大穩控股有限公司 291592-U

TA WIN HOLDINGS BERHAD

2012 ANNUAL REPORT

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting ("19th AGM") of Ta Win Holdings Berhad ("the Company") will be held at Bilik Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75000 Melaka on Tuesday, 25 June 2013 at 10.00 a.m. for the following purposes :-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note 1)

2. To approve the payment of Directors' fee of RM109,258.06 for the financial year ended 31 December 2012. (Ordinary Resolution 1)

3. To approve the payment of Directors' fee of RM5,000.00 per month to Mr. Chen, Hsi-Tao. (Ordinary Resolution 2)

4. To re-elect Mr. Huang, Ching-Fan, who retires and being eligible, offers himself for re-election in accordance with Article 98 of the Company's Articles of Association. (Ordinary Resolution 3)

5. To consider and if thought fit, to pass the following ordinary resolutions in accordance with Section 129 of the Companies Act, 1965:-

   i) THAT Mr. Chen, Hsi-Tao, the retiring Director who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting. (Ordinary Resolution 4) (Please refer Explanatory Note 2)

   ii) THAT Mr. Huang, Ching-Fan, the retiring Director who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting. (Ordinary Resolution 5) (Please refer Explanatory Note 2)

6. To re-elect the following retiring Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 92 of the Company's Articles of Association:-

   i) Mr. Chen, Hung-Lin (Ordinary Resolution 6)
   ii) Encik Mohd Khasan Bin Ahmad (Ordinary Resolution 7)

7. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2013 and to authorize the Directors to fix the Auditors' remuneration. (Ordinary Resolution 8)

AS SPECIAL BUSINESS

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

8. **Proposed Continuation in Office as Independent Non-Executive Drectors**

   That the following Directors having served as Independent Non-Executive Directors for a cumulative term of more than 9 years continue to act as Independent Non-Executive Directors of the Company:-

   i) Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay (Ordinary Resolution 9)
   ii) Encik Mohd Khasan Bin Ahmad (Ordinary Resolution 10)
   iii) Cik Aliyah Binti Dato' Hj. Baharuddin Marji (Ordinary Resolution 11)

   (Please refer Explanatory Note 3)

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

9. **Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965.** (Ordinary Resolution 12) (Please refer Explanatory Note 4)

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorized, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company to such persons and upon such terms and conditions for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued."

10. **Proposed Amendments to the Articles of Association of the Company.** (Special Resolution) (Please refer Explanatory Note 5)

    "THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix 1 attached to this Annual Report be and are hereby approved and in consequence thereof, the new set of Articles of Association incorporating the amendments be adopted AND THAT the Directors and Secretary be and are hereby authorised to carry out all the necessary steps to give effect to the amendments."

11. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

TEO SOON MEI
(MAICSA 7018590)
Company Secretary

Melaka
Dated: 3 June 2013

Explanatory Notes:-

1. ***Item 1 of the Agenda***
   This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965, in Malaysia, does not require a formal approval of shareholders and is hence, not put forward for voting.

2. ***Item 5 of the Agenda***
   The proposed Ordinary Resolutions 4 and 5, are in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Mr. Chen, Hsi-Tao and Mr. Huang, Ching-Fan both are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next annual general meeting of the Company. These resolutions shall be effective if passed by a majority of not less than three-fourth of such shareholders of the Company as being entitled to vote in person or where proxies are allowed, by proxy at this 19th AGM of the Company.

3. ***Item 8 of the Agenda***
   For Ordinary Resolutions 9 to 11 on the Proposed Continuation in Office as Independent Non-Executive Directors. The Nomination Committee of the Company has assessed the independence of the Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommend them to continue to act as Independent Non-Executive Directors of the Company. Please refer to explanatory information in the Deviation from the Recommendation 3.2 on the Malaysian Code on Corporate Governance 2012 as set out in the Corporate Governance Statement of the Company under this Annual Report.

Explanatory Notes:- (cont'd)

4. ***Item 9 of the Agenda***
Ordinary Resolution 12 is proposed for the purpose of granting a renewed general mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up capital of the Company as the Directors may consider such an action to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or during the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 25 June 2012 and which will lapse at the conclusion of the Nineteenth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and /or acquisitions.

5. ***Item 9 of the Agenda***
The Special Resolution, which if passed, will give authority for the Company to amend its Articles of Association in order to align with the recent amendments of the Bursa Securities Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and also to streamline the Company's Articles of Association with the provisions of the Companies Act 1965. The details of the proposed amendments to the Articles of Association of the Company is set out in Appendix 1 despatched together with the Company's 2012 Annual Report.

NOTES:

1. *A member of the Company who is entitled to attend, speak and vote at this 19th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a),(b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.*

2. *Where a member of the Company appoints more than one (1) proxy to attend at the same meeting, he shall specify in the instrument of proxy the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.*

3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint more than one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.*

4. *Where a member of the Company is an exempt authorised nominee holding 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 its holds.*

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. *The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorized in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.*

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES: (cont'd)

6. *The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 4-1, Komplek Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka, not less than 48 hours before the meeting convenes or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.*

7. *The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.*

8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 19th AGM.*

2012 ANNUAL REPORT OF THE COMPANY:

The 2012 Annual Report of the Company is in a CD-ROM format. A printed copy of the Annual Report shall be provided to the shareholders within four (4) market days from the date of receipt of either a verbal or a written request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with the viewing of the CD-ROM, kindly contact Mr. Jerry Tan at Tel. No. 03-2084 9000 or fax the request form for a printed copy of the Annual Report to Fax No. 03-2094 9940 or send the request form to the Share Registrar, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490, Kuala Lumpur. You may also e-mail your request for a printed copy of the Annual Report to hor.seng.tan@sshsb.com.my.

STATEMENT ACCOMPANYING THE NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No individual is seeking election as a Director at the forthcoming this 19th AGM.

APPENDIX 1

Proposed Amendments to the Articles of Association of the Company

The existing Articles are to be amended by the alterations, modifications, deletions and/or additions, where necessary to reflect the Proposed Amendments. The affected provisions of the existing Articles (with the proposed amendments marked up) are reproduced in the second column below and the final unmarked amended version of such provision of the Articles are reproduced in the third column.

Article No.	Marked Version of Existing Articles	Amended Articles		Rationale
2	Introduction of new definitions	**WORDS** "Exempt Authorised Nominee"-	**MEANINGS** An authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.	Pursuant to Paragraph 7.21 of the Bursa Securities Main Market Listing Requirements.
2	Introduction of new definitions	**WORDS** "Cash Distributions"-	**MEANINGS** Cash payments made by the Company in respect of its securities which are listed and quoted for trading on Bursa Securities, as prescribed by Bursa Securities from time to time which include:- a) cash dividends; b) payments of interest or profit rates on debt securities or sukuk respectively; c) income distributions made by collective investment schemes; d) capital repayment; and e) cash payments in lieu of odd lots arising from distributions in specie.	To facilitate electronic payment of cash distributions.

APPENDIX 1 (Cont'd)

Article No.	Marked Version of Existing Articles	Amended Articles	Rationale
67	*Special business* All business that is transacted at an Extraordinary General Meeting and at an Annual General Meeting shall be special, with the exception of declaring a dividend, **laying before the meeting** ~~the consideration of~~ the **profit and loss** accounts, balance-sheets and the reports of the Directors and auditors **and other accounts and documents required to be annexed to the profit and loss account and balance sheet,** the election of Directors in the place of those retiring, and the appointment and fixing of the remuneration of the auditors.	*Special business* All business that is transacted at an Extraordinary General Meeting and at an Annual General Meeting shall be special, with the exception of declaring a dividend, laying before the meeting the profit and loss account, balance-sheets and the reports of the Directors and auditors and other accounts and documents required to be annexed to the profit and loss account and balance sheet, the election of Directors in the place of those retiring, and the appointment and fixing of the remuneration of the auditors.	 To align with the provision 169 of the Companies Act 1965 in relation to the requirements to lay before the company at its annual general meeting a profit and loss account, balance sheet, the reports of the Directors and the Auditors and other accounts and documents required to be annexed to the profit and loss account and balance sheet.
68	*Notice* In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote **at a meeting of the Company, or at a meeting of any class of members of the Company** is entitled to appoint one or more proxies to attend and vote instead of him, and the proxy need not also be a Member of the Company.**There shall be no restriction as to the qualification of the proxy.**	*Notice* In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company is entitled to appoint one or more proxies to attend and vote instead of him, and the proxy need not also be a Member of the Company. There shall be no restriction as to the qualification of the proxy.	 Pursuant to Paragraph 7.21A(1) of the Bursa Securities Main Market Listing Requirements.

APPENDIX 1 (Cont'd)

Article No.	Marked Version of Existing Articles	Amended Articles	Rationale
78	*Voting rights of holder* A holder may appoint more than two proxies to attend **and vote** at the same meeting. Where a holder appoints ~~two or more proxies~~ **more than one proxy to attend at the same meeting**, he shall specify **in the instrument of proxy** the proportion of his shareholdings to be represented by each proxy. **He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.** A proxy shall be entitled to vote on a show of hands on any question at any General Meeting.	*Voting rights of holder* A holder may appoint more than two proxies to attend and vote at the same meeting. Where a holder appoints more than one proxy to attend at the same meeting, he shall specify in the instrument of proxy the proportion of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands. A proxy shall be entitled to vote on a show of hands on any question at any General Meeting.	 Pursuant to Paragraph 7.19 of the Bursa Securities Main Market Listing Requirements.
83	*Appointment of more than one proxy* Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint ~~at least one (1) proxy~~ **up to 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. **Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares of the Company for multiple beneficial owners in one 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.**	*Appointment of more than one proxy* Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint up to 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. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares of the Company for multiple beneficial owners in one 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.	 Pursuant to Paragraph 7.21 of the Bursa Securities Main Market Listing Requirements.

APPENDIX 1 (Cont'd)

Article No.	Marked Version of Existing Articles	Amended Articles	Rationale
84	*Proxy to be in writing* The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company. **A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.** The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	*Proxy to be in writing* The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, whether under its seal or under the hand of an officer or attorney duly authorized. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	Pursuant to Paragraph 7.21A(2) of the Bursa Securities Main Market Listing Requirements.

APPENDIX 1 (Cont'd)

Article No.	Marked Version of Existing Articles	Amended Articles	Rationale
85	The instrument appointing a proxy shall be in the following form or in such other form as the Directors may approve: - **TA WIN HOLDINGS BERHAD (291592-U)** I/We, ________________, of ______________________ being a Member/Members of the abovenamed Company, hereby appoint ______________________ of ______________________ , or failing him, __________ of ______________________ or failing whom, the CHAIRMAN of the General Meeting as my/our proxy to vote for me/us on my/our behalf at the [Annual or Extraordinary, as the case may be] General Meeting of the Company, to be held at ______________________ (place of meeting) on the day of ________________ at ______________________ (time of meeting) and, at any adjournment thereof. As witness my hand this day of ________________ No of shares Held : This form is to be used * in favour of / against the resolution. *Strike out whichever is not desired. [Unless otherwise instructed, the proxy may vote as he thinks fit.]	The instrument appointing a proxy shall be in the following form or in such other form as the Directors may approve: - **TA WIN HOLDINGS BERHAD (291592-U)** I/We, ____________________ , of _____________ being a Member/Members of the abovenamed Company, hereby appoint ___________________ of ____ , or failing him, ______________________________ of ____ or failing whom, the CHAIRMAN of the General Meeting as my/our proxy to vote for me/us on my/our behalf at the [Annual or Extraordinary, as the case may be] General Meeting of the Company, to be held at ________________________ (place of meeting) on the _____________ day of ___________________ at ____ (time of meeting) and, at any adjournment thereof. As witness my hand this _______ day of _______ No of shares Held : This form is to be used * in favour of / against the resolution. * Strike out whichever is not desired. [Unless otherwise instructed, the proxy may vote as he thinks fit.]	Pursuant to Paragraphs 7.21A(1) and 7.21A(2) of the Bursa Securities Main Market Listing Requirements.

