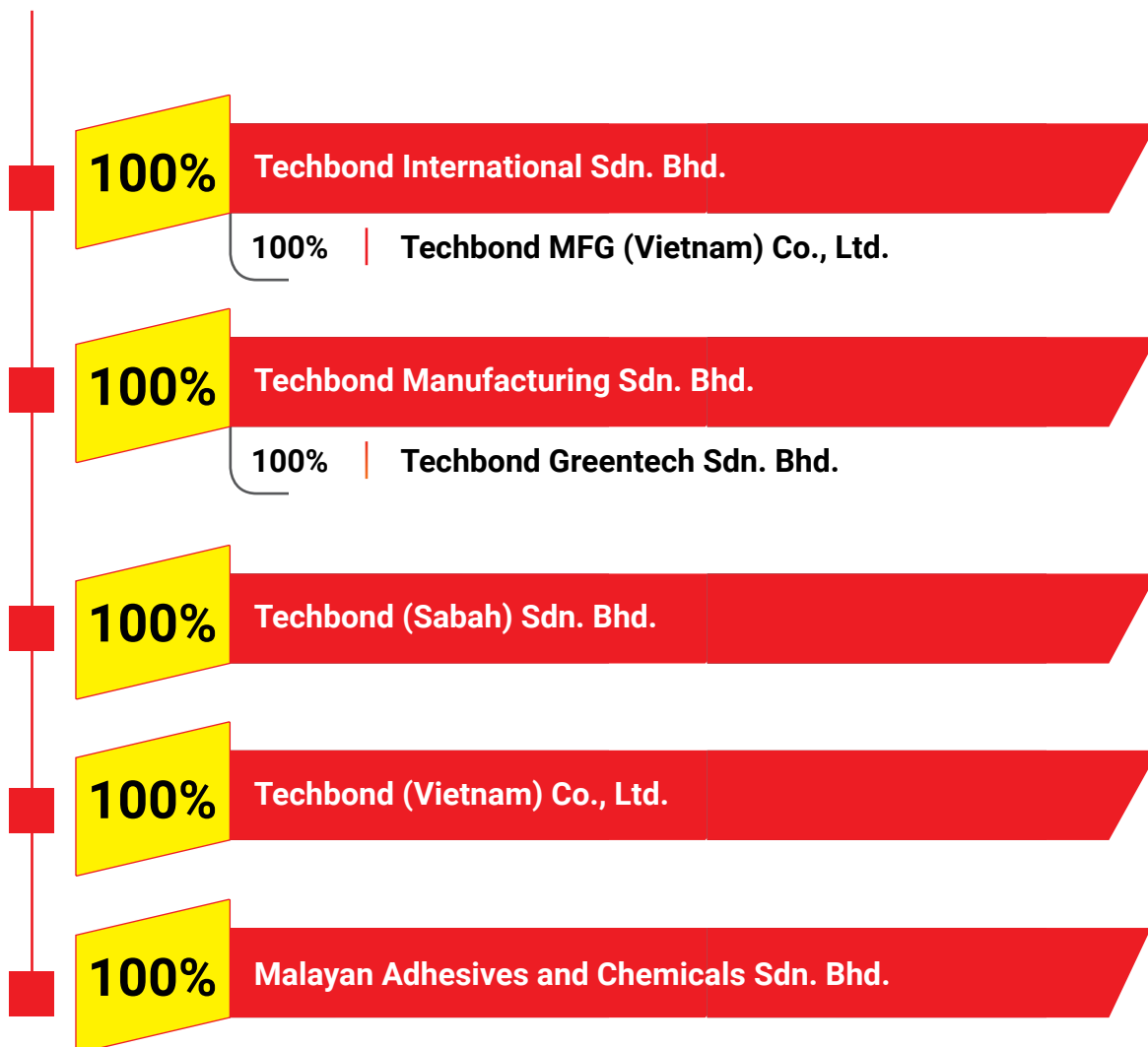
Email: ir@techbond.com.my

CORPORATE STRUCTURE

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. and retired from the position of Deputy Chairman on 31 December 2022.

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 and Rhone Ma Holdings Berhad on 1 April 2015. He was also appointed as the Independent Non-Executive Director of PRG Holdings Berhad on 21 July 2003 and thereafter, resigned on 27 December 2018. In addition, he 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. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Techbond which would be disadvantageous to 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 2023.

In the financial year ended 30 June 2023, he attended all six (6) meetings of the Board.

DIRECTORS' PROFILES (CONT'D)

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 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. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Techbond which would be disadvantageous to 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 2023.

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

In the financial year ended 30 June 2023, he attended all six (6) meetings of the Board.



LEE SENG THYE

Managing Director

Nationality



Gender



Age



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. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Techbond which would be disadvantageous to 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 2023.

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

In the financial year ended 30 June 2023, he attended four (4) out of six (6) meetings of the Board.



LEE SEH MENG

Deputy Managing Director

Nationality



Gender



Age



DIRECTORS' PROFILES (CONT'D)



TAN SIEW GEAK

Executive Director

Nationality



Gender



Age



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. In addition, she has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of her judgement when acting in the capacity of a Director of Techbond which would be disadvantageous to 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 2023.

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

In the financial year ended 30 June 2023, she attended all 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 is the Chief Financial Officer of Swang Chai Chuan Limited, which is listed on The Stock Exchange of Hong Kong Limited and he also sits on the board of directors of TCS Group Holdings Berhad as an Independent Non-Executive Director.

Mr Ooi resigned as an Executive Director of Revenue Group Berhad on 3 March 2023 and Infraharta Holdings Berhad (formerly known as Vertice Berhad) on 30 November 2022 respectively.

He has no family relationship with any Director and/or major shareholder of the Group. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Techbond which would be disadvantageous to 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 2023.

In the financial year ended 30 June 2023, he attended five (5) out of 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 Chairman 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. In addition, she has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of her judgement when acting in the capacity of a Director of Techbond which would be disadvantageous to 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 2023.

In the financial year ended 30 June 2023, she attended all six (6) meetings of the Board.

PROFILE OF KEY SENIOR MANAGEMENT

Mr Lee Yuen Shiuan, is our Deputy General Director – Vietnam and Alternate Director to Ms Tan. 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. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of the Deputy General Director – Vietnam of Techbond which would be disadvantageous to 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 2023.

LEE YUEN SHIUAN

(Alternate Director to Tan Siew Geak)

Deputy General Director - Vietnam

Nationality



Gender



Age

28

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 and advisory services to wide range of 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. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Group Finance Director of Techbond which would be disadvantageous to 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 2023.

NG YEOW SIANG

Group Finance Director

Nationality



Gender



Age

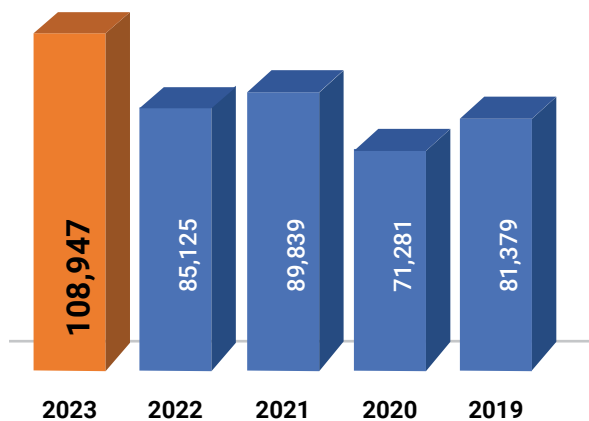
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FINANCIAL

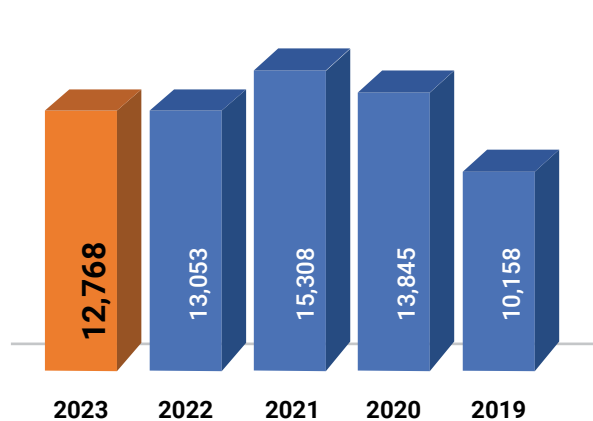
HIGHLIGHTS

FYE June	2023	2022	2021	2020	2019
Revenue (RM'000)	108,947	85,125	89,839	71,281	81,379
Profit before taxation (RM'000)	12,768	13,053	15,308	13,845	10,158
Total Assets (RM'000)	219,597	177,845	162,451	146,606	138,773
Shareholders' Equity (RM'000)	170,274	159,726	150,464	138,021	130,596

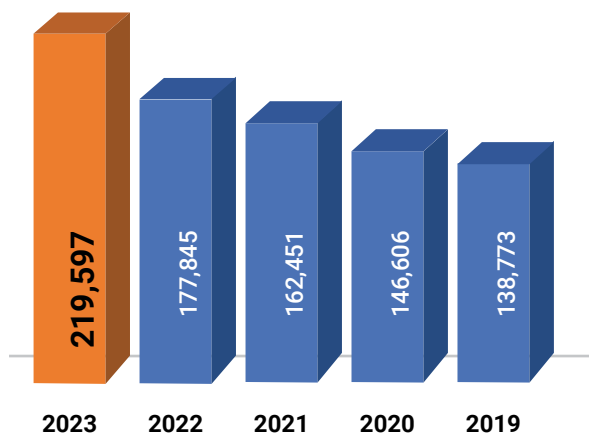
REVENUE
(RM'000)



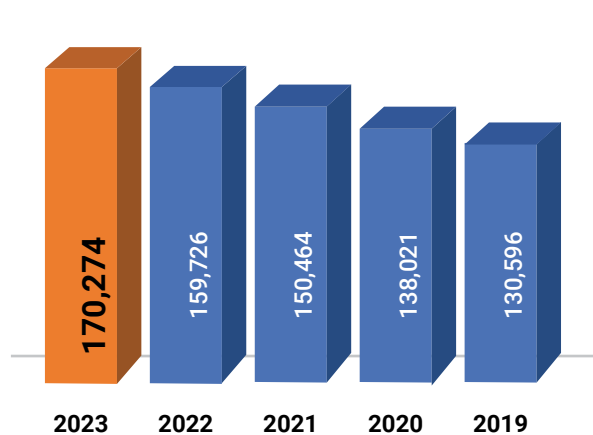
PROFIT BEFORE TAXATION
(RM'000)



TOTAL ASSETS
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

OPENING STATEMENT

DEAR ESTEEMED SHAREHOLDERS,

On behalf of the Board of Directors (the “Board”) of Techbond Group Berhad (“Techbond” or the “Group”), I am delighted to present the Management Discussion and Analysis Statement (“MD&A”) for the financial year ended 30 June 2023 (“FY2023”).

FY2023 started with optimism as the global economic recovery from the pandemic gained momentum. However, this was subsequently overshadowed by geopolitical conflicts, such as the Russia-Ukraine crisis and the extended US-China trade tensions, to name a few. Coupled with mounting inflationary pressures, rising interest rates, and recession concerns, the market outlook took a turn for the worse. These circumstances have compounded the challenging business environment marked by disruptions in supply chains, shortage of labour and materials, and fluctuations in commodity prices.

Back in Malaysia, our economic landscape was thankfully showing positive signs with the reopening of economy and a notable resurgence in business activities. Riding on this economic recovery, Techbond managed to deliver its highest-ever top-line performance despite the market uncertainties. This is credited to our resilient business model, experienced management, and committed team. For FY2023, we recorded a revenue of RM108.9 million, achieving a 28.0% year-on-year (“YoY”) growth compared to RM85.1 million achieved in FY2022. Meanwhile, profit after tax and non-controlling interest (“PATNCI” or “net profit”) stood at RM11.0 million.

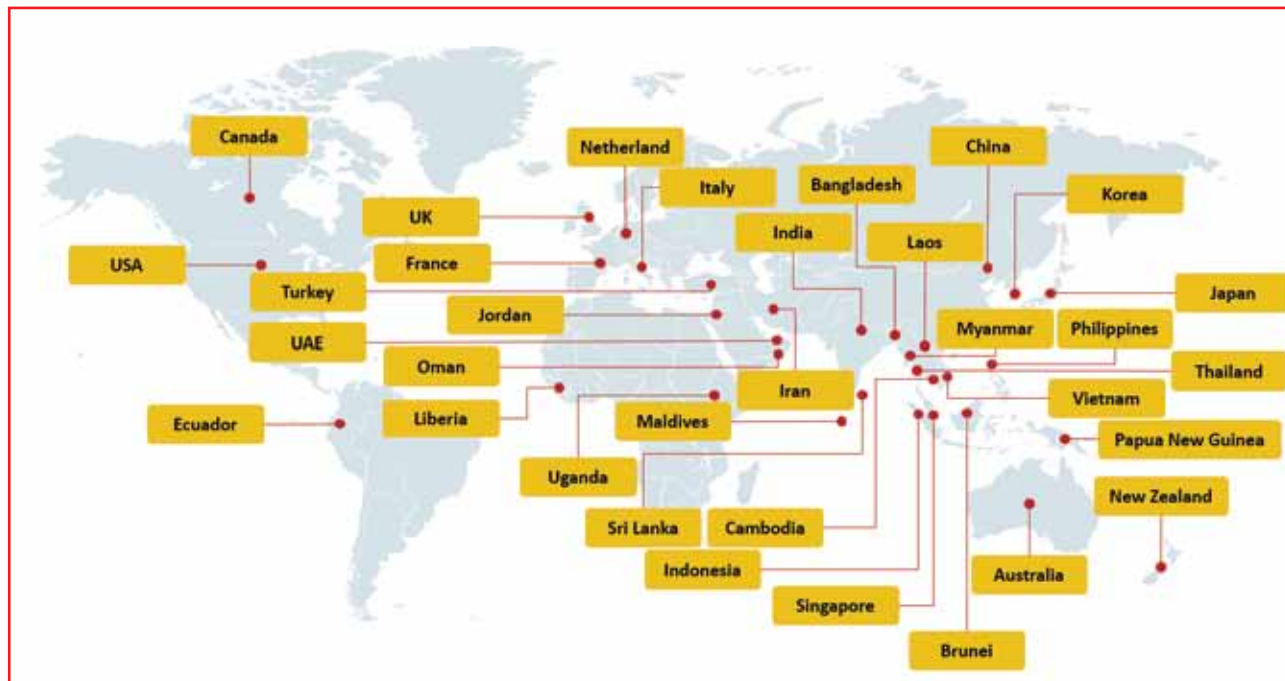
GROUP BUSINESS OVERVIEW

Founded in 1996, Techbond is a leading specialist in developing and manufacturing industrial adhesives and sealants. Our headquarter (“HQ”) is located in Shah Alam, Selangor, along with our manufacturing plant, research and development (“R&D”) facility, warehouse and quality control (“QC”) centre. Additionally, we have also established a strong presence in Vietnam since 2005 with our plant located in the Vietnam-Singapore Industrial Park II (“VSIP2”).

In December 2018, the Group achieved a major milestone as Techbond was successfully listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). We made yet another breakthrough in June 2021 as our upstream polymerisation factory in Vietnam commenced operations. This game-changing plant enables us to produce our own base material, polyvinyl acetate (“PVAc”) polymer, which is a raw material used by the Group to manufacture its industrial adhesives.

Techbond places strong focus on R&D and has 8 in-house trademarked brands. We take pride in the fact that most of our industrial adhesives and sealants are developed in-house. Our products are used across various sectors such as woodworking, paper and packaging, automotive, building and construction, personal care, and mattresses. Geographically, our market reach extends beyond domestic clients to encompass exports to more than 30 countries spanning Asia, Europe, and Africa. The top 5 largest export countries for the Group are Vietnam, Indonesia, China, Cambodia and Thailand.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)



The Group has 2 main business segments, which are as follows:

I. Industrial Adhesives & Sealants

The Group produces 2 types of industrial adhesives, which are water based and hot melt adhesives. The primary raw materials used are polymer-based 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 room temperature but melts when heated to its operating temperature range.

Industrial sealants play a vital role in sealing surfaces to block the flow of liquids, gases, and undesirable substances. Our journey into sealant manufacturing began in 2015 through our in-house R&D efforts. We now specialise in producing two key types of sealants: water-based and solvent-based sealants.



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

II. Supporting Products & Services

In addition to our proprietary products, the Group enhances its competitive edge and fosters customer loyalty through offering a range of value-added auxiliary goods and services. These include the supply of industrial adhesives and sealants for Original Equipment Manufacturer ("OEM"), along with adhesive repellents and cleaners, chemicals, and adhesive blending Machines.

RESEARCH & DEVELOPMENT ("R&D")



Techbond's competitive edge lies in our steadfast commitments to R&D, staffed by a team of full-time technical experts constantly working on new innovations. Our R&D facility is located within the Shah Alam plant, equipped with laboratory and various equipment such as gas chromatograph, fourier-transform infrared spectroscope, programmable temperature, and humidity test chamber.

This in-house capability gives us the advantage to tailor-make products based on client's specific requirements. Overall, our continual innovations, be it new or improved product formulations, enhance customer stickiness and position us at the forefront of competition.

BUSINESS & OPERATIONAL REVIEW

The International Monetary Fund ("IMF") has projected global growth to moderate to 3.0% in 2023 versus the estimated 3.5% in the prior year. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023.

On a brighter note, Malaysia's economy charted healthy growth in 2022 with a gross domestic product ("GDP") expansion of 8.7% according to the Department of Statistics Malaysia ("DOSM"). For 2023, the Ministry of Finance ("MOF") projects a moderation in GDP growth of between 4.0% and 5.0%, in contrast to the high-growth base achieved in 2022.

Indeed, for us at Techbond, we faced multiple headwinds and had to cope with the taxing operating environment that was characterised by rising input costs and raw material shortages. The woodworking segment that we serve experienced a noticeable slowdown during the financial year under review in tandem with the subdued furniture export to countries such as the USA and Europe.

In mitigation, the Group has intensified our efforts to expand and diversify our customer base across new countries, as well as explore opportunities in different industries. We are delighted to share that these efforts have yielded good results, allowing us to penetrate new geographical markets and strengthen our presence in other industries.

As such, we are pleased to report that, notwithstanding the tough business environment, the utilisation rate in Malaysia has remained healthy in FY2023, reflecting the overall steady demand from both local and international clients, in line with the resurgence in trade activities following the reopening of borders.

Upstream Polymerisation Factory in Vietnam

For our upstream polymerisation factory in VSIP2, Vietnam, the utilisation has been increasing progressively. This measured growth aligns with our prudent approach, considering market uncertainties, escalating input costs, and raw material shortages. More importantly, the polymers produced are currently used in-house to manufacture industrial adhesives. In discussions with prospects to supply polymer externally, we achieved encouraging progress after successfully passing some of the potential customers' stringent internal tests.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)



To recap, our upstream polymerisation plant in VSIP2 commenced operations back in June 2021. This industrial complex includes two water-based adhesive production lines, two warehouses, an administrative office, and a QC centre, occupying a 30,000 square meter ("sqm") land with a built-up area of 6,968 sqm. This significant milestone in our operational and R&D journey has enabled us to have greater control over the quality, cost, and supply consistency of our raw materials.

Acquisition of Malaysian Adhesives and Chemicals

In February 2023, Techbond reached another high point after successfully acquired approximately 99.57% equity interest in Malaysian Adhesives and Chemicals Sdn. Bhd. ("MAC") from Chemquest Sdn. Bhd. for a cash consideration of RM57.0 million. Subsequently in July 2023, Techbond completed the acquisition of the remaining 0.43% equity interest from the minority shareholders. This resulted in MAC becoming a wholly-owned subsidiary of Techbond, enhancing our market presence and capabilities.

With over 5 decades of experience and a strong in-house R&D team, MAC specialises in the production and distribution of adhesives, resins, additives, formalin, and unique microspheres. These products can be applied across various industries, including plywood, particleboard, medium-density fibreboard, inorganic insulation materials, contact adhesives, functional filler and recycled paper manufacturing. MAC's manufacturing facility in Shah Alam, Selangor, is located near Techbond's existing operations, fostering close management control and operational synergies.

The acquisition not only strengthens Techbond's position in our existing adhesive markets but also provides us access to new segments where we previously lacked expertise. MAC's product portfolio complements our offerings, enabling us to serve customers further upstream in production processes, such as chipboard, particle board, and paper cartons.

Moreover, MAC is one of the key producers of microspheres, which are used for weight reduction and as a functional filler in aerospace, automobile, marine and other composites. This positions Techbond for growth by expanding our supply chain presence, increasing market knowledge, and exploring innovative, high profit margin opportunities, ultimately contributing positively to the Group's future earnings.

Palm Oil-Based Industrial Adhesives

Our partnership with the Malaysia Palm Oil Board ("MPOB") to pioneer palm-oil based industrial adhesives remains on a promising trajectory. Active engagements with prospective customers have yielded positive outcomes, and advancements have been achieved to enhance production processes. To recap, in June 2021, we jointly filed a patent with MPOB for an improved method to produce palm-based polyol, a pivotal development for the commercialisation of this product.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)



Representatives of Techbond at the Award Ceremony held in Ho Chi Minh, Vietnam

Top 10 of Asia's Trusted Brand Award 2023

I am excited to share that Techbond was awarded the Top 10 in Asia's Top Trusted Brand Awards 2023 in May 2023. The award ceremony is held annually by the Asia Business Development Research Centre in collaboration with international organizations to evaluate and select based on the international quality standards for enterprises with prestigious and leading brands in top of the main industry with high quality products and services to be the Top 1st sustainable brands in Vietnam and Asia markets. This achievement served as a testament to our nearly three decades of continuous improvement in the adhesives industry.



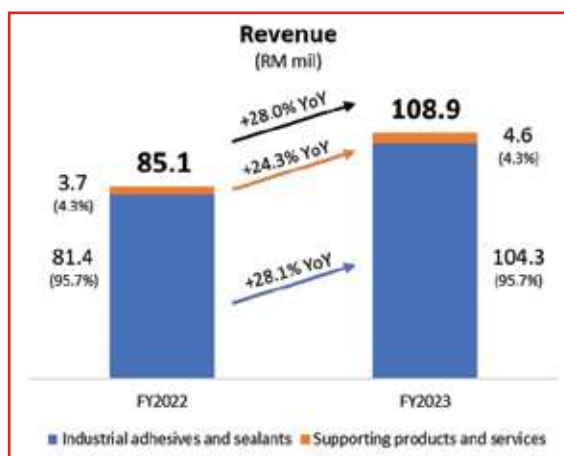
FINANCIAL REVIEW

Revenue

In FY2023, we accomplished our record-breaking revenue achievement of RM108.9 million, surpassing the RM100 million-mark for the first time in our corporate history. Revenue surged 28.0% YoY as compared to RM85.1 million a year ago. The improvement was primarily attributed to strong order volumes from our customers and the maiden contribution from our new subsidiary, MAC.

Revenue Breakdown by Segment

For the year under review, industrial adhesives and sealants accounted for 95.7% or RM104.3 million of the Group's total sales. The balance 4.3% was contributed by the supporting products and services.

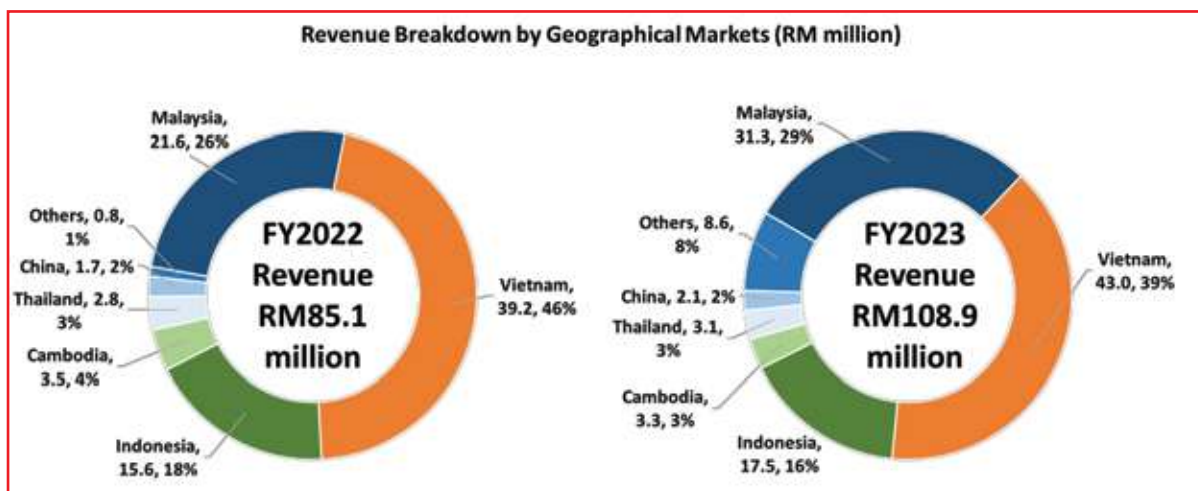


MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

FINANCIAL REVIEW (CONT'D)

Revenue Breakdown by Geographical Markets

Contribution from overseas accounted for 71.3% of total revenue in FY2023, with the domestic market making up the remainder. Vietnam continued to be Techbond's largest market outside Malaysia, having accounted for 39.5% or RM43.0 million of the Group revenue in FY2023. This was followed by Malaysia, Indonesia, Cambodia, Thailand, China, and others.



Profit Before Tax ("PBT")

The top-line growth was nevertheless not reflected at the bottom-line as a result of i) absence of gain on disposal of property, plant and equipment (that was recognised last year); ii) lower gain on foreign exchange ("forex"); iii) one-off non-recurring expenses related to the acquisition of MAC; offset by one-off accounting gain on bargain arising from the acquisition; iv) higher input cost and administrative expenses relating to the increase in headcount as we grow the business. The Group's FY2023 PBT came in at RM12.8 million vis-à-vis RM13.1 last year.

PATNCI / Net Profit

At the net profit level, Techbond's net profit stood at RM11.0 million, which was broadly similar to the RM11.2 million achieved in the previous year.

Capital Structure & Capital Resources

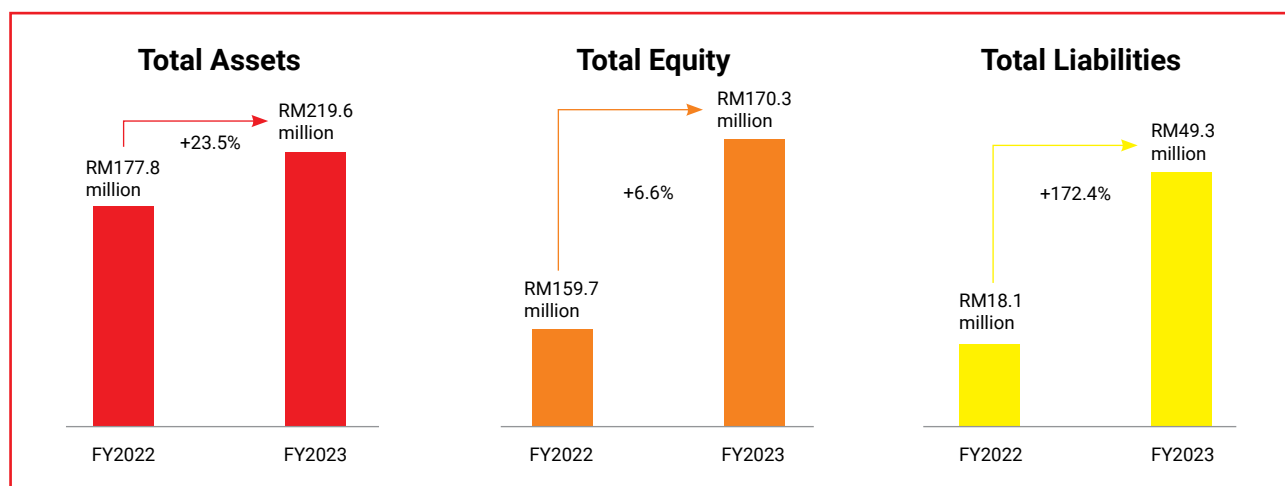
At end-FY2023, the Group's total assets grew 23.5% YoY to RM219.6 million, primarily on account of higher property, plant, and equipment on hand, in line with the acquisition of MAC. Meanwhile, cash and cash equivalents decreased to RM31.3 million from RM39.1 million in FY2022 as funds were deployed for the acquisition exercise.

Shareholders' equity as at 30 June 2023 rose RM10.6 million or 6.6% YoY to RM170.3 million from RM159.7 million in FY2022, predominantly a result of higher retained earnings. Meanwhile, total liabilities at the close of the financial year under review were higher at RM49.3 million as opposed to RM18.1 million in the prior year. The increase was largely attributed to the jump in borrowings, which stood at RM24.3 million (FY2022: nil). Of the total borrowings, RM22.8 million are long-term loans, mainly for the previous property acquisition as well as working capital.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

FINANCIAL REVIEW (CONT'D)

Capital Structure & Capital Resources (Cont'd)



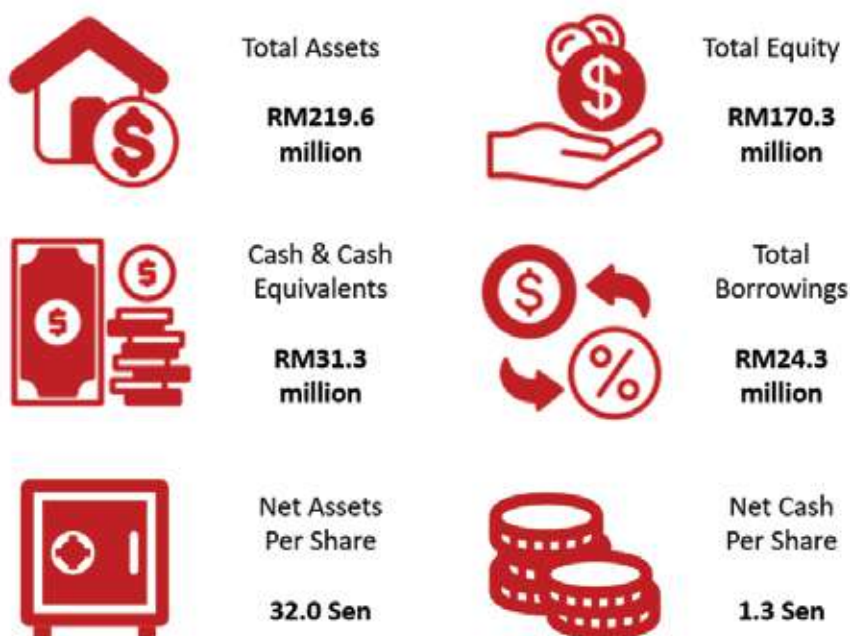
Net Gearing & Net Cash Per Share

As at 30 June 2023, as Techbond's cash and cash equivalents are higher than the total borrowings, we remained in net cash position with a net cash per share of 1.3 sen. The Group has been in net cash position for the past 7 years.