APPENDIX 1 (Cont'd)

Article No.	Marked Version of Existing Articles	Amended Articles	Rationale
	<u>*Notes:*</u> ~~A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a), (b), (c) and (d) of the Act shall not apply to the Company~~ ~~To be valid this form duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.~~ ~~A member shall be entitled to appoint more than two (2) proxy to attend and vote at the same meetings.~~ ~~Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.~~ ~~If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.~~ ~~Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint more than (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.~~	<u>*Notes:*</u>	

APPENDIX 1 (Cont'd)

Article No.	Marked Version of Existing Articles	Amended Articles	Rationale
161	*Payment by Telegraphic Transfer or Electronic Transfer or by cheque* Subject to the provisions of the Act, Listing Requirements, the Central Depositories Act and the Rules, ~~any dividend, interest or other money payable in cash in respect of shares~~ **all Cash Distributions** shall be paid by way of telegraphic transfer or electronic transfer or remittance or direct crediting to such account as designated by the holder or the person entitled to such payment and the Company shall provide electronic notification to such holder and the person entitled to such payment whose contact details are available from Depository once the Company has paid such payment by way of telegraphic transfer or electronic transfer or remittance or direct crediting to such account as designated by them. In the event such holder or person entitled to such payment does not provide account information in accordance with the Rules and Central Depository Act, ~~any dividend, interest or other money payable in cash in respect of shares~~ **all Cash Distributions** may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, to such person and to such address as the holder may in writing direct. Every	*Payment by Telegraphic Transfer or Electronic Transfer or by cheque* Subject to the provisions of the Act, Listing Requirements, the Central Depositories Act and the Rules, all Cash Distributions shall be paid by way of telegraphic transfer or electronic transfer or remittance or direct crediting to such account as designated by the holder or the person entitled to such payment and the Company shall provide electronic notification to such holder and the person entitled to such payment whose contact details are available from Depository once the Company has paid such payment by way of telegraphic transfer or electronic transfer or remittance or direct crediting to such account as designated by them. In the event such holder or person entitled to such payment does not provide account information in accordance with the Rules and Central Depository Act, all Cash Distributions may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, to such person and to such address as the holder may in writing direct. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance or direct crediting shall be made payable to the order of the person to whom it is sent and in accordance with the Rules, and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance or direct crediting shall operate as a good and full discharge by the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance or direct crediting shall be sent at the risk of the person entitled to the money the money thereby represented.	 To facilitate electronic payment of cash distributions.

APPENDIX 1 (Cont'd)

Article No.	Marked Version of Existing Articles	Amended Articles	Rationale
	such cheque or warrant or telegraphic transfer or electronic transfer or remittance or direct crediting shall be made payable to the order of the person to whom it is sent and in accordance with the Rules, and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance or direct crediting shall operate as a good and full discharge by the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance or direct crediting shall be sent at the risk of the person entitled to the money thereby represented.		

CORPORATE INFORMATION

BOARD of DIRECTORS

Chen, Hsi-Tao
Non-Independent Non-Executive Director and Chairman (redesignated w.e.f. 21.12.2012)

Chen, Hung-Lin
Managing Director (redesignated w.e.f. 21.12.2012)

Yeoh Chin Kiang
Executive Director

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay
Independent Non-Executive Director

Aliyah Binti Dato' Hj. Baharuddin Marji
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Independent Non-Executive Director

Huang, Ching-Fan
Independent Non-Executive Director (appointed w.e.f. 24.04.2013)

Chen Yu, Kuei-Feng
Executive Director (resigned w.e.f. 24.12.2012) and Alternate Director to Mr. Chen, Hung-Lin (appointed w.e.f. 24.12.2012)

Chen, Hung-Ping
Executive Director (resigned w.e.f. 24.12.2012) and Alternate Director to Mr. Chen, Hsi-Tao (appointed w.e.f. 24.12.2012)

Lau Po Cheng
Alternate Director to Madam Chen Yu, Kuei-Feng (revocation of the appointment w.e.f. 24.12.2012) and Alternate Director to Mr. Yeoh Chin Kiang (appointed w.e.f. 24.12.2012)

COMPANY SECRETARY
Teo Soon Mei (MAICSA 7018590)

SHARE REGISTRAR
Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.
Tel : 03-2084 9000
Fax : 03-2094 9940

REGISTERED OFFICE
No. 4-1, Komplek Niaga Melaka Perdana, Jln KNMP 3,
Bukit Katil, 75450 Melaka.
Tel : 06-232 6033
Fax : 06-232 6034

AUDITORS
Ernst & Young (AF:0039)
Chartered Accountants
Level 16-1, Jaya 99, Tower B
99 Jalan Tun Sri Lanang
75100 Melaka
Tel : 06-288 2399
Fax : 06-283 2899

STOCK EXCHANGE LISTING
The Main Market of the Bursa Malaysia Securities Berhad

PRINCIPAL BANKERS
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
CIMB Bank Berhad

AUDIT COMMITTEE
Mohd Khasan Bin Ahmad - Chairman
Independent Non-Executive Director

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay - Member
Independent Non-Executive Director

Aliyah Binti Dato' Hj. Baharuddin Marji - Member
Independent Non-Executive Director

NOMINATION COMMITTEE
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay - Chairman *(Redesignated w.e.f. 18 December 2012)*
Independent Non-Executive Director

Mohd Khasan Bin Ahmad - Member *(Redesignated w.e.f. 18 December 2012)*
Independent Non-Executive Director

Aliyah Binti Dato' Hj. Baharuddin Marji - Member
Independent Non-Executive Director

REMUNERATION COMMITTEE
Chen, Hsi-Tao - Chairman
Non-Independent Non-Executive Chairman

Mohd Khasan Bin Ahmad - Member
Independent Non-Executive Director

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay - Member
Independent Non-Executive Director

CORPORATE
INFORMATION (Cont'd)

RISK MANAGEMENT COMMITTEE

Yeoh Chin Kiang - Chairman
Executive Director

Chen, Hung Lin - Member
Managing Director

Lau Po Cheng - Member
Alternate Director to Yeoh Chin Kiang

Roselin Cheng Lee Ling - Member
Human Resource Manager

Ong Jit Wee - Member
Quality Assurance Manager

Chan Hui Mei - Member
Secretary cum Purchasing Executive

Tan Seow Ngeng - Member
Personal Assistant to Chairman

Gan Seng Hock - Member
Sales Manager

Yap Siew Kuan - Member
Finance Manager

DISCLOSURE COMMITTEE

Chen, Hung-Lin – Chairman
Managing Director

Yeoh Chin Kiang – Member
Executive Director

Mohd Khasan Bin Ahmad – Member
Independent Non-Executive Director

Teo Soon Mei – Member
Company Secretary

Yap Siew Kuan – Member
Finance Manager

INVESTER RELATIONS

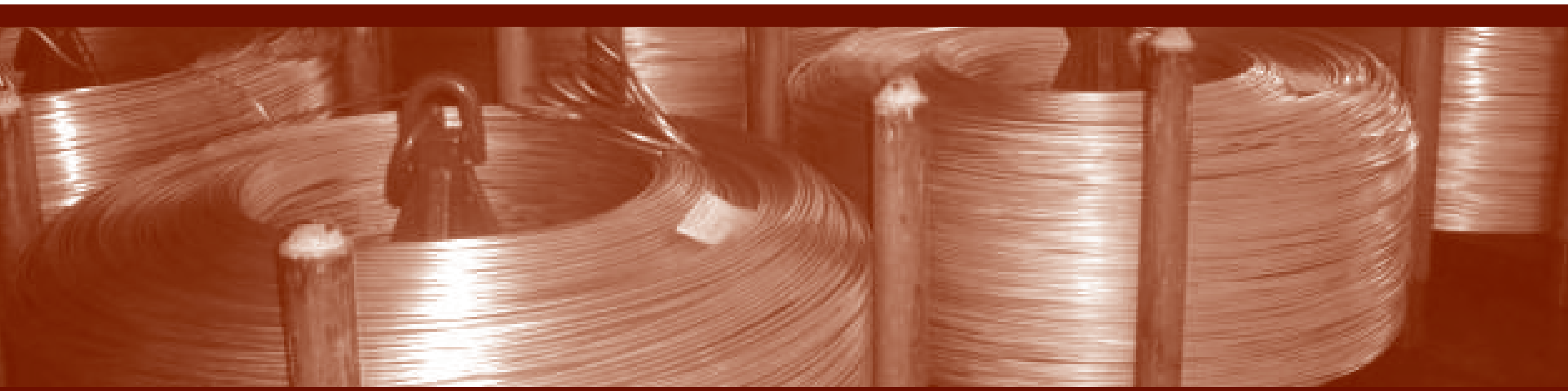
Mr. Chen, Hsi-Tao,
Non-Independent Non-Executive Chairman

Mr. Chen, Hung-Lin,
Managing Director

Mr. Yeoh Chin Kiang,
Executive Director

Tel : 06-556 4784
Fax : 06-556 4782
Email : ir@ta-win.com

CORPORATE PROFILE



Ta Win Holdings Berhad (TWHB) was incorporated in Malaysia under the Companies Act, 1965 on 7 March 1994 under the name Sinmah Holdings Berhad. Subsequently, on 15 November 1994, the Company changed its name to Medan Perdana Berhad. The Company assumed its present name on 27 June 1998.

TWHB's shares were offered to the public on 15 August 2000 in conjunction with its listing on Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange). TWHB is currently listed under the "Industrial Products" Sector of the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of TWHB are investment holding and provision of management services while the principal activities of its subsidiaries are as follows:

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
Ta Win Industries (M) Sdn. Bhd. (193324-U)	12 February 1990, Malaysia	100.00	Manufacturing and exporting enamelled copper wires and copper rods to overseas market, Licensed Manufacturing Warehouses and local customers.
Twin Industrial (H.K.) Co. Ltd. (258865)	21 July 1989, Hong Kong, SAR	100.00	Trading of enamelled copper wires and copper rods to overseas markets.
Ta Win Industries Corp. (47491)	3 September 2003, Republic of Mauritius	100.00	Investment holding company.
Ta Win Electronic Tech-Material (Changshu) Co. Ltd. (013960)	25 September 2003, People's Republic of China	100.00	Manufacturing and trading of enamelled copper wires.

MISSION STATEMENT

The Group comprises talented, dedicated and resourceful staffs who share the vision to:

1. be a leader of its industry
2. maintain growth and to provide returns of investment through stock appreciation
3. provide reasonable dividends for all shareholders
4. provide employees the opportunity of a challenging and rewarding career
5. provide customers with quality products and excellent services
6. provide suppliers a strong and reliable market for their products and services
7. actively participate in making the communities in which our employees reside a better place to live in

CORPORATE
PROFILE (Cont'd)

OUR CORPORATE PHILOSOPHY

We believed that the following corporate philosophy and values were practised and promoted towards the Company's success:

Responsibility Towards Customers

- Ensures quality products
- Strives constantly to reduce costs
- Maintains reasonable prices
- Attends to customers' orders promptly
- Ensures continuous improvements in all areas within the organisation

Responsibility Towards Employees

- Respects employees
- Recognise their achievements
- Promote a sense of belonging at work
- Provide fair and adequate compensations
- Adopt clean, orderly and safe working conditions
- Practise equal opportunity for employment, development, and advancement for those qualified
- Develop knowledge, skills and competency through training
- Practise fairness for all actions
- Promote good work ethics

Responsibility Towards Communities

- Practises good citizenship
- Support welfares/charities
- Encourage civic mindedness on cleanliness and hygiene
- Promote education through workshops
- Maintain the property the company is privileged to use
- Protect the environment and natural resources

Responsibility Towards Stockholders

- Make reasonable profit
- Provide R&D on new ideas
- Develop innovative programs
- Improve existing machinery
- Purchase relevant new equipment
- Create reserves for unfavourable conditions in the economy
- Provide a fair return on shares

CORPORATE STRUCTURE

大穩控股有限公司 291592-U
TA WIN HOLDINGS BERHAD

- 100 % — TWIN INDUSTRIAL (H.K.) CO. LTD. (258865)
- 100 % — TA WIN INDUSTRIES (M) SDN. BHD. (193324-U)
  - 100 % — TA WIN INDUSTRIES CORP. (47491)
    - 100 % — TA WIN ELECTRONIC TECH-MATERIAL (CHANGSHU) CO. LTD. (013960)

PROFILE OF THE BOARD OF DIRECTORS

Chen, Hsi-Tao
Age: 74
Nationality: Taiwanese

Position in the Company :
Executive Chairman cum Managing Director (prior to 21.12.2012) and Non-Independent Non-Executive Director and Chairman (Redesignated w.e.f. 21.12.2012)

Qualification:
Bachelors Degree in Business Administration from the University of China Culture, Taiwan in 1972.

Work Experience:
He was appointed as the Chairman cum Managing Director of the Company on 5 April 2000. He resigned as the Managing Director of the Company and is redesignated as Non-Independent Non-Executive Director and Chairman on 21 December 2012 respectively. He is the founder of Ta Win group of companies and has over 30 years experience in the enamelled copper wire business and was in charge of the overall direction and management of Ta Win Group of Companies before he resigned as the Managing Director of the Company. He leads the Board in the oversight of management. He presently sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
He is the Chairman of the Remuneration Committee of the Company.

Number of Board Meetings Attended:
5/5

Chen Yu, Kuei-Feng
Age: 67
Nationality: Taiwanese

Position in the Company:
Executive Director (resigned w.e.f. 24.12.2012) and Alternate Director to Mr. Chen, Hung-Lin (appointed w.e.f. 24.12.2012)

Qualification:
High school graduate from Taiwan.

Work Experience:
She was appointed as an Executive Director of the Company on 21 April 2000. She has over 30 years experience in the enamelled copper wire business. She is one of the founding members of Ta Win Holdings Berhad Group and was also an advisor on the administrative and general management of the Group previously. She also sits on the board for several private limited companies. She resigned as Executive Director of the Company and was appointed as Alternate Director to Mr. Chen, Hung-Lin on 24 December 2012 respectively.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
None

Number of Board Meetings Attended:
4/5

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

Yeoh Chin Kiang
Age: 60
Nationality: Malaysian

Position in the Company :
Executive Director

Qualification:
Bachelors Degree in Business Administration from the National Taiwan University, Taiwan.