Net Operating Cash Flow ("NOCF")

Techbond generated a higher NOCF of RM22.9 million in FY2023, vis-à-vis RM4.7 million in FY2022.

Balance Sheet Highlights as of 30 June 2023



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

ANTICIPATED OR KNOWN RISKS

Operational Disruptions

Our business activities rely on smooth uninterrupted operations on production floors to ensure efficient optimal output. As such, any interruptions or unexpected halts in our production lines could have adverse impacts on the Group. To address these concerns, we have obtained comprehensive insurance coverage to protect against risks such as fire, theft, and accidents for our employees.

Nevertheless, it is essential to acknowledge that external factors beyond our control, including natural disasters, pandemics, civil unrest, and general strikes, may also negatively impact our operations.

Fluctuations in Foreign Currency Exchange Rates

Techbond faces foreign exchange risks due to our dealings in transactions conducted in foreign currencies, such as the US Dollar and Vietnamese Dong. Consequently, adverse fluctuations in foreign exchange rates could potentially have a negative effect on our financial performance. In response, we actively track foreign exchange rate volatility and may contemplate engaging in foreign currency hedging contracts if the need arises.

Availability of Raw Materials

Our primary raw materials for manufacturing, specifically for industrial adhesives and additives, are polymer-based materials. Any disruptions in the supply chain of these materials could significantly impact our business and financial performance.

To mitigate this risk, we maintain close relationships with our suppliers to monitor the raw materials supply chain. Additionally, we employ a risk management strategy that includes stockpiling an adequate inventory of raw materials. Furthermore, our new polymerisation facility in Vietnam plays a key role in reducing our reliance on external suppliers. The increased utilisation of this facility, which produces polymers for in-house adhesive production and external supply, positions us to better manage this potential risk.

Changes in Regulations & Policies

Being a multinational corporation with a presence in both Malaysia and Vietnam, our business is subject to influences arising from changes in the legal and policy landscapes of these countries. Key concerns include potential revisions to minimum wage laws, export tariffs and currency exchange regulations, to quote a few. We maintain our commitment to ensure that our operations strictly adhere to all the local requirements and laws. Moreover, the Group actively engages with regulatory authorities and pertinent industry associations to provide input and gain insight on potential shifts in policies. We believe in our capability to adapt to legislative and policy changes when they are communicated with an appropriate notice period.

OUTLOOK & PROSPECTS

Global economic growth is expected to moderate from the estimated 3.5% in 2022 to 3.0% in both 2023 and 2024, according to the IMF. Efforts to combat inflation through central bank policy rates hike continue to impact economic activities. While global headline inflation is projected to decline from 8.7% in 2022 to 6.8% in 2023, and further to 5.2% in 2024. However, core inflation is expected to decrease at a slower pace, and inflation projections for 2024 have been revised upwards by IMF. Back home, following an estimated growth of 4.0% to 5.0% in 2023 by MoF, the Asian Development Bank ("ADB") is forecasting Malaysia's economy will broadly sustain its growth rate at about 4.9% in 2024.

At Techbond, as we move into FY2024, we expect the economic uncertainties to persist due to inflationary pressures, escalating input costs, and subdued market sentiments, which in turn lead to sustained demanding business landscape. Despite these challenges, we remain committed to our growth plans. We still see promising opportunities in our customer base across various industries, with increasing demand and proactive efforts to expand existing customer base and penetrating new industries and countries. Additionally, we are well-positioned to capitalise on the recovery of several specific sectors we serve.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

OUTLOOK & PROSPECTS (CONT'D)

The Group has also stepped up efforts to participate in trade shows and exhibitions, such as the BIFA WOOD EXPO, an exhibition to promote the development of wood export industry in Vietnam, which has yielded encouraging sales leads.



Techbond's exhibition booth at the BIFA WOOD EXPO in Vietnam

More recently, in September 2023, we also participated in the Adhesives and Sealants Expo China ("ASE China") in Shanghai. ASE China integrates global industrial resources of adhesives and sealants and offers a one-stop showcase of products and technologies along the entire industry chain to promote efficient connections between upstream and downstream enterprises, identify potential business opportunities, and foster sustainable development of the industry. This year's key theme was sustainable growth, industry innovation, new technologies, and applications for the industry. We gained the latest insights on the industry developments, as well as positive feedbacks from potential customers.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

OUTLOOK & PROSPECTS (CONT'D)



On the other hand, we remain upbeat on the potential of MAC, for which we have implemented new measures and initiatives to spur growth. This aligns with our long-term strategy to expand globally in the adhesives and sealants industry. The acquisition of MAC was a synergistic move, as MAC serves distinctive markets within the same industry. We see opportunities to broaden our product range and leverage each other's distribution networks. This integration brings benefits to our customers and distributors by offering a wider range of products. Additionally, our shared focus on R&D will be strengthened, allowing us to co-develop innovative adhesive products to capture a larger market share.

Meanwhile, we achieved significant progress in our environmental, social, and governance ("ESG") initiatives, while also enhancing staff awareness in this area. As we continue on our sustainability journey alongside business growth, we are committed to allocating more resources to ESG efforts. For a more in-depth elaboration on this, kindly refer to our Sustainability Statement section of this Annual Report.

To sum up, we maintain a positive outlook for the Group's long-term future, driven by our growth strategy, prudent management practices, and strong financial standing. The Board opines our financial performance in FY2024 will be satisfactory, barring any unforeseen circumstances.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

DIVIDEND

For FY2023, the Board has recommended a final single tier dividend of 0.75 sen per share amounting to approximately RM3.98 million, subject to shareholders' approval at the upcoming annual general meeting.

The Board intends to uphold a stable stream of dividends, contingent upon 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 our deep appreciation to the management and employees of Techbond for their commitment and dedication in steering the Group through challenging times. The team has certainly exemplified the core values upon which our Group thrives on.

Additionally, my sincere gratitude to all our stakeholders, including but not limited to our esteemed shareholders, clients, business partners, bankers, and suppliers for their trust in us thus far, and we look forward to their continued assistance and support.

Finally, I to extend my heartfelt gratitude to the dedicated individuals who serve alongside me on the Board. Their unwavering commitment, wealth of experience, and tireless efforts have been instrumental in shaping the course of our organisation. Together, we confronted challenges, explored opportunities, and forged a path of progress. With collective wisdom, I am confident our Group will continue to achieve new heights.

Lee Seng Thye
Managing Director

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.

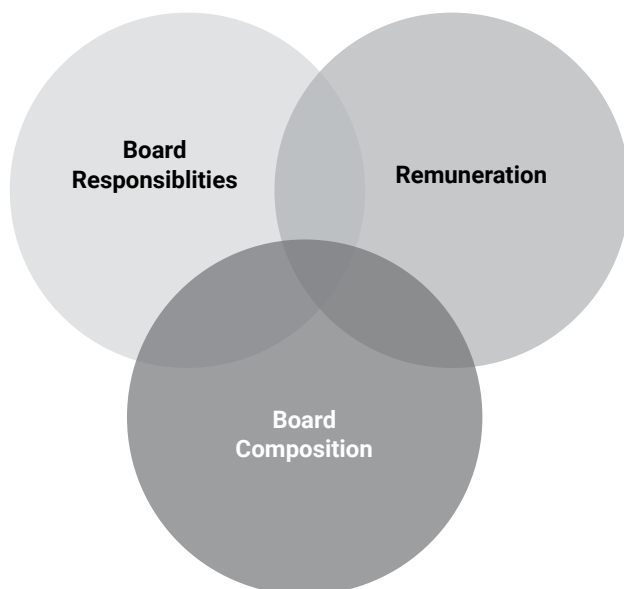
The Board also acknowledge the importance of the principles and practices as set out in the Malaysian Code on Corporate Governance ("MCCG") in managing Techbond Group's business towards its mission of sustainable growth. The Board strives to ensure the Group adopts the best practices of corporate governance.

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 the financial year ended 30 June 2023 ("FY2023") which is available on the Company's corporate website at 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	• Board Leadership and Effectiveness
Principle B	• Effective Audit and Risk Management
Principle C	• Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The key principles 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, its long-term success and the value and wealth of its stakeholders. Other than setting the strategic direction and overseeing the management, they shall also ensure that the implementation and monitoring of the strategic plans of the Company comply with the relevant laws, policies, standards 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 its diverse background and experience, the Board is able to contribute its expertise and independent judgement to act with a high standard of transparency and accountability while performing their fiduciary duties to uphold the core values of integrity. 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 taking 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 ensure 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 discharge their duties effectively, the following Board Committees were formed to assist the Board:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

A. BOARD RESPONSIBILITIES (CONT'D)

Board's Duties and Responsibilities (Cont'd)

Each of the Board Committees is governed by its own terms of reference which are aligned with the MCCG and clearly define the matters that are specifically reserved for the Board Committees. The Chairman of each Board Committee will report to the Board on the findings of each Committee meeting. The Board Charter and the respective terms of reference of the Board Committees will be reviewed periodically and updated from time to time 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.

The Board provides oversight of matters delegated to Management through the Group Managing Director and Management, who 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 could be taken to resolve these issues.

The above policies will be periodically reviewed and are available on the Company's website at 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. Alternatively, he contributes constructive ideas and opinions to the Board for deliberation. 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)

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"> Responsible for the leadership of the Board; Responsible for ensuring Board's effectiveness; Leading Board meetings, discussion, encourage participation and allowing dissenting views to be freely expressed; Leads the Board in establishing and monitoring good corporate governance practices; Setting the Board's agenda; and Ensures Board members receive complete and accurate information in a timely manner. 	<ul style="list-style-type: none"> Implements the Company's strategies and policies; Oversees the day-to-day operations of the Company; Responsible for the development of long term strategies and short term profit plans; 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; and Providing assistance to the Board in discharging its duties and organising information necessary for the Board on a timely basis.

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.

Company Secretary

For FY2023, the Board has full access to the one (1) qualified and competent company secretary, who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is qualified to act as company secretaries 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.

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. To ensure that the Board has ample time to study the materials, meeting materials are circulated via email at least five (5) business days prior to the meetings and are 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 to discharge their duties and responsibilities is affirmed by their attendance at the meetings held during FY2023, 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	6/6	5/5	1/1	1/1
Lee Seng Thye	6/6	–	–	–
Tan Siew Geak	6/6	–	–	–
Ooi Guan Hoe	5/6	4/5	1/1	1/1
Selma Enolil Binti Mustapha Khalil	6/6	5/5	1/1	1/1
Lee Seh Meng	4/6	–	–	–

Directors' Training

In accordance with Paragraph 15.08(3) of the MMLR, the Board members had attended various training programmes during FY2023 as follows:

Name of Directors	Programme Title
Dato' Hamzah Bin Mohd Salleh	<ul style="list-style-type: none"> Environmental, Social and Governance ("ESG") Awareness Training Bursa Malaysia Main Market Listing Requirements – Understanding Its Requirements and Impacts
Lee Seng Thye	<ul style="list-style-type: none"> ESG Awareness Training Core Value Brainstorming Session GRI Reporting (self -learning) ESG Awareness Seminar: Climate Change Central Pillar to ESG ESG Awareness Seminar: Materiality Statement Techbond ABMS-Anti Bribery Policy Briefing Risk Management Workshop Mock Fire Drill Training Webinar: PLCT Programme Exploring the Intersection of Digitalization + ESG PLCT Guidebook 1,2,3,4 & 5 + ISCC & Ecovadis Embarking on the ESG Journey with SIRIM
Tan Siew Geak (Alternate: Lee Yuen Shiuian)	<ul style="list-style-type: none"> ESG Awareness Training Core Value Brainstorming Session GRI Reporting (self -learning) ESG Awareness Seminar: Climate Change Central Pillar to ESG ESG Awareness Seminar: Materiality Statement Techbond ABMS-Anti Bribery Policy Briefing Risk Management Workshop Mock Fire Drill Training PLCT Guidebook 1,2,3,4 & 5 + ISCC & Ecovadis

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

A. BOARD RESPONSIBILITIES (CONT'D)

Directors' Training (Cont'd)

In accordance with Paragraph 15.08(3) of the MMLR, the Board members had attended various training programmes during FY2023 as follows: (Cont'd)

Name of Directors	Programme Title
Ooi Guan Hoe	<ul style="list-style-type: none"> ESG Awareness Training CFO Conference 2022 Amendments to Listing Rules relating to Share Schemes of Listed Issuers Equity Fundraising The Board of Directors' Role in ESG Governance and the Importance of ESG Reporting Taxation on Foreign Source Income MIA Webinar Series: Preparation and Presentation of Consolidated Financial Statements
Selma Enolil Binti Mustapha Kalil	<ul style="list-style-type: none"> ESG Awareness Training Bursa Immersive Session: The Board "Agender" Key Amendments to The Employment Act 1955 and The Industrial Act 1967 Webinar Enhanced Practices and Disclosures of Sustainability Statement Corporate Training Focus Group Meeting Between the Securities Commission Malaysia, Bursa Malaysia Berhad and Legal Firms Advocacy Session on the Continuing Disclosure Requirements & Corporate Disclosure Policy of the Listing Requirements
Lee Seh Meng	<ul style="list-style-type: none"> ESG Awareness Training Vimigo Money is King Talent Attraction + Mentor Buddy System Everyone is accountable for Profits Capital Allowances – Back to Basic Towards Top One Performance Management - Performance Review Questions & Tools ESG Awareness Seminar: Climate Change Central Pillar to ESG ESG Awareness Seminar: Materiality Statement Techbond ABMS-Anti Bribery Policy Briefing Mechanism Design High Profit Talent System Class 1: Organization Fundamental / Class 2: Organization Structure / Class 3: Performance Management (1) / Class 4: Performance Management (2) / Class 5: Salary System / Class 6: Reward System / Class 7: Talent Selection & Interview (1) / Class 8: Talent Selection & Interview (2) / Class 9: Talent Training System / Class 10: Talent Differentiation System Dry Strength Resin (DSR) Theory, Practical & Lab Test Phenotic Resin (PR) Theory, Practical & Lab Test Wood Adhesive Theory, Practical & Lab Test Phenotic Microsphere (PM) Theory, Practical & Lab Test EMBA China Corporate Study Tour EMBA Embarking on the ESG Journey with SIRIM
Lee Yuen Shiuan	<ul style="list-style-type: none"> ESG Awareness Training Vimigo Money is King Vietnam CFO Summit 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

A. BOARD RESPONSIBILITIES (CONT'D)

Sustainability Risks and Opportunities

The Board, together with senior management, recognises the importance of sustainability risks and opportunities to remain resilient. The overall sustainability risks and opportunities were determined by macroeconomic analysis, sustainability trends, and senior management input supported by stakeholders' views, concerns and key expectations to shape the overall materiality assessment. This assessment aids the Board to 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 is committed to manage all aspects of a sustainable ecosystem by tracking and collating sustainability performance data. Lead by the 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, Human Resources and Purchasing.

The Board and Management communicate the Group's sustainability strategies, priorities and performance to both internal and external shareholders through several channels, i.e. quarterly management meetings, e-mail communication, Sustainability Report, Quarterly Report, investors briefing, Annual Report as well as Annual General Meeting ("AGM"). Further details of the sustainable risks and opportunities can be found in the Sustainability Report 2023, which is accessible on the Company's website at www.techbond.com.my.

B. BOARD COMPOSITION

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

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

The profile of all members of the Board can be found on pages 4 to 8 in the Directors' Profile of the Annual Report 2023.

Tenure of Independent Directors

The Independent Directors are independent of management and capable 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 an Independent Director whose tenure exceeds the term of nine (9) years, the Board shall seek shareholders' approval.

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

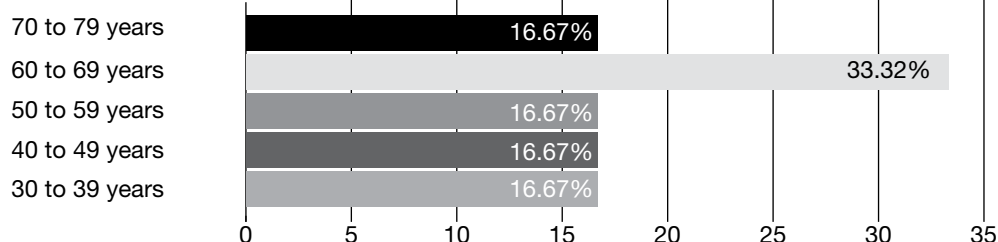
The significance of diversity on the Board and the senior management in terms of skills, experience, age, cultural background and gender has always been emphasised by the Board to ensure there is a variety of professional opinions and value that can be contributed to the growth of the Company. The Nomination 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 independent sources to ensure a 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:

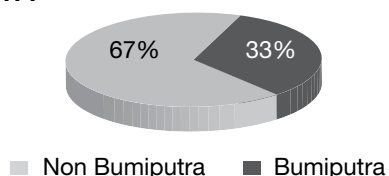
Skills and Experience of Directors



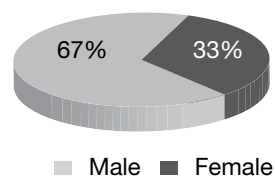
DIVERSITY OF AGE



ETHNICITY



GENDER



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 MCGG'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 emphasise gender diversity in identifying potential candidates for appointment as Directors, when arise.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

B. BOARD COMPOSITION (CONT'D)

Skills and Experience of Directors (Cont'd)

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 be left flexible, the Nomination Committee will take into consideration the following measures:

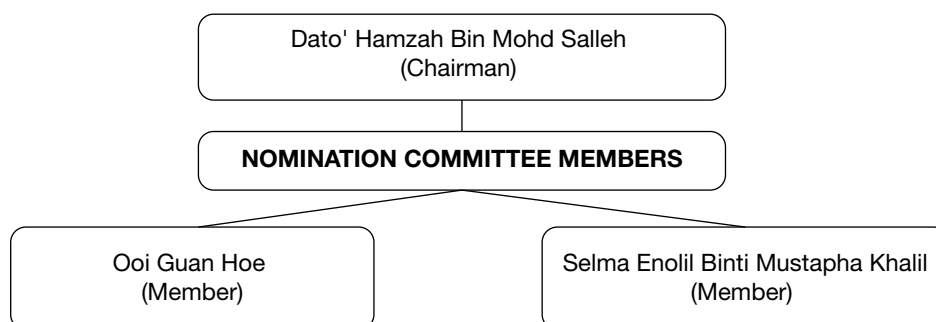
- a) Ensure that gender diversity objectives are adopted in Board and Senior Management's recruitment and succession planning processes.
- b) Shortlist the potential women candidate based on the following criteria:
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and

in the case of the candidates for the position of Independent Non-Executive Directors, the Nomination Committee 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.

Nomination Committee ("NC") and Its Function

The NC consists of three (3) members of the Board, all of whom are Independent Non-Executive Directors.



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

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 as well as undertake the formal annual assessment of the effectiveness of the Board as a whole, its Committees, the contribution of each individual Director and the independence of the Independent Directors ("Annual Board Effectiveness Assessment").

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

B. BOARD COMPOSITION (CONT'D)

Nomination Committee ("NC") and Its Function (Cont'd)

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 Board Effectiveness Assessment was conducted smoothly. The results of the Annual Board Effectiveness Assessment were tabled to the NC for deliberation before the Chairman of the NC shared the results with the NC members. Inputs from the NC members and the Board would allow improvements for future Annual Board Effectiveness Assessment.

The Board had on 19 May 2022 adopted the Directors' Fit and Proper Policy for the appointment of new Directors and re-election of Directors who are subject to retire at the AGM in accordance with the Company's Constitution. On 24 August 2022, the NC conducted the Annual Board Effectiveness Assessment and carried out fit and proper assessment on Dato' Hamzah Bin Mohd Salleh and Ooi Guan Hoe, who were due to retire at the Sixth AGM ("6th AGM") held on 22 December 2022. Based on the NC's recommendation, the re-election of both Directors was recommended to the shareholders for approval based on the following justifications:

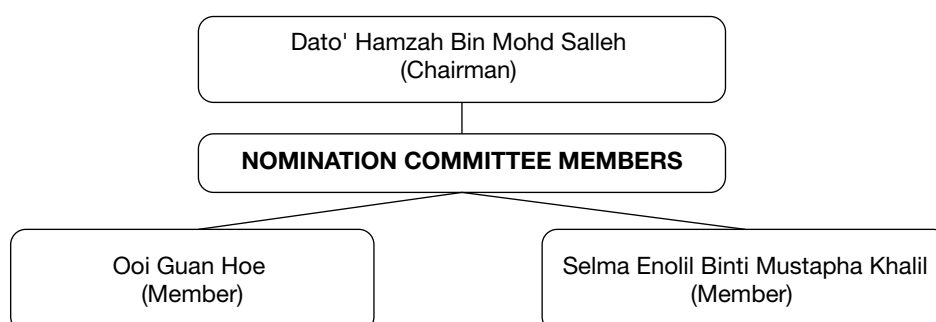
- They have relevant mix of experience, skills, industry knowledge on business and finance requirements, expertise and core competency that is beneficial to the Company.
- They were unafraid to pursue views or opinions on issues presented.
- They devoted adequate time in discharging their duties and responsibilities as Directors, worked constructively with other Board members, attended meetings with well preparation and added values to Board meetings.

Based on the Annual Board Effectiveness Assessment results for FY2023, the Board had, on 10 October 2023, approved the NC's recommendation on the re-election of Puan Selma Enolil Binti Mustapha Khalil and Lee Seh Meng 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 Puan Selma Enolil Binti Mustapha Khalil and Lee Seh Meng as they have the relevant mix of experience, skills and expertise that are beneficial to the Company. The Board was also convinced that they would continue to bring value and insights to the Board as they devoted their time in discharging their duties and responsibilities as Directors, working productively with other Board members and attending Board and Board Committees meetings.

The re-election of Puan Selma Enolil Binti Mustapha Khalil and Lee Seh Meng shall be approved by the shareholders of the Company at the AGM scheduled to be held on 29 November 2023.

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 that is competitive and in line with current market practice to attract, retain and reward talented Directors and Key Senior Management while aligning with the Group's strategy. The remuneration package is determined by considering the short-term and long-term objectives and growth of the Group. The RC consists exclusively of Independent Non-Executive Directors.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

C. REMUNERATION (CONT'D)

The TOR of the RC, as formally revised and subsequently approved on 11 October 2022, is available on the Company's website, www.techbond.com.my.

The RC adopted the Remuneration Policy on 26 February 2020 which provides a guideline in determining the remuneration package for the Board and Key Senior Management. The 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 2023 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	–	1,635	154	–	–	1,789
Tan Siew Geak	–	612	66	–	–	678
Lee Seh Meng	–	473	75	42	–	590
Non-Executive Directors (Company)						
Dato' Hamzah Bin Mohd Salleh	84	–	–	6	–	90
Ooi Guan Hoe	72	–	–	6	–	78
Selma Enolil Binti Mustapha Khalil	72	–	–	6	–	78

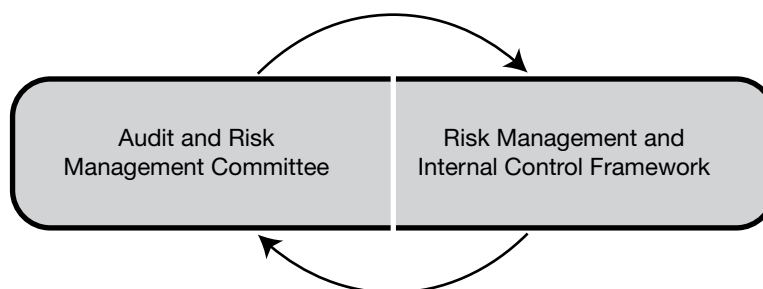
* Mr Lee Yuen Shiuan, the alternate director to Ms Tan Siew Geak, did not receive any director's fee and benefit in respect of his position as alternate director for FY2023.

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.

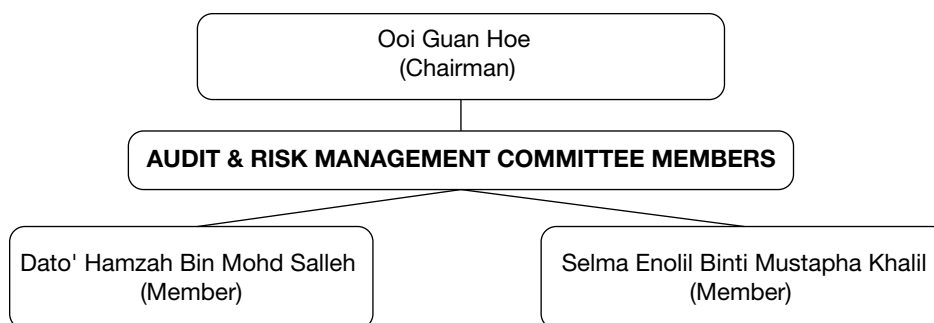
CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT



A. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (“ARMC”) comprises of 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 will 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 discharging their duties professionally, the members participate in and attend different trainings, seminars, conferences and any other relevant programs to ensure that they are informed about the accounting and auditing standards, corporate governance practices and listing rules.

The TOR of the ARMC outlines a recommendation of a former key audit partner of the external auditors of the Company where he or she must first observe a cooling-off period of at least three (3) years before he or she is 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 revised TOR of ARMC, which was approved on 11 October 2022, is available on the Company’s website, www.techbond.com.my.

During the financial year, the ARMC carried out an annual assessment on the independence and performance of the external auditors, Messrs Grant Thornton Malaysia PLT and was satisfied that the external auditors had 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

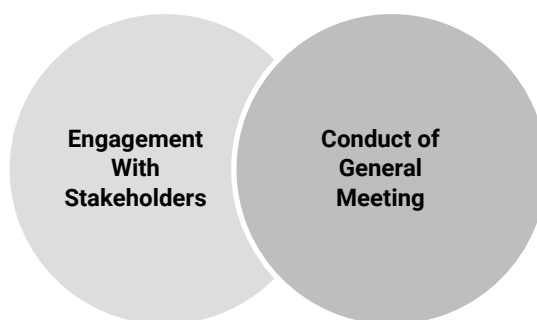
The Board is cognizant of the importance of a sound internal control and risk management framework in ensuring the operation runs smoothly and potential risks are mitigated. As such, the Company has engaged Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia"), an independent internal control consultant, to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

The ARMC is responsible for reviewing the risk management and internal control frameworks and aligning them to the business objectives of the Group. They are responsible to identify and communicate to 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, is required to report to the ARMC on a half yearly basis and table the internal audit report for review. Under the TOR of ARMC, the ARMC shall ensure the internal audit function is effective and able to function independently. In addition, the ARMC shall review the appraisal and assessment of the performance of the internal audit function as well as the internal auditors on a periodic basis. The ARMC had reviewed the internal audit function and was satisfied with their 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 44 to 48 of the Statement on Risk Management and Internal Control, which is included from pages 44 to 48 in the Company's Annual Report 2023.

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



A. ENGAGEMENT WITH STAKEHOLDERS

The Company is fully committed to providing continuous communication with stakeholders and emphasizing 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 of corporate information, policies on governance, the environment and social responsibility.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

A. ENGAGEMENT WITH STAKEHOLDERS (CONT'D)

The following communication channels are accessible on the Company's website, www.techbond.com.my, with the intention of building an effective communication between the Company and its stakeholders:

(i) Announcements submitted to Bursa Malaysia Securities Berhad	(ii) Corporate Information	(iii) General telephone number, fax number and email address.
<ul style="list-style-type: none"> The Company has published all its material announcements submitted to Bursa Malaysia Securities Berhad on the Company's website for the stakeholders to browse through the announcements from its website. 	<ul style="list-style-type: none"> The Investor section on the Company's website is 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. 	<ul style="list-style-type: none"> The general line number, fax number and general enquiry email address of the Company are provided for the stakeholders to send any enquiries to the Company directly.