Work Experience:
He was appointed as an Executive Director of the Company on 5 April 2000. He has more than 20 years of marketing experience in the copper cable and wire industry. He is presently assisting the Managing Director of the Company in formulating the marketing strategies for the Group. Prior to his appointment to the Board as an Executive Director of the Company, he was the General Manager of Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company. He has previously held various senior management positions in Central Cable Bhd. He also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
He is the Chairman of the Risk Management Committee and the member of the Diclosure Committee of the Company.

Number of Board Meetings Attended:
5/5

Chen, Hung-Lin
Age: 38
Nationality: Taiwanese

Position in the Company:
Managing Director (Redesignated w.e.f. 21.12.2012)

Qualification:
Advanced Diploma in Hospitality Management from the University of Portsmouth, United Kingdom in 1999.

Work Experience:
He was appointed as an Alternate Director to Chen Yu, Kuei-Feng on 21 April 2000 and later appointed as an Executive Director of the Company on 29 January 2001. He resigned as the Alternate Director to Madam Chen Yu, Kuei-Feng on 26 April 2002 and was then appointed as an Alternate Director to Mr. Chen, Hsi-Tao, the Chairman cum Managing Director of the Company on 24 November 2004. He joined Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company in November 1999 as a Management Executive and was then promoted to the position of a Factory Manager on December 2001 and worked under the personal tutelage of Mr. Chen, Hsi-Tao to acquire the necessary skills and experience for the overall management of the Group. He has been redesignated as Managing Director of the Company and resigned as Alternate Director to Mr. Chen, Hsi-Tao on 21 December 2012 and 24 December 2012 respectively. He is currently to run the business and operation as well as to implement the policies and strategies adopted by the Board of Directors of the Company. He presently sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
He is a member of the Risk Management Committee and the Chairman of the Disclosure Committee of the Company.

Number of Board Meetings Attended:
5/5

PROFILE OF THE
BOARD OF DIRECTORS **(Cont'd)**

Chen, Hung-Ping
Age: 37
Nationality: Taiwanese

Position in the Company :
Executive Director (resigned w.e.f. 24.12.2012) and Alternate Director to Mr. Chen, Hsi-Tao (appointed w.e.f. 24.12.2012)

Qualification:
Bachelor of Arts in Hospitality Management from the University of Portsmouth, United Kingdom in June 2001.

Work Experience:
He was appointed as an Alternate Director to Madam Chen Yu, Kuei-Feng on 26 April 2002 and later resigned as the Alternate Director to Madam Chen Yu, Kuei-Feng and was appointed as an Executive Director of the Company on 30 April 2004. On 24 December 2012, he resigned as Executive Director of the Company and was appointed as Alternate Director to Mr. Chen, Hsi-Tao. He joined Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company, as a Production Manager II on 14 August 2001. He is currently worked under the personal tutelage of Mr. Chen, Hsi-Tao to acquire the necessary skills and experience for the overall management of the production and marketing of Ta Win Electronic Tech-Material (Changshu) Co. Ltd, the wholly-owned subsidiary of the Company. He also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
None

Number of Board Meetings Attended:
5/5

Lau Po Cheng
Age: 37
Nationality: Malaysian

Position in the Company:
Alternate Director to Madam Chen Yu, Kuei-Feng (revocation of the appointment w.e.f. 24.12.2012) and Alternate Director to Mr. Yeoh Chin Kiang (appointed w.e.f. 24.12.2012).

Qualification:
Bachelor of Arts from the National Central University of Taiwan in June 2000.

Work Experience:
She was appointed as an Alternate Director to Madam Chen Yu, Kuei-Feng, the Executive Director of the Company on 30 April 2004. On 24 December 2012, she ceased to be Alternate Director to Madam Chen Yu, Kuei-Feng and was appointed as Alternate Director to Mr. Yeoh Chin Kiang. She was previously the Human Resource Manager of Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company. She also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
She is a member of the Risk Management Committee of the Company.

Number of Board Meetings Attended:
5 / 5*

Note :
(*) She attended four (4) meetings by invitation.

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay
Age: 61
Nationality: Malaysian

Position in the Company :
Independent Non-Executive Director

Qualification:
Completed secondary education.

Work Experience:
He was appointed as an Independent Non-Executive Director of the Company on 5 April 2000. He was the State Assemblyman for Tengkera Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 and 1993. His first involvement in social activities was upon completing his secondary education. He was appointed as the Investment Coordinator by the Malacca State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his teams of officials and his excellent public relations, he has helped attract numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka. In recognition of his efforts and dedication, he was conferred the Darjah Mulia Seri Melaka by His Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economics Medal. He is the Chairman of MCA, 7th Branch Melaka since 1982. Presently, he is the Chairman of Koperasi Jayadiri Malaysia Berhad (KOJADI), a Board Member of Malaysian Industrial Development Authority (MIDA), a Board Member of Invest Melaka Berhad and a Director of The Tun Hussein Onn National Eye Hospital. He has been identified as Senior Independent Non-Executive Director of the Company.

Other Directorship of Public Companies:
He is an Independent Non-Executive Director of Bonia Corporation Berhad since 1994, Komarkcorp Berhad since 1997, an Executive Director of Farm's Best Berhad since 1995 and the Chairman of Wellcall Holdings Berhad since 2006. He was appointed as an Independent Non-Executive Director of ICapital.Biz Berhad on 26 April 2010. All these companies are listed on the Main Market of Bursa Malaysia Securities Berhad.

Details of Any Other Board Committees:
He is the Chairman of the Nomination Committee (Redesignated from a member to the Chairman of the Nomination Committee on 18 December 2012) and a member of the Audit and the Remuneration Committees of the Company.

Number of Board Meetings Attended:
5/5

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

Mohd Khasan Bin Ahmad
Age: 52
Nationality: Malaysian

Position in the Company :
Independent Non-Executive Director

Qualification:
Degree in Accountancy from the Universiti Teknologi Mara and is a member of the Malaysian Institute of Accountants (MIA).

Work Experience:
He was appointed as an Independent Non-Executive Director of the Company on 20 February 2002. He served the Bank Negara Malaysia for a period of about seven (7) years, the last two (2) years of which he was seconded to the Capital Issues Committee (CIC) as its Principal Assistant Secretary. Subsequently he joined the Securities Commission for a period of about six (6) years and his last position was as an Assistant Manager in the Issues and Investment Division. In 1997, he joined the private sector and held various senior management positions.

Other Directorship of Public Companies:
He is an Independent Non-Executive Director of Farm's Best Berhad, Crest Builder Holdings Berhad and Homeritz Corporation Berhad. All these companies are listed on the Bursa Malaysia Securities Berhad.

Details of Any Other Board Committees:
He is the Chairman of the Audit Committee and a member of the Remuneration, the Disclosure and the Nomination Committees of the Company (Re-designated from the Chairman to the member of the Nomination Committee on 18 December 2012).

Number of Board Meetings Attended:
5/5

Aliyah Binti Dato' Hj. Baharuddin Marji
Age: 52
Nationality: Malaysian

Position in the Company:
Independent Non-Executive Director

Qualification:
Master's Degree in Linguistics and a Bachelor of Science Degree in English Literature from the Southern Illinois University, USA in 1984 and 1983 respectively. She also holds a Diploma in Education. Currently pursuing her doctorate at the Universiti Putra Malaysia.

Work Experience:
She was appointed as a Non-Executive Director of the Company on 5 April 2000. She was re-designated as an Independent Non-Executive Director of the Company on 27 February 2004. She was an executive trainer for the United Malayan Banking Corporation Berhad (now known as RHB Bank Berhad) for a period of seven (7) years. In 1991, she set up ABM Training Management Sdn. Bhd., a company which provided training and consultancy services on management related seminars where she was the Managing Director. In 1999, she started Agenda Management (M) Sdn. Bhd. which deals with IT and in 2007 started the next business called Qassas Food Industries. She also sits on the board for several private limited companies.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
She is a member of the Audit and the Nomination Committees of the Company.

Number of Board Meetings Attended:
3 / 5

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

Huang, Ching-Fan
Age: 73
Nationality: Taiwanese

Position in the Company :
Independent Non-Executive Director

Qualification:
Diploma in Business Administration from National Taipei College of Business.

Work Experience:
He was appointed as an Independent Non-Executive Director of the Company on 24 April 2013. Previously, he was a Marketing Manager for Man Loy Trading Co. Ltd for a period of one (1) year. In 1961, he joined Manloy Meteal Industrial Co. Ltd as Deputy General Manager and was then promoted to the position of General Manager. He has more than forty seven (47) years of experience in marketing and materials management. Presently, he works as a Business Consultant for Manloy Meteal Industrial Co. Ltd after his retirement in 2003.

Other Directorship of Public Companies:
None

Details of Any Other Board Committees:
None

Number of Board Meetings Attended:
0

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION

Family Relationship with the Director and Substantial Shareholder

Mr. Chen, Hsi-Tao who is the Non-Independent Non-Executive Director and Chairman of the Company is the husband of Madam Chen Yu, Kuei-Feng who was the former Executive Director (resigned w.e.f. 24.12.2012) of the Company and who currently is the Alternate Director to Mr. Chen, Hung-Lin while Mr. Chen, Hung-Lin and Mr. Chen, Hung-Ping are the sons of Mr. Chen, Hsi-Tao and Madam Chen Yu, Kuei-Feng. Mr. Chen, Hung-Lin is the Managing Director (redesignated w.e.f. 21.12.2012) and Mr. Chen, Hung-Ping was the former Executive Director (resigned w.e.f. 24.12.2012) of the Company and currently is the Alternate Director to Mr. Chen, Hsi-Tao. They are also the substantial shareholders of the Company. Madam Lau Po Cheng, the Alternate Director to Mr. Yeoh Chin Kiang (appointed w.e.f. 24.12.2012) is the wife of Mr. Chen, Hung-Lin and she is the daughter-in-law of Mr. Chen, Hsi-Tao and Madam Chen Yu, Kuei-Feng.

As disclosed above, none of the Directors of the Company have any relationship with any directors or substantial shareholders of the Company.

Share Buy-Back

The Group did not undertake any share buy-back transactions during the financial year.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company or exercised during the financial year ended 31 December 2012.

American Depository Receipt (ADR) or Global Depository Receipt (GDR).

During the financial year, the Group did not sponsor any ADR or GDR programmes.

Non-Audit Fees

The amount of non-audit fees paid to external auditors by the Group for the financial year ended 31 December 2012 amounted to RM35,000/-. The non-audit fees paid/payable to the external auditors were for preparation and submission of tax returns, reviewing of risk management and internal control statements, other auditors' works and the adoption of Malaysian Financial Reporting Standards (MFRS).

Sanctions and/or Penalties

On 7 August 2008, Bursa Malaysia Securities Berhad ("Bursa Malaysia") had publicly reprimanded the Company for breach of Paragraph 9.16(1)(a) of the Listing Requirements of Bursa Securities.

Save for the above, there were no sanctions or penalties imposed on the Company and its subsidiaries, Directors, or management by any regulatory body.

Variation in Results

There were no variances of 10% or more between the audited results and the unaudited results of the Group for the financial year ended 31 December 2012.

Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 December 2012.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either subsisting at the end of the financial year ended 31 December 2012 or, if not then subsisting, since the end of the previous financial year.

BURSA SECURITIES LISTING
REQUIREMENTS COMPLIANCE INFORMATION (Cont'd)

Utilisation of Proceeds

The Company did not undertake any corporate proposals to raise proceeds during the financial year ended 31 December 2012.

Recurrent Related Party Transaction of a Revenue Nature

There were no material recurrent related party transactions of a revenue by nature during the year other than those disclosed in Note 28 to the financial statements.

Revaluation Policy on Landed Properties

The Company had adopted a regular revaluation policy on landed properties. Properties that were recognized as investment properties were reassessed at least once a year, whereas properties that were recognized as properties, plants and equipments were reassessed with sufficient regularity to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. The last revaluation was done on 1 January 2011 for the whole Group and subsequently on 9 February 2012 and 21 February 2012 for the land and building respectively in Changshu, China. Revaluation was based on a valuation by an independent valuer on an open market basis.

Conviction for Offences

None of the Directors had been convicted for any offences within the past ten (10) years other than traffic offences, if any.

Conflict of Interests

None of the Directors have any conflicts of interests with the Company except for Mr. Chen, Hsi-Tao, Madam Chen Yu, Kuei-Feng, Mr. Chen, Hung-Lin, Mr. Chen, Hung-Ping and Madam Lau Po Cheng who are deemed interested in the following related party transactions:

- Mr. Chen, Hsi-Tao who is the Chairman and also the substantial shareholder of the Company receives a rental of HK$13,000/- (equivalent to RM5,015/-) per month paid by Twin Industrial (H.K.) Co. Ltd., a wholly-owned subsidiary of the Company for an office premise located at 5/F, Flat 1, Wah Shing Centre, 11-13, Shing Yip Street, Kwun Tong, Kowloon, Hong Kong from Mr. Chen, Hsi-Tao. A total of HK$156,000/- (equivalent to RM60,185/-) was paid to Mr. Chen, Hsi-Tao as rental for the financial year ended 31 December 2012 by Twin Industrial (H.K.) Co. Ltd..

Shareholdings in the Company

The direct and indirect interests in shares in the Company for those who were directors at the end of the financial year according to the Register of Directors' shareholdings are set out in the Directors' Report, page 73 of the Annual Report.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2012.

PERFORMANCE REVIEW

The Group registered about a 6% lower turnover of RM539.541 million for the year ended 31 December 2012 as compared with RM575.717 million in the previous financial year.

The Group's revenue was mainly affected by the slow growth in the global economy following the long-running debt crisis.

The Group had registered a loss after tax of RM11.668 million in the current financial year 2012 as compared to a loss after tax of RM0.208 million in the previous year. Revenue and selling prices had dropped due to fluctuations in copper prices which were quoted on the London Metal Exchange (LME). The LME prices fluctuate in the range from USD7420 to USD8457 per metric ton. As a result of the timing differences between the delivery lead time by raw material suppliers and customers' orders when copper prices were quoted in the LME fluctuates, the Group was unable to pass on the higher materials costs to customers. The Group suffered further losses due to additional tax and penalty raised by Malaysian Inland Revenue Board for year of assessment 2006.

MARKET OVERVIEW AND BUSINESS OUTLOOK

Market Overview

America had done much to help the world economies by its money printing policy or QE. At the direction of the Fed, the US Treasury will print USD40 billion per month to bail out its ailing economy. Coupled with the monetary and fiscal policy in-force, it gives hope that the world will recover sooner than expected as other countries like Japan embarked on the same measures.

Despite experiencing a challenging external environment in 2012, the Malaysian economy was experiencing a steady pace of growth of 4%, particularly as domestic demand remained resilient, bolstered by robust confidence and invigorated investment activity. However, the manufacturing sector grew at a lower pace due to the slower activity in the export-oriented industries. Bank Negara had taken steps to counter the economy uncertainties and downside risks by maintaining the current policy rate.

Business Outlook

Our deep understanding and knowledge of the industry had provided us with the competitive edge to continue to remain as one of the market leaders and it had helped us greatly in maintaining our market share in the industry.

We clung on to this believe that this advantage and our experience would help us to spur future growth potential and new market penetration.

Human Resources Development

During 2012, continuous training programmes were conducted through in-house and external programmes aimed at further improving skills of Group employees. This has proven beneficial to the staff and the Group as a whole.

Throughout the year, various quality improvement activities were introduced, such as Accident Prevention at Workplace, Balancing Yourself With Time and Stress Management, Quality Management Systems IQA 9001: 2008, 6S Training, Forklift Handling Training, etc. These were well received with active participation by Group employees which included operational level staff.

Related Party Transactions

Significant related party transactions of the Group during the year were disclosed in Note 28 of the financial statements. There were no material contracts of the Group involving Directors and major shareholders.

CHAIRMAN'S STATEMENT (Cont'd)

Corporate Governance

The Board was committed to observe the Malaysian Code of Corporate Governance and Bursa Malaysia Listing Requirements and had ensured that a high standard of corporate governance will be practised throughout the Group to safeguard the Group's assets, operations and enhance the shareholders' value. Our statement on corporate governance is found on pages 36 to 61. We also adhered to a strict code of corporate conducts and ethics and at the same time played our part exhibiting in social responsibility.

Future Prospects

The mass printing of money by USA resulted in a weakened US Dollar against the Ringgit Malaysia and this lower the purchase cost of raw materials causing a negative impact on foreign debt held in the currency. However, the impact was mitigated by a gain in holding foreign liabilities.

The demand for copper might slow down if the Malaysian government was to introduce fiscal policies to curb property speculation with an objective to sustain the housing development. However, the Malaysian government had implemented wide-ranging policies and reforms to promote domestic demands, particularly domestic consumption and investment activities by the private sector by introducing more tax incentives and by increasing the budget for grants allocation. Moreover, Malaysia's domestic demand, spurred by pre-election spending will help to boost the economy.

It was reported that China's central bank continued to implement prudent monetary policy while fine tuning other policies to cushion its economy against global risks. China's economy shown signs of stabilizing while the trend of inflation remained stable. It has cut interest rates twice to boost loans. As a result, demand for housing rebounded. China had opened its domestic market to the world and this will have a positive impact on the copper demand in South East Asia.

The demand for copper was expected to continue to remain strong provided that the global industrial sectors continued to expand production. Therefore, it was a little surprising that emerging market countries like China and India were spending billions of dollars from their trade surpluses to secure supply contracts for copper ore from producers from South America.

The International Monetary Fund predicted that despite a slowing down of growth in Asia, Malaysia's development remained strong with investments and the banking sector.

It was also expected that the strong underlying fundamentals of the Asian economies and robust domestic demands were expected to support sound economic expansion and cushion the impact of the external developments.

In view of this, the Group has intended to continue to improve its manufacturing capabilities and strived to deliver a better result in tandem with the shareholders' expectations.

To enable us to compete in this challenging economic environment, our main strategies were to focus continuously on cost control measures, to maintain our mutually beneficial relationship with customers and to improve operational efficiency by enhancing productivity with the same workforce and machineries.

A Note of Appreciation

On behalf of the Board of Directors, we would like to take this opportunity to thank the Management and Staff for their dedicated services, commitment, loyalty and contributions during the year. The year 2013 is expected to be more challenging but we have no doubt with the Group's ability to work together to overcome all obstacles to propel the Group's level to greater heights.

We would like to convey our deepest appreciation to all our valued customers, suppliers, bankers, business associates and advisers for their positive contributions towards the Group's growth and success as well as their unwavering confidence and endorsement. I sincerely hope that they will continue to be with us for the foreseeable future.

We would also like to express our gratitude to the various government and statutory organizations and our shareholders for their ongoing assistance and continued support, trust and confidence in the Group.

We would also like to thank our fellow Board members for their untiring efforts, professional advice, continuous support and invaluable contribution to the growth and success of the Group, and we hope that the Board continues to be committed to achieve the Group's objectives as we move forward.

Chen, Hsi-Tao
Chairman

FINANCIAL HIGHLIGHTS

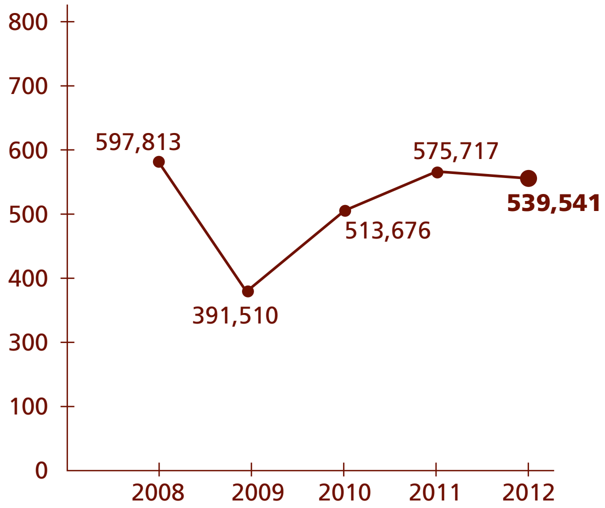
FIVE YEARS GROUP FINANCIAL SUMMARY

	GROUP				
YEAR ENDED 31 DECEMBER	**2012**	**2011**	**2010**	**2009**	**2008**
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)					
Revenue	**539,541**	575,717	513,676	391,510	597,813
Operating profit / (loss)	**(7,188)**	2,906	1,944	11,861	(40,915)
EBITDA	**(2,017)**	8,815	8,221	18,783	(33,544)
Profit /(loss) before taxation	**(10,190)**	(208)	(622)	9,689	(46,763)
Net profit attributable to equity holders	**(11,668)**	(208)	(485)	9,689	(46,763)
KEY FINANCIAL POSITION STATEMENT DATA (RM'000)					
Total assets	**169,329**	166,182	151,039	155,805	162,768
Total borrowings	**74,271**	63,113	68,383	77,106	89,268
Shareholders equity	**60,157**	71,643	60,653	61,324	51,565
SHARE INFORMATION					
Per share (sen)					
Basic earnings	**(18.15)**	(0.32)	(0.75)	15.07	(72.74)
Gross dividend	**-**	-	-	-	-
Net assets per share (RM)	**0.94**	1.11	0.94	0.95	0.80
Share price as at 31 December (RM) *	**0.26**	0.27	0.35	0.46	0.58
FINANCIAL RATIOS (%)					
Gross profit margin	**1.48**	1.76	2.44	5.27	(3.58)
Net profit margin	**(2.16)**	(0.04)	(0.09)	2.47	(7.82)
Return on equity	**(19.40)**	(0.29)	(0.79)	15.79	(90.68)
Gearing ratio	**59.85**	51.09	57.00	57.48	62.08

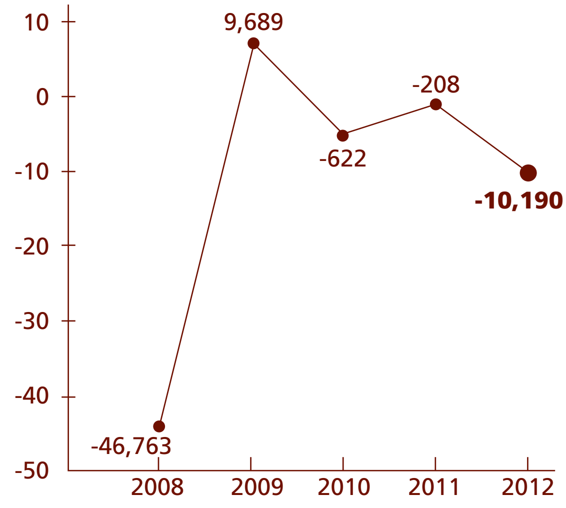
* referring to the last market transaction date for the year

FINANCIAL HIGHLIGHTS (Cont'd)

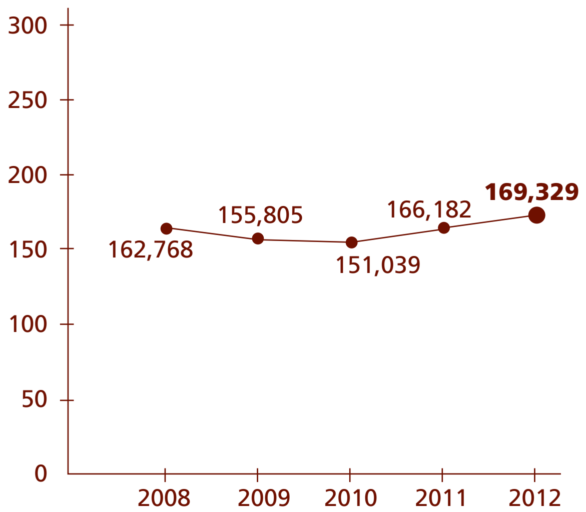
Revenue (RM'000)



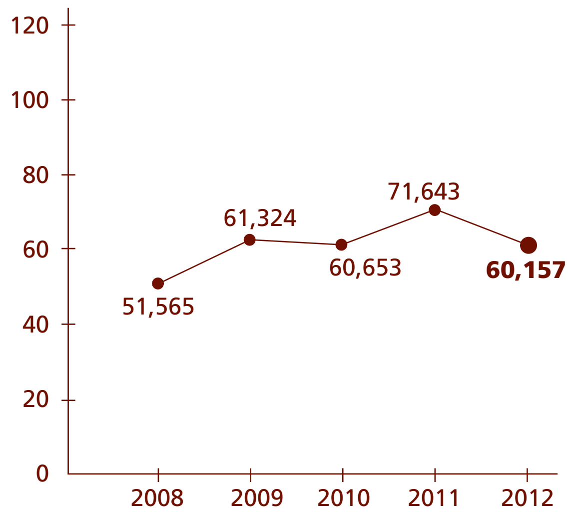
Profit /(loss) before taxation (RM'000)



Total assets (RM'000)



Shareholders equity (RM'000)



MANAGEMENT
DISCUSSION & ANALYSIS (MD&A)

Business Review

The Group's main business is the manufacturing and sales of enamelled copper wires and copper rod. The Group has two manufacturing plants doing the manufacturing processes and marketing, Ta Win Industries (M) Sdn Bhd in Malaysia and the other its subsidiary is Ta Win Electronic Tech-Material (Changshu) Co Ltd located in Changshu, Republic of China. There is a trading- house in Hong Kong, (Twin Industrial (HK) Co Ltd) which nature of business is mainly towards the importing of goods from these two (2) related companies and re-selling them to its customers in nearby regions.

The Management was aware of the influential factors to copper prices especially when supply was affected. The Group faced immense competition due to pricing issues as competition became more intense due to the constant fluctuations in copper prices and the after effects of the global recession. More foreign competitors with lower pricing structure were intending to enter our local market but their plans were temporarily delayed due to the slow global economy recovery. There was a need to review our pricing policies from time to time to accommodate the changes in the market and to remain competitive. The Management was constantly aware of customers' requirements and was committed to fulfil their needs without jeopardizing the profit margin.