Other channels of engagement and matters discussed with stakeholders by the Group are as follows:

OTHER STAKEHOLDERS	ENGAGEMENT CHANNELS	MATTERS DISCUSSED
Investors and Media	<ul style="list-style-type: none"> Annual report Quarterly report Investor's briefing Press conference Interviews and visits Media interviews Media release 	<ul style="list-style-type: none"> Group financial performance Corporate governance Regulatory compliance Business prospects
Customers	<ul style="list-style-type: none"> Customer's Feedback Form Customer's Audit Corrective Action Report On-site factory visit Regular Business Meetings Electronic mail Code of Ethics and Conduct 	<ul style="list-style-type: none"> Consistent quality product and quality control Support services ISO Certificate Data Privacy & Security
Suppliers	<ul style="list-style-type: none"> Supplier's Evaluation and Appraisal Site visit Regular Business Meetings Corrective Action Report Electronic mail Code of Ethics and Conduct 	<ul style="list-style-type: none"> Competitive Pricing Packaging material Sustainable supply chain management Data Privacy & Security Incoming quality inspection

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

A. ENGAGEMENT WITH STAKEHOLDERS (CONT'D)

Other channels of engagement and matters discussed with stakeholders by the Group are as follows: (Cont'd)

OTHER STAKEHOLDERS	ENGAGEMENT CHANNELS	MATTERS DISCUSSED
Employees	<ul style="list-style-type: none"> • Performance appraisal • Internal memorandum • Training Programs • Department Meetings • Management Discussion and Meetings • Employees Training Needs Assessment • Employee engagement activity • Employee Handbook • Job enrichment through rotation 	<ul style="list-style-type: none"> • Training and development • Talent attraction and retention • Occupational Safety and health • Team building activities • Staff performance • Employee welfare • Standard operating procedures ("SOP") • Employee engagement
Government & Regulators	<ul style="list-style-type: none"> • Active engagement with respective authorities and regulatory agencies • Official correspondence • Timely submission of reports to relevant authority 	<ul style="list-style-type: none"> • Environmental compliance • Waste management • Strict compliance with all laws, regulations and requirements to maintain licenses • Human capital development and labour practices
Local Communities	<ul style="list-style-type: none"> • Corporate social responsibilities • Sponsorships 	<ul style="list-style-type: none"> • Social responsibilities events such as donations for school • Job creation for local communication • Energy, Pollution control

B. CONDUCT OF GENERAL MEETING

In addition to the channels of communication as described above under "Engagement with Stakeholders", the general meeting of the Company serves as a principal forum for the Company to meet and discuss matters related to the Company's financial highlight, prospects, growth before seeking shareholders' approval on resolutions tabled during the general meeting.

In adherence to the Guidelines and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the Company's 6th AGM was conducted on a 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. This virtual infrastructure had enabled the shareholders to attend, participate and cast their votes at the 6th AGM smoothly and in a secure online environment.

On 22 February 2023, the Company held its Extraordinary General Meeting ("EGM") at Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor to seek shareholders' approval on the acquisition of up to 100% equity interest in Malayan Adhesives and Chemicals Sdn Bhd for a total cash consideration of up to approximately RM57.25 million by the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

B. CONDUCT OF GENERAL MEETING (CONT'D)

<p>Notice</p>	<p>The notice and agenda of the 6th AGM and EGM together with the proxy form were given to the shareholders at least 28 days and 14 days prior to the 6th AGM and EGM respectively. Sufficient time was given to shareholders to consider the resolutions tabled at the 6th AGM and EGM as well as to make necessary arrangement either to attend in person or to appoint a proxy to attend on their behalf. The notice of the 6th AGM was also accompanied by explanatory notes which outlined further explanation on each resolution proposed to facilitate informed decision-making by the shareholders.</p>
<p>Attendance</p>	<p>All Directors and Key Senior Management attended the 6th AGM and EGM and provided meaningful responses to the questions addressed to them. The Chairman of the Board also assured that shareholders were provided with sufficient time to pose and raise questions before and during the 6th AGM and EGM via the remote participation and voting facilities. Their questions and feedback were addressed accordingly by the Directors and Management.</p>
<p>Minutes</p>	<p>The minutes together with the questions and responses from the Company transpired during the 6th AGM and EGM were published on the Company's website within 30 business days from the date of the AGM and EGM for shareholders' information.</p>

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 2023 of the Company, which is available on the Company's website, www.techbond.com.my.

The Board is of the opinion that the Group has maintained the highest standards in Corporate Governance practices and compliances while 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 10 October 2023.

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 2023 (“FY 2023”).

1. COMPOSITION

The Company’s ARMC comprises three (3) members, consisting solely of Independent Non-Executive Directors. All Independent Non-Executive Directors had passed the independence test 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	Independent Non-Executive Director
Member	Dato’ Hamzah Bin Mohd Salleh	Independent Non-Executive Chairman
Member	Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director

The Board, via the Nomination Committee (“NC”), assesses the composition and performance of the ARMC through an annual Board Effectiveness Assessment (“BEA”). Based on the BEA conducted in FY 2023, the NC formed the view that the competencies, quality and present composition of 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. 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 2023. The Managing Director, Deputy Managing Director, Executive Director 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 Company’s Key Senior Management and responsible Management personnel from subsidiaries, as and when deemed necessary, upon invitation by the ARMC to present specific issues arising from the audit reports or any other matters of interest. The Company Secretary and/or her representative attended all ARMC 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 2023 were as follow:

Name	Number of meetings attended/held during the members' term in office
Ooi Guan Hoe (Independent Non-Executive Director) Chairman	4/5
Dato' Hamzah Bin Mohd Salleh (Independent Non-Executive Chairman) Member	5/5
Selma Enolil Binti Mustapha Khalil (Independent Non-Executive Director) Member	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 2023 comprised the following:

3.1. Financial Reporting

The ARMC reviewed all quarterly financial reports and audited financial statements for the FY 2023 before recommending the same to the Board for its approval.

The GFD attended all ARMC meetings to present and explain financial performance of the Group to the ARMC. The review process by the ARMC was to ensure that the preparation of quarterly financial reports and audited financial statements 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, adequacy of audit resources and interactions with Management based on the performance of the EA in auditing the Company's financial statements for FY 2023. The ARMC had also obtained written assurance from the EA on their independence and ethical requirements that had been complied with.

On 22 December 2022, the re-appointment of Grant Thornton Malaysia PLT as the EA of the Company was approved by the shareholders for the FY 2023 at the 6th Annual General Meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.3. External Audit

On 24 May 2023, the EA presented their Audit Planning Memorandum in relation to the audit of the audited financial statements for the FY 2023. The ARMC reviewed and approved the Audit Planning Memorandum of the Group, which included the scope of work, audit approach, key audit matters, fraud risks, proposed audit timeline and reporting schedule, proposed audit fees, engagement team, regulatory compliance and the disclosure requirements of the relevant accounting standards.

The EA had enquired the ARMC about any frauds affecting the Group that were not reported and the ARMC had confirmed that they were unaware of such frauds.

The ARMC also held private discussions with the EA on 24 August 2022 and 10 October 2023 respectively, without the presence of Managing Director, Deputy Managing Director, Executive Director and Management, to discuss any audit concerns that need to be highlighted to the ARMC and the level of cooperation received from Management.

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 2023 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. (Cycle 1) and Techbond Group Berhad (Cycle 2) based on the annual internal Audit Plan approved by the ARMC:

3.5.1.1 Techbond MFG Vietnam Co. Ltd.

- i) Production Management; and
- ii) Plant Facilities Management.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.5. Internal Audit Function (Cont'd)

3.5.1. Internal Audit Reports (Cont'd)

3.5.1.2 Techbond Group Berhad – Anti-corruption Programme.

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:

- a) Production Management
 - i) Improvement on polymerisation process response plan;
 - ii) Enhancing SCADA System; and
 - iii) Thorough updating of production report.
- b) Plant Facilities Management
 - i) Improvement on production downtime to meet Maintenance and Technician Department KPI;
 - ii) Conservation of monthly preventive maintenance records; and
 - iii) Enhancement of spare part management.
- c) Anti-corruption Programme
 - i) Updating due diligence process;
 - ii) Application of entertainment claim;
 - iii) Enhancement in the whistleblowing reporting channel;
 - iv) Updating Anti-Bribery and Management System Policy; and
 - v) Enhancement of communication of anti-corruption programme.

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

3.5.2. Enterprise Risk Management ("ERM") framework

The Company had on 27 May 2019 adopted an ERM framework in accordance with the standards and best practices of ISO 31000.

For FY 2023, the ARMC had on 27 February 2023 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 Techbond Manufacturing Sdn Bhd; and
- ii) Profile the key risk of Malaysia 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 27 February 2023 and subsequently approved by the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.6. Review of Related Party Transactions

The ARMC reviewed quarterly reports on related party transactions and possible conflict of interest situations that may arise within the Group, including any transactions, procedures 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 complies with the MMLR and its transactions are on terms not more favourable to the related party than those generally available to the public and does not prejudice the interest of the minority shareholders.

The ARMC did not detect any issue that warrants specific disclosure for FY 2023.

3.7. Review of Conflict of Interest

The ARMC shall consider and review any conflict of interest situation that arose, persist or may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

The Directors and employees shall abide by the Board Charter and the Corporate Code of Business Conduct & Work Ethics Policy respectively to manage or avoid such conflicts whenever possible. The Board Charter and the Corporate Code of Business Conduct & Work Ethics Policy provide guidelines for the disclosure and declaration of conflicts of interest or potential conflicts of interest by the Directors and employees when such conflicts arise. Measures were put in place to handle actual or potential conflict of interest.

3.8. Other Activities

3.8.1 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, adopted best practices of corporate governance in relation to the MMLR and MCCG:

3.8.1.1 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 was adopted on 9 October 2019 and published on the Company's website at www.techbond.com.my.

3.8.1.2 Risk Management Policy

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

3.8.1.3 Dividend Policy

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.8. Other Activities (Cont'd)

3.8.1 Established Policies and Procedures (Cont'd)

3.8.1.4 Anti-Bribery Management System Policy

Our Anti-Bribery 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 deal with this issue. This policy was presented to ARMC for deliberation and was subsequently approved by the Board on 10 June 2020, and is available at 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 to conducting business and providing services to our clients and customers with integrity and honesty. The Group takes a zero-tolerance approach to any form of corruption or bribery, in compliance 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 business dealings, and also aspire all external providers to adhere to the highest standard of integrity in performing work and services for or on behalf of the Group, and in the business dealings with the Group.

3.8.2 Review of the reports for the inclusion in this Annual Report

The ARMC has reviewed the Corporate Governance Overview Statements, ARMC Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis Statement, and Sustainability Report, and recommended the said reports to the Board for approval and inclusion in the Annual Report 2023.

3.8.3 Declaration of Dividend

The ARMC had reviewed and recommended to the Board for a final single tier dividend for the financial year ended 30 June 2022 be proposed to the shareholders for approval. The said final single tier dividend was approved by the shareholders at the Sixth Annual Meeting of the Company on 22 December 2022.

This report was reviewed by the ARMC and approved by the Board on 10 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

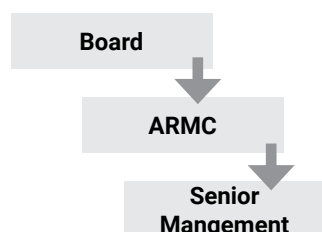
The following statement outlines the nature and scope of risk management and internal controls of Techbond Group Berhad (“Techbond” or the “Company”) and its subsidiaries (the “Group”) for the financial year ended 30 June 2023.

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.

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

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

1. Risk Management System

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

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

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

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

2. Internal Control

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

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

(a) Control Environment

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

Structure

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

Audit and Risk Management Committee

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

Policies and Procedures

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

Fraud & Whistleblowing Policy

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

The Whistleblowing Programme is overseen by the 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 any investigations or any concerns raised.

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)

Anti-Bribery Management System Policy

The Board has formalised an Anti-Bribery Management System Policy in line with the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), which came into force since June 2020.

(b) Risk Assessment

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

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

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

Significant Risks

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

▪ Strategic risk

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

▪ Operational risk

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

▪ Credit risk

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

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

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

2. Internal Control (Cont'd)

(b) Risk Assessment (Cont'd)

Significant Risks (Cont'd)

■ Financial risk

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

(c) Control Activities

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

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

(d) Monitoring

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

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

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

Internal Audit

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control accordance with the Audit and Assurance Practice Guide 3 ("AAPG") – Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report for the financial year ended 30 June 2023, 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 10 October 2023.

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 2023.

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 2023 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	195	54
Non-audit fees	124	83
Total fees	319	137

Included in the non-audit fees amounted to RM75,000 which consists of due diligence services provided by Grant Thornton Malaysia PLT's member firm for the proposed acquisition of Malayan Adhesives and Chemicals Sdn. Bhd. during the financial year.

3. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or its subsidiaries involving interests of Directors, Chief Executive who is not a Director or Major Shareholders, either still subsisting at the end of the financial year ended 30 June 2023 or entered into since the end of the previous financial year:

- On 27 December 2022, Techbond entered into a conditional Share Sale Agreement ("SSA") with Chemquest Sdn Bhd ("CQ") for the proposed acquisition of 13,939,334 ordinary shares in Malayan Adhesives and Chemicals Sdn Bhd ("MAC"), representing approximately 99.57% equity interest in MAC for a cash consideration of RM57.00 million.

As of 27 December 2022, MAC was a 99.57% owned subsidiary of CQ. None of the directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the proposed acquisition of MAC.

The SSA became unconditional on 22 February 2023 upon the fulfilment of the conditions precedent of the SSA. The said acquisition was completed on 28 February 2023 in accordance with the SSA.

Techbond has subsequently on 4 July 2023 completed the acquisition of the remaining 0.43% equity interest in MAC from the minority shareholders, making MAC a wholly-owned subsidiary of Techbond.

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 29 November 2023 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 2023, the Board have:

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

The Board are responsible to ensure 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 collective 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 2023.

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	11,008	4,248

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
Final interim single tier dividend of 0.5 sen per ordinary share in respect of financial year ended 30 June 2022 paid on 17 January 2023	2,646,986

The Directors recommended a final single tier dividend of 0.75 sen per ordinary share amounting to approximately RM3.98 million in respect of financial year ended 30 June 2023 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 2024.

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 1.7.2022	Number of ordinary shares		At 30.6.2023
		Bought	Sold	
<u>Interests in the Company</u>				
<u>Direct interests</u>				
Dato' Hamzah Bin Mohd Salleh	225,000	–	–	225,000
Tan Siew Geak	–	110,500	–	110,500
Lee Seh Meng	1,022,000	–	–	1,022,000
Ooi Guan Hoe	225,000	–	–	225,000
Selma Enolil Binti Mustapha Khalil	225,000	–	–	225,000
Lee Yuen Shiuan	1,022,000	–	–	1,022,000
<u>Deemed interests</u>				
Lee Seng Thye #	381,146,445	–	–	381,146,445

	At 1.7.2022	Number of Warrants		At 30.6.2023
		Bought	Exercised/ sold	
<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 #	90,573,222	–	–	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 1.7.2022	Number of ordinary shares		At 30.6.2023
		Bought	Sold	
Sonicbond Sdn. Bhd. (holding company)				
<u>Direct interests</u>				
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	3,057	–
Defined contribution plan	261	–
Directors' fees	228	228
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

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

There was no issuance of shares or 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 RM8,665 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.

**DIRECTORS' REPORT
(CONT'D)**

AUDITORS

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

The amount of audit and other fees paid to or payable to the Auditors and its member firms by the Group and the Company for the financial year ended 30 June 2023 amounted to RM318,531 and RM137,200 respectively. Further details are disclosed in Note 19 to the Financial Statements.

There was no indemnity given to or insurance effected for the Auditors of the Company.

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

.....)	
LEE SENG THYE)	
)	
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)	
)	DIRECTORS
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)	
)	
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.....)	
TAN SIEW GEAK)	

Kuala Lumpur
10 October 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 62 to 108 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 2023 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

.....
TAN SIEW GEAK

Kuala Lumpur
10 October 2023

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 62 to 108 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)
10 October 2023)

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

Before me:

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 2023 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 62 to 108.

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 2023, 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 2023, 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 26.1(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
10 October 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	2023 RM'000	Group 2022 RM'000	2023 RM'000	Company 2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	58,610	49,765	–	–
Investment properties	5	12,326	12,357	–	–
Right-of-use assets	6	46,385	6,630	–	–
Investment in subsidiary companies	7	–	–	165,762	80,512
Other receivables	8	93	29	–	–
Amount due from subsidiary companies	11	–	–	466	20,157
Total non-current assets		117,414	68,781	166,228	100,669
Current assets					
Inventories	9	38,191	44,027	–	–
Trade receivables	10	24,547	18,243	–	–
Other receivables	8	7,015	6,408	29	29
Amount due from subsidiary companies	11	–	–	31	32,633
Current tax assets		1,118	1,246	15	–
Cash and cash equivalents	12	31,312	39,140	1,861	33,303
Total current assets		102,183	109,064	1,936	65,965
Total assets		219,597	177,845	168,164	166,634
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to the owners of the Company					
Share capital	13	143,826	143,826	143,826	143,826
Merger deficit		(78,938)	(78,938)	–	–
Exchange translation reserve		9,471	7,284	–	–
Retained earnings		95,915	87,554	24,202	22,601
Total equity		170,274	159,726	168,028	166,427
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	14	11,054	1,534	–	–
Other payables	15	43	–	–	–
Borrowings	16	22,811	–	–	–
Total non-current liabilities		33,908	1,534	–	–
Current liabilities					
Trade payables	17	9,762	14,596	–	–
Other payables	15	4,163	1,849	136	188
Current tax liabilities		5	140	–	19
Borrowings	16	1,485	–	–	–
Total current liabilities		15,415	16,585	136	207
Total liabilities		49,323	18,119	136	207
Total equity and liabilities		219,597	177,845	168,164	166,634

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	18	108,947	85,125	7,000	17,290
Cost of sales		(85,899)	(65,249)	–	–
Gross profit		23,048	19,876	7,000	17,290
Other income		3,609	5,237	30	18
Finance income		1,071	555	972	1,015
Bargain purchase arising from acquisition of a subsidiary company		1,647	–	–	–
Net allowance on impairment loss on financial assets		(69)	(133)	–	–
Selling and distribution expenses		(4,188)	(2,804)	–	–
Administration expenses		(11,739)	(9,433)	(1,286)	(846)
Other expenses	19	(213)	(245)	(2,362)	(15,423)
Finance costs		(398)	–	–	–
Profit before taxation	19	12,768	13,053	4,354	2,054
Tax expenses	20	(1,760)	(1,855)	(106)	(141)
Net profit for the financial year		11,008	11,198	4,248	1,913
Other comprehensive income:- Item that will be subsequently reclassified to profit or loss					
Exchange translation differences		2,187	706	–	–
Total comprehensive income for the financial year		13,195	11,904	4,248	1,913
Earnings per share attributable to owners of the Company (sen):-					
- Basic	21	2.08	2.12		
- Diluted	21	1.96	1.91		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Share capital RM'000	Merger deficit RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000
Group					
Balance as at 1 July 2021	143,821	(78,938)	6,578	79,003	150,464
Transactions with owners:					
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
Transactions with owners:					
Final interim single tier dividend of 0.5 sen per ordinary share in respect of financial year ended 30 June 2022	–	–	–	(2,647)	(2,647)
Net profit for the financial year	–	–	–	11,008	11,008
Exchange translation differences	–	–	2,187	–	2,187
Total comprehensive income for the financial year	–	–	2,187	11,008	13,195
Balance as at 30 June 2023	143,826	(78,938)	9,471	95,915	170,274

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Share capital RM'000	Retained earnings RM'000	Total RM'000
Company			
Balance as at 1 July 2021	143,821	23,335	167,156
Transactions with owners:			
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
Transactions with owners:			
Second interim single tier dividend of 0.5 sen per ordinary share in respect of financial year ended 30 June 2022	–	(2,647)	(2,647)
Total comprehensive income for the financial year	–	4,248	4,248
Balance as at 30 June 2023	143,826	24,202	168,028

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
OPERATING ACTIVITIES					
Profit before taxation		12,768	13,053	4,354	2,054
Adjustments for:					
Amortisation of right-of-use assets		624	193	–	–
Depreciation of property, plant and equipment		3,686	2,987	–	–
Depreciation of investment properties		31	31	–	–
Finance income		(1,071)	(555)	(972)	(1,015)
Bargain purchase arising from acquisition of a subsidiary company		(1,647)	–	–	–
Gain on disposal of property, plant and equipment		(44)	(1,250)	–	–
Impairment loss on investment in a subsidiary companies		–	–	2,362	15,423
Impairment loss on trade receivables		69	133	–	–
Written off of trade receivables		20	–	–	–
Unrealised gain on foreign exchange		(1,412)	(3,124)	(27)	(18)
Provision for gratuity		43	–	–	–
Operating profit before working capital changes		13,067	11,468	5,717	16,444
Changes in working capital:-					
Inventories		15,068	(12,923)	–	–
Receivables		1,634	1,881	–	28
Payables		(7,245)	6,051	(52)	120
Cash generated from operations		22,524	6,477	5,665	16,592
Finance income received		1,071	555	972	1,015
Tax refunded		–	17	–	10
Tax paid		(678)	(2,383)	(140)	(118)
Net cash generated from operating activities		22,917	4,666	6,497	17,499
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		128	1,379	–	–
Purchase of property, plant and equipment		(1,794)	(2,691)	–	–
Acquisition of share in new subsidiary company		(51,311)	–	–	–
Investment in a subsidiary company		–	–	(87,612)	–
Repayment from subsidiary companies		–	–	52,315	154
Placement of fixed deposits with licensed banks		(9,879)	–	–	–
Net cash (used in)/from investing activities		(62,856)	(1,312)	(35,297)	154

STATEMENTS OF CASH FLOWS (CONT'D)

		Group		Company	
Note		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
FINANCING ACTIVITIES					
Proceeds from exercise of Warrants		–	5	–	5
Drawdown of borrowings		52,500	–	–	–
Repayment of borrowings		(28,204)	–	–	–
Dividend paid		(2,647)	(2,647)	(2,647)	(2,647)
Net cash from/(used in) financing activities		21,649	(2,642)	(2,647)	(2,642)
CASH AND CASH EQUIVALENTS					
Net changes		(18,290)	712	(31,447)	15,011
Effect on foreign currency translation differences on cash and cash equivalents		583	406	5	4
At beginning of financial year		39,140	38,022	33,303	18,288
At end of financial year	A	21,433	39,140	1,861	33,303

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	13,267	12,630	183	6,801
Fixed deposits with licensed banks (Note 12)	11,467	–	–	–
Short-term demand deposits (Note 12)	6,578	26,510	1,678	26,502
	31,312	39,140	1,861	33,303
Less: Fixed deposits with licensed banks more than 3 months	(9,879)	–	–	–
	21,433	39,140	1,861	33,303

B. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Included in net cash from/(used in) operating activities</i>				
Payment relating to short-term leases	178	147	–	–
Total cash outflows for leases	178	147	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 10 October 2023.

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:-

MFRSs and Amendments to MFRSs effective 1 January 2023:-

MFRS 17*# and Amendments to MFRS 17**	Insurance Contracts and amendment to MFRS 17 Insurance Contracts
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112**	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112*	Income Taxes - International Tax Reform: Pillar Two Model Rules

Amendments to MFRSs effective 1 January 2024:-

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

Amendments to MFRS effective 1 January 2025:-

Amendments to MFRS 121*	The Effects of Changes in Foreign Rates - Lack of Exchangeability
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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 99 years and reviews the useful lives of depreciable assets at each reporting date. At 30 June 2023, 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.

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.

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 (Cont'd)

Provision for expected credit losses ("ECLs") of trade receivables (Cont'd)

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

Income taxes and deferred tax liabilities

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

2.6.2 Significant management judgements

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

Classification between investment properties and owner-occupied properties

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidation

3.1.1 Subsidiary companies

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.1 Subsidiary companies (Cont'd)

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 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary company acquired, the difference is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.3 Business combinations and goodwill (Cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 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.

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.

3.1.5 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency translations

3.2.1 Foreign currency transactions and balances

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

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

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

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

3.2.2 Foreign operations

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

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

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

3.3 Property, plant and equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (Cont'd)

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

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

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

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

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

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

3.4 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Inventories

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

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

3.6 Financial instruments

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

3.6.1 Financial assets

Initial recognition and measurement

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

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, amount 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 and borrowings.

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
- Leasehold land – over 99 years
- Leasehold buildings – 5% to 33%

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").

3.11.3 Provision for gratuity

The Group operates a non-funded defined contribution scheme. The provision is made at contracted rates for benefits that would become payable on the retirement or resignation of eligible employees and is charged to the profit or loss in the financial year in which it is provided.

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.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The contract liability of the Group are included in other payables.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Provisions

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

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

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

3.15 Borrowing costs

Borrowing costs are expensed in the period in which they incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

3.16 Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS (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
Cost								
At 1 July 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
Additions	-	-	7	1,160	200	114	313	1,794
Reclassifications	-	-	-	853	2	-	(855)	-
Disposals	-	-	-	-	(169)	(3)	-	(172)
Written off	-	-	-	(300)	(4)	-	-	(304)
Acquisition of a subsidiary company	-	-	-	42,082	5,386	407	-	47,875
Foreign currency translation differences	-	904	-	1,063	38	79	-	2,084
At 30 June 2023	4,560	25,412	918	82,301	7,913	3,769	149	125,022
Accumulated depreciation								
At 1 July 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
Charge for the financial year	-	647	18	2,417	334	270	-	3,686
Disposals	-	-	-	-	(87)	(1)	-	(88)
Written off	-	-	-	(300)	(4)	-	-	(304)
Acquisition of a subsidiary company	-	-	-	34,002	4,594	237	-	38,833
Foreign currency translation differences	-	155	-	113	8	29	-	305
At 30 June 2023	-	6,237	138	51,372	6,217	2,448	-	66,412
Net carrying amount								
At 30 June 2023	4,560	19,175	780	30,929	1,696	1,321	149	58,610
At 30 June 2022	4,560	19,073	791	22,303	1,088	1,259	691	49,765

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land and buildings amounting to RM7,094,763 (2022: Nil) has been charged to a licensed bank to secure the banking facilities granted to the Group.

5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Building RM'000	Total RM'000
Cost			
At 1 July 2021/30 June 2022/30 June 2023	10,851	1,544	12,395
Accumulated depreciation			
At 1 July 2021	–	7	7
Charge for the financial year	–	31	31
At 30 June 2022	–	38	38
Charge for the financial year	–	31	31
At 30 June 2023	–	69	69
Net carrying amount			
At 30 June 2023	10,851	1,475	12,326
At 30 June 2022	10,851	1,506	12,357

Fair value of investment properties

During the year, the freehold land and building were revalued by Henry Butcher Malaysia (SEL) Sdn. Bhd., an independent professional valuer.

Comparison method and cost approach were adopted in arriving at the market value of the investment properties. Comparison method entails sales price of comparable properties in close proximity are adjusted for differences in key attributes such as location, size, building differences, improvements and amenities and time element. While cost approach is based on an estimate of the current market value of land for its existing use, plus the current gross replacement cost of improvements less allowances for physical deterioration.

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

Fair value of the investment properties is as follows:-

	2023 RM'000	2022 RM'000
Freehold land and buildings	13,000	15,513

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

The following income/(expenses) are recognised in profit or loss in respect of investment properties:

	2023 RM'000	Group 2022 RM'000
Rental income	722	704
Income generating direct operating expenses		
- Quit rent	(18)	(22)

Freehold land and building amounting to RM12,325,957 (2022: Nil) has been charged to a licensed bank to secure the banking facilities granted to the Group.

6. RIGHT-OF-USE ASSETS

Group	Leasehold land RM'000	Leasehold buildings RM'000	Land use right RM'000	Total RM'000
Cost				
At 1 July 2021	–	–	7,158	7,158
Foreign currency translation differences	–	–	442	442
At 30 June 2022	–	–	7,600	7,600
Acquisition of a subsidiary company	38,061	11,955	–	50,016
Foreign currency translation differences	–	–	443	443
At 30 June 2023	38,061	11,955	8,043	58,059
Accumulated amortisation				
At 1 July 2021	–	–	724	724
Charge for the financial year	–	–	193	193
Foreign currency translation differences	–	–	53	53
At 30 June 2022	–	–	970	970
Charge for the financial year	265	154	205	624
Acquisition of a subsidiary company	1,257	8,759	–	10,016
Foreign currency translation differences	–	–	64	64
At 30 June 2023	1,522	8,913	1,239	11,674
Net carrying amount				
At 30 June 2023	36,539	3,042	6,804	46,385
At 30 June 2022	–	–	6,630	6,630

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARY COMPANIES

Investment in subsidiary companies

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	189,549	101,937
Less: Accumulated impairment loss		
At beginning of financial year	21,425	6,002
Impairment loss recognised	2,362	15,423
At end of financial year	23,787	21,425
	165,762	80,512

The Company conducted an impairment review of its investment in subsidiary company at the reporting date, which had impairment indicators. The review involved comparison of its carrying amount against its recoverable amounts which was determined based on value in use. The review gave rise to the recognition of impairment losses in the subsidiary company which mainly due to the decline of their recoverable amounts.

The recoverable amounts have been determined based on a value in use calculation using cash flow projections covering a nine-years period of rental receivable by renting out the land use right. The discount rate applied to the cash flow projections was 4.30%.

The recoverable amounts of the subsidiary company was compared to its total carrying amounts. The management of the subsidiary company believe that no reasonable possible change in any of the key assumptions would cause the carrying values to materially exceed its recoverable amounts.

The details of the subsidiary companies are as follows:-

Name of company	Principal place of business	Effective interest		Principal activities
		2023 %	2022 %	
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.
Malayan Adhesives and Chemicals Sdn. Bhd.	Malaysia	100	–	Manufacturing and marketing of adhesives, phenolic resins, paper resins, additives, formalin and phenoset microspheres.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARY COMPANIES (CONT'D)

Investment in subsidiary companies (Cont'd)

The details of the subsidiary companies are as follows:- (Cont'd)

Name of company	Principal place of business	Effective interest		Principal activities
		2023 %	2022 %	
<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.

Subscription of shares in subsidiary companies

On 10 May 2023, the Company further subscribed for 30,363,000 ordinary shares in Techbond International Sdn. Bhd. for a total cash consideration of RM30,363,000.

Acquisition of subsidiaries

On 27 December 2022, the Company has entered into a share sale agreement in relation to the acquisition of entire equity interest in Malayan Adhesives and Chemicals Sdn. Bhd. for a total consideration of RM57,248,073 which have been completed in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARY COMPANIES (CONT'D)

Investment in subsidiary companies (Cont'd)

Acquisition of subsidiaries (Cont'd)

The fair value of the property, plant and equipment resulted in gain on bargain purchase which has been recognised in the profit or loss and the effect of the acquisition on the financial position of the Group as at the date of acquisition are as follows:

	2023 RM'000
Property, plant and equipment	9,042
Right-of-use assets	4,627
Inventories	8,460
Trade receivables	7,380
Other receivables	366
Tax recoverable	857
Cash and bank balances	5,937
Deferred tax liabilities	(948)
Trade payables	(2,028)
Other payables	(1,670)
Contract liabilities	(11)
Net assets acquired	32,012
Fair value gain on right-of-use assets	35,373
Deferred tax for fair value gain on right-of-use assets	(8,490)
Gain on bargain purchase	(1,647)
Net cost of acquisition	57,248
Less: Cash and cash equivalents acquired	(5,937)
Net cash outflow from acquisition	51,311

8. OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Non-current</u>				
Non-trade receivables	93	29	–	–
<u>Current</u>				
Non-trade receivables	4,177	4,871	–	–
Deposits	240	215	–	–
Prepayments	2,598	1,322	29	29
	7,015	6,408	29	29

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVENTORIES

	2023 RM'000	Group 2022 RM'000
At carrying amount:-		
Raw materials	23,327	30,639
Packing materials and spare parts	2,291	441
Work-in-progress	3,769	1,684
Finished goods	6,474	5,663
Goods in transit	2,330	5,600
	38,191	44,027
Recognised in profit or loss:-		
Inventories recognised in cost of sales	71,666	60,822

10. TRADE RECEIVABLES

	2023 RM'000	Group 2022 RM'000
Trade receivables	25,800	19,381
Less: Allowance of expected credit losses		
At beginning of financial year	1,138	943
Allowance recognised	69	133
Written off	(20)	–
Foreign currency translation differences	66	62
At end of financial year	1,253	1,138
	24,547	18,243

The Group's normal trade credit terms range from 1 to 120 days (2022: 1 to 120 days).

11. AMOUNT DUE FROM SUBSIDIARY COMPANIES

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

- (i) Nil (2022: RM10,278,812) which is receivable by annual instalments of 20 years with first instalment commencing on 31 August 2021 and bears interest rate of Nil (2022: 3.42%) per annum; and
- (ii) Nil (2022: RM12,137,044) 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 Nil (2022: 2.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. CASH AND CASH EQUIVALENTS

Fixed deposits with licensed banks bear interest rates ranging from 4.60% to 9.00% (2022: 3.20%) per annum with maturity period ranging from 1 months to 6 months (2022: Nil).

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.

13. SHARE CAPITAL

	Number of ordinary shares		Group and Company Amount	
	2023 Units	2022 Units	2023 RM'000	2022 RM'000
Issued and fully paid with no par value:-				
At beginning of financial year	529,397,435	529,384,273	143,826	143,821
Issued pursuant to the exercise of Warrants	–	13,162	–	5
At end of financial year	529,397,435	529,397,435	143,826	143,826

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.

In prior 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:-

- 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 (2022: RM0.33);
- 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;
- 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
- all new ordinary shares to be issued arising from the exercise of the Warrants shall rank pari passu in all respects with the 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 (2022: 246,852,499) Warrants remained not exercised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. DEFERRED TAX LIABILITIES

	2023 RM'000	Group 2022 RM'000
At beginning of financial year	1,534	1,341
Recognised in profit or loss	113	194
Overprovision in prior year	(30)	(1)
Acquisition of subsidiary	9,437	–
At end of financial year	11,054	1,534

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

	2023 RM'000	Group 2022 RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	11,054	1,534

15. OTHER PAYABLES

	2023 RM'000	Group 2022 RM'000	2023 RM'000	Company 2022 RM'000
<u>Non-current</u>				
Provision for gratuity	43	–	–	–
<u>Current</u>				
Non-trade payables	2,011	519	15	25
Accruals	1,663	1,110	121	163
Deposits	194	176	–	–
Sales tax payable	45	44	–	–
Contract liabilities	250	–	–	–
	4,163	1,849	136	188

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Secured				
Non-current				
- Term loans	22,811	–	–	–
Current				
- Term loans	1,485	–	–	–
	24,296	–	–	–

The term loans are secured by the followings:

- (a) First party legal charge over the freehold lands and buildings and of the Group as disclosed in Notes 4 and 5 to the financial statements;
- (b) Assignment of rental agreement;
- (c) Facility agreement; and
- (d) Corporate guarantee by the Company

The term loans bear interest at rate of 2.42% (2022: Nil) below the bank's base lending rate and are repayable by 240 equal monthly installments.

17. TRADE PAYABLES

The normal trade credit terms granted by trade payables range from 1 to 120 days (2022: 1 to 120 days) and are non-interest bearing.

18. REVENUE

18.1 Disaggregated revenue information

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Type of revenue				
Sale of goods and services	108,947	85,125	–	–
Dividend income from subsidiary companies	–	–	7,000	17,290
	108,947	85,125	7,000	17,290

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. REVENUE (CONT'D)

18.1 Disaggregated revenue information (Cont'd)

	2023 RM'000	Group 2022 RM'000
Segments		
Type of goods and services		
Industrial adhesives and sealants	104,273	81,376
Supporting products and services	4,674	3,749
	<hr/> 108,947	<hr/> 85,125

	2023 RM'000	Group 2022 RM'000
Geographical markets		
Malaysia	31,295	21,645
Vietnam	43,038	39,165
Indonesia	17,506	15,609
China	2,074	1,733
Others	15,034	6,973
	<hr/> 108,947	<hr/> 85,125

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.

18.2 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)

19. PROFIT BEFORE TAXATION

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration Grant Thornton Malaysia PLT ("GTM")				
- statutory audit	145	105	54	46
- assurance-related services	6	6	6	6
- non-assurance-related services	4	-	-	-
GTM member firms				
- statutory audit	50	47	-	-
- other services	114	19	77	2
Amortisation of right-of-use assets	624	193	-	-
Depreciation of property, plant and equipment	3,686	2,987	-	-
Depreciation of investment properties	31	31	-	-
Finance income	(1,071)	(555)	(972)	(1,015)
Gain on disposal of property, plant and equipment	(44)	(1,250)	-	-
Impairment loss on investment in a subsidiary company*	-	-	2,362	15,423
Impairment loss on trade receivables	69	133	-	-
Written off of trade receivables	20	-	-	-
Rental of premises - short-term leases	178	147	-	-
Rental income	(724)	(706)	-	-
Net realised gain on foreign exchange	(1,197)	(45)	-	-
Net unrealised gain on foreign exchange	(1,412)	(3,124)	(27)	(18)

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

20. TAX EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax:				
- Current year provision	1,826	1,688	106	141
- Overprovision in prior year	(149)	(26)	-	-
Deferred tax:				
- Current year provision	113	194	-	-
- Overprovision in prior year	(30)	(1)	-	-
Total tax expenses	1,760	1,855	106	141

Malaysian income tax is calculated at the statutory rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation	12,768	13,053	4,354	2,054
Income tax at Malaysian tax rate of 24% (2022: 24%)	3,064	3,133	1,045	493
Tax effects in respect of :-				
Expenses not allowable for tax purposes	250	581	865	3,896
Income not subject to tax	(1,298)	(1,801)	(1,804)	(4,248)
Overprovision in prior year	(179)	(27)	–	–
Deferred tax assets not recognised	22	105	–	–
Effect of tax rate difference in foreign jurisdiction	(99)	(136)	–	–
Total tax expenses	1,760	1,855	106	141

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

	Group	
	2023 RM'000	2022 RM'000
Unabsorbed business losses	3,445	3,355

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 5 to 10 (2022: 5 to 10) consecutive years. Upon expiry, the unabsorbed business losses will be disregarded.

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

	Group	
	2023 RM'000	2022 RM'000
Year of Assessment 2023	–	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	523	523
Year of Assessment 2028	224	–
Year of Assessment 2030	4	4
	3,445	3,355

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. EARNINGS PER SHARE

21.1 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:-

	2023	Group 2022
Net profit attributable to ordinary equity holders of the Company (RM'000)	11,008	11,198
Weighted average number of ordinary shares in issue ('000)	529,397	529,395
Basic earnings per share (sen)	2.08	2.12

21.2 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:

	2023	Group 2022
Net profit attributable to ordinary equity holders of the Company (RM'000)	11,008	11,198
Weighted average number of ordinary shares in issue ('000)	529,397	529,395
Adjustment for effect of Warrants	32,161	56,131
	561,558	585,526
Diluted earnings per share (sen)	1.96	1.91

22. EMPLOYEES BENEFITS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries, bonus and other emoluments	8,885	6,685	–	–
Directors' remuneration	3,564	3,352	246	462
Social security contributions	75	44	–	–
Defined contribution plan	965	722	–	–
Other benefits	235	40	–	–
	13,724	10,843	246	462

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. EMPLOYEES BENEFITS (CONT'D)

The details of Directors' remuneration and other key management personnels are as follows:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors:-				
<u>Directors of the Company</u>				
Directors' fees	–	216	–	216
Salaries, bonus and other emoluments	3,057	2,682	–	–
Defined contribution plan	261	208	–	–
	3,318	3,106	–	216
Non-executive Directors:-				
Directors' fees	228	228	228	228
Other benefits	18	18	18	18
	246	246	246	246
	3,564	3,352	246	462
Other key management personnel:-				
Salaries, bonus and other emoluments	349	378	–	–

23. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Rental expenses charged by a company in which certain Directors have interests	114	88	–	–
Rental income received from a company in which certain Directors have interests	2	2	–	–
Dividend income received from subsidiary companies	–	–	7,000	17,290
Finance income received from subsidiary companies	–	–	438	602

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

Related party balances

The outstanding balances of related parties of the Company at the reporting date are disclosed in Note 11 to the Financial Statements.

Compensation of key management personnels

Key management personnels include all Directors of the Group and of the Company and member of key management personnel of the Group and of the Company.

The remunerations of the Directors and other key management personnel are disclosed in Note 22 to the Financial Statements.

Key management personnels are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

24. CAPITAL COMMITMENT

	Group	
	2023 RM'000	2022 RM'000
Capital expenditure		
Authorised and contracted for:		
- Extension and renovation of factory complex	7	–
- Shah Alam factory complex	–	424
- Property, plant and equipment	71	–
	<hr/> 78	<hr/> 424

25. 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)

25. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

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

	2023 RM'000	Group 2022 RM'000
Malaysia	78,782	30,598
Vietnam	38,631	38,183
	117,413	68,781

(c) Major customers

There is only one (2022: one) major customer with revenue equal or more than 10% (2022: 10%) of the Group's revenue which is amounted to RM17,505,825 (2022: RM15,608,631).

26. FINANCIAL INSTRUMENTS

26.1 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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)

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

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

Trade receivables

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

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

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

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
Group			
2023			
Collectively impaired			
Not past due	4,630	–	4,630
Past due for 1 to 30 days	8,299	–	8,299
Past due for 31 to 60 days	3,932	–	3,932
Past due for 61 to 90 days	1,357	–	1,357
Past due for more than 90 days	6,329	–	6,329
	24,547	–	24,547
Credit impaired			
Individually impaired	1,253	(1,253)	–
	25,800	(1,253)	24,547

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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):-

	Gross carrying amount RM'000	Loss allowances RM'000	Net balances RM'000
Group (Cont'd)			
<u>2022</u>			
Collectively impaired			
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
Credit impaired			
Individually impaired	1,138	(1,138)	–
	19,381	(1,138)	18,243

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 13% (2022: 16%) of the trade receivables are due from one (2022: 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)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 Financial risk management (Cont'd)

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

(a) Credit risk (Cont'd)

Cash and cash equivalents

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

Intercompany loans and receivables

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

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

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

(b) Liquidity risk

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

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

In managing its exposures to liquidity risk arises principally from its various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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):-

(b) Liquidity risk (Cont'd)

As at the reporting date, the contractual undiscounted repayment obligations (including interest payments) of the Company's non-derivative financial liabilities are summarised below:-

	Carrying amount RM'000	Contractual cash flows RM'000	Less than 1 year RM'000	Between 1 to 5 years RM'000	More than 5 years RM'000
Group					
2023					
Trade payables	9,762	9,762	9,762	–	–
Other payables (exclude sales tax payable)	4,118	4,118	4,118	–	–
Borrowings	24,296	32,807	2,501	10,005	20,301
	38,176	46,687	16,381	10,005	20,301
Company					
2023					
Other payables (exclude sales tax payable)	136	136	136	–	–
	136	136	136	–	–

In prior year, the maturity profile of all the financial liabilities of the Group and the Company 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 interest rate management objective is to manage the interest expenses to be consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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):-

(c) Interest rate risk (Cont'd)

The interest rate profile of the Company's significant interest-bearing financial instrument based on carrying amounts as at the end of the reporting year is as follows:

	2023 RM'000	2022 RM'000
Group		
<i>Fixed rate instruments</i>		
<u>Financial assets</u>		
Fixed deposits with licensed banks	11,467	–
<i>Variable rate instruments</i>		
<u>Financial assets</u>		
Short-term demand deposits	6,578	26,510
<u>Financial liabilities</u>		
Borrowings	(24,296)	–
	(17,718)	26,510

The following table illustrates the sensitivity of profit/equity to a reasonably possible change in interest rates of +/- 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Increase/(Decrease) Net profit/equity for the financial year	
	RM'000 +0.5%	RM'000 -0.5%
Variable rate instruments		
2023	(89)	89
2022	133	(133)

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)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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") and Euro ("EUR").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

	2023 RM'000	2022 RM'000
<i>Denominated in USD</i>		
Cash and bank balances	3,432	3,099
Trade receivables	5,192	3,778
Trade payables	(3,297)	(5,502)
Other payables	–	(80)
	5,327	1,295
<i>Denominated in Euro</i>		
Cash and bank balances	1	–
Trade receivables	652	–
	653	–

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 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 (Cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows (Cont'd):

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 and Euro against the functional currency of the Group, with all other variables held constant:-

	Increase/(decrease) Net profit/equity for the financial year	
	2023 RM'000	2022 RM'000
USD/RM		
- Strengthened (0.3%) (2022: 0.3%)	16	4
- Weakened (0.3%) (2022: 0.3%)	(16)	(4)
Euro/RM		
- Strengthened (0.9%) (2022: Nil)	6	–
- Weakened (0.9%) (2022: Nil)	(6)	–

26.2 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.

26.3 Fair value hierarchy

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

26.4 Reconciliation of liabilities arising from financing activities

	At 1 July RM'000	Repayment RM'000	Drawdown RM'000	At 30 June RM'000
2023				
Borrowings	–	(28,204)	52,500	24,296

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. 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.

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 RM('000)
No.34 & 36, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	Industrial/ Factory, Warehouse and Office Premise	Techbond Manufacturing Sdn. Bhd.	10,468	Freehold	Lot 36- 22/6/1998 Lot 34 - 24/6/1999	23 15	6,668
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	13	3,621
Quarter 4, An Phu Ward, Thuan An Town, Binh Duong Province, Vietnam	Industrial/ Factory, Warehouse and Office Premise	Techbond (Vietnam) Co. Ltd.	9,037	Leasehold expiring 22 May 2032	20/12/2002	15	1,376
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) Co. Ltd.	30,000	Leasehold expiring 19 March 2058	30/12/2016	3	18,874
No.30, Jalan Anggerik Mokara 31/59, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	To earn rentals and for capital appreciation.	Techbond Manufacturing Sdn. Bhd.	4,803	Freehold	Lot 30 - 01/04/21	19	12,326
No. 9 Jalan Utas 15/7, Section 15, 40200 Shah Alam, Selangor	Industrial/ Factory, Warehouse and Office Premise	Malayan Adhesives and Chemicals Sdn. Bhd.	33,946	Leasehold expiring 7 June 2069	21/7/1970	49 26 15	4,462

ANALYSIS OF SHAREHOLDINGS

AS AT 27 SEPTEMBER 2023

SHARE CAPITAL

Total number of Issued Share Capital	:	530,052,435
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary shares

ANALYSIS BY SIZE OF HOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES HELD	%
1 – 99	191	5.544	8,348	0.002
100 – 1,000	178	5.167	89,947	0.017
1,001 – 10,000	1,414	41.045	8,437,325	1.592
10,001 – 100,000	1,437	41.713	45,779,200	8.637
100,001 – 26,502,620*	224	6.502	94,591,170	17.845
26,502,620 and above**	1	0.029	381,146,445	71.907
Total	3,445	100.000	530,052,435	100.00

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

INFORMATION ON DIRECTORS' HOLDINGS

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS	%
DATO' HAMZAH BIN MOHD SALLEH	225,000	0.042	0	0.000
LEE SENG THYE	0	0.000	381,146,445*	71.907*
LEE SEH MENG	1,022,000	0.193	0	0.000
TAN SIEW GEAK	110,500	0.021	0	0.000
OOI GUAN HOE	225,000	0.042	0	0.000
SELMA ENOLIL BINTI MUSTAPHA KHALIL	225,000	0.042	0	0.000
LEE YUEN SHIUAN	1,022,000	0.193	0	0.000

* Deemed interested by virtue of his interests in Sonicbond Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS	%
SONICBOND SDN. BHD.	381,146,445	71.907	0	0.000
LEE SENG THYE	0	0.000	381,146,445*	71.907*

* 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 27/09/2023

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

NO.	NAME	HOLDINGS	%
1	SONICBOND SDN. BHD.	381,146,445	71.907
2	CHING HEAN CHONG	10,118,900	1.909
3	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP</i>	4,500,000	0.848
4	ONG KENG SENG	4,085,200	0.771
5	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YOONG KAH YIN</i>	3,830,000	0.723
6	JAG CAPITAL EQUITY SDN BHD	2,989,900	0.564
7	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AIK KEE (SMART)</i>	2,668,900	0.504
8	LEONG YEE KEONG	2,521,600	0.476
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEW KIM KIAT (7003922)</i>	2,143,500	0.404
10	WOO KUN YEOW	1,800,000	0.340
11	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG MEOW GIAK</i>	1,729,600	0.326
12	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	1,567,500	0.296
13	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR GOH PENG SENG (CCTS)</i>	1,502,400	0.283
14	MALACCA SECURITIES SDN BHD <i>IVT (208) TEAM KL01</i>	1,044,900	0.197
15	LEE SEH MENG	1,022,000	0.193
16	LEE YUEN SHIUAN	1,022,000	0.193
17	TEN KIM THAI	1,000,000	0.189
18	WOO JIN BIN @ HU JIN BIN	1,000,000	0.189
19	CHEAH SOH WIN	936,000	0.177
20	LEONG PAU CHIAN	925,000	0.175
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SEE KOK WAH</i>	897,600	0.169
22	LEE MEE YOKE	800,000	0.151
23	JARING METAL INDUSTRIES SDN BHD	780,000	0.147
24	HO JIYNN HUA	707,750	0.133
25	LIM SEE PEK	700,000	0.132
26	YEOW GUAT	700,000	0.132
27	CHIN WING ON	600,000	0.113
28	TAN LEONG KIAT	600,000	0.113
29	NG SIEW MUN	573,300	0.108
30	SOO PEI-PEI	552,000	0.104
TOTAL HOLDINGS		434,464,495	81.966

ANALYSIS OF WARRANT HOLDINGS

AS AT 27 SEPTEMBER 2023

Type of Securities	:	5 years warrants 2020/2025
Total No. of Warrants Issued and Not Exercised	:	246,197,499
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

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS HELD	%
1 – 99	48	3.483	1,965	0.001
100 – 1,000	111	8.055	23,125	0.009
1,001 – 10,000	276	20.029	1,533,134	0.623
10,001 – 100,000	657	47.678	30,926,491	12.562
100,001 – 12,309,873*	285	20.682	133,990,562	54.424
12,309,873 and above**	1	0.073	79,722,222	32.381
Total	1,378	100.000	246,197,499	100.00

* Less than 5% of Issued Warrants

** 5% and above of Warrants

INFORMATION ON DIRECTORS' HOLDINGS

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS	%
DATO' HAMZAH BIN MOHD SALLEH	112,500	0.046	0	0.000
LEE SENG THYE	0	0.000	79,722,222*	32.381*
LEE SEH MENG	261,000	0.106	0	0.000
TAN SIEW GEAK	0	0.000	0	0.000
OOI GUAN HOE	112,500	0.046	0	0.000
SELMA ENOLIL BINTI MUSTAPHA KHALIL	0	0.000	0	0.000
LEE YUEN SHIUAN	261,000	0.106	0	0.000

* 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 WARRANT HOLDERS AS AT 27/09/2023

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

NO.	NAME	HOLDINGS	%
1	SONICBOND SDN. BHD.	79,722,222	32.381
2	ONG KENG SENG	10,031,000	4.074
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEH SING HUAT</i>	6,362,875	2.585
4	YAP KWEK VE	5,000,000	2.031
5	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHAN YIN PENG</i>	4,250,000	1.726
6	LEONG LEE CHING	4,097,400	1.664
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YAP CHEE CHING</i>	3,600,000	1.462
8	TOK CHIN THIAM	3,271,100	1.329
9	LIM SEE TONG	2,451,000	0.996
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KHO PING</i>	2,180,000	0.886
11	APEX NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TAN POO YOT (MARGIN)</i>	1,950,000	0.792
12	THAM SIEW KIOK	1,500,000	0.609
13	SOO KUN CHING	1,362,400	0.553
14	APEX NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR WONG SAU BING (MARGIN)</i>	1,350,000	0.548
15	DESMOND CHUA WEE KIAT	1,300,000	0.528
16	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KHOR PENG SENG</i>	1,202,000	0.488
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR GOH YOON SEN</i>	1,200,000	0.487
18	LOH SHIN YEAN	1,195,000	0.485
19	YEAT SIAW PING	1,119,800	0.455
20	CHONG CHUNG THAT	1,100,000	0.447
21	YAP KONG LIM	1,080,000	0.439
22	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR LOH YOU CHOONG</i>	1,070,000	0.435
23	AFFIN HWANG INVESTMENT BANK BERHAD <i>IVT (YEY) TAN CHYEN YEN</i>	1,020,000	0.414
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR YEAT SIAW PING (PB)</i>	1,000,000	0.406
25	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR YAP KWEK VE</i>	1,000,000	0.406
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PANG KIAN WEE	1,000,000	0.406
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KUA AH PENG (E-SPI)</i>	1,000,000	0.406
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEAN CHEW (7005326)</i>	990,000	0.402
29	KOH NAI HWEE	949,000	0.386
30	LEE AEK HONG	908,000	0.369
TOTAL HOLDINGS		144,261,797	58.595

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting ("7th AGM") of Techbond Group Berhad ("the Company") will be conducted virtually 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, Malaysia on **Wednesday, 29 November 2023 at 10.00 a.m.** for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Directors' and Auditors' Reports.
[Please refer to Note (a)]
2. To approve the payment of the final single tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 30 June 2023. **(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. Selma Enolil Binti Mustapha Khalil; **(Ordinary Resolution 2)**
 - ii. Lee Seh Meng. **(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 2024:
 - 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 2024 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)]

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolutions:

7. **Waiver of Pre-emptive Rights pursuant to 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 pursuant to 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 8 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act."

[Refer to Explanatory Note (f)]

NOTICE OF THE ANNUAL GENERAL MEETING (CONT'D)

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 10% of the total number of issued shares (excluding any treasury shares) of the Company ("Proposed Mandate").

THAT such approval on the Proposed 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.

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 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 Mandate."

[Refer to Explanatory Note (g)]

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 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 0.75 sen per ordinary share held in the Company, if approved, will be paid on 15 December 2023 to shareholders whose names appear in the Record of Depositors at the close of business on 1 December 2023.

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 1 December 2023 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

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

Kuala Lumpur
30 October 2023

NOTES:

- i. *The 7th AGM will be conducted virtually 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, Malaysia and via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", or "Tricor" or "TIIH") via its TIIH Online website at <https://tiih.online>.*

The broadcast venue of the 7th 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 7th AGM via RPV facilities. Please read the Administrative Guide for the 7th AGM of the Company for details on the registration process and procedures for RPV facilities to participate remotely at the 7th 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) proxies 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.*

NOTICE OF THE ANNUAL GENERAL MEETING (CONT'D)

NOTES: (CONT'D)

- 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, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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 Annual General Meeting ("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 (1) 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 23 November 2023 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote in his/her stead.*

Explanatory Notes to the Agenda:

a. Audited Financial Statements

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

NOTICE OF THE ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to the Agenda: (Cont'd)

b. Re-election of Retiring Directors

The Board of Directors through its Nomination Committee ("NC") had assessed and supported the re-election of the retiring Directors, Pn Selma Enolil Binti Mustapha Khalil and Mr Lee Seh Meng. The NC had conducted the annual Board Effectiveness Assessment ("BEA"), 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.

Based on the results of the BEA, the Board of Directors concluded that the performance of the retiring Directors was satisfactory and that they met the Board's expectation in the discharge of their duties and responsibilities. They have relevant experience, skills, expertise and finance knowledge 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 retiring Directors, being eligible, have offered themselves for re-election at the 7th AGM. The profiles of Directors standing for re-election are set out on pages 4 to 8 of the Annual Report 2023. All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the 7th 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 AGM 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 2024 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. 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 2024 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 at its meeting held on 23 August 2023 approved the recommendation of the Audit and Risk Management Committee ("ARMC") to re-appoint Grant Thornton Malaysia PLT as auditors of the Company. 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.

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

The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders pursuant to 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 Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

NOTICE OF THE ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to the Agenda: (Cont'd)

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 10% of the total number of issued shares (excluding treasury shares) of the Company ("Proposed Mandate").

The authority for the Proposed 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 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 Proposed Mandate pursuant to Sections 75 and 76 of the Companies Act, 2016 which was approved by the shareholders at the 6th AGM held on 22 December 2022 and will lapse at the conclusion of the 7th AGM to be held on 29 November 2023. 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 Proposed Mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

STATEMENT ACCOMPANYING

NOTICE OF ANNUAL GENERAL MEETING

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

1. 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 7th AGM are Pn Selma Enolil Binti Mustapha Khalil and Mr Lee Seh Meng.

The profile of the Directors who are standing for re-election as per Agenda 2 of the Notice of the 7th AGM are as follows:

Ordinary Resolution 1

Selma Enolil Binti Mustapha Khalil

Independent Non-Executive Director

(Gender: Female)

Pn Selma Enolil Binti Mustapha Khalil ("Pn Selma"), a Malaysian, aged 52, 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.

As at the date of the Annual Report 2023, Pn Selma holds 225,000 Ordinary Shares in Techbond. Apart from this, she does not hold any other securities in the Group.

Pn Selma has no family relationship with any Director and/or major shareholder of the Group. In addition, she has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of her judgement when acting in the capacity of a Director of Techbond which would be disadvantageous to 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 2023.

In the financial year ended 30 June 2023, she attended all 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 7th AGM are Pn Selma Enolil Binti Mustapha Khalil and Mr Lee Seh Meng. (Cont'd)

Ordinary Resolution 2

Lee Seh Meng

Deputy Managing Director
(Gender: Male)

Mr Lee Seh Meng ("Mr Lee"), aged 34, a Malaysian, is our Deputy Managing Director and was appointed to our Board 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.

As at the date of the Annual Report 2023, Mr Lee holds 1,022,000 Ordinary Shares and 261,000 Warrants in Techbond. Apart from this, he does not hold any other securities in the Group.

Mr Lee is the son of Mr Lee Seng Thye and Ms Tan Siew Geak and brother of Mr Lee Yuen Shiuan. Save as disclosed, he has no other family relationship with any Director and/or major shareholder of the Group. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Techbond which would be disadvantageous to Techbond and its subsidiaries.

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 2023.

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

In the financial year ended 30 June 2023, he attended four (4) out of 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 7th AGM.

ADMINISTRATIVE GUIDE

FOR THE SEVENTH ANNUAL GENERAL MEETING (“AGM”)

Date	:	Wednesday, 29 November 2023
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 https://tiih.online

Mode of Meeting

- 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 7th 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 7th 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.

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"> • Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services" select the "Sign Up" button and followed by "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • 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.
ii. Submit your request to attend AGM remotely	<ul style="list-style-type: none"> • Registration is open from 30 October 2023 until the day of AGM on Wednesday, 29 November 2023. 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. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "(REGISTRATION) TECHBOND 7TH AGM". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 23 November 2023, the system will send you an e-mail on or after 27 November 2023 to approve or reject your registration for remote participation. <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"> 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 Wednesday, 29 November 2023.
ii. Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) TECHBOND 7TH AGM” to engage in the proceedings of the AGM remotely. 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.
iii. Online remote voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Wednesday, 29 November 2023 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) TECHBOND 7th AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
iv. End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.

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 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 23 November 2023 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 Monday, 27 November 2023 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
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "TECHBOND 7TH AGM - SUBMISSION OF PROXY FORM". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.

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 Monday, 27 November 2023 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
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <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"> Login to TIIH Online at https://tiih.online. Select the corporate event name: "TECHBOND 7TH AGM - SUBMISSION OF PROXY FORM". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Login to TIIH Online, select corporate event name: "TECHBOND 7TH AGM - SUBMISSION OF PROXY FORM". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

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.

ADMINISTRATIVE GUIDE (CONT'D)

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 TIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than, 27 November 2023 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 Investor & Issuing House Services Sdn Bhd 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).

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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 Seventh Annual General Meeting ("7th AGM") of the Company to be conducted virtually 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, Malaysia on Wednesday, 29 November 2023 at 10.00 a.m.** and any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below with an "X"

ORDINARY RESOLUTIONS NO.		FOR	AGAINST
1	To approve the payment of the final single tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 30 June 2023		
2	Re-election of Selma Enolil Binti Mustapha Khalil as Director of the Company		
3	Re-election of Lee Seh Meng as Director of the Company		
4	Payment of Director's fees to Dato' Hamzah Bin Mohd Salleh: RM84,000.00		
5	Payment of Director's fees to Ooi Guan Hoe: RM72,000.00		
6	Payment of Director's fees to Selma Enolil Binti Mustapha Khalil: RM72,000.00		
7	Payment of Directors' benefits of up to RM18,000.00 for the financial period from 1 January 2024 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.			
1	Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act, 2016		

Dated this day of 2023.