In view of the constant fluctuations in copper prices, the Management took various remedial actions to counter the adverse effects on the bottom-line in terms of back-to-back booking of prices by customers, constant monitoring of LME, hedging of US Dollars exchange rates, etc.

The Management embarked on various programs to minimize wastages, improve product quality and maximize production capacity to achieve economies of scale. The long term objective of the Group was to continuously remain as one of the market-leaders in the industry and to improve the shareholders' value on their investments.

The Management was looking into every available opportunity to further expand the overseas and local market. The Group also undertakes to explore the possibility of diversification of product specification to enhance its existing business operations.

Given the expected scenario, the Management expects the Group's performance in years ahead to be very challenging.

Financial Review

Revenue

Revenue consisted of sales of enamelled copper wires and copper rod. Sales of copper rods constituted about 75% of the total revenue. Sales were very much related to the price of copper in the London Metal Exchange (LME). Sales dropped significantly by 35% in the financial year 2009 due to the after effects of global economic recession in 2008 but recovered by 31% in the year 2010 when the market regained momentum before it increased by 12% in year the 2011. The lower revenue in the current year was mainly due to lower average selling price caused by the lower LME prices as compared the previous year. On average, about 25% of the Group's sales were for the export market and the rest 75% were for local market.

Operating profit / (loss)

When copper prices began to fluctuate in the year 2010 after the global recession, it affected the profitability in the early year of 2010 but due to an upward trends in the last quarter of 2010, the profit from the last quarter offset all of the operating losses from the first to third quarter and the Group made an operating profit of RM1.944 million for the financial year. There was an improvement in performance for the financial year 2011 and its operating profit increased to RM2.906 million. The Group registered an operating loss of RM7.188 million in 2012 due to its inability to pass on the high material costs to customers when LME prices continued to fluctuate during the year. It was also due to the penalty raised by Malaysian Inland Revenue Board for the 2006 year of assessment.

MANAGEMENT
DISCUSSION & ANALYSIS (MD&A) (Cont'd)

Financial Review (cont'd)

Forex gain/ (loss)

As more than 90% of raw materials used in production were imported from overseas, the fluctuations in the US Dollar is a second major factor in determining the profitability of the Group. For the financial year ended 31 December, 2012 the Group registered a foreign exchange translation loss of RM1.189 million due to transactions, assets and liabilities denominated in foreign currencies as compared a net translation gain of RM1.073 million in the previous financial year.

Total assets

The total assets for the Group amounted to RM169.329 million for the financial year ended 2012, an increase of RM3.147 million from RM166.182 million as recorded in the previous financial year. The increased in assets are due to revaluation of land and buildings and purchase of assets.

Total borrowings

The total borrowings for the Group amounted to RM74.271 million for the financial year ended 2012, an increase of 17.68% from RM63.113 million recorded in the previous financial year. This was due to an increase in the usage of trade facilities and loan drawn down from the financial institutions.

Earnings per share

As the Group registered higher losses for the financial year under review, basic earnings per share attributable to ordinary equity holders decreased to -18.15 sen per share from -0.32 sen per share for the previous financial year.

Dividends

The Board of Directors did not recommended any dividend since the last dividend of 5 sen net per ordinary share for the financial ended 31 December 2007.

Operations Review

The two manufacturing plants located in Malaysia and in the People's Republic of China are capable of producing approximately about 2,300 metric tonne production capacity per month.

With the ISO 9001:2000, proper documented production processes are well in place to ensure smooth operations from production floor until delivery of goods to customers. Various improvement programs will be discussed and implemented from feedbacks by the production floor personnel.

The Management believed in the importance of human resources and provides continuous training to upgrade the skills of the workers in the hope of building their capacity and capability to deliver optimum efficiency.

The Management ensures that there is a continuous effort to maintain and improve our machinery to maximize its efficiency and productivity and further enhance our operational excellence to sustain our service reliability to our customers.

During the year under review, the focus was on minimizing loss due to rejects. Our rejects constituted about 0.03% of total production tonnage and is within the tolerance set by Management.

All major costs are monitored and reviewed to keep them at a manageable level. The operations level served as a platform in assisting the Management to make an informed business decision to ensure that the Group's performance is heading towards achievement of the expected directions.

The Risk Management Committee addressed and made an assessment of all the risks faced by the Group and recommends the appropriate actions to overcome the situation or mitigate any adverse effect. The meeting are held twice a year but ongoing risks identification are conducted every week in the weekly meeting.

MANAGEMENT
DISCUSSION & ANALYSIS (MD&A) (Cont'd)

Prospect Review

Depleting natural resources, volatile copper prices, global uncertainties and escalating costs are of major concern and pose a constant challenge to the Management. Although the Group was able to absorb these costs, this greatly impacted our cash reserves. The world will also keep an eye on the economies of Europe and especially the United States, since most of the world transactions are quoted in US Dollars and any great fluctuations will definitely affect their profit margin. The recent rescue and stimulus measures taken by the United States have yet to have any material impact on global growth and demand so far.

As China is eyeing to venture further into the world market, their penetration into our local market is considered a serious threat to our existence as competition will be fierce in terms of price. The government of China will continue with its prudent monetary policy, to stimulate its economy and cushion it against the effect of global slowdown.

Meanwhile, Bank Negara has decided to keep the interest rates steady until the third quarter of next year to curb the risk of inflation. The country's monetary and fiscal policy helps to maintain the domestic demand to be relatively strong. It is believed that the current rate will promote growth and ensure adequate levels of price stability.

The Management has no reasonable doubts that the Group will be able to sustain its businesses for the foreseeable future by optimizing costs and capitalizing on the Group's synergistic effect.

CORPORATE
SOCIAL RESPONSIBILITY STATEMENT (CSR)

Introduction

Ta Win Holdings Berhad and its subsidiary companies (the Group) are operating their business in a manner that is environmentally sound and socially responsible.

CSR in the Workplace

The Group actively ensured that the safety, health and welfare of all employees was not compromised and consistently promoted a quality work environment and a healthy and safe workplace through various awareness campaigns which were in line with the established Occupational Safety and Healthy Policy.

In ensuring that safety and health performance were maintained at the highest level, there were ongoing efforts to promote awareness of the corporate philosophy to adhere to the 6S concepts of Seiri (meaning Organise), Seiton (meaning Neatness), Seiso (meaning Cleaning), Seiketsu (meaning Standardization), Shitsuke (meaning Discipline) and Safety to improve the workplace to ensure that all employees safety and health were duly protected.

As part of its human capital development, the Group arranged various in-house training programs to equip its employees with the required skills and knowledge to stay ahead.

Besides the above, the Company also invested significantly in sending relevant employees to attend various external trainings programs.

CSR in the Community

As a caring and responsible corporation, the Group continued with its commitment to provide sponsorship for children by donating to World Vision, a non-profit organization, on an annual basis.

CSR in the Environment

The Group recognizes the need and importance of conserving the environment. The Group believes that it can play a part in managing its internal environment through waste management, energy savings and water conservation. The Management took steps to conserve energy and reduce the consumption of electricity by rescheduling the production planning by concentrating on non-peak hours whereby the tariff is lower.

The Group is committed to implementing a positive culture of safety and health to enhance not only the working environment but also to protect and conserve the environment for future generations. In this respect, all scrap copper wires were collected and sent for recycling.

The Group also ensured strict compliance with all environment regulations and laws such as the *Akta Kualiti Alam Sekeliling (1974) (Malaysia).*

CSR in the Marketplace

The Group believes that in order to achieve sustainable business interests and to respond to increasing demands from our stakeholders, the Company must conduct responsible business transactions that protected the interest of its shareholders, suppliers, customers, consumers and the public in general.

In this respect, Ta Win Holdings Berhad continuously evaluated and developed work processes and quality management systems that conformed to MS ISO 9001:2000 standards which were subject to annual independent audits. In addition, major stakeholders such as suppliers were expected to conform to the relevant standards practiced by the Group.

CORPORATE
GOVERNANCE STATEMENT

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

The Board of Directors (Board) of Ta Win Holdings Berhad is committed to ensuring that a high standard of corporate governance is practiced throughout Ta Win Holdings Berhad and its subsidiary companies (the Group) in directing and managing the Group's businesses and affairs as the fundamental part of discharging its responsibility and in enhancing the business expansion to support the continued growth of the Group as a long-term commitment to its shareholders and investors with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The following statement outlines the Group's application of the Principles of the Malaysian Code on Corporate Governance 2012 and the extent of its compliance with Recommendations of the Malaysian Code on Corporate Governance (the Code) pursuant to paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements (the Listing Requirements).

1. Establish Clear Roles and Responsibilities

1.1 Board Functions and Delegation to Management

The Board comprises as of this date seven (7) Directors, five (5) of whom are Non-Executives. The four (4) Non-Executive Directors are independent, and representing 57% of the Board are Independent Non-Executive Directors. The Board composition of the Company has been changed as follows since the last financial year:-

Name	Designation	Date of Appointment / (Resignation) / [Redesignation]
Chen, Hsi-Tao	Non-Independent Non-Executive Chairman	(Resigned as Managing Director w.e.f. 21/12/2012) [Redesignated as Non-Independent Non-Executive Director w.e.f. 21/12/2012]
Chen, Hung-Lin	Managing Director	[Redesignated w.e.f. 21/12/2012]
Yeoh Chin Kiang	Executive Director	No change
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	No change
Mohd Khasan Bin Ahmad	Independent Non-Executive Director	No change
Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	No change
Huang, Ching-Fan	Independent Non-Executive Director	Appointed w.e.f. 24/4/2013
Chen Yu, Kuei-Feng	Alternate Director to Mr. Chen, Hung-Lin	(Resigned as Executive Director w.e.f. 24/12/2012) Appointed as Alternate Director to Mr. Chen, Hung-Lin w.e.f. 24/12/2012
Chen, Hung-Ping	Alternate Director to Mr. Chen, Hsi-Tao	(Resigned as Executive Director w.e.f. 24/12/2012) Appointed as Alternate Director to Mr. Chen, Hsi-Tao w.e.f. 24/12/2012

1. Establish Clear Roles and Responsibilities (cont'd)

1.1 Board Functions and Delegation to Management (cont'd)

Name	Designation	Date of Appointment / (Resignation) / [Redesignation]
Lau Po Cheng	Alternate Director to Mr. Yeoh Chin Kiang	(Ceased to be Alternate Director to Madam Chen Yu, Kuei-Feng w.e.f. 24/12/2012) Appointed as Alternate Director to Mr. Yeoh Chin Kiang w.e.f. 24/12/2012

The respective roles and responsibilities of the Board, the Directors and Management have been clearly set out in the Company's Board Charter to ensure accountability for the parties, including the descriptions for their respective functions. The details of the Board Charter of the Company are as set out on the Company's website (www.ta-win.com). The Board together with the Managing Director has set a performance target in the Group Performance Forecast and long term goals of the Group, to be achieved by the Managing Director and the Management. The Group has established an organizational structure with well defined lines of responsibility, delegation of authority, segregation of duties and the flow of information which are effectively communicated to all levels. The roles and responsibilities concerned shall be reviewed at least once a year or as and when needed by the Board to ensure that the allocation of responsibilities to adapt to changing circumstances and the corporate objective of the Group are met.

Mr. Chen, Hsi-Tao who is the Founder and the Non-Independent Non-Executive Chairman of the Company leads the Board in the oversight of management. His extensive experience and knowledge in the enamelled copper wire/rod industry has enhanced his role as the Managing Director cum Chairman over the past years. He has successfully led the Group over the past 20 years and has transformed the Group into a leader in the enamelled copper wire/rod industry in the Asian Region. On 21 December 2012, Mr. Chen, Hsi-Tao tendered his resignation as the Managing Director to uphold and comply with Recommendation 3.4 of the Code and also for the orderly succession of management. Mr. Chen, Hung-Lin was redesignated as the Managing Director of the Company on 21 December 2012, having acquired the necessary experience, skills and knowledge for overall management of the Group over the past years as the Executive Director of the Company. Mr. Chen, Hung-Lin, the Managing Director along with Mr. Yeoh Chin Kiang, the Executive Director of the Company focus on the business and day-to-day management of the Company. The positions of the Chairman and the Managing Director are held by Mr. Chen, Hsi-Tao and Mr. Chen, Hung- Lin to promote accountability and facilitate the division of responsibilities between them. The Board has established a Company's Board Manual and Board Charter which sets out the distinct and separate roles for the Chairman and the Managing Director of the Company. Each has a clear accepted division of responsibilities in the Company's Board Manual and Board Charter. There is also a clear demarcation of responsibilities between the roles of the Chairman, the Managing Director and the Executive Director to ensure a balance in authority and power. The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct and performance of the Company. The Managing Director, along with the Executive Director of the Company, oversee the running of the Group and the implementation of the Board's decisions, business strategies, and policies. The four Independent Directors by virtue of their roles and responsibilities, represent minority shareholders' interests. The Independent Non-Executive Directors engage proactively with the Management and with both the external and internal auditors to address matters concerning the management and oversight of the Group's business and operations.

CORPORATE
GOVERNANCE STATEMENT (Cont'd)

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

1. Establish Clear Roles and Responsibilities (cont'd)

1.2 Board Roles and Responsibilities

The Board is responsible for the overall corporate governance of the Group and they had established several policies and procedures during the year 2012 to ensure accountability of the Board and the Management and also in discharging its fiduciary and leadership functions. Amongst other policies and procedures established by the Board are included the Board Charter, Code of conduct, Corporate Disclosure Policy, Accounting and Financial Policy and Procedures, Procedures for External Auditors, Continuing on Education Programs, Whistle Blowing Policy, Shareholders Communication Policy, Accurate and Timely Information to the Board as well as Environmental, Health and Safety. The Board retains full and effective control of the management in the Company, assuming its overall responsibilities for strategic planning and execution of the Company objectives and monitoring of the Management's performance in implementing them, as stated in the Company's Board Charter . The Board also provides effective oversight for the Management's performance, risk assessment and identification, control over business operations, implementation of appropriate internal control and shareholder communication policy for the Company. The Board delegates and confers some of the Board's authorities and discretion on the Executive Directors as well as properly constituted Committees comprising Non-Executive Directors. It is the responsibility of the Board to conscientiously weigh the interests of shareholders and to consider the effects of decision making in the interests of all shareholders. The Board also has the duty to act in the best interest of the Company and Group at all times. The Board's Charter which clearly defines the responsibilities of the Board, management oversight, as well as setting strategic direction premised on sustainability and promoting ethical conduct in business dealings is available in the Company's website at www.ta-win.com. The Board is of the view that given the size of the Group, the current size and composition of the Board remains optimum, conducive for effective deliberations during Board meetings and well balanced, and can cater effectively to the scope of the Group's operations. The Board does not intend to appoint an Independent Chairman to the Board. It has appointed Y.Bhg. Datuk Ng Peng Hay @ Ng Peng Hong as the senior Independent Non-Executive Director to facilitate communications with any stakeholders not dealt with by the Chairman, Managing Director or the Executive Director. The communication channels for effective communication with its shareholders and other stakeholders are stated in the Shareholder Communication Policy which is available on the Company's website at www.ta-win.com.

The Board had established a Succession Plan during the year 2012 and through its Succession Planning ensures that all senior management staff is of required calibre. Trainings programmes are in place to ensure the orderly succession of senior management.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. These committees help to ensure that there is a sound framework of reporting on internal controls and regulatory compliance. The compositions and terms of reference of the Board Committees are in accordance with the Recommendations prescribed by the Code. Standing committees of the Board include the Audit Committee (see Report on Audit Committee set out from pages 62 to 66, the Remuneration Committee, the Nomination Committee and the Risk Management Committee. The Employee' Share Option Committee had ceased its duties as the Employees' Share Option Scheme expired on 30 June 2009.

1.3 Code of Conduct

The Group commits to encourage a safe, supportive and productive work environment. For this purpose, the Board has established a set of rules or standard for all who participate in the Group and represent themselves outside the Group. It intends to conduct its business honestly and ethically wherever it operates to constantly create a reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgement. The Board will not compromise any of its principles for short-term advantage and will strive to adhere to high standards of personal integrity at all times. The Board observes and implements the ethical values stated in the Code of Conduct and Ethics established by the Board of the Company. This Code of Conduct shall be reviewed by the Board as and when needed by the Board. The Board also established a proper communication and feedback channel for employees and stakeholders to voice their concerns as is stated in the Whistle Blowing Policy. Both policies are available on the Company's website at www.ta-win.com.

1. Establish Clear Roles and Responsibilities (cont'd)

1.3 Code of Conduct (cont'd)

The Directors of the Company are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

1.4 Sustainable Plan

The Board has a formalised plan on promoting sustainability. It has formulated strategies that can create long term consumer, employee and stakeholder value by aiming towards the natural environment, social, cultural and governance aspects of business operation. The Board encourages management transparency by engaging in an open culture and two-way communication that encourages employee participation in every aspect of operational processes. The Management will continuously promote development programs conducted internally and externally that will further improve the skills of employees. Such programs conducted were well received with active participation from employee of all levels.

The Group has embarked on various steps to promote efficient usage of resources. It has ISO 9001:2000 which serves as a benchmark for targets to be achieved. The results are constantly monitored and immediate appropriate actions are taken to remedy the situations. The Group emphasized greatly on environmental cleanliness by promoting a healthy working environment that is free from pollution. The 6S meetings held weekly helps in incorporating social responsibility in the working culture of the Group. The Group's Sustainable Plan is also available on the Company's website at www.ta-win.com.

1.5 Access to Information and Advice

The Board has direct access to the Senior Management and has unrestricted and immediate access to all information pertaining to the Group's business and affairs in the discharge of their duties. All Board members were provided with relevant information of the Company and the Group to enable them to carry out their duties effectively as Directors. The Board meeting papers were prepared and presented in a concise and comprehensive manner so that the Directors were well informed in advance of any issues at hand ensuring that the Board's deliberations and decision making are performed in a systematic and well-informed manner. A full set of Board papers for each agenda including financial reports and notices were promptly communicated prior to the Board Meetings. This was to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if they deemed necessary. As part of the integrated risk management initiatives, the Board also noted the decisions and salient issues deliberated by Board Committees through minutes of these committees. Board meetings were conducted in accordance to a structured agenda.

Minutes of each Board meeting were circulated to all Directors before the Board meeting for their perusal prior to confirmation of the minutes at the commencement of the Board meeting. The Directors could request for clarification or raise comments before the minutes were tabled for confirmation as a correct record of proceedings of the Board.

Senior Management staffs were invited to attend any Board meetings to provide views and explanations on certain items on the agenda being tabled to the Board and to furnish clarification on issues that may be raised by the Directors. The Directors had direct access to Senior Management and had complete and unimpeded to access information relating to the Group in the discharge of their duties. The Directors had the right when necessary to consult advisers and to seek independent professional advice for legal, financial, governance or expert advice at the Company's expense while carrying out their duties through the approved guidelines.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

1. Establish Clear Roles and Responsibilities (cont'd)

1.5 Access to Information and Advice (cont'd)

Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year to enable Directors to plan and include the year's Board meetings into their own schedules. The Board has four (4) quarterly scheduled meetings annually. Board meetings are conducted by a structured formal agenda. The Meeting's agenda includes reviews on various aspects of the Group's operation, financial performance, financial forecasts, business plans, strategic decisions, any major investments, the findings from both the external and internal auditors and any other proposals or other significant matters that require the expeditious direction of the Board. The Board members deliberate, and in the process, assess the viability of business propositions and corporate proposals and the principal risks that may have significant impact on the Group's business or its financial position, and the mitigating factors. Special Board meetings would convene on an ad hoc basis to deliberate on any arising urgent matters that would require the Board's immediate decision. In 2012, the Board held four (4) regular meetings and one (1) Special Board meeting.

The date and time of the Board of Directors' Meeting were as follows:

Date of the Board Meeting	Time
27 February 2012	1015
26 April 2012	1000
28 May 2012	1000
27 August 2012	1000
26 November 2012	1000

The Board meetings were chaired by the Chairman, Mr. Chen, Hsi-Tao, who had the responsibility of ensuring that each of the agenda items was adequately reviewed and thoroughly deliberated within a reasonable timeframe.

The Directors remain committed to carrying out their duties and responsibilities as reflected by their attendance at the following Board meetings held during the financial year ended 31 December 2012:

Name of Directors	Scheduled Board Meetings	Attendance at the Board Meetings
Chen, Hsi-Tao"	5	5
Chen Yu, Kuei-Feng*	5	4
Yeoh Chin Kiang	5	5
Y.Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	5	5
Chen, Hung-Lin	5	5
Chen, Hung-Ping^	5	5
Aliyah Binti Dato' Hj. Baharuddin Marji	5	3
Mohd Khasan Bin Ahmad	5	5
Lau Po Cheng#	5	5

Note:-

(") resigned as Managing Director and re-designated as Non-Independent Non-Executive Chairman on 21.12.2012 respectively.

(*) resigned as Executive Director and appointed as Alternate Director to Chen, Hung-Lin on 24.12.2012

(^) resigned as Executive Director and appointed as Alternate Director to Chen, Hsi-Tao on 24.12.2012

(#) she attended 4 meetings by invitation and ceased as Alternate Director to Chen Yu, Kuei-Feng and appointed as Alternate Director to Yeoh Chin Kiang on 24.12.2012

All directors have thus more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated in the Listing Requirements (minimum 50% attendance).

1. Establish Clear Roles and Responsibilities (cont'd)

1.6 Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary in discharging its roles and responsibilities. Every Board member had ready and unrestricted access to the advice and the services of the Company Secretary in ensuring the effective functioning of the Board. The Directors were also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements issued by regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary is experienced, competent and knowledgeable on new statutes and directives issued by regulatory authorities. The Company Secretary briefs the Board on proposed contents and timings of material announcements to be made to the Bursa Malaysia. The Company Secretary served notice to Directors on the closed period for trading the Company's shares, in accordance with the closed period stated in Chapter 14 on Dealings in Securities of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market.

The Board has established clear guidelines as to the roles and responsibilities and the required personal characteristics of the Company Secretary. The Board will appoint a suitably qualified and competent Company Secretary who can support the Board in carrying out the roles and responsibilities as set out by the Board. The roles and responsibilities of the Company Secretary include the following:-

- Arrange meetings:
  a) Prepare calendar and agenda
  b) Ensure quality, quantity and timely dissemination of information
  c) Preserve confidentiality
  d) Involve all directors
- Assist Chairman in the preparation for and conducting of meetings
- Attend Board, Committees and general meetings
- Assist Chairman in determining the annual Board plan and the administration of other strategic issues
- Take proper minutes
- Ensure compliance of listing and related statutory obligations and procedures are followed and minimize distractions
- Convey information between board directors, committee members and management
- Advise the Board and Management on governance issues
- Ensure proper upkeep of statutory registers and records
- Continuously update the Board on changes to listing rules, other related legislations and regulations

The required personal characteristics of the Company Secretary are as follows:

- Integrity
- Discretion
- Judgment
- Courage
- Ability to inspire confidence of Chairman, Directors and Management
- Continually expand his/her professional toolbox by developing his/ her skills and abilities

The Company Secretary supported the Board by ensuring adherence to board policies and procedures. The Company Secretary attended and ensured that all Board meetings were properly convened, and that an accurate and proper record of the proceedings and resolutions passed were taken and maintained in the statutory register at the registered office of the Company. The Company Secretary also worked closely with the Management to ensure that there were timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

CORPORATE
GOVERNANCE STATEMENT (Cont'd)

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter

The Board Charter was adopted by the Board on 26 November 2012 and is available on the Company's website at www.ta-win.com. The Board undertakes to review the Board Charter annually to ensure it remains in line with the Group's objectives and responsibilities. Prior to the adoption of this Board Charter, the Board had established a Board Policy Manual setting out the Corporate Profile, Board responsibilities, Disclosures policies and procedures, Board and Directors' evaluation and etc.

The Board Charter sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter serves as a source reference and primary induction literature, providing insights to prospective board members and senior management. It lays out the key values, principles and ethos of the Group which serves as the key foundation for the establishment of the Group's strategies and policies. The Board Charter clearly sets out the division of responsibility and powers between the Board and the Management, the different committees established by the Board and the segregation of duties between the Chairman and Managing Director. It also states the processes and procedures for convening board meetings.

The Board has established a number of Board Committees whose compositions and terms of reference are consistent with the Recommendations of the Code. The Board Committees established by the Board to assist it in discharging its duties are:

a) The Audit Committee

The Audit Committee consisted of three (3) Directors, including the Chairman are Independent Non-Executive Directors. The terms of reference of the Audit Committee are set out under the Audit Committee Report in this Annual Report.

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by reviewing the Group's processes for producing financial data, risk assessment and identification as well as managing internal controls. The Audit Committee is independent of the Group's appointed external and internal auditors. The Audit Committee will discuss with Management and the external auditors the accounting principles and standards that were applied and their judgments of items that could affect financial statements. It is the policy of the Audit Committee to meet with external auditors at least twice a year to discuss audit plans, audit findings and the Company's financial statements. These meetings are held without the presence of the Executive Directors and the Management. The minutes of the Audit Committee meetings would be tabled to the Board for action where appropriate and or necessary.

The Audit Committee meets quarterly. Additional meetings are held as and when required. The Audit Committee met five (5) times during the financial year. The Audit Committee Report is presented from pages 62 to 66 of this Annual Report.

b) The Nomination Committee

The Board formed the Nomination Committee on 27 February 2002. It was charged with the responsibility of overseeing the selection and assessment of Directors. The Nomination Committee consisted of three (3) Independent Non-Executive Directors. The Committee is chaired by a senior independent director identified by the board.