.....
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 7th AGM will be conducted virtually 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, Malaysia and via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", or "Tricor" or "TIIH") via its TIIH Online website at <https://tiih.online>.

The broadcast venue of the 7th 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 7th AGM via RPV facilities. Please read the Administrative Guide for the 7th AGM of the Company for details on the registration process and procedures for RPV facilities to participate remotely at the 7th 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) proxies 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, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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 Annual General Meeting ("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 (1) 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 23 November 2023 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/her stead.

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AFFIX
STAMP

**Share Registrar of
TECHBOND GROUP BERHAD**

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

2nd Fold Here



Fold This Flap For Sealing



TECHBOND®
YOUR TECHNICAL BONDING PARTNER

SUSTAINABILITY R E P O R T

2023

Conserve
as we compound

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ABOUT THIS REPORT

This Report focuses on the major sustainability risks and opportunities faced by Techbond Group Berhad and its subsidiaries Techbond Group & the ways in which we are responding to them. It details our commitments across the environment, social & governance aspects & ensures we have transparently disclosed our management performance in these issues.



Reporting Guidelines

Techbond seeks to provide clear, accurate & transparent information disclosure on its environmental, social & governance impacts. The preparation of this Report has been guided by Bursa Malaysia's Sustainability Reporting Guide Third Edition. Where relevant, selected disclosures have been developed in reference to the ("GRI") Global Reporting Initiative Standards.

In an effort to meet global sustainability agendas, we have also aligned our disclosures in this report to the United Nation's Sustainable Development Goals ("UNSDGs") so that we can play an active role in providing action plans to address challenges that have been identified by the global community.



Reporting Period

This Report covers the period from 1 July 2022 – 30 June 2023 ("FY2023"). All initiatives & performance data disclosed are derived from the Group's operations in Malaysia. Excluded are our overseas operations, contractors, suppliers, vendors & other related value chain partners and will include Techbond's subsidiary in FY2024 Sustainable Report.



Reporting Scope & Boundary

This Report summarises the sustainability performance of Techbond Group's Malaysia operations particularly Techbond Manufacturing Sdn. Bhd. which located in Shah Alam, Selangor.



Statement of Assurance

This Report has been reviewed by our management and members of the board. It has not been reviewed by independent party and will only be reviewed for upcoming financial year Sustainable Report.



Feedback

Feedback from our stakeholders is essential for us to continuously improve our sustainability reporting. We warmly welcome your comments, thoughts & feedback on how we may improve our reporting to benefit all our stakeholders. You may direct them to Techbond Group Berhad headquarters:

TECHBOND GROUP BERHAD

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

Tel: +603-5122 3333

Email: adhesive@techbond.com.my



“ MESSAGE FROM OUR Managing Director ”



MR. LEE SENG THYE
Managing Director
TECHBOND GROUP BERHAD

Dear Valued Stakeholders,

The global Coronavirus Disease (“Covid-19”) pandemic has led to unprecedented risks & uncertainties like no other. Year 2023 was a year of change that saw us navigate through the new normal. As we reflect on the learnings we had over the past year, it is evident that climate change has not ceased and will remain as the most profound generational challenge the world faces today. Notwithstanding these global challenges, Techbond Group Berhad has remained resilient and persevered in the face of adversity.

Techbond has always been mindful of the effects of its operations to the environment. With the worsening environmental concerns inflicting our world, we are driven to continuously integrate sustainable considerations and practices within our business operations. With this in mind, we continue to strive for operational excellence in both our Malaysia & Vietnam plants to further elevate our competitive advantage. The first step to realise this ambition is to recognise that we have ourselves, through our operations, the opportunities to make better choices and be more sustainable.

The concept of sustainability is not something new to Techbond. Sustainable business practices is at the core of Techbond's business infrastructure since our inception in 1995. We are proud of our achievements in sustainability in the past & are excited to embark on this new phase of our sustainability journey. The birth of our inaugural Sustainability Report indicates our commitment to enhance our ESG practices within the Group.

In alignment with the United Nations 17 Sustainability Development Goals, Techbond will place further emphasis on ESG in our corporate management & factory operations. We will continue to refine our Environmental, Social & Governance strategies to generate substantial benefits & positive long-term impact to our company & all our stakeholders.

Our unwavering commitment to quality is evidenced by the seal of approval from our ISO certifications. Our Malaysian operations has been registered by Intertek Certification Limited as conforming to the requirements of ISO 14001:2015 Environment Management System Certification & ISO 9001:2015 Quality Management System Certification for the manufacturing of Hotmelt and Water-based Industrial Adhesives and Sealants. Whereas our Vietnam operations obtained the Bureau Veritas Certification in accordance to ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems & the ISO 45001:2018 Occupational Health & Safety Management Systems for the manufacturing of Industrial Adhesive for Wood, Paper and Fabric. We are also audited annually to ensure compliance with certifications requirements.

While we are proud of what we've accomplished, we are aware that there is much more to be done. Techbond will continue to set its sights even higher with the development of our inaugural Sustainability Report. With the theme “Conserve as we Compound”, we will be embarking on our next step in addressing the urgent environmental challenges that will challenge our ingenuity & commitment as we move purposefully towards our aspiration to reduce our carbon footprint by 45% by 2030 benchmarked against 2020 Carbon Intensity Emission.

This mandate represents our on-going commitment to our customers, communities & stakeholders & our relentless focus to meet our ESG goals. Looking ahead, we believe that the journey towards achieving our sustainability target will require the combined effort of every level of our organisation, hence we will continue to anchor sustainability within the organisation as we forge towards a net-zero world.



KEY AWARDS & RECOGNITION

We have been acknowledged both regionally and internationally by esteemed award bodies. The awards and recognition we received through the years reflect our business performance & continued delivery of quality products.

These awards and achievements bear testament to our commitments to protect the needs and interest of our people, stakeholders and environment. In recognition of our efforts, we have obtained numerous accolades as listed below:



CICM Responsible Care Awards Year 2012/2013

Community Awareness & Emergency Response Code
Process Safety Code
Employee Health & Safety Code
Category: *Special Awards for the SMEs (MERIT)*



ITEX 2021 Gold Medal Award

for the invention of Palm-Based
Woodworking Polyurethane
Adhesives



CICM Responsible Care Awards Year 2012/2013

Pollution Prevention Code
Category: *Special Award for the SMEs (GOLD)*



Golden Bull Award 2011

Outstanding SMEs Winner



CICM Responsible Care Awards Year 2007/2008

Special Award for the SMEs (GOLD)



SME Corp Malaysian Brands

National Mark of MALAYSIAN BRAND,
the mark of Quality, Excellence &
Distinction, a quality accreditation
tag from SME Corporation



CICM Responsible Care Awards Year 2006

Employee Health & Safety Code (GOLD)
Category: *Special Award for the SMEs*



SME Malaysia Platinum

SME Export Excellence Award



Certificate of Merit from ITEX 2021

International Invention, Innovation
& Technology Exhibition, Malaysia



ITEX 2021 Gold Medal

Malaysian Invention & Design Society



Sin Chew Business Excellence Award 2014

Product & Service Excellence Award

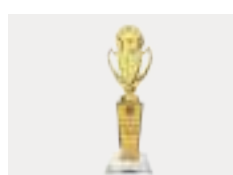


MATRADE Mid-Tier Companies Development Programme



Golden Eagle Award

Excellent Eagle 2016



Asia's Top Trusted Brand Award 2023

Adherence to GLOBAL SAFETY STANDARDS



ISO 9001:2015



ISO 14001:2015

TECHBOND MANUFACTURING SDN BHD



ISO 9001:2015



ISO 14001:2015



ISO 45001:2018

TECHBOND MFG (VIETNAM) CO., LTD

TECHBOND GROUP AT A GLANCE



95
Employees



28
years of experience



Location of facility
Shah Alam, Malaysia



Manufacturing facility
Shah Alam, Malaysia



R&D Centre
Shah Alam, Malaysia



KEY MARKETS

- Bangladesh
- Cambodia
- China
- Indonesia
- Thailand
- Vietnam
- Singapore

- Malaysia
- Middle East
- Myanmar
- Netherlands
- Papua New Guinea
- Philippines

ABOUT TECHBOND

WHO WE ARE

Techbond is a homegrown pioneer that specialises in developing & manufacturing industrial adhesives & sealants. Based in Shah Alam, Selangor, Malaysia the Group was established in 1996, and later ventured into Vietnam in 2005. Techbond places huge emphasis on research & development ("R&D") and has 8 in-house trademarked brands. We take pride in the fact that most of our industrial adhesives & sealants are developed in house. In December 2018, we reached a major milestone following the listing of our shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

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

As a specialist in the development & manufacture of industrial adhesives & sealants, the Group serves a wide range of industries such as woodworking, paper & packaging, automotive, building & construction, personal care, cigarette and mattress. In terms of geographical market, we serve not only domestic clientele but also export to more than 30 countries across Asia, Europe & Africa continents.

CORPORATE CORE VALUES

Our aspiration of becoming a thriving and prosperous adhesive company is fuelled by our Corporate Core Value emerging from the word STICK which translates to Sustainability, Teamwork, Innovative Mindset, Customer focused & Keep learning. These core values define how we work as an entity and how we deliver our commitments to all our stakeholders, paving the way for the success of our teams in both Malaysia & Vietnam.



S

Sustainability



T

Teamwork



I

Innovative Mindset



C

Customer Focused



K

Keep Learning





WHAT WE DO

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

Industrial Adhesives & Sealants

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



Water-Based Adhesives

A combination of basic adhesives & (if present) additives that have been dissolved or disturbed in water.



Hot Melt Adhesives

As 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 & other undesired substances. In 2015, we began manufacturing sealants in-house via our R&D efforts. We manufacture two primary kinds of sealant: water based & solvent-based sealants.

Supporting Products & Services

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

Research & Development

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 & various equipment such as gas chromatograph, fourier transform infrared spectroscope, programmable temperature, and humidity test chamber.

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

UNWAVERING LEADERSHIP COMMITMENT

Sustainability Governance Structure

Integrating sustainability at the highest governance level in Techbond enables strategic oversight of Environmental, Social and Governance ("ESG") issues for long-term value creation. Techbond is committed to delivering long-term value to our stakeholders through sustainable practices that protect the best interests of all parties involved – from our shareholders, employees, business associates and local communities, to the environment we live in. This effort is supported by a robust sustainability governance structure which provides oversight to ensure that our business operations are upholding this responsibility for all stakeholders.



Our sustainability governance structure is led by the Board, which ensures that the Group's practices meet our corporate objectives and sustainability goals. The Board is responsible for providing oversight of sustainability and ESG matters in the Group's strategy development. Supporting the Board is the Managing Director ("MD"), who strategically manages the Group's sustainability matters.

The Group has included ESG factors as a strategic consideration in the decision making process. Responsible department heads are tasked with identifying, assessing & mitigating current & potential ESG risks.

Techbond Sustainability Working Group

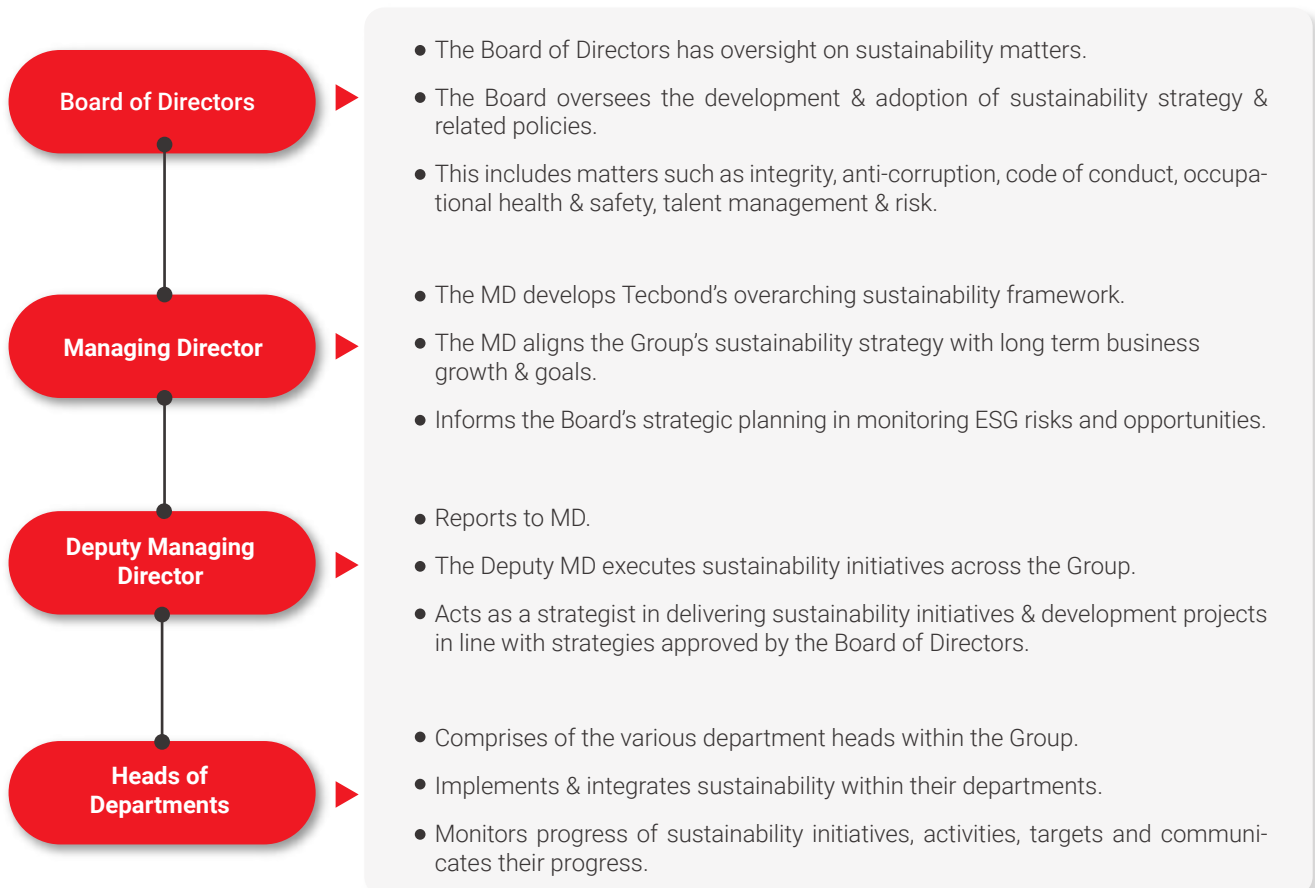
The Sustainability Working Group ("SWG") is responsible for executing, monitoring and implementing sustainability initiatives across the Group. The SWG will champion and manage all aspects of a sustainable ecosystem including tracking and collating sustainability performance data.

Led by the Deputy MD, the SWG is an engine of our governance structure and supported by our Heads of Departments which includes Finance, Operations, R&D, Business Development, Human Resources & Purchasing. All sustainability issues & other operational performance issues are deliberated in the quarterly management meetings chaired by the MD. The MD provides updates to the Board on sustainability issues and its relevant performance indicators.



GOVERNANCE BODY

ROLES & RESPONSIBILITIES



MATERIAL SUSTAINABILITY MATTERS

To ensure Environment, Social & Governance risks within the Group's operations are considered, key risks were identified and assessed by prioritising factors in the external global operating environment & the values perceived by our stakeholders.

This approach enabled us to identify & focus on our business priorities, by honing in on current and emerging risks that could potentially impact our business operations. Based on these identified risks, we proactively implemented action plans and initiatives in order to fortify our business resilience, to continuously create value for our stakeholders.

Identifying our Material Sustainability Matters

Material Sustainability Matters are issues and concerns that are considered relevant and important to Techbond and our various stakeholders. In order to better understand the issues and concerns that are relevant to us, we conducted a review of the following:

- Our current business strategy;
- Relevant requirements, guidelines and policies, including those issued by Bursa Malaysia as well as its Sustainability Reporting Guide and Toolkit;
- ESG themes and indicators utilised by the FTSE4Good Index and the GRI Universal Standards, in addition to aligning ourselves with the applicable UNSDGs.

We also drew upon our material topics through internal discussions with the management and representatives from our various business units, and from feedback and input received through our interactions with our key stakeholders.

Our Materiality Assessment Approach & Processes

We maintain continuous engagements with our stakeholders to understand the significance of the specific ESG material topics to them. These insights are used to inform us in setting the direction of our sustainability journey and communicate meaningfully as we move forward.

In 2023, we undertook a comprehensive materiality assessment in compliance with the principles of materiality via our three-step process below:



 The materiality assessment is reviewed and approved by the Board of Directors.

The results of materiality analysis assessment are as follows:

Important to Stakeholder	High		• Fair Trade	<ul style="list-style-type: none">• Corporate Governance• Human Rights• Group Financial Performance• Business Ethics & Governance	<ul style="list-style-type: none">• Product Quality & Innovation• Safety & Health Awareness• Employee Management
	Medium	<ul style="list-style-type: none">• Social Responsibilities• Local Communities	• Support Service	<ul style="list-style-type: none">• Environmental Compliance• Waste & Water Management	
	Low		• Packaging Material	<ul style="list-style-type: none">• SOP• Policies• Business Strategy• Cybersecurity & Data Privacy	
		Low	Medium	High	
	Important to Business operations				

STAKEHOLDERS' ENGAGEMENTS

Stakeholder	Engagement Objective(s)	Engagement Channels	Sustainability Matters Discussed
Board of Directors	To align our business strategy with Environment, Social & Governance practices.	<ul style="list-style-type: none"> • Board meetings • Committee Meetings • Annual General Meetings • Sustainable Report 	<ul style="list-style-type: none"> • Company direction & business strategy • Policies • ESG target
Investors and Media	To cultivate investors' and public confidence level.	<ul style="list-style-type: none"> • Reporting • Annual General Meeting • Corporate website • Investor's briefing • Public announcements • Press conference • Interviews and visits • Media interviews • Media release 	<ul style="list-style-type: none"> • Group financial performance • Corporate governance • Regulatory compliance • Business prospects
Customers	<ul style="list-style-type: none"> • To improve customers' satisfaction. • Ensuring right product for customer. • Sustainability efforts 	<ul style="list-style-type: none"> • Customer's Feedback Form • Customer's Audit • Corrective Action Report • On-site factory visit • Regular Business Meetings • Electronic mail • Code of Ethics and Conduct 	<ul style="list-style-type: none"> • Consistent quality product and quality control • Support services • ISO Certificate • Data Privacy & Security
Suppliers	<ul style="list-style-type: none"> • To ensure sustainable supply of quality services and materials. • Development of new product 	<ul style="list-style-type: none"> • Supplier's Evaluation and Appraisal • Site visit • Regular Business Meetings • Corrective Action Report • Electronic mail • Code of Ethics and Conduct 	<ul style="list-style-type: none"> • Competitive Pricing • Packaging material • Sustainable supply chain management • Data Privacy & Security • Incoming quality inspection • New product development
Employees	<ul style="list-style-type: none"> • To develop career progression, talent retention and equitable remuneration and benefits. • Promote conducive working environment through Health and Safety Practices, staff welfare improvement 	<ul style="list-style-type: none"> • Performance appraisal • Internal memorandum • Training Programs • Department Meetings • Management Discussion and Meetings • Employees Training Needs Assessment • Employee engagement activity • Employee Handbook • Job enrichment through rotation 	<ul style="list-style-type: none"> • Training and development • Talent attraction and retention • Occupational Safety and health • Team building activities • Staff performance • Employee welfare • Standard operating procedures ("SOP") • Employee engagement
Government & Regulators	To ensure full compliance with relevant laws and regulations	<ul style="list-style-type: none"> • Active engagement with respective authorities and regulatory agencies • Official correspondence • Timely submission of reports to relevant authority 	<ul style="list-style-type: none"> • Environmental compliance • Waste management • Strict compliance with all laws, regulations and requirements to maintain licenses • Human capital development and labor practices
Local Communities	To create positive image and awareness to the public	<ul style="list-style-type: none"> • Corporate social responsibilities • Sponsorships 	<ul style="list-style-type: none"> • Social responsibilities events such as donations for school • Job creation for local communication • Energy, Pollution control

Our Sustainability Matters

MATERIAL MATTERS	DESCRIPTION
ENVIRONMENT	
Energy Management	Tracking energy consumption and ensuring efficient use of energy across all areas of operations.
Carbon Emission	Tracking the Group's GHG emissions throughout our operations and managing its impact to the surrounding environment.
Water Management	Tracking the Group's water consumption, ensuring water conservation and the optimisation of processes to increase water efficiency.
Waste Management	Ensure waste & effluents discharged meet the standard limit of regulations.
Sustainable Development of Products	Consideration of sustainability factors within our manufacturing processes and the development of our products through ongoing process improvement, research & development and the application of technologies.
Environmental Management	Internal controls and mechanisms to manage environmental impacts, focusing on air emissions, waste management, water management, energy management and climate change.
SOCIAL	
Occupational Safety & Health	Establishment of a safe and healthy working environment by implementing key measures to prevent injuries and eliminate workplace health & safety risks.
Employee Engagement	Attract and retain employees by creating a great workplace by managing employee welfare, inculcating a healthy lifestyle and conducting regular social engagements with employees.
Human Capital Development	Nurturing talent & providing career development opportunities and training programmes that expand their knowledge base.
Diversity & Non-discrimination	Treat all employees fairly & without discrimination.
Supply Chain Management	Consideration of emerging social, environmental and economic factors within our supply chain through risk assessment.
Community Development	Enrich the lives of communities in which the Group operates through corporate social responsibility (CSR) initiatives.
GOVERNANCE	
Regulatory Compliance	Initiatives and processes are established to ensure compliance with relevant regulatory requirements.
Human Rights & Fair Employment Practices	Fostering fair labour practices and ensuring employee welfare by protecting human rights, ensuring no forced labour and promoting an inclusive working environment.
Data Security & Protection	Protection of data/information/intellectual property belonging to the company and stakeholders including customers, suppliers, employees and business partners against cybersecurity breaches.

CONTRIBUTIONS TO THE UNSDGs

SUSTAINABLE DEVELOPMENT GOALS

As part of Techbond's commitment to sustainability, our company supports the UNSDGs. We have stepped up on our corporate endeavour to be part of the global effort towards a greener and more sustainable future as espoused by the UNSDGs.

This included conducting an assessment to better understand the UNSDGs and its targets and prioritising our goals and targets by mapping them to our sustainability initiatives. We have focused on eleven key UNSDGs and the following page presents our progress thus far.



Our Focus

Ensure healthy lives and promote well-being for all.

Targets we are contributing to

Achieve universal health coverage, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Our Progress

- Entire workforce is fully vaccinated.
- Safeguards the health of our employees through strict adherence to relevant pandemic SOPs & guidelines.



Our Focus

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Targets we are contributing to

- **4.4** Skills for employment, decent jobs and entrepreneurship.

Our Progress

- Upskilled our employees through various training programs.



Our Focus

Achieve gender equality & empower women and girls.

Targets we are contributing to

- **5.5** Ensure women's full & effective participation & equal opportunities for leadership at all levels of decision-making in political, economic & public life.

Our Progress

- Board of Directors comprise of 33% women.
- Top Management comprise of 33% women.



Our Focus

Ensure availability and sustainable management of water & sanitation for all.

Targets we are contributing to

- **6.3** Improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater & substantially increasing recycling & safe use globally.

Our Progress

- Developed our own Industrial Effluent Treatment System (IETS) to ensure all our waste water is properly treated through an environment friendly bio-treatment facility.



Our Focus

Ensure access to affordable, reliable & sustainable and modern energy for all.

Targets we are contributing to

- **7.1** Ensure universal access to affordable, reliable and modern energy services.
- **7.a** Promote investment in energy infrastructure & clean energy technology.

Our Progress

- Installation of solar panel on our rooftops to minimise energy consumption and reduce carbon emissions.
- Converting LED lighting in factory & laboratory.



Our Focus

Promote sustained, inclusive & sustainable economic growth, full & productive employment & decent work for all.

Targets we are contributing to

- **8.3** Encourage the growth of micro-, small- and medium sized enterprises.
- **8.5** Achieve full & productive employment & decent work for all women & men & equal pay for work of equal value.
- **8.7** Take immediate & effective measures to eradicate forced labour, end modern slavery & human trafficking.
- **8.8** Protect labour rights & promote safe & secure working environments for all workers.

Our Progress

- 79% local suppliers engaged in FY2023 to support the growth of local enterprises.
- Techbond respects the human rights of all its workers.
- Health & Safety Trainings are implemented & Safety procedures are enforced throughout the Group.



Our Focus

Build resilient infrastructure, promote inclusive & sustainable industrialisation & foster innovation.

Targets we are contributing to

- **9.5** Enhance scientific research & encouraging innovation.

Our Progress

- We have our own R&D Centre equipped with laboratory and various equipment to encourage innovation within the Group.



Our Focus

Reduce inequality within & among countries.

Targets we are contributing to

- **10.2** Empower & promote social, economic & political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Our Progress

- Employment opportunities are offered to a diverse group of people regardless of age, gender and cultural background.



Our Focus

Ensure sustainable consumption & production patterns.

Targets we are contributing to

- **12.2** Achieve the sustainable management & efficient use of natural resources.
- **12.4** Achieve the environmentally sound management of chemicals.

Our Progress

- Improved operational efficiency through the maintenance and refurbishment of our machines and equipment.
- Proper waste management practices are implemented in accordance with applicable environmental regulations.



Our Focus

Take urgent action to combat climate change & its impact.

Targets we are contributing to

- **13.1** Strengthen resilience & adaptive capacity to climate related hazards.
- **13.2** Integrate climate change measures into strategies & planning.
- **13.3** Improve education, awareness-raising on climate change mitigation, adaptation, impact reduction & early warning.

Our Progress

- The Group declared its aspirations to reduce its carbon emission by 45% in 2030 benchmarked against 2020 Carbon Intensity Emission.
- Conducted awareness development & training on Climate Change to the BODs, the Management Team and all employees.



Our Focus

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Targets we are contributing to

- **16.1** Significantly reduce all forms of violence.
- **16.3** Promote the rule of law & ensure equal access to justice for all.
- **16.5** Substantially reduce corruption & bribery in all their forms.
- **16.6** Develop effective, accountable & transparent institutions at all levels.
- **16.b** Promote & enforce non-discriminatory laws and policies for sustainable development.

Our Progress

- The Group has adopted a zero-tolerance approach and takes a strong stance against all forms of corruption and bribery.
- The Group introduced the Anti-Bribery Management System Policy.

ENVIRONMENTAL CONSERVATION

Our commitment to minimise our ecological footprint

As an ethical adhesive manufacturer, we are mindful of the role we play to preserve and conserve the environment. We are committed to minimising the impact we have on the environment by improving our processes & reducing our ecological footprint. Our environmental approach is driven by the understanding that our activities have an impact on the environment and that we have a responsibility to reduce this impact whenever possible.

Techbond actively manages the environmental impacts of its operations, people and products. We aim to optimise our production processes by seeking out ways to increase production output and minimise our environmental impacts. We also consistently engage with our employees to be knowledgeable about and accountable for our sustainability targets. We monitor our environmental footprint and continuously innovate for improved sustainability in our technologies and manufacturing practices.

Climate change will have a material impact on our business. Our investment decisions will have a strong bearing on how climate change and its consequences will ultimately unfold.

It is our responsibility to play an active role in accelerating our efforts towards achieving our goal of reducing our carbon emissions by 45% in 2030 benchmarked against the 2020 Carbon Intensity Emission.



Techbond Aquaponic Farm on the rooftop of our HQ in Shah Alam

ENERGY MANAGEMENT

Energy consumption and the related greenhouse gas ("GHG") emissions are of high relevance for Techbond and care needs to be taken to avoid potential negative environmental impacts. For our operations, this means taking steps to consume energy more efficiently and to promote the usage of renewable energy sources. As part of our Sustainability Target, we have set a goal of both improving energy efficiency and reducing CO2 emissions by 45% in 2030 benchmarked against 2020 Carbon Intensity Emission.

Green Technology

Techbond Group uses energy efficient production system to minimise energy consumption and reduce carbon emissions. We use Liquefied Petroleum Gas ("LPG") which is high grade fuel as a power source. LPG is a clean combustion with high heat factor which is more environmentally friendly.



Solar Energy

Further transition towards renewable energy sources is one of the meaningful ways that we see for our production facilities to decrease our carbon footprint. 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.

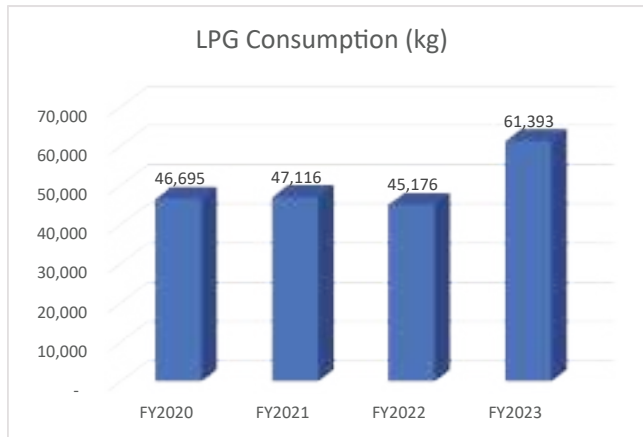
Solar energy has a substantially reduced impact on the environment compared to fossil fuels. Its GHG emissions are inconsequential as the technology does not require any fuel combustion.

As part of our efforts to reduce our carbon emissions intensity, we have invested RM1.1 million in renewable energy sources to produce cleaner, greener energy for the Group. In line with this, we have installed a solar power system at our Shah Alam facility with an installed annual capacity of 637,507 kWh.