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

b) The Nomination Committee (cont'd)

Other responsibilities of this Committee are clearly defined in the terms of reference of the Nomination Committee. The Nomination Committee of the Company comprises entirely of Independent Non-Executive Directors and its composition is as follows:

Members	Directorship	Responsibility
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	Chairman (redesignated w.e.f. 18.12.2012)
Mohd Khasan Bin Ahmad	Independent Non-Executive Director	Member (redesignated w.e.f. 18.12.2012)
Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	Member

The terms of reference of the Nomination Committee are as follows:-

- **Objectives**

  The principal objectives of the Nomination Committee are to assist the Board of Directors in their responsibilities in overseeing the selection and also assessment of Directors and Chief Executive Officer on an on-going basis.

- **Composition of members**

  The Board of Directors shall elect the Nomination Committee members from amongst themselves, composed exclusively of non-executive directors, a majority of whom are independent. The term of office of the Nomination Committee shall be for a period of three (3) years and may be re-nominated and appointed by the Board of Directors from time to time.

- **Chairman**

  The Chairman of the Nomination Committee shall be elected from amongst the Nomination Committee members and should be a senior Independent Non-Executive Director identified by the Board of Directors. The Chairman of the Committee shall be approved by the Board of Directors.

- **Secretary**

  The Secretary of the Nomination Committee shall be the Company Secretary of the Company.

- **Meetings**

  The Nomination Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once (1) a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at his discretion. The Nomination Committee members may participate in a meeting of the Nomination Committee by means of conference telephone, conference videophone or any similar or other communication equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

b) The Nomination Committee (cont'd)

- **Meetings (cont'd)**

  The Secretary shall on the requisition of the members of the Nomination Committee summon a meeting of the Nomination Committee and, except in the case of an emergency, reasonable notice of every Nomination Committee meeting shall be given in writing.

  In the absence of the Chairman, the members can elect from amongst themselves the Chairman for the Meeting.

- **Quorum**

  A quorum shall consist of two (2) members, one (1) of whom shall be the Chairman of the Committee.

- **Authority**

  The Nomination Committee shall, in accordance with a procedure or process to be determined by the Board of Directors and at the expense of the Company,

  (a) shall establish the minimum requirements or criteria to be used in the recruitment process and annual assessment of directors and Chief Executive Officer;

  (b) shall annually review the required mix of skills and experience and other qualities, including core competencies which non-executive and executive directors and Chief Executive Officer should have;

  (c) shall assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and assessing the contribution of each individual Director;

  (d) shall evaluate the ability of the Independent Non-Executive Directors to discharge such responsibilities/functions as expected from them;

  (e) shall determine annually whether a Director is independent as may be defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements;

  (f) shall be entitled to the services of a Company Secretary who must ensure that all appointments are properly made, that all necessary information is obtained from Directors or Chief Executive Officer, both for the company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of the Bursa Malaysia Securities Berhad or other regulatory requirements;and

  (g) Should facilitate board induction and training programmes for the Directors or Chief Executive Officer in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements.

Duties and Responsibilities

The duties and responsibilities of the Nomination Committee are as follows:-

- To recommend to the Board of Directors, candidates for all directorships to be filled by the Shareholders or the Board of Directors.

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

b) The Nomination Committee (cont'd)

Duties and Responsibilities (cont'd)

- To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or Shareholder.
- To recommend to the Board of Directors the nominees to fill the seats on Board Committees.
- To establish the mechanisms for the formal assessment on the effectiveness of the Board of Directors as a whole, the effectiveness of each Director; the effectiveness of the Board Committees; and the performance of the Chief Executive Officer. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board.
- To establish the minimum requirements or criteria to be used in the recruitment process and annual assessment of Directors and Chief Executive Officer.
- To review a boardroom diversity policy.
- To evaluate the ability of the Independent Non-Executive Director to discharge such responsibilities/ functions as expected from them.
- To determine annually whether a Director is independent as may be defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- To recommend to the Board the removal of a Director or Chief Executive Officer or Senior Management staff if he is ineffective, errant or negligent in discharging his responsibilities.
- To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structures of Board Committees.
- To oversee the appointment, management succession planning and performance evaluation of the Senior Management.
- To act in line with the directions of the Board of Directors.
- To consider and examine such other matters as the Nomination Committee considers appropriate or delegated by the Board of Directors of the Company from time to time.

Appointment of New Director

The Nomination Committee established by the Board is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decision. The Nomination Committee has set out the criteria to be used for the selection process on the board nomination. During the year, the Nomination Committee has assessed and recommended to the Board, the appointment of Mr. Huang, Ching-Fan as an Independent Non-Executive Director of the Company.

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

b) The Nomination Committee (cont'd)

Re-Appointment and Re-Election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors and those appointed during the financial year shall retire from the office and shall be eligible for re-election. The Articles of Association of the Company also provided that all Directors are required to retire from office once every three (3) years but shall be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

The performance of those Directors who are subject to re-appointment and re-election of Directors at the Annual General Meeting of the Company will have been assessed by the Nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment or re-election of the Directors concerned for shareholders' approval at the next Annual General Meeting. Directors who were appointed during the financial year are subjected to a re-election following their appointment in accordance with the Company's Articles of Association by shareholders at the Annual General Meeting (AGM).

The Nomination Committee met twice (2) during the financial year. The commitment of members of the Nomination Committee in carrying out their duties and responsibilities is affirmed by their full attendance at the Nomination Committee held during the year ended 31 December 2012, as reflected below:

Committee Members	Scheduled meetings	Attendance at the Committee Meetings
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	2	2
Mohd Khasan Bin Ahmad	2	2
Aliyah Binti Dato' Hj. Baharuddin Marji	2	2

The Nomination Committee met to approve the principles and processes of assessing Board effectiveness and the performance evaluation of senior management. The activities undertaken by the Nomination Committee during the financial year include:-

A) The Nomination Committee set out the following criteria for selection process for board nomination:-

- Character;
- Experience;
- Integrity;
- Competence;
- Time to effectively discharge his role;
- Directorships;
- Expertise, skills and knowledge;
- Independent status;
- Professionalism;
- Related party and disclosure of interests;
- Training; and
- Any other factors which may affect the judgment of the candidate to act in the best interests of the Company.

CORPORATE
GOVERNANCE STATEMENT (Cont'd)

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

b) The Nomination Committee (cont'd)

B) The Nomination Committee conducted the review on 13 policies and procedures established by the Company.

C) The Nomination Committee recommended the appointments of new Directors to the Board, reviewed annually the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board, identified areas for improvement, reviewed the succession plan for senior management in the Group and training programs for the Board. The Nomination Committee also ensured that the Board has an appropriate balance of expertise and ability.

D) The Nomination Committee, upon annual assessment carried out for the financial year 2012, was satisfied that :-

1. The three Independent Directors had passed their self-assessment and assessment conducted by the Nomination Committee and they are complied with the definition of Independent Directors as defined on the Bursa Malaysia Securities Berhad.

2. Datuk Ng Peng Hong @ Ng Peng Hay, Cik Aliyah Binti Dato' Hj. Baharuddin Marji and Encik Mohd Khasan Bin Ahmad, the three (3) Independent Non-Executive Directors, are demonstrably independent, and their length of services on the Board of 13 years, 9 years and 11 years respectively do not in any way impair their independent status and interfere with the exercise of objective judgement or their ability to act in the best interests of the Company. They still preserved their independence positioning between the management and the external auditors of the Group during their tenure of office.

3. The Company's compliance status on the Malaysia Code on Corporate Governance 2012.

4. The Board does not set the limit for gender diversification of its board composition as the appointment of directors are based on merits without giving regards to the gender of the appointed directors. All this while, the Board recognises the value of female members on the Board. The female representation on the Board has been reduced from 25% to 14% due to the resignation of Madam Chen Yu, Kuei-Feng.

5. Mr. Chen, Hsi-Tao continues to hold the Chairmanship in the Company. He is the Non-Independent Non-Executive Director and Chairman in recognition of his contribution which has transformed the Group into a leader in the enamelled copper wire/rod industry in the Asian Region

6. The representation of the Independent Directors gradually increased from 37.5% to 57% as at the date of this Annual Report to uphold and comply with the Recommendation of the Code, thereby bringing objective and independent judgment to facilitate a balanced leadership in the Group as well as to provide an effective check to safeguarding the interest of minority shareholders and other stakeholders in ensuring high standards of conduct and integrity are maintained. The Nomination Committee has handed its recommendation to the Board and Mr Huang, Ching-Fan was appointed as an Independent Director of the Group. With his appointment, the Board comprises of a majority of Independent Directors in 2013.

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

b) The Nomination Committee (cont'd)

D) The Nomination Committee, upon annual assessment carried out for the financial year 2012, was satisfied that :- (cont'd)

7. The size and composition of the Board remains optimum, conducive for effective deliberations during the Board meetings and well balanced and can cater effectively to the scope of the Group's operation.

8. Each of the Board of the subsidiary companies has required mix skills, experience and other qualities and competencies including core competencies which Executive Directors has brought to the individual board. There were significant advantages to be gained from the long-serving directors of subsidiaries company who possessed tremendous insight and knowledge of the Group's affairs.

9. All members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, depth of knowledge, skills and experience as well as their personal qualities.

10. The four (4) Independent Directors are professionals in their own rights with wide-ranging experience, skills and expertise in accounting, corporate management, marketing on commodity and administration. They remain free of conflict of interest situations and this facilitates them to carry out their roles and responsibilities as Independent Directors effectively, and also, through their varied experience and qualifications provide effective contribution and support to the functions of the Board.

11. Three (3) Independent Directors have made declaration to the Nomination Committee that they agreed to devote quality time to understand their responsibilities and objective as well as receive company specific training.

12. The Board Committees such as the Audit Committee, the Remuneration Committee and the Risk Management Committee have been able to discharge duties entrusted to them and have done so effectively.

    The Directors had direct access to the advice and the services of the Company Secretary who ensured that all appointments were properly made and that all the necessary information was obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligation arising from the Listing Requirements of the Bursa Malaysia Securities Berhad and other regulatory requirements.

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

c) The Remuneration Committee

The Board formed the Remuneration Committee on 27 February 2002. The Remuneration Committee consists of three (3) directors, two (2) of whom are Independent Non-Executive Directors.

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining and recommending the remuneration packages of executive directors.

The members of the Remuneration Committee as of this Statement are as follows:

Members	Directorship	Responsibility
Chen, Hsi-Tao	Non Independent Non-Executive Chairman	Chairman
Mohd Khasan Bin Ahmad	Independent Non-Executive Director	Member
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	Member

The Remuneration Committee of the Company has set up a remuneration policy framework and made recommendations to the Board on remuneration packages and other terms of employment for Executive Directors. The terms of reference of the Remuneration Committee are clearly defined by the Board to its members. The salient terms of reference of Remuneration Committee are as follows:-

- To review and assess the remuneration packages of the Executive Directors, Chief Executive Officer and Senior Management in all forms, with or without other independent professional advice or other outside advice.

- To review annually and recommend to the Board the overall remuneration policy for the Directors, Chief Executive Officer and Senior Management to ensure that the rewards commensurate with their contributions to the Company's growth and profitability; and that the remuneration policy supports the Company's objectives and shareholder value and is consistent with the Company's culture and strategy.

- To review annually the performance of the Chief Executive Officer, Executive Directors and Senior Management and recommend to the Board specific adjustments in remuneration and /or reward payments, if any, reflecting their contributions for the year; and which are competitve and consistent with the Company's objectives, culture and strategy.

- To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully.

- To structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Company for talent at Board level at a particular time.

- To recommend to the Board of Directors the remuneration packages of the Executive Directors, Chief Executive Officer and Senior Management.

- To act in line with the directions of the Board of Directors.

- To consider and examine such other matters as the Remuneration Committee considers appropriate.

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

c) The Remuneration Committee (cont'd)

The component parts of remuneration for Executive Directors are structured to link rewards to corporate and individual performance. For Non-Executive Directors, the levels of remuneration are reflected by the experience and level of responsibilities. The Executive Directors will abstain from participating in the discussion of their own remunerations. The determination of remuneration of Non-Executive Directors is handled by the Board as a whole. The individuals concerned had abstained from discussion and decision of his/her remunerations.

The remuneration of Non-Executive Directors comprises fees while the remuneration package of Executive Directors comprises of a basic salary, fees and bonuses.

The Remuneration Committee will meet at least once (1) a year to carry out the annual review of the overall remuneration policy for Directors whereupon recommendations are submitted to the Board for approval. During the meeting, the results of the Directors' performances are evaluated and rated by the Nomination Committee which is then presented to the Remuneration Committee. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders. The Remuneration Committee and the Board strive to reward Directors based on accountability, fairness, and competitiveness, as prescribed in the Code and to ensure the remuneration packages of Directors are sufficiently attractive to draw in and to retain persons of high calibre. Thus, there is a formal and transparent procedure for rewarding and fixing any remuneration packages for Directors.

The Board has established a formal and transparent Remuneration Policy to attract and retain Directors. The Board understands that a fair remuneration is critical to attract, retain and motivate Directors. The Remuneration Policy was drawn up to be in alignment with the business strategy and long-term objectives of the Group. It reflects the Board's commitment to its duties and responsibilities as the remuneration packages are based on achievement of certain specified conditions.

The Remuneration Committee dealt with all issues pertaining to the Directors' remuneration package. The Committee will seek advice from independent advisers, when necessary for it to carry out its duties and responsibilities effectively.

The Remuneration Committee had, via its Remuneration Committee Meeting, reviewed the performance of all Executive Directors and the Chairman of the Company and recommended to the Board specific adjustments in remuneration that included the reward payments which commensurate with their contributions during the year, and which were competitive and are in tandem with the Group's corporate objectives.

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December, 2012 is as follows:

Total Remuneration	**Executive Directors (RM'000)**	**Non-Executive Directors (RM'000)**	**Total (RM'000)**
Salaries and other emoluments	588	-	588
Fees	23	86	109
Bonus	23	-	23
Defined Contribution Plans	31	-	31
Total Remuneration	665	86	751

CORPORATE
GOVERNANCE STATEMENT (Cont'd)

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

c) The Remuneration Committee (cont'd)

It is not the Board's policy to disclose the remuneration of each individual director due to the Company's concerns for sensitivity and confidentiality of such information. However, it has resolved to disclose their salaries in the manner shown above differentiating the numbers between executive and non-executive directors.

Number of Directors whose remuneration falls within the following bands :-

	Executive Directors	Non-Executive Directors	Total
RM50,000 and below	2*	3	5
RM50,001 to RM 100,000	2	-	2
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	2	-	2
Total	6	3	9

Note :
(*) including the Alternate Director

d) The Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee was established to administer the Group's Employees' Share Option Scheme ("the Scheme"). The ESOS Committee ensured that the Scheme was administered in accordance with the Bye-Laws approved by the shareholders of the Company. The Scheme expired on 30 June 2009 pursuant to Bye-Laws 18 of the ESOS. As such, the ESOS Committee has ceased its duties with effect from 30 June 2009.

e) The Risk Management Committee

The Risk Management Committee has been formed to ensure that the Group achieves its corporate objectives by applying effective risk management controls. The Risk Management Committee reviews and identifies key risks as well as oversees the overall management of all risks and ensures that infrastructure, resources, processes and systems are in order. The salient terms of reference of the Risk Management Committee are as follows:-

- To identify, evaluate, reporting of risks, implement of appropriate risk management systems and monitor key business risks to safeguard shareholders' investments, the Company's assets and any matter within its terms of reference.
- To have the resources which are required to perform its duties.
- Shall report periodically, as deemed necessary, at least twice a year, to the Audit Committee.
- To have direct communication channels with the external auditors and internal auditors of the Company.
- To convene meetings with the external auditors, the internal auditors or both, to discuss their findings and recommendations, whenever deemed necessary to discuss the problems and reservations arising from their reviews and any matter the external and internal auditors may wish to discuss.

CORPORATE
GOVERNANCE STATEMENT (Cont'd)

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

1. Establish Clear Roles and Responsibilities (cont'd)

1.7 Board Charter (cont'd)

e) The Risk Management Committee (cont'd)

- The primary responsibilities:-
  a) formulating a risk management framework
  b) actively identifying risks
  c) evaluating, reporting of risks
  d) implementing appropriate risk management systems
  e) monitor key business risks to safeguard shareholders' investments and the Company's assets

- Recommend to the Audit Committee and Board on the implementation of appropriate risk management systems and any matters in relation to risk profile of the Group.

The members of the Risk Management Committee as at the date of this Statement are as follows :-

Members	Designation	Responsibility	No.of Meeting	Attendance
1. Yeoh Chin Kiang	Executive Director	Chairman	2	2
2. Chen, Hung-Lin	Managing Director	Member	2	2
3. Lau Po Cheng	Alternate Director to Yeoh Chin Kiang	Member	2	2
4. Roselin Cheng Lee Ling	Human Resources Manager	Member	2	2
5. Ong Jit Wee	Quality Assurance Manager	Member	2	2
6. Chan Hui Mei	Secretary cum Purchasing Executive	Member	2	1
7. Tan Seow Ngeng	Personal Assistant to Managing Director	Member	2	2
8. Gan Seng Hock	Sales Manager	Member	2	2
9. Yap Siew Kuan	Finance Manager	Member	2	2

f) The Disclosure Committee

The purpose of the Disclosure Committee is to govern the disclosure of material, non-public information in a manner designed to provide broad, non-exclusionary distribution of information so that the public has equal access to the information. The information disclosed must be clear, factual, accurate, concise, understandable and in full compliance with the requirements of the rules of Bursa Malaysia Securities Berhad and other applicable laws. It has the responsibility for considering the materiality of information and on a timely basis, determining the disclosure and treatment of material information. The Committee is governed by the guidelines stated in the Corporate Disclosure Policy which was approved by the Board.

CORPORATE
GOVERNANCE STATEMENT (Cont'd)

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

2. Reinforced Independence

2.1 Annual Independent Directors' Assessment

The Board assesses all its Directors' performance including the Independent Directors annually. In addition to that, the Independent Directors also need to undertake an independency assessment to ensure that the exercise of independency and objective judgment are not compromised by, amongst others, familiarity or close relationship with other board members. The independency assessment focuses beyond an Independent Director's background, economic and family relationships to consider whether an Independent Director can continue to bring independent and objective judgment to board deliberations. The Nomination Committee has set the criteria to assess this independency. All newly proposed Independent Directors are required to fulfill these criteria and are notified of such assessment requirements before their appointment as the Group's Independent Directors. The Independent Directors will continue to be assessed and reviewed annually or when any new interest or relationship develops.

3. Commitment Towards Company

3.1 Time Commitment

Directors are expected to have the relevant expertise in order to contribute positively to the Group's performance and to give sufficient time and attention to carry out their responsibilities to the Group. The Board shall obtain this commitment from its new members at the time of appointment. The Board Charter has established a policy and procedures where a Director should notify the Chairman officially before accepting any new directorship from any other company and the notification shall explain the expectation and an indication of time commitment that will be spent on the new appointment. The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as they hold either one or only a few directorships in public listed companies as described below :-

No	Name of Directors	Number of directorship in public listed companies
1	Mr. Chen, Hsi-Tao, Mr. Chen Hung-Lin, Mr. Yeoh Chin Kiang, Mr. Huang, Ching-Fan and Cik Aliyah Binti Dato' Hj. Baharuddin Bin Marji	One
2	Encik Mohd Khasan Bin Ahmad	Four
3	Y. Bhg Datuk Ng Peng Hong @ Ng Peng Hay	Six

3. Commitment Towards Company (cont'd)

3.2 Continuing Education Programs

The Board acknowledged that the Directors of the Company through varied experiences and qualifications provided the desired contribution and support to the functions of the Board for the year of 2012. Directors' Training is an on-going process as Directors recognise the need to continually develop and refresh their knowledge and skills, and to update themselves on developments in manufacturing and business. During the financial year 2012, the members of the Board except for Cik Aliyah Binti Dato' Hj. Baharuddin Marji obtained training on areas relevant to their duties and responsibilities as Directors by attending seminars. The Board empowered the directors of the Company to determine their own training requirements to enhance their knowledge in new rules and regulations while understanding the Group's businesses and operations and keeping abreast with current developments in the market place. The Board has set a policy on the continuing education program and life-long learning. During the year, all the Directors of the Company continued to attend seminars and briefings in order to stay abreast with the latest market developments and also to enhance their knowledge. The Board will evaluate and determine the training needs of its Directors on an ongoing basis to assist them in discharging their responsibilities.

Seminars and briefings attended by the Directors of the Company during the financial year were as follows:

Name of Directors	Course attended	Date of Seminar
Chen, Hsi-Tao	1) Balancing Yourself With Time and Stress Management	22 May 2012
	2) Accident Prevention at Workplace	25 July 2012
	3) QMS ISO 9001:2008	25 September 2012
	4) Supply Chain Management	19 December 2012
Yeoh Chin Kiang	1) Balancing Yourself With Time and Stress Management	22 May 2012
	2) Accident Prevention at Workplace	25 July 2012
	3) QMS ISO 9001:2008	25 September 2012
	4) Supply Chain Management	19 December 2012
Chen Yu, Kuei-Feng	1) Balancing Yourself With Time and Stress Management	22 May 2012
	2) Accident Prevention at Workplace	25 July 2012
	3) QMS ISO 9001:2008	25 September 2012
	4) Supply Chain Management	19 December 2012
Chen, Hung-Lin	1) Balancing Yourself With Time and Stress Management	22 May 2012
	2) Accident Prevention at Workplace	25 July 2012
	3) QMS ISO 9001:2008	25 September 2012
	4) Supply Chain Management	19 December 2012

CORPORATE
GOVERNANCE STATEMENT (Cont'd)

Pursuant To Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements

3. Commitment Towards Company (cont'd)

3.2 Continuing Education Programs (cont'd)

Name of Directors	Course attended	Date of Seminar
Chen, Hung-Ping	1) Balancing Yourself With Time and Stress Management	22 May 2012
	2) Accident Prevention at Workplace	25 July 2012
	3) QMS ISO 9001:2008	25 September 2012
	4) Supply Chain Management	19 December 2012
Y.Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	The Malaysian Code on Corporate Governance 2012–Key Changes to the 2007 Code & Implications to PLC Directors	26 November 2012
Mohd Khasan Bin Ahmad	1) Advocacy Sessions on Disclosure for CEOs and CFOs	19 July 2012
	2) Independent Directors, Audit and Risk Committees	12 September 2012
	3) Transfer Pricing Developments in Malaysia	1 November 2012
	4) Corporate Integrity System Malaysia : CEO Dialogue Session	29 November 2012
Lau Po Cheng	1) The Malaysian Code on Corporate Governance 2012	3 July 2012
	2) Accident Prevention at Workplace	25 July 2012
	3) QMS ISO 9001:2008	25 September 2012
	4) Supply Chain Management	19 December 2012

Cik Aliyah Binti Dato' Hj. Baharuddin Marji is a Management Trainer and she did not attend any training programmes during the year as she had devoted her time and effort in pursuing her PhD on English language programme and conducting seminar workshops presenting her papers in conferences.

4. Integrity in Financial Reporting

4.1 Financial Statements Compliance

The Board aims to present to shareholders, investors, and relevant regulatory authorities a clear, precise and concise assessment of the Company and the Group's financial positions and future prospects.

Timely releases of the quarterly financial statements reflect the Board's commitment to provide transparent and up-to-date disclosures of the Group's performance.

4. Integrity in Financial Reporting (cont'd)

4.1 Financial Statements Compliance (cont'd)

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of financial reporting. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies as well as ensures that these financial statements comply with accounting standards and regulatory requirements.

The Statement on the Directors' Responsibility in the annual audited financial statements of the Company and its Group pursuant to paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market is set out on page 70.

The Group's independent external auditors are essential for all shareholders by ensuring the reliability of the Group's financial statements and providing assurance of that reliability to users of these financial statements. From time to time, the external auditors will bring to the attention of the Audit Committee any significant deficiency in the Group's control system. In accordance to the terms of reference of the Audit Committee, the Audit Committee will meet with the external auditors at least twice a year to discuss audit plans, audit findings and the financial statements of the Company. With regards to this, the Audit Committee met the external auditors twice during the financial year without the presence of the Executive Directors and the Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the audit and the preparation and content of the audit report.

An appropriate relationship is maintained with the Group's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors. A full Audit Committee Report and its Terms of Reference detailing its role in relation to the auditors, is set out from pages 62 to 66 of this Annual Report.

4.2 External Auditors

The Audit Committee reviews and assesses the performance, suitability and independency of external auditors annually. A policy has been established concerning the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors.

The external auditor shall provide non-audit services to clients only under the following circumstances:

1. the external auditor maintain their independency from their audit client
2. statutory laws permit the provision of specified non-audit services to a listed company audit client
3. value of the service outweigh the threats to auditor independence
4. the conditions or limitations imposed on the provision of the service satisfactorily reduce the threat to independence
5. it is a regulatory service

4. Integrity in Financial Reporting (cont'd)

4.2 External Auditors (cont'd)

The external auditor has also given a written assurance to the Board confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Terms of engagement for the services provided by the external auditors were reviewed by the Audit Committee and approved by the Board. In reviewing terms of engagement for services to be provided by the external auditors, the Audit Committee ensured that the independence and objectivity of the external auditors will not be compromised.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2012 to the external auditors are set out below:

Details of fees	The Company (RM'000)	The Group (RM'000)
Statutory Audit	24	55
Other Services	13	35

5. Recognise and Manage Risks

5.1 Risk Management

The Board acknowledges its responsibilities for maintaining a reliable system of internal controls within the Group which covers the financial controls, the operational and compliance controls, and risk management. The internal control system is designed to meet the Group's needs and to manage risks to which it can be exposed. This is a continuing process which includes risk assessments, internal controls reviews and internal audit checks on all companies within the Group. This will ensure that the Group's assets are safeguarded in the interest of preserving the investment of Shareholders.

The size and the nature of the Group's operations involve the acceptance and management of a wide