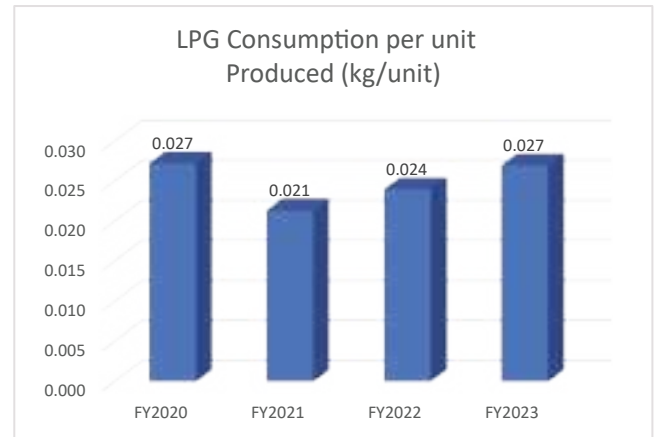
Tracking our Progress

For FY2023, we recorded a total increase of 31.48% in our LPG consumption & intensity remains the same comparing to financial year ended 30th June 2020 ("FY2020"). The increase was due to the test of new hotmelt product and the test of the old machine after repair and maintenance.

LPG Consumption (kg)

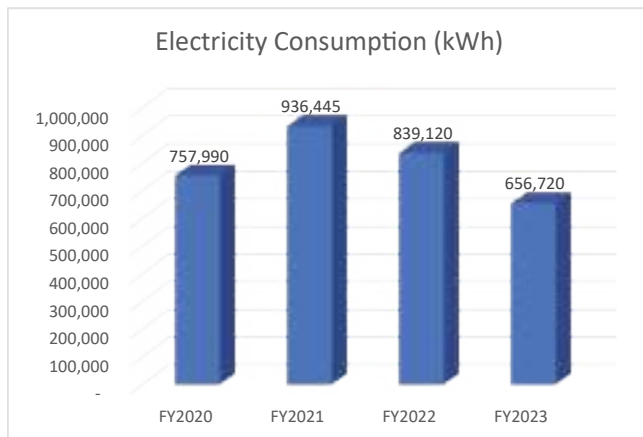


LPG Consumption per unit Produced

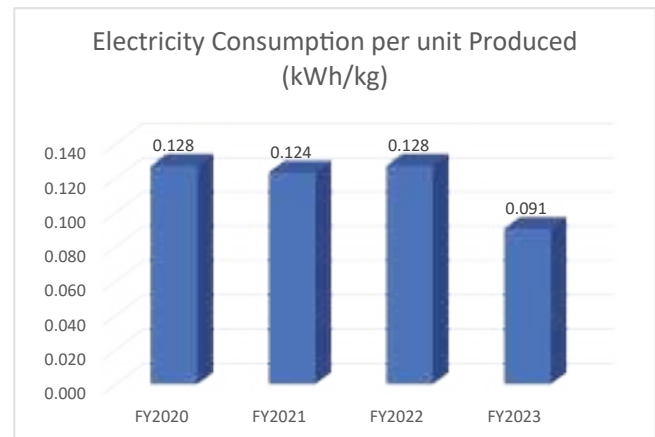


Our LPG consumption intensity stood at 0.027kg per 1 unit (kg) of adhesive produced in FY2023.

Electricity Consumption (kWh)



Electricity Consumption per unit Produced

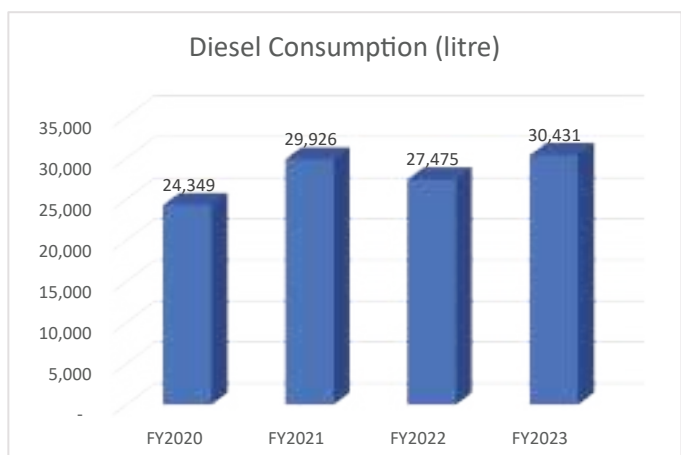


In line with this, our LPG consumption intensity was maintained at 0.027 per unit of adhesive produced in FY2023 and there was a decrease in electricity consumption intensity to 0.091 per unit of adhesive produced. This was mainly attributed to the commissioning of our solar power system.

The reduction in electricity consumption per unit produced shows a saving of 28.91% due to the installation of our solar power systems.

Diesel Consumption (litre)

In FY 2023, a total of increase of 24.98% in our diesel consumption. The increase of diesel consumption was due to the increase in production & sales volume.

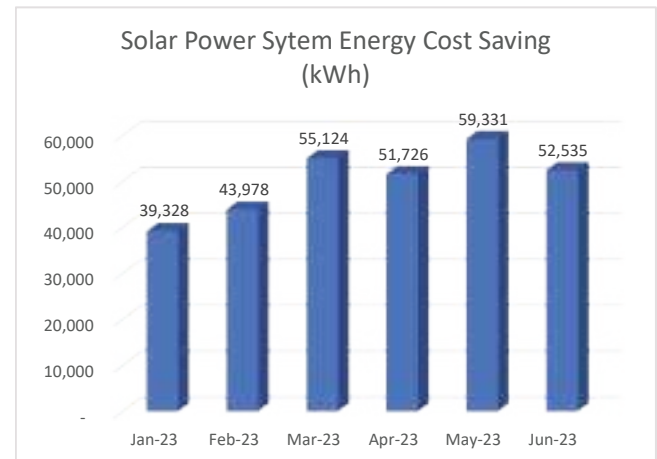


Renewable Energy Usage

Techbond started the construction of its photovoltaic solar panels on June 30, 2022 and started commissioning on January 1, 2023.

Techbond achieved significant reduction in its electricity consumption since the commissioning of its PV systems. The actual energy cost saving from the installation of the solar power system is illustrated in the following graph:

Solar Power System Energy Cost Saving (kWh)



Converting to LED Lighting

In our concerted effort for environmental conservation, we replaced the light bulbs in both our factories and lab to green, energy-efficient LED Lighting. We have replaced 62 light bulbs in our factories to energy-saving LED Lighting and also reduced the quantity of lighting used from 62 units to 39 LED lights with lower voltage. Based on electricity usage of 8 hours per day per month, we have achieved a total electricity reduction of 68% due to this initiative. As for our lab, we have installed 308 LED lights that resulted in a 44% electricity reduction.

Converting to LED lighting will result in a positive impact on to our Group's energy consumption. Converting to green, eco-friendly alternatives such as LED lighting serves as one of our small steps in our commitment to reduce our company's energy consumption and its related carbon emission.

WATER MANAGEMENT

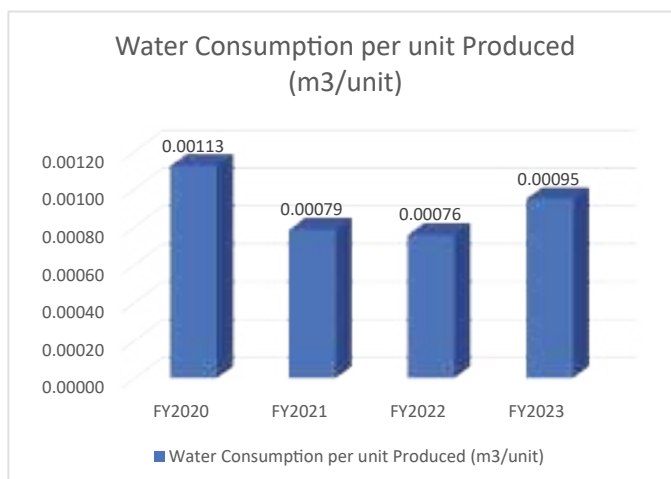


Sustainable Water Consumption

Water is becoming increasingly scarce globally. Since our company also depend on the availability of water, sustainable water management is an important part of our environmental stewardship. Sustainable water management serves to maintain water quality and contributes to increased biological and ecological diversity within our surrounding environmental. Water conservation is a core aspect in our operations, and we are constantly optimising our production processes to increase water efficiency and reduce water consumption. Regular monitoring is carried out to track water consumption intensity.

Our water management efforts focus more heavily on our manufacturing sites than our administrative facilities because production generally poses a higher risk.

In FY2023, the Group (Techbond Manufacturing Sdn Bhd ("TMSB") operation) recorded total water consumption intensity of 0.00095m³ per unit (kg) of adhesive produced. The increase in our water consumption was due to the construction of our aquaponic farm, increase of production activity and leakage in laboratory area in FY2023.

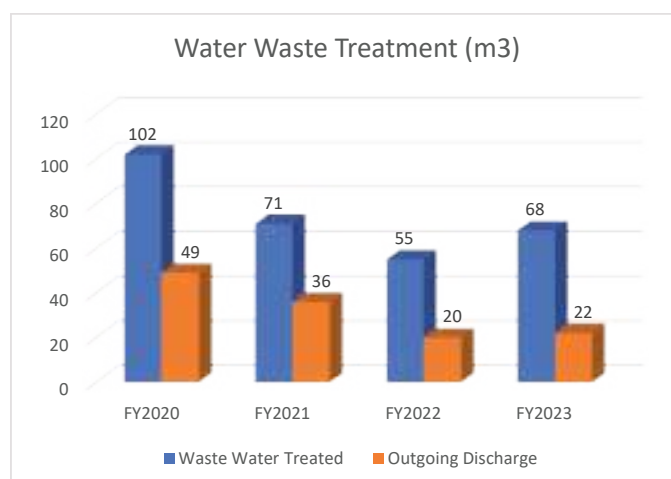


Responsible Wastewater Treatment

The proper treatment of wastewater is important to our environment. We ensure that our water discharge management is in full compliance with ISO 14001:2015 requirements. We assure wastewater is sufficiently treated through our treatment plant before discharge to stormwater drainage.

The total water discharged for FY2023 stood at 22m³ to the stormwater drainage. The water discharge volume saw an increase of approximately 10% compared with the previous fiscal period, mainly due to production lines operating at a higher production volume.

When it comes to discharging wastewater, we strictly adhere to government regulations. We conscientiously observe water protection laws and immediately adapt our practices and processes if these laws are tightened. We recorded zero reported incidents of non-compliance with discharge limits in FY2023 and Surpassing the Standard B Effluent discharge benchmark set by the Department of Environment ("DOE") for water quality related parameters such as biological oxygen demand (BOD), chemical oxygen demand ("COD") and total suspended solids ("TSS").



WASTE MANAGEMENT



Waste Management

The Group has developed its own IETS to ensure all its wastewater is properly treated through an environment friendly bio-treatment facility. The Group regularly conduct tests on the quality of treated water to ensure compliance with the requirements of the 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 fulfill DOE requirements are discharged. The solid scheduled wastes are collected and stored separately for disposal by a licensed company.

Minimising our Waste

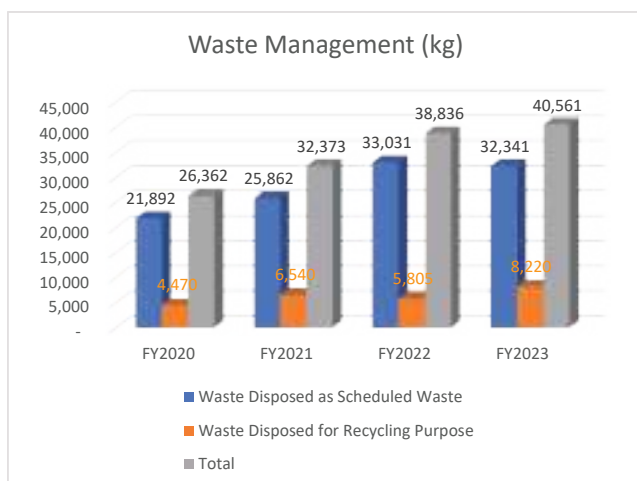
The fundamental goal of Techbond's waste management approach is to ensure effective use of resources throughout our operations in order to reduce the amount of waste generated. We are committed to reducing our overall waste, and continuously improving our waste management strategies to eliminate our environmental impact.

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]).

We have established a thorough waste management program for both scheduled and non-hazardous wastes, in accordance with ISO14001:2015 and environmental regulations. Our scheduled wastes are collected by licensed prescribed premises that we have appointed. These licensed prescribed premises are responsible for conducting waste recovery processes on the scheduled wastes generated by us.

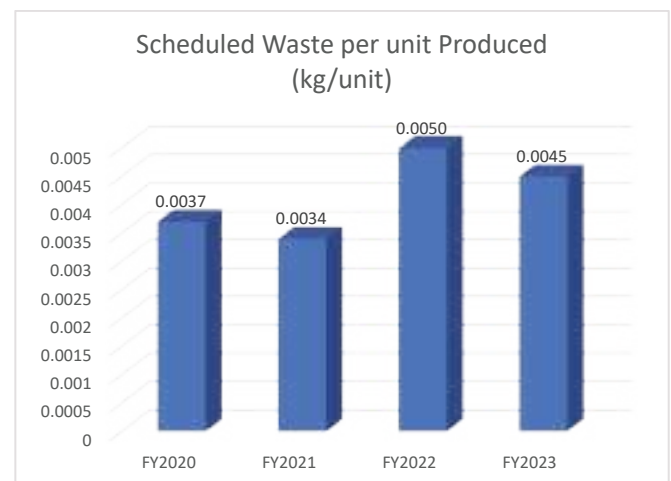
Tracking our Progress

Waste Management (kg)



Our total waste is the sum of our scheduled waste and waste disposed for recycling purpose.

Scheduled Waste per Unit Produced (kg/unit)



During the year, there were no recorded incidents of noncompliance in relation to waste management.

Total scheduled waste generated intensity for FY2023 stood at 0.0045 per unit of adhesive produced. Our effective practices saw overall waste generated reduced by 10% in FY2023 compared to the previous year.

IETS Process Flow

1. Waste Water Equalization

Waste water generated from production cleaning or tote tank washing will go into collection tank (equalisation tank).

2. Chemical Precipitation Process

Chemical precipitation process, whereby suspended solid is separated and pass through a filter press to harness maximum water recovery.

3. Sludge Disposal

The sludge is disposed as scheduled waste and collected by licensed waste collector.

4. Biological Process

Wastewater will continue further treatment through a biological process. In this treatment, microorganism such as bacteria are used to remove pollutant in waste water.

5. Final Discharge

Activated Carbon charge to fish pond.



Monitoring Process

- A competent person who is 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 be reported to the Management during periodic meetings and monthly online submissions to DOE.



Our filter press process to remove excessive water from solid waste



EMISSIONS MANAGEMENT

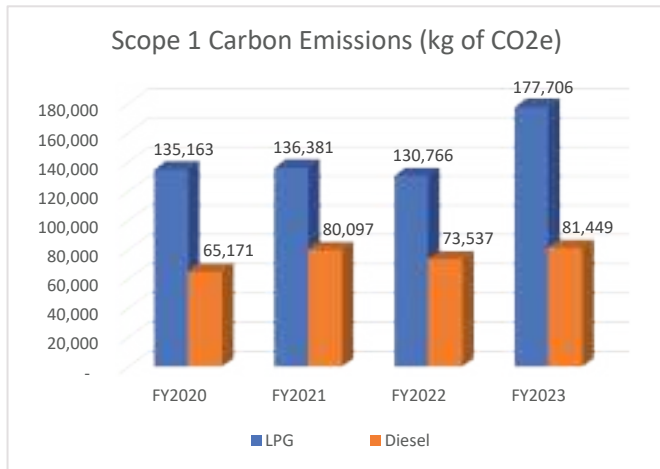
Techbond is cognisant that GHG emissions are crucial drivers of climate change and is committed in taking steps to further improve our reporting and performance in this regard. The boundary of our GHG reporting covers Scope 1 & Scope 2 under our operational control. Our GHG emissions include carbon dioxide which are reported in the units of carbon dioxide equivalent (CO₂e).

The Group is continuously seeking to enhance the quality of our GHG emissions reporting. We strive to continuously improve our efforts to reduce GHG emissions.

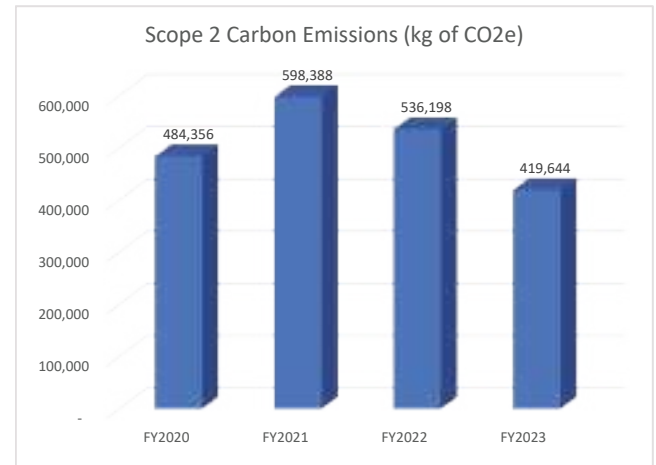
On a consolidated basis, the Group's companywide GHG emissions are set out below:

Tracking our Carbon Footprint

Scope 1 Carbon Emissions (kg of CO₂e)

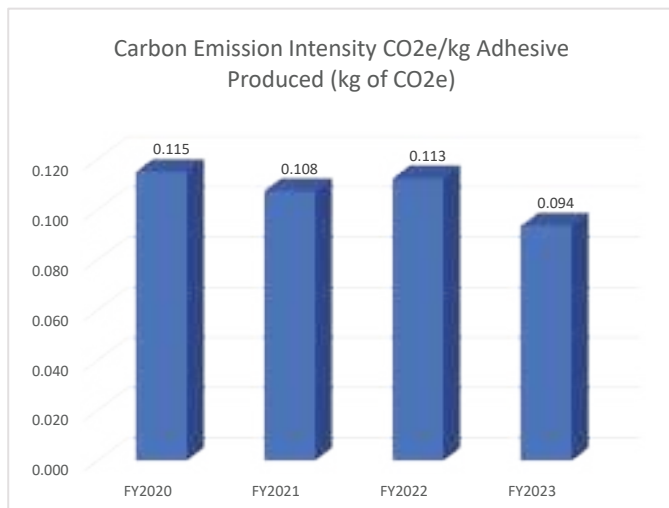


Scope 2 Carbon Emissions (kg of CO₂e)



For the financial year under review, carbon emission intensity stood at 0.094 which is lower than last year. We continue to work towards improving efficiencies and lowering our carbon emissions. The scope 1 carbon emission was calculated based on the conversion factor of 1.6117002 kg/litre and 2.676492 kg/litre respectively. The scope 2 carbon emission have been measured following the Peninsular Malaysia's standard of 0.639 tCO₂/MWh.

Carbon Emission Intensity CO₂e/kg Adhesive Produced (kg of CO₂e)



Notes:

- Scope 1 emissions cover the emissions from LPG consumption from our production facilities includes burner for supply heat to our heating system, forklift and company-owned vehicles on petrol and diesel.
- Scope 2 emissions cover purchased electricity from our production facilities includes mixer, tank, pump, cooling system, research development center and other electrical appliances in corporate office.

In FY2023, our Scope 1 and Scope 2 emissions saw a 18.26% drop in total carbon emissions intensity due to lower purchased electricity consumption. Looking ahead, Techbond continues to work towards achieving our sustainability target, to reduce our carbon emissions by 45% by 2030 benchmarked against 2020 Carbon Intensity Emission.

CLIMATE CHANGE



The environment is currently facing the biggest challenge it has ever seen. Climate change has become a global environmental issue and is one of the most challenging issues for mankind. Techbond has long recognised that greenhouse gas emissions are contributing to climate change. We support the Paris Agreement's goal to keep the rise in global average temperature this century to below two degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.

The pandemic, the devastating floods and the heatwave that affected the nation were clear indicators that we need to expedite responsive solutions towards mitigating and managing climate change.

For this reason, we are committed in our goal to reduce our company-wide carbon emissions by 45% by 2030 benchmarked against 2020 Carbon Intensity Emission.

Climate Change Awareness Training Programme

Techbond recognises the importance of creating awareness among our employees regarding climate change. We believe that everyone has the power to make a difference in creating a more sustainable future. Implementing sustainable approaches within the Group will only be effective when employees believe in the overall goals of the Group. One of the ways to promote sustainability and reduce our environmental impact is through workplace education.

In order to create a knowledgeable workforce, we have conducted a series of Climate Change Awareness Training Programmes with our employees across all levels and functions from our foreign workers up to our Board of Directors. This is one of our initiatives to help our employees understand the impacts of climate change and to empower them with the right knowledge, skills, values and attitudes needed to be drivers of positive change within the workplace.



AQUAPONIC FARM

Techbond is constantly looking for ways to boost its sustainability practices. With this in mind, Techbond has built an Aquaponic Farm that was completed in December 2022. Nestled on the rooftop of our headquarters in Shah Alam, the 1,500 square foot of greenhouse accommodates a total of 4,300 pots of leafy vegetables that grow on rows and rows of densely packed cylinders. Our fish tank which contains approximately 250 red tilapia fishes complete this aquaponic system.

The Aquaponic system is a sustainable method of farming that combines two productive systems; a recirculating aquaculture system consisting of fish farmed in a tank and a hydroponic cultivation system which consists of vegetables cultured in a medium other than soil.

In this closed-loop circulating system, fish waste acts as a natural fertilizer for the plants. The plants take up those nutrients and clean water is re-circulated back into the aquaculture system. This symbiotic relationship allows for the efficient use of resources. Aquaponics uses 90% less water than traditional farming methods and does not require the use of fertilisers or pesticides.

Aquaponics can also be tailored to specific environmental conditions, such as temperature, lighting and humidity making it possible to grow crops in areas that are traditionally not suited for farming.



Techbond has ample vacant space particularly on our rooftops. We view these empty spaces as reservoirs of under-exploited productive capacity. Integrated into our building, our greenhouse made it possible for us to produce food within the city while upgrading the urban environment, boosting biodiversity and contribute towards carbon reduction by capturing carbon dioxide.

Techbond Aquaponic Farm Contributes to Environmental Sustainability because:

- It uses less land.
- It reduces the need for pesticides and fertilizers.
- It requires less water.
- It is more efficient than traditional farming.
- It can produce 10 times more food than traditional farming.
- The symbiotic relationship between the aquatic animals and the plants increases biodiversity.
- It captures carbon dioxide from the environment.

INNOVATION FOR SUSTAINABILITY

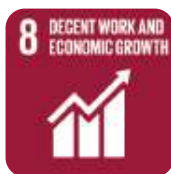
The world has undergone deep changes that are expected to intensify in the coming years. In the contexts of a global pandemic, decarbonizing the economy, and acceleration of the digital paradigm, creating long-term value requires collaborative innovative solutions developed together with our customers, partners, and other scientific and technological players.

What we do matters, as adhesives can be found in nearly every finished good that you encounter in your daily life. While adhesives typically make up a very small percentage of most products, we strive to make the biggest impact downstream in supporting our customers' sustainability goals.



Our R&D team is proactive in ensuring that we develop bonding solutions that would support our customers' responses to changing consumer demand, new product designs, and upcoming regulatory and sustainability efforts.

We invested significantly in innovation, research, and expertise, which are crucial for the continuous extraction of value from our business strategy. This also facilitated the creation of new high-performance solutions that enabled customers to improve their products and processes to better achieve their sustainability programs and help transition from a linear to a circular economy.



INNOMELT SERIES HOTMELT ADHESIVE

Our INNOMELT combine performance with customer-demonstrated cost savings. INNOMELT offers process ability, performance, cosmetic appearance, and, most importantly, they help save money for end users.

INNOMELT offer high mileage due to aggressive bonding, as well as lower density. They run clean and char-free, resulting in savings in maintenance expenses such as filters and nozzles. As a result, end users experience lower rates of line shut down and thus increased production utilization.

Additionally, the ease of cleaning spilled or misfired beads from the machinery and the lack of angel hair or spider webs result in more savings in terms of reduced labour costs. Reduced wear and tear on the equipment, primarily due to the low acid content of the base polymer used, has been documented.

INNOMELT offers a wider service temperature than those of traditional EVA-based hot melt adhesives. Finally, the lack of odour and smoke from the product improves workplace conditions.



SONICBOND SERIES BOTTLE LABELING ADHESIVE

SONICBOND is an advanced bonding solution that offers to the glass and PET bottle labelling application in food & beverage industries.

Unlike their conventional counterparts (casein-based adhesive), SONICBOND is produced through cold manufacturing process that enable energy saving in daily production

In addition to adhesives excellent wet tack, SONICBOND exhibit good adhesion even to wet and chilled glass surfaces. The food and beverage industry can therefore turn to a powerful and efficient range of products that cover the entire spectrum of bottle labelling needs, including sophisticated adhesive solutions with high ice-water and condensation-water resistance.

Unlike their conventional counterparts (casein-based adhesive), SONICBOND are based on synthetic polymers and are hence independent of the dairy industry. The raw materials employed are thus subject to lower price volatility than casein. For bottling plants, greater price stability means improved cost estimation accuracy in their budgeting. The elimination of casein also yields further benefits, as this resource then becomes available for food production instead of being used for technical purposes.

In addition, SONICBOND give no cause for concern during wastewater treatment. The products contain no alkylphenol ethoxylates, zinc or borax.



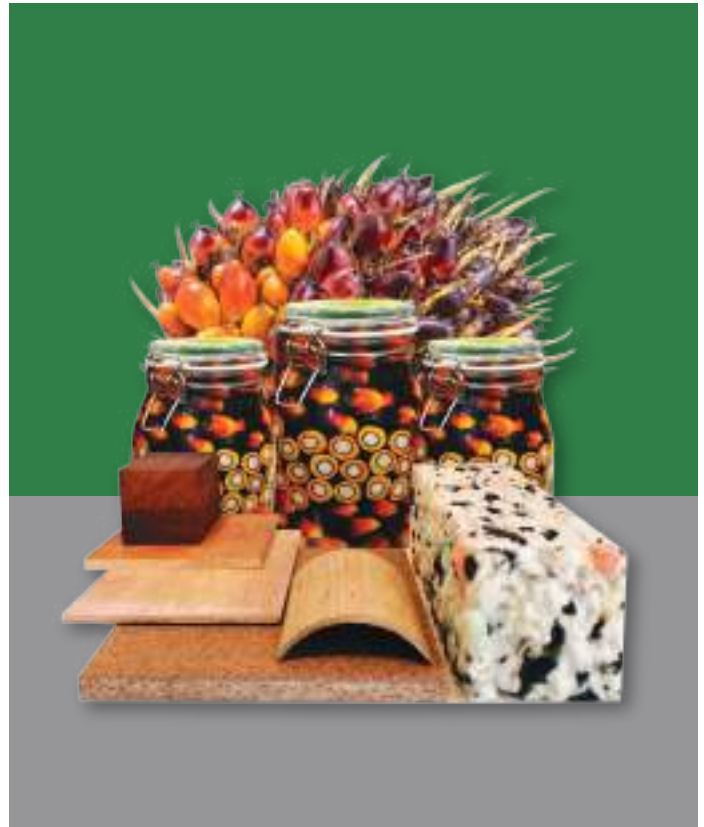
PALM OIL BASED POLYURETHANE ADHESIVE

TECHBONDGREENTECH series is an advanced bonding solution that utilises polymer made from sustainable feedstock (palm oil). It makes the polyurethane adhesive versatile and robust enough to adapt to all possible conditions and materials.

In chipboard, plywood and bentwood making industries, it is able to meet upcoming strict regulations and fulfil market demand for low VOC emission. It contains no intentionally added formaldehyde, contributing to lower hazardous emissions and enabling environmental benefits in the workplace and for the user.

Techbond received the Certificate of Merit from ITEX 2021 at the International Invention, Innovation & Technology Exhibition Malaysia & the ITEX 2021 Gold Medal Award for the invention of our Palm-Based Woodworking Polyurethane Adhesives.

These awards are a strong testament to Techbond's continuous pursuit towards environmental, social & governance (ESG) compliance through the production of green and environmentally sustainable adhesive solutions.



Certificate of Merit
from ITEX 2021



ITEX 2021
Gold Medal Award



GLUING SYSTEM SOLUTION

As a technical bonding partner to our customer, we offer a complete gluing machine, comprehensive testing and technical support to assist with consultation, repairs, joint product development, custom designs and more to fit our customers' needs

We supply glue mixing and applicator in the woodworking industries to improve customer's productivity. The machine is own fabricated to suit the application, to enable on site optimization for the output by improving the glue mileage, reduce waste and reducing human error in the mixing process and glue spread variant in the day-to-day manufacturing process.

EMPOWERING OUR WORKFORCE



The driving force of our success

At Techbond, our people are our biggest assets. The driving force behind our success is the growth of each and every one of our employees. For that reason, we are committed in empowering our people to thrive at work and unlock their full potential.

Techbond is committed to play an active role in inspiring our employees to develop their skills, abilities and confidence through their careers. We believe that the culture of curiosity is the cornerstone of all great things. We therefore aim to provide an environment that gives our employees plenty of scope for creativity that sparks the desire for innovation. This not only empower our employees, but increases our employees' productivity and creates a competitive advantage to attract potential candidates to join our company while retaining our existing talent.

Workforce Diversity

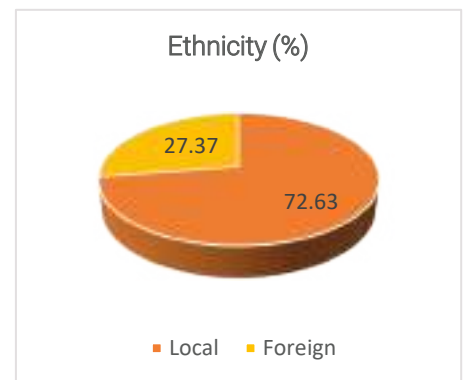
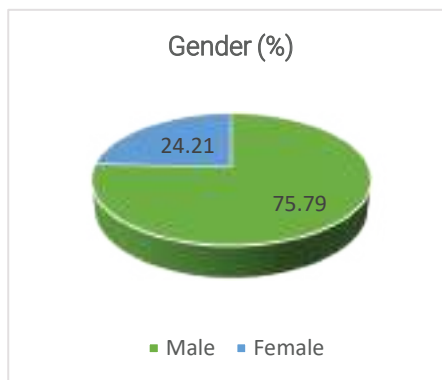
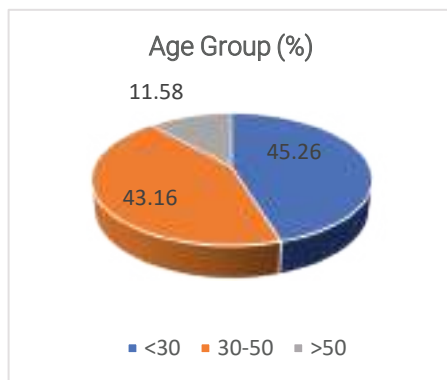
Techbond believes that diversity drives progress and is a critical enabler for the success of the Group. It strengthens our ability to innovate and encourages our employees to be their individual, curious and unique selves.

The Group strives to treat all our employees respectfully and equally irrespective of age, gender, ethnicity, nationality, disability, sexual orientation, cultural background and religious beliefs. Enforcing diversity will reduce our reliance on particular groups and foster an environment that promotes equity and inclusion. We uphold zero tolerance for any form of discrimination and inculcate the value of diversity by hiring based on credibility and merit.

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 have about 95 staff members for FY 2023, 30 of whom are new hires. Each employee works on a full-time basis.

All employees are treated equally and fairly where everyone receives equal opportunity for career progression as well as benefits without discrimination.

Employee Demographics



Percentage of employees by gender for each employee category is tabulated below:

Employee Category	Gender	No. of Employees	%
Senior Management	Male	3	75
	Female	1	25
Middle Management	Male	6	67
	Female	3	33
Executive	Male	23	56
	Female	18	44
Non-Executive	Male	40	98
	Female	1	2



Percentage of employees by age group for each employee category is tabulated below:

Employee Category	Age Group	No. of Employees	%
Senior Management	< 30	0	0
	30-50	2	50
	> 50	2	50
Middle Management	< 30	1	11
	30-50	7	78
	> 50	1	11
Executive	< 30	18	44
	30-50	17	41
	> 50	6	15
Non-Executive	< 30	24	59
	30-50	15	37
	> 50	2	4

Percentage of Directors by gender & age group:

Board Diversity	Category	%
Gender	Male	67
	Female	33
Age	< 30	0
	30-50	33
	> 50	67

The Group does not employ any contractors or temporary employees. All employees are employed under the Group.

Empowering Women in the Workplace

Techbond supports the professional development of women across the Group. We believe in encouraging and empowering woman leaders and their recruitment, retention, full participation and advancement. We support women in leadership and have fulfilled the requirement of 30% female Directors on our Board, as required by the Malaysian Code on Corporate Governance. The Group has two (2) female Directors representing 33% of females on the Board.



The representation of women employed in different Group levels is tabulated below:

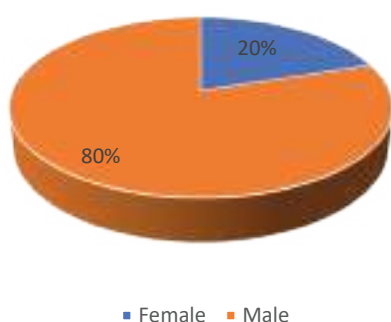
Women Representation	Board Level		Manager & Above		Overall Organisation	
	Pax	%	Pax	%	Pax	%
	2	33.0	3	33.3	21	26.3

Talent Acquisition

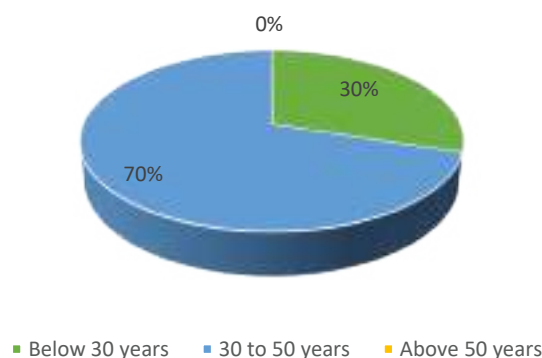
Talent acquisition goes beyond recruiting. It is about having a long-term employee retention strategy in place. As such, the Group is committed to constantly evaluate and revamp our talent attraction strategies to includes innovative methods which include online job portal, internship, career expo and employee referral programs in which the employee can introduce their potential talent candidate to join the Company.

TMSB has recorded a total of 30 new hires, achieving a new hire rate of 31.5%, which comprises 70% or 14 males and 30% or 6 females. 70% of new hires are aged below 30, followed by 30% aged between 30 to 50 years and 0% aged above 50 years.

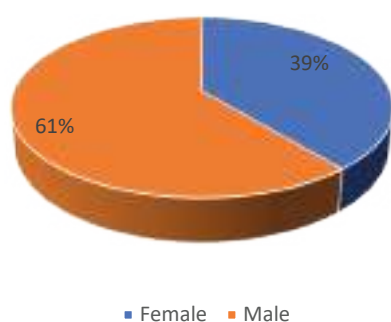
New hire by gender (%)



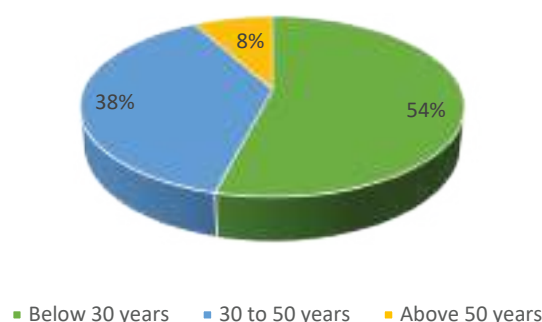
New hire by age group (%)



Turn over by gender (%)



Turnover by age group (%)



Total number of employee turnover by employee category

Senior Management

0

Middle Management

1

Executive

8

Non-Executive

6

Human Capital Development

Malaysia has shifted from a labour-intensive, agriculture-based economy since its independence in 1957 to a knowledge and innovation-based economy. For our long-term survival and to increase our competitive advantage, the Group has made numerous efforts in continuing to attract talents through its recruitment initiatives. We firmly believe that offering technical training to our staff would help them develop their talents and lower the local unemployment rate.

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

Techbond values continuous learning and growth and employees are encouraged to develop themselves through upgrading their skill sets, taking on stretch assignments as well as expanded responsibilities that are essential for them to remain effective and relevant. Maintaining employees' long-term employability is a crucial factor that contributes to our success. Techbond firmly believes that, despite a difficult year, investing in employee development through personal development training has enabled our employees to reach their full potential.

In Techbond, these are the learning styles that we adopt.

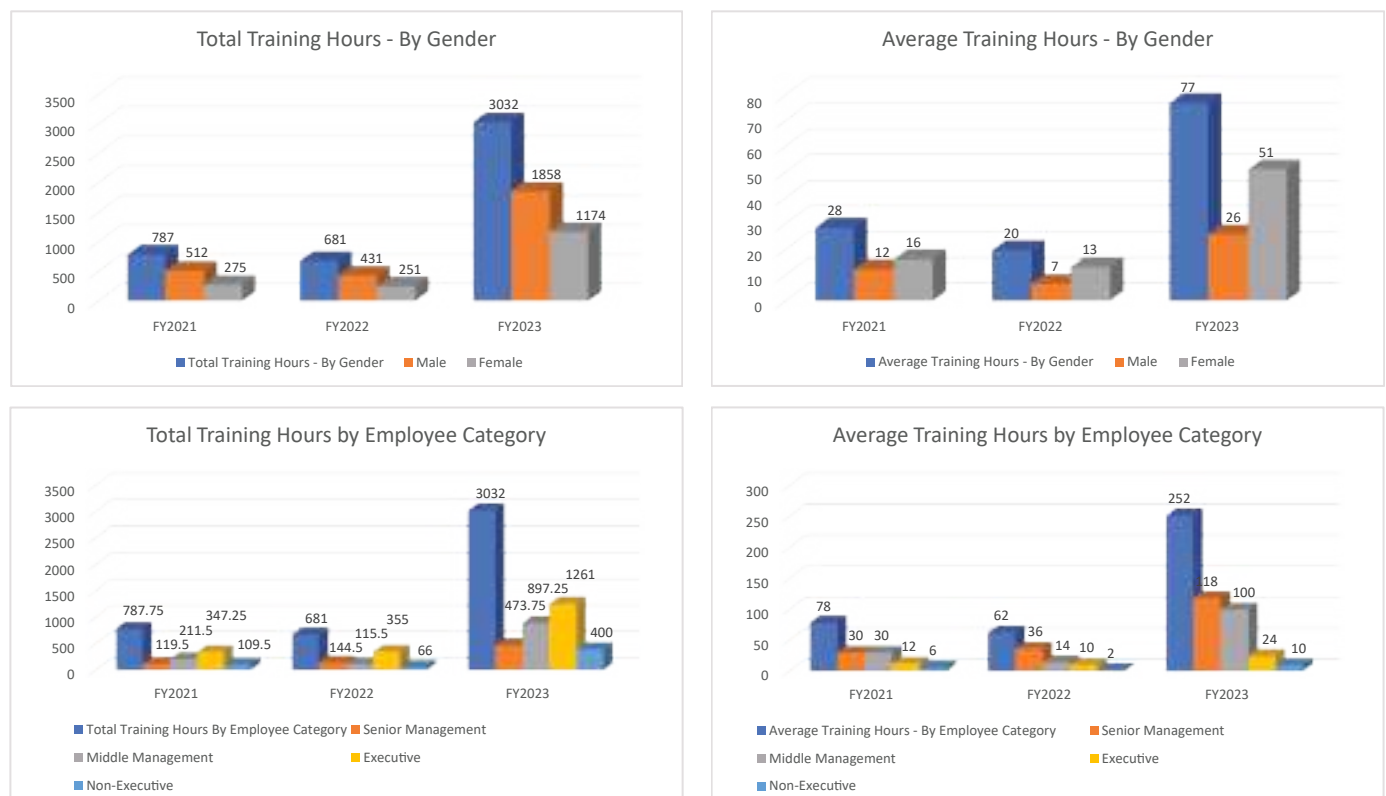
- On-the-job training and learning. For example, taking a new challenge or stretched assignments.
- Growth through others. For example, social and collaborative interactions and constructive feedback in networks, peers, coaching and mentoring programs.
- Formal Learning through structured programs, courses, training, online classes and reading.

The type of Training Programs conducted for Safety & Health are as follows:



We continue to always empower our employees in ways that will help to enrich them while contributing towards our overall success.

Learning & Development



Human Rights

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



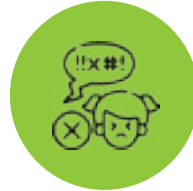
1. Hiring & Employment

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



2. Safe Working Environment

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



3. No Abuse & Harassment

Prohibits physical abuse, harassment of associates and threats of either.



4. No Forced, Child Labour

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



5. Foreign Worker Treatment

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

Employment Salary & Benefits

Techbond employees are eligible to a host of benefits packages in accordance with local laws. The benefits offered are both competitive and equitable to promote a healthy work-life balance. We adhere to statutory mandated benefits which include:

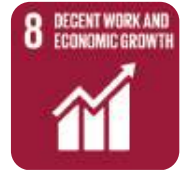


The Management also implemented the following initiatives to remediate the burden on employees' finances during the MCO period.

- Employees continue to 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 expense 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 Standard Operating Procedures (SOPs).

Covid-19 Management

Techbond Group has been consistently applying its own set of SOPs to address the transition of Covid-19 from a pandemic to an endemic phase. Here are the measures that have been undertaken during this transition period:



Sanitation

Hand sanitizers are available at various locations of our premises. Employees 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

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 business continued as usual.



Disinfection

Disinfection and cleaning of 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 take proactive measures by placing employees who are regarded as close contact under quarantine and isolation and also undergo subsequent screenings. We also carry out deep cleaning and disinfecting exercise at the premises and dormitories in Shah Alam.

The Company is committed and strictly adheres to the SOP issued by the authorities and continues to undertake precautionary and preventive measures for Covid-19 as part of its sustainability and business continuity management.

Employee Engagement

Highly engaged employees are essential for business success. We implement an open-door policy that encourages our employees to discuss any job-related issues with their supervisors. 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 higher management for appropriate actions to be taken.

Departmental Meetings are held by each respective department to discuss relevant matters and to provide solutions and guidance. Our Monthly 5 Pillars Meeting is held to update and conclude each department's KPI performance. Performance Review is also 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. Techbond Employee Handbook including updates on Employee Policy is 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 compromises 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 the Managing Director. All reports are treated with high confidentiality and whistle-blowers making the allegation remain anonymous. In FY2023, no whistleblowing cases were reported.



Employee Welfare

Apart from employee engagements, trainings and benefits to staffs, Techbond Sport Club Committee is responsible in creating a fun working environment. These programs seek to boost employee morale and promote better interactions among employees. Company-wide entertainment and social events such as annual dinner, festive celebrations, sports day and family day were organized, to breakdown 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 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 80% of employees participated in all of the company's 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 resulting in death, permanent disablement, temporary total disablement, temporary partial disablement, medical and surgical treatment as well as funeral. Whilst, GHS is provided for the cost of medical treatment and hospitalization, due to accidents and illnesses.

Occupational Safety & Health (OSH)

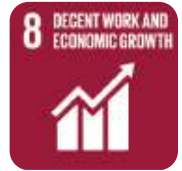
Techbond regards workplace safety as one of the Group's fundamental concern. We collectively uphold safety by adhering to strict health and safety standards and strive to meet our obligation to ensure that all our employees and contractors are not placed in an environment that is inherently hazardous.

We aim to foster a risk-averse working environment, eliminate safety hazards and target zero fatalities and accidents across the Group. Techbond champions a safe and healthy working environment in all aspects of its operations by taking HSE considerations as an utmost priority.

Every employee is provided with training to ensure that they are aware and fully equipped with the knowledge on all ISO safety procedures and actively contribute to the overall reduction of industrial accidents.

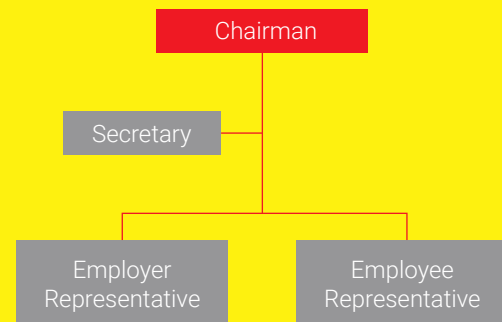
Techbond implements and strictly practices our Occupational Health and Safety management system as a guide that fortifies the Group's compliance to employee's safety and health and outlines the Group's response and stance in the following area:

- *Accident and Incident Reporting and Investigation*
- *Safety & Work*
- *Security Practices*
- *Safe Practices – Laboratory, Laboratory Waste, Production, Engineering*
- *PPE Policy*
- *HiRARC*
- *Forklift Safety Operation*
- *Emergency Response Procedure*
- *Safety Handbook*
- *Safety Audit*



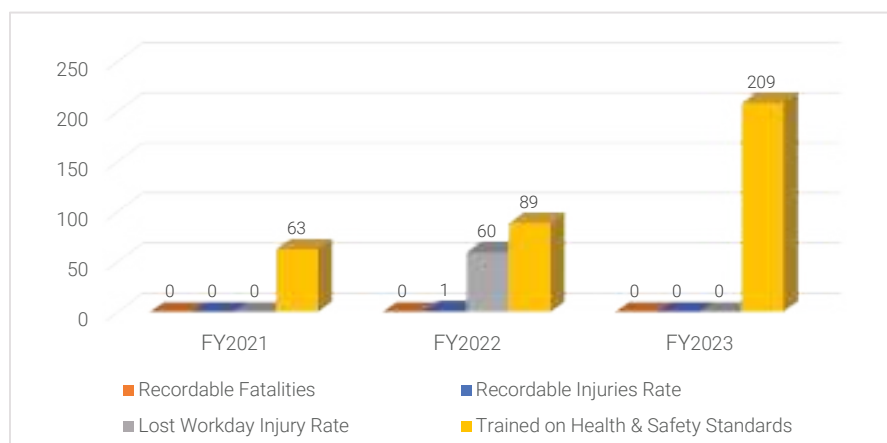
The role of OSH committee involves, but not limited to:

- 1 Review safety and health procedures at the workplace
- 2 Inspect workplace
- 3 Investigate any accidents or other related matters that are raised
- 4 Investigate safety and health related complaints



We also seek to enforce the role of each employee at all levels and enforce personal accountability to sustain a culture of zero harm at all times. The Health and Safety Committee oversees the governance and performance of the Group's Occupational Safety & Health. The OSH Committee convenes regularly during its quarterly meeting to discuss, assess and identify possible health and safety risk. The OSH Committee also continuously monitor these incidents and offer recommendation for improvement actions. Employees are also continuously reminded of the mission, vision and policies of the company and are briefed on relevant information regarding health and safety.

Our key performance indicators on Occupational Safety & Health are set out below:



Safety Precaution – Locked-Out System for Ribbon Mixer

In FY2022, we recorded 1 injury which is a knife cut involving our factory supervisor whose duties include administering our Ribbon Mixer machine. The employee stated that he had administered the Ribbon Mixer many times during his employment, however, during the incident, the employee intended to remove hardened hotmelt on the valve of the machine while it was running. He thought that he had already turned off the machine. This resulted in a minor knife cut on the employee's finger. The employee's actions are deemed negligent, as they were provided with the necessary personal protective equipment ("PPE"), including safety shoes, safety goggles, cut-resistant gloves, heat-resistant gloves, a respirator, earplugs, and a safety vest, and the SOP for managing this machine were in place.



Our Health and Safety Committee has reported the incident to Department of Occupational Safety and Health (DOSH).

Corrective and preventive action was taken and in response to this accident, we have implemented the Locked-Out System for Ribbon Mixer.



Ribbon Mixer Machine

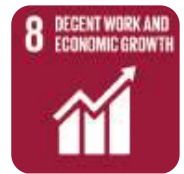
Due to the accident that occurred in FY2022, we have enhanced our Ribbon Mixer machine valve to include an additional padlocked cover to prevent employees from placing their hands on the machine valve while the machine is running. The key for the padlock can only be released when the machine is turned off. This will completely eliminate any potential occurrence of accidents involving the valve of the Ribbon Mixer machine. Our Ribbon Mixer machine is also supplemented with a clear signage on the safety precautions involved in handling the machine translated in both Malay and Nepali language to prevent future accidents.

We continuously aim to do better by learning from past incidents. The root cause of all accidents is investigated thoroughly with lessons learnt being shared and corrective actions being implemented across the Group. To reduce number of incidents in the workplace, the Group has also 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.

We also conduct safety awareness and PPE briefing to all related departments. We remain steadfast in our endeavour to uphold at highest priority the safety, health and well-being of our people and continue to aim for zero accident for next year.

Safety & Health Initiatives

The Group has developed the following safety and health initiatives:



1

Chemical Spillage Control Procedure

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. Our employees are well trained in the event of a chemical spillage through our chemical spillage trainings.



2

Installation of Drain Spill Stopper

When a chemical spill occurs, it is necessary to take prompt and appropriate action. To ensure proper management of hazardous chemical spills, we have installed a drain spill stopper at our main drainage systems. This drain stopper is one of our precautionary measures to stop chemical spills from leaking into the environment in the event of a leakage.



3

ISO Safety Awareness

The ISO Safety Awareness is conducted once a year to inform and educate our employees on procedures in handling accidents, illnesses and hazards in the workplace. Safety assembly and fire drills are conducted on planned and unplanned intervals to ensure awareness and personal safety.



4

Emergency Response Team (ERT)

The 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.

Emergency Preparedness & Response

We strive to ensure the safety of our workforce and communities by keeping our infrastructure healthy and fit and by maintaining a high level of emergency preparedness and response. Hence, Techbond has in place its Emergency Preparedness & Response Procedure ISO 14001:2015 Environmental Management System under the supervision of our Safety Team that is responsible for the overall management of critical events which require support.

The Safety Team shall be responsible to handle actual emergency situations and to prevent and mitigate any associated adverse environmental impact. The Safety Team ensures periodical maintenance and test on all firefighting and preventive system such as the following is carried out to ensure their functionality is maintained:

- Fire Alarm System
- Fire Extinguisher
- Emergency / Exit light
- Hydrant System
- Hose Reel

Our Emergency Preparedness & Response also outlines the procedures for the following incidents:

• Chemical Emergency Response

- (a) Liquid Release
- (b) Gaseous Release

• Accident Treatment

- (a) Chemical Control / Cleaning up of Chemical Spillage
- (b) Liquid Release (spillage of hazardous chemicals and flammable chemicals)
- (c) Gaseous Release (vaporisation / emission of harmful fumes)
- (d) Flooding



Emergency Response Plan

Techbond believes that ensuring the health and safety of its workforce is essential to provide a safe and healthy working environment for all. We also have in place our Emergency Response Plan in the event of **Fire, Electric Shock and Accident** under the ISO 14001:2015 Environmental Management System to facilitate the containment and management of these incidents.



Mock Fire Drill

BUSINESS WITH INTEGRITY



Upholding key business ethics and principles

Techbond is committed to being a responsible corporate citizen and attempt to uphold ourselves to the highest standard of ethical conduct and integrity. We play a pivotal role in incorporating ethical behaviours throughout the Group & is cognisant that integrity in business is an essential ingredient for the Group's sustainable, long-term business success.

We are a strong advocate of compliance and integrity that has become the cornerstone to our ethical business practices and overall company policy. We pursue a zero-tolerance approach towards corruption and other breaches of the law and is committed to complying with all legal and regulatory requirements. We have policies, procedures and platforms in place to ensure that accountability and responsibilities are upheld throughout the Company and across all stakeholder relations.

Our zero-tolerance approach requires a holistic compliance system of measures to ensure that business is always carried out in full accordance with the law. The entire management team is required to commit to compliance to ensure that all business decisions and activities conform to the relevant legal requirements and follow our own values and company policies.

We are focused on our responsibilities to all our stakeholders and strive to ensure the integrity of our operations while creating long-term value. We respect social norms and international guidelines and act with high ethical standards, transparency and accountability that is deeply rooted in the company culture.

Corporate Governance

We have established best practice internal mechanisms and procedures to promote transparency and accountability throughout the value chain. The Board is guided by the Board Charter ("the Charter") based on elements of the Malaysian Code of Corporate Governance ("MCCG"). The Charter acts as a guide for the Directors regarding their roles and responsibilities as Board members and the various legislations and regulations enforced on the Board. The Charter also states the Group's support of gender diversity in the Boardroom. The Charter is reviewed periodically to ensure the practices and processes are consistent and relevant to prevailing codes, laws and corporate governance regulations.

Similarly, members of the three (3) Board Committees: Audit Committee, Nomination Committee and Remuneration Committee, are directed by the corresponding Terms of Reference ("ToR") for each of Committees that outlines the objective and responsibilities in assisting the Board.

Other policies and procedures adopted by Techbond include:

- a) Directors' Fit & Proper Policy
- b) Anti-Bribery Management System Policy
- c) Dividend Policy
- d) Remuneration Policy
- e) Corporate Code of Business Conduct & Work Ethics Policy
- f) Board Diversity Policy
- g) Fraud & Whistleblowing Policy
- h) Corporate Governance Report
- i) Terms of Reference of Remuneration Committee
- j) Terms of Reference of Nomination Committee
- k) Terms of Reference of Audit & Risk Management Committee
- l) Board Charter

Techbond places heavy emphasis on upholding high ethical standards in our business conduct and dealings to safeguard the Group's reputation. Numerous Group-wide policies and procedures govern all Directors and employees at all times. All codes and policies are reviewed from time to time where deemed necessary to ensure they remain relevant to current laws and regulations.

All policies are relevant and reviewed from time to time	Updated on	Target
Corporate Government Report	31.10.22	Achieved
Terms of Reference of Remuneration Committee	11.10.22	Achieved
Terms of Reference of Nomination Committee	11.10.22	Achieved
Terms of Reference of ARMC	11.10.22	Achieved
Board Charter	11.10.22	Achieved

Building a Responsible Supply Chain

The Group is committed in conducting all its business operations sustainably by applying the highest ethical standards. Supply chain management is an enabler of our sustainable growth and overall success. The Group's 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, labour practices and overall sustainable practices are considered along with formal certification including:

ISO 9001: 2015 Quality Management System; and
ISO 14001:2015 Environmental Management System

Our primary engagement objective revolves around ensuring the sustainable supply of high-quality services and materials, a commitment that underscores our dedication to excellence. To achieve this objective, we employ a diverse range of engagement channels. Supplier evaluation and appraisal are key components of our approach, allowing us to maintain a rigorous standard for our partners. Site visits provide firsthand insights into our suppliers' operations, fostering transparency and accountability. Regular business meetings facilitate open communication, ensuring our objectives align with those of our partners. The corrective action report process allows us to address issues promptly, fostering continuous improvement. Electronic mail keeps our channels of communication efficient, while our Code of Ethics and Conduct serves as a foundational guideline for all our engagements.

Within the realm of sustainability, several critical matters take center stage in our discussions. Competitive pricing ensures our services and materials remain accessible without compromising quality. We prioritize sustainable packaging materials to reduce environmental impact. Sustainable supply chain management is integral to our long-term environmental responsibility and resilience. Data privacy and security are paramount in today's digital age, and we uphold the highest standards in this regard. Incoming quality inspection ensures that materials meet our stringent quality criteria before they become part of our supply chain. These sustainability matters underscore our commitment to responsible business practices and the continuous enhancement of our services and materials.

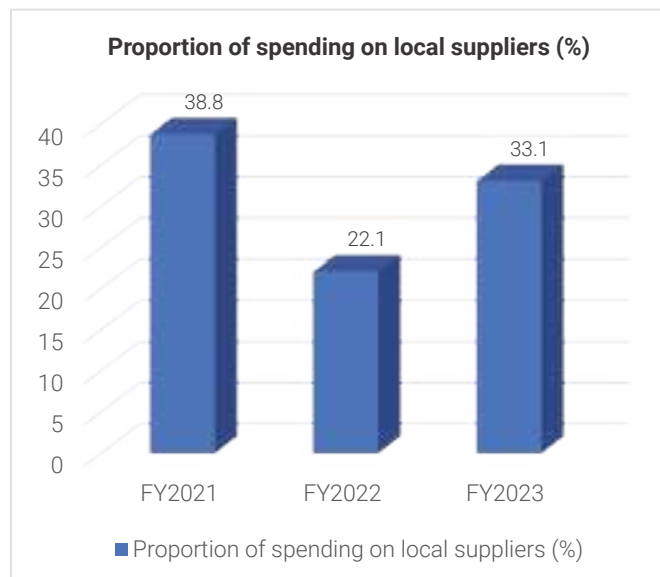
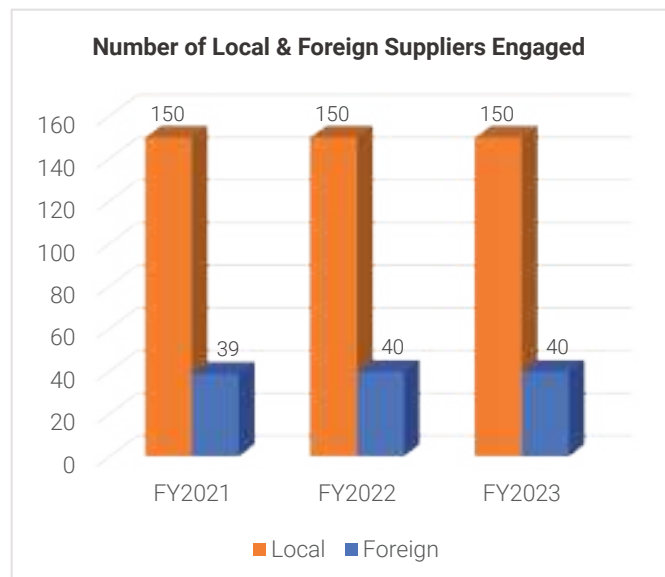
Our organization has set an objective to enhance customer satisfaction. We recognize the importance of fostering strong connections with our customers, and to achieve this, we employ a diverse range of engagement channels. These include the utilization of customer feedback forms, customer audits, and corrective action reports to continuously improve our products and services. Furthermore, we promote transparency and trust through on-site factory visits, where customers can witness our manufacturing processes firsthand. Regular business meetings provide a platform for open communication, while our electronic mall simplifies the ordering process. Upholding a strong Code of Ethics and Conduct is fundamental in all our engagements.

In addition to customer-centric approaches, sustainability is a key focus area in our discussions. We prioritize consistent product quality and rigorous quality control measures to minimize environmental impact and ensure long-term customer satisfaction. Our support services contribute to the sustainable growth of our business and the broader community. Holding an ISO Certificate underlines our commitment to quality and environmental responsibility. Furthermore, we are dedicated to safeguarding customer data privacy and security, aligning with evolving standards in this regard. These sustainability matters underscore our dedication to responsible business practices and customer-centricity.



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 the 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 continuously tracks its composition of local to overseas suppliers with the objective of sourcing more local raw materials to support the local industries.



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 & 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.

The Group is guided by a robust governance structure and upholds high standards of ethics and integrity in our business conduct. We have also implemented an extensive array of policies, codes and procedures to ensure Techbond and those we engage with operate ethically.

Code of Conduct

Techbond recognises its responsibilities as a developer and manufacturer of industrial adhesives and is committed to being a responsible corporate citizen and that it must conduct its business in accordance with internationally accepted practices and procedures.

The core principles, which the board and senior management are committed to uphold are encapsulated in the Company's Corporate Code of Conduct and Ethics Policy (the "Code"). The Code applies to Techbond Group Berhad and each of its subsidiaries (collectively, the "Company"), its employees and officers. Failure to do so could result in disciplinary action which may include termination.

The Code reflects our core values and the principles of behaviour that supports the maintenance of the highest standards of professional, legal and ethical conduct. These principles govern our relationships with customers, suppliers, shareholders, competitors, the communities in which we operate and extends to all employees of the Company. The Company is also committed to create a workplace, at all its working locations, that, at all times, is free from harassment and discrimination, where co-workers are respected, and provide an appropriate environment so as to encourage good performance and conduct.

The Company has adopted the following values:

- To act honestly, fairly and professionally in all business dealings.
- To foster a culture of integrity.
- To work together to promote a safe, ethical and professional workplace.
- To comply with the laws, rules and regulations under which the Company conducts its business.
- To respect the local communities wherever the Company operates.

Anti-Bribery Management System Policy

1. Applies to TGB, its subsidiaries and all related companies.
2. Upholding all applicable Anti-Corruption Laws, regulations and guidelines.
3. Prohibits all corrupt acts including fraud and trading influences.
4. Zero tolerances for all forms of bribery including kickbacks and offering entertainment.
5. Upholds the highest standard of integrity in all business transactions.



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.

The ABMS policy outlines the Group's expectations pertaining to giving or receiving gifts or gratifications as defined by the MACC Act 2009. The key areas encompassed by the policy are:

- Gifts, entertainment and hospitality;
- Travel;
- Charitable donations and sponsorships; and
- Dealings with public officials.

All Board members and employees have completed the Anti-Bribery Management System Policy conducted by external trainer. Whereas, ABMS training is made compulsory during the induction programme for new hires. For FY2023, all new hires attended an ABMS training during induction.

100% of Techbond's employees had completed an annual refresher training programme as well as an online declaration and assessment to acknowledge that they are aware of, have read, and are compliant with Techbond's corporate policies and guidelines, including the ABMS Policy.

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 practices and accepted standards of behaviour, Business Associates are required to understand and adopt the Anti Bribery Management System Policy.

During the FY 2023, all employees were briefed on the MACC Act and none of our employees were involved in any incidents of corruption and bribery activities.

Material Matters	2022 Performance	2023 Performance
Percentage of operations assessed for corruption-related risks	100%	100%

Whistle Blowing Policy

The Group's Whistle Blowing Policy provides a channel for individuals to report incidents of negligence and malpractice committed by Directors, management and employees.

Reports are kept anonymous and the whistle-blower is protected from threats of retaliation under the Whistle Blowing Policy and procedures. Reports of incidents regarding illegal conduct are submitted to the Audit Committee Chairman, or Group Managing Director.

This policy falls under the review of the Audit Committee and is reviewed for relevancy and effectiveness as and when required. Any changes to the policy are subject to the approval of the Board. In FY2023, zero (0) cases were submitted at Techbond.

Further expanding our commitment to anti-bribery and anti-corruption, our suppliers, contractors and service providers are required to maintain a confidential platform that is easily accessible for their workers to report any violations against the Supplier Code of Conduct. Any reports submitted are to be investigated by the said supplier, contractor or service provider and corrective action to be taken as appropriate.

Regulatory Compliance

We have established mechanisms to ensure the Group's compliance with applicable laws and regulations and to account for any changes in the regulatory landscape.

Techbond enforces strict compliance throughout our operations by observing applicable regulatory and statutory laws of the countries within which we operate. Techbond has implemented various mechanisms across our markets to remain up-to-date with the evolving regulatory requirements as a multinational organisation.

We engage professionals to conduct internal audits to ensure compliance with applicable laws and account for changes in regulatory requirements. Internal audit report summarises key findings and highlights areas of non-compliance or weakness.

This system highlights the procedures for internal and external compliance audits of Techbond and relevant external third parties in the event of a non-compliance incident.

Techbond experienced zero (0) incidences of reported non-compliance for FY2023.



Material Matters	Target	2022 Performance	2023 Performance
Ethics and Integrity	Zero confirmed cases of corruption within Techbond	Achieved	Achieved
Ethics and Integrity	Zero fines and penalties from the authorities on unethical practices	Achieved	Achieved
Regulatory compliance	Zero non-compliance of applicable laws and relation year-on-year	Achieved	Achieved

Data Protection

Cybersecurity risks are a growing concern, particularly as the Covid-19 pandemic has seen a shift in operational dynamics in the industry, prompting the acceleration of digital transformation. To prevent unauthorised disclosure of confidential Company information, we have established an Information Security policy which clearly details Techbondians' responsibilities pertaining to the appropriate usage of our email system. Our employees are also subject to the Personal Data Protection Act 2010 ("PDPA"), which requires them to treat the personal and confidential information of others in a responsible manner at all times.



Customer Privacy

We safeguard our customers' data and privacy from data breaches with established policies and procedures.

Techbond received (0) incidences of reported substantiated complaints concerning breaches of customer privacy and losses of customer data for FY2023.

Material Matters	Target	2022 Performance	2023 Performance
Customer privacy and losses of customer data	Zero non-compliance of breaches of customer privacy and losses of customer data	Achieved	Achieved

Cloud-Based System

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

Material Matters	Target	2022 Performance	2023 Performance
Data Protection	Zero cases of customer data mismanagement and breaches year-on-year	Achieved	Achieved
Data Protection	Zero cases of data loss	Achieved	Achieved

COMMUNITY CARE & ENGAGEMENT

Creating shared value for society

We are driven to empower and uplift the lives of the local communities where we operate. We recognise the importance of building positive relationships with our community and conducting our business operations in a manner that fully acknowledges and respects the rights of the people impacted by our operations.

Disaster Relief

We provide disaster relief and support to people in need especially those living within the vicinity of our factory operations. In December 2021, continuous rainfall in the peninsular that occurred over several days caused flooding which affected eight states in the country. Kuala Lumpur and Selangor were badly affected especially the township of Taman Seri Muda which is a neighbouring town to our headquarters in Shah Alam.

During this time of need, financial relief and support were given to our employees affected by the flood. Besides that, we also provided aid and support to the local communities affected by the flood by participating in the save and rescue mission.

Food from the Heart

We encourage volunteerism among our employees. During the FY2022, our employees volunteered at the Kechara Food Kitchen Centre in Kuala Lumpur in preparing hearty, hot meals for the homeless, refugees and the less privileged communities. This is one of our acts of compassion and goodwill motivated by our goal in uplifting the lives of our local community.



Response to Covid-19

The Covid-19 pandemic has been unrelenting in its impact to the world. In the ongoing fight against Covid-19, Techbond provided support to our employees by donating a total of 75,000 unit of face masks and 2,022 Covid Test Kits to all our employees.



OUR PERFORMANCE

DATA

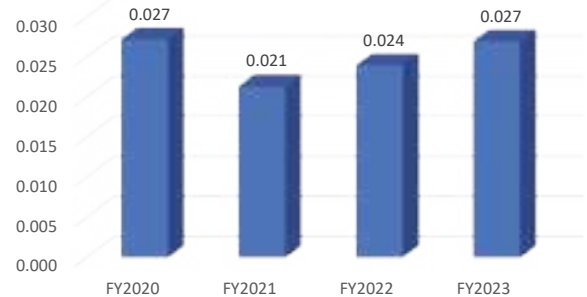
ENVIRONMENTAL PERFORMANCE

Total Energy Consumption

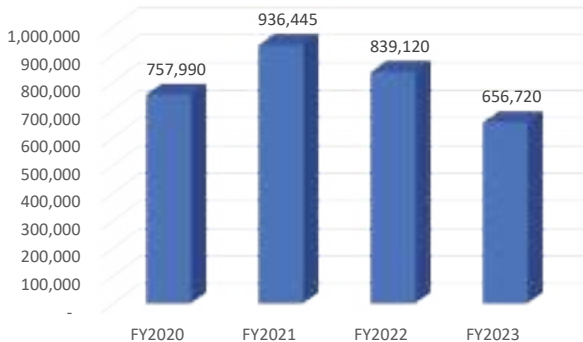
LPG Consumption (kg)



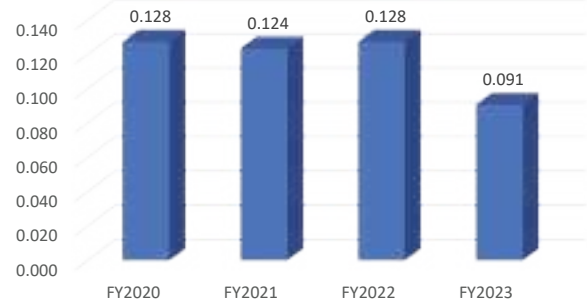
LPG Consumption per unit Produced (kg/unit)



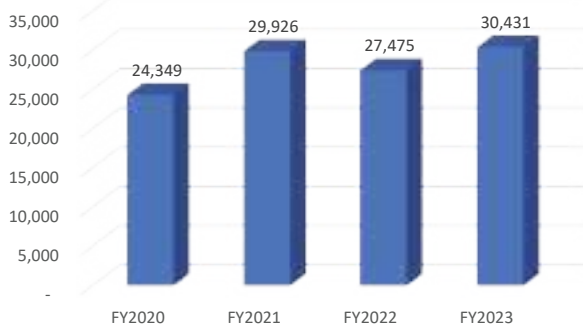
Electricity Consumption (kWh)



Electricity Consumption per unit Produced (kWh/kg)



Diesel Consumption (litre)



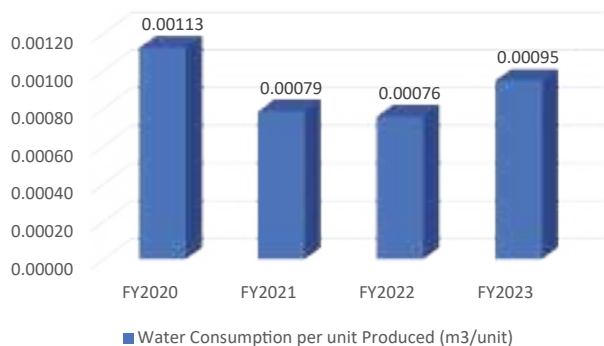
Solar Power Sytem Energy Cost Saving (kWh)



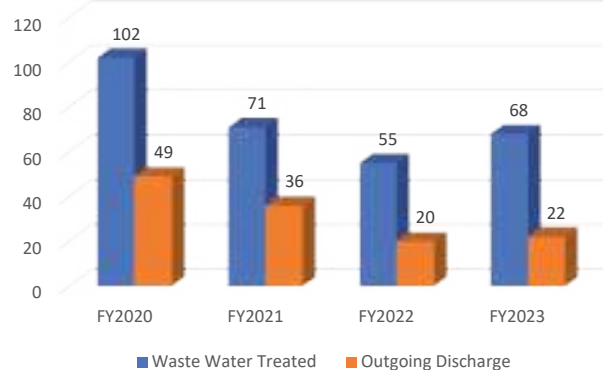
ENVIRONMENTAL PERFORMANCE

Water & Effluents

Water Consumption per unit Produced
(m3/unit)

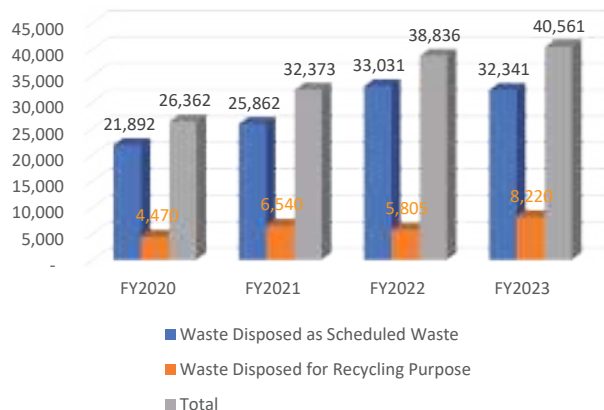


Water Waste Treatment (m3)

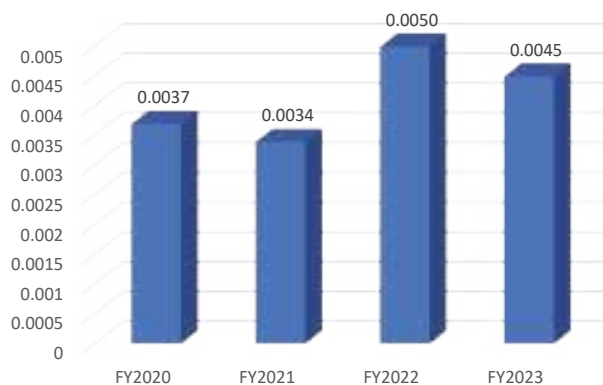


Waste Management

Waste Management (kg)

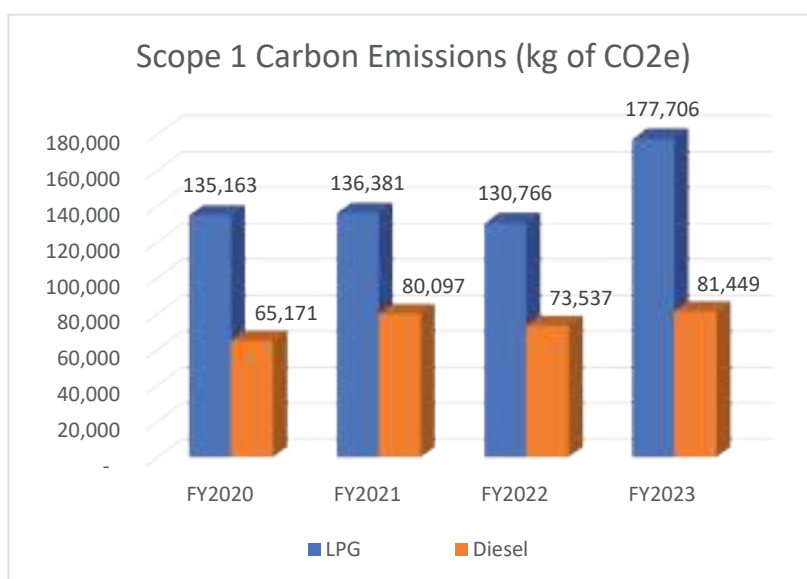


Scheduled Waste per unit Produced
(kg/unit)

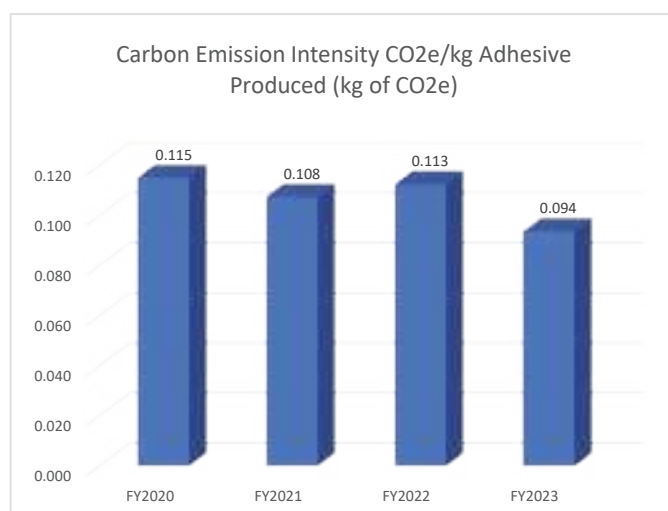
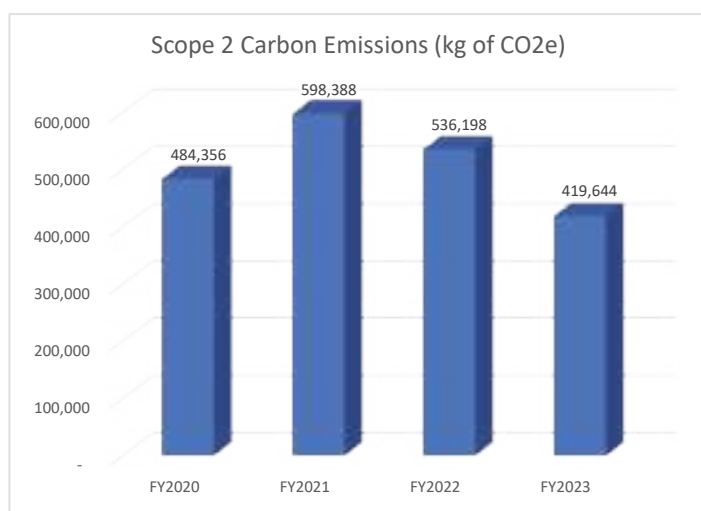


ENVIRONMENTAL PERFORMANCE

Emissions Management Scope 1 Emissions



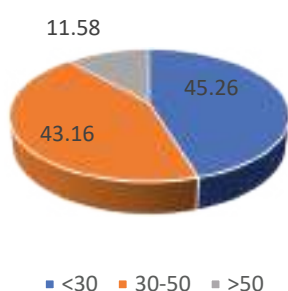
Emissions Management Scope 2 Emissions



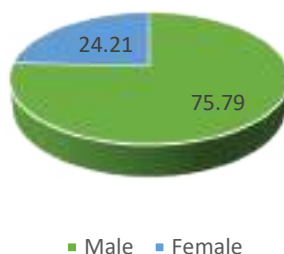
SOCIAL PERFORMANCE

Employee Demographics

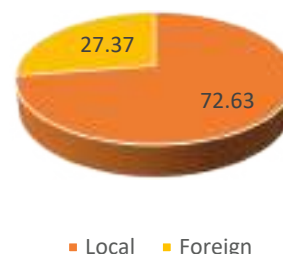
Age Group (%)



Gender (%)



Ethnicity (%)



Percentage of employees by gender for each employee category is tabulated below:

Employee Category	Gender	No. of Employees	%
Senior Management	Male	3	75
	Female	1	25
Middle Management	Male	6	67
	Female	3	33
Executive	Male	23	56
	Female	18	44
Non-Executive	Male	40	98
	Female	1	2

Percentage of employees by age group for each employee category is tabulated below:

Employee Category	Age Group	No. of Employees	%
Senior Management	< 30	0	0
	30-50	2	50
	> 50	2	50
Middle Management	< 30	1	11
	30-50	7	78
	> 50	1	11
Executive	< 30	18	44
	30-50	17	41
	> 50	6	15
Non-Executive	< 30	24	59
	30-50	15	37
	> 50	2	4

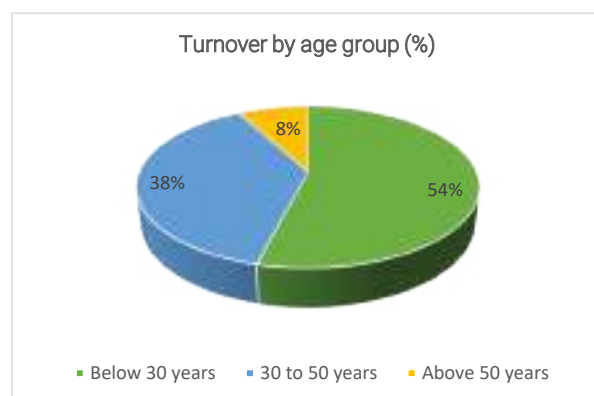
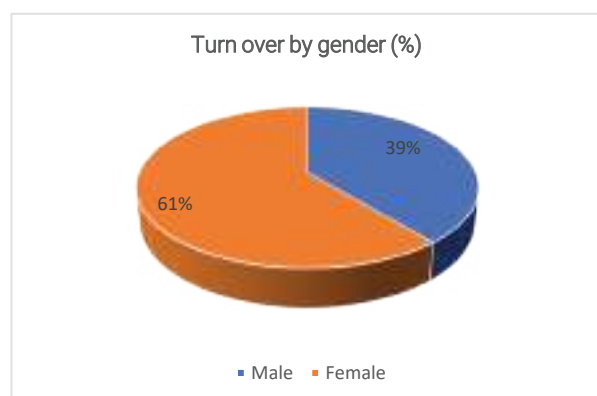
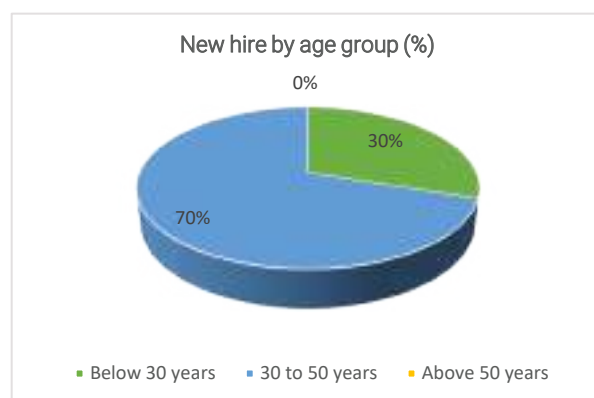
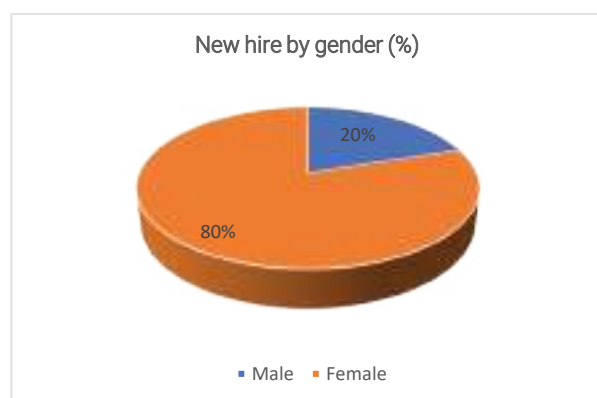
SOCIAL PERFORMANCE

Percentage of Directors by gender & age group:

Board Diversity		Category	%
Gender		Male	67
		Female	33
Age		< 30	0
		30-50	33
		> 50	67

There are no contractors or temporary employees employed within the Group, all employees are employed under the Group.

Women Representation	Board Level		Manager & Above		Overall Organisation	
	Pax	%	Pax	%	Pax	%
	2	33.0%	3	33.3%	21	26.3%



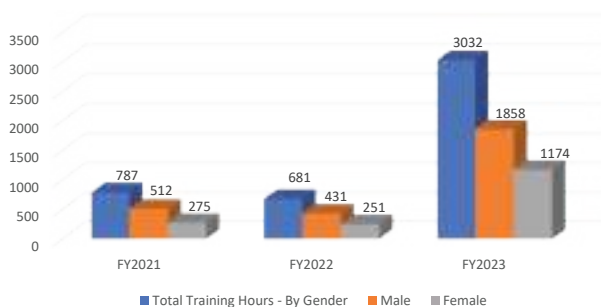
SOCIAL PERFORMANCE

Total Number of Employee Turnover by Employee Category

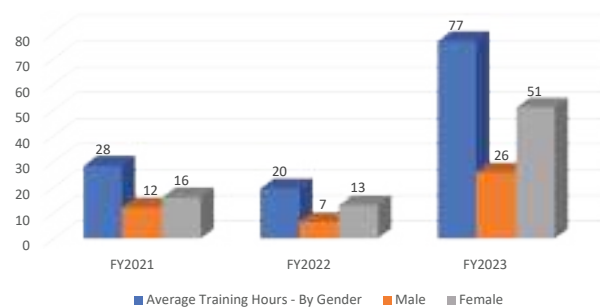
Total number of employee turnover by employee category	Senior Management	Middle Management	Executive	Non-Executive
	0	1	8	6

Learning & Development

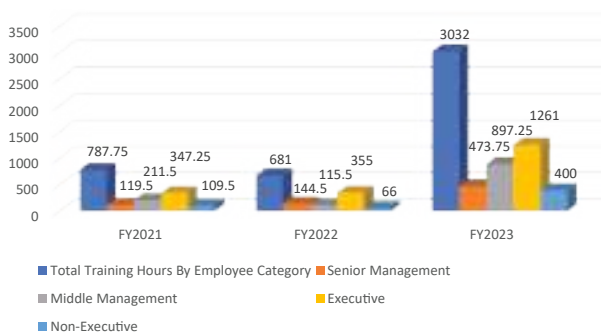
Total Training Hours - By Gender



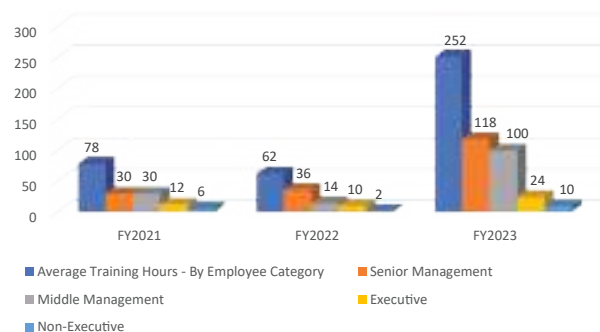
Average Training Hours - By Gender



Total Training Hours by Employee Category

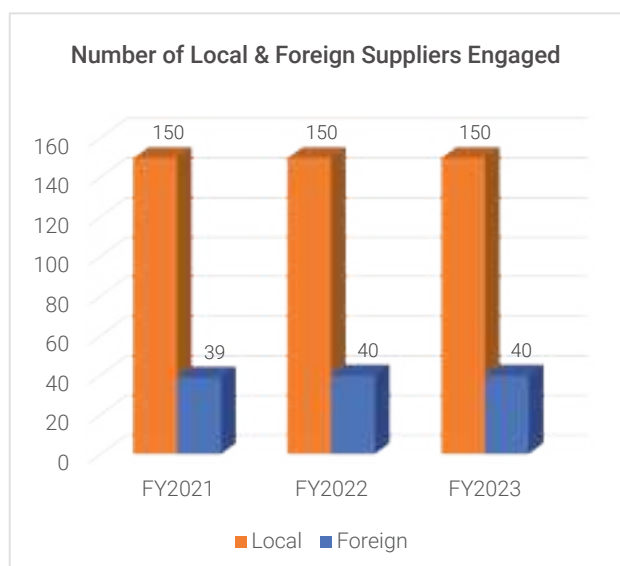
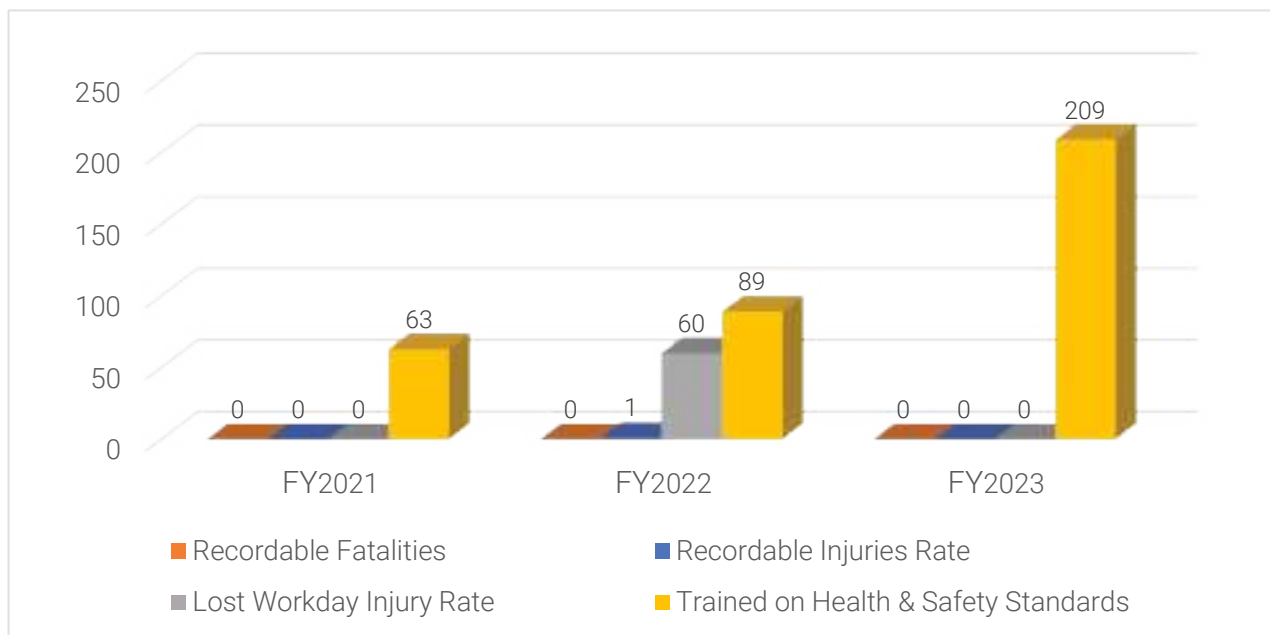


Average Training Hours by Employee Category



SOCIAL PERFORMANCE

Occupational Safety & Health



SOCIAL PERFORMANCE

Anti Bribery Management System Policy

Material Matters	2022 Performance	2023 Performance
Percentage of operations assessed for corruption-related risks	100%	100%

Regulatory Compliance

Material Matters	Target	2022 Performance	2023 Performance
Ethics and Integrity	Zero confirmed cases of corruption within Techbond	Achieved	Achieved
Ethics and Integrity	Zero fines and penalties from the authorities on unethical practices	Achieved	Achieved
Regulatory compliance	Zero non-compliance of applicable laws and relation year-on-year	Achieved	Achieved

Customer Privacy

Material Matters	Target	2022 Performance	2023 Performance
Customer privacy and losses of customer data	Zero non-compliance of breaches of customer privacy and losses of customer data	Achieved	Achieved

Cloud-Based System

Material Matters	Target	2022 Performance	2023 Performance
Data Protection	Zero cases of customer data mismanagement and breaches year-on-year	Achieved	Achieved
Data Protection	Zero cases of data loss	Achieved	Achieved

GRI

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GRI 2: General Disclosures 2021			
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2-5	External assurance	p/g 1	About This Report – Statement of Assurance
2-7	Employees	p/g 30	Empowering our Workforce
2-8	Workers who are not employees	p/g 30&31	Employee Demographics
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2-11	Chair of the highest governance body	p/g 8	Unwavering Leadership Commitment – Sustainability Governance Structure
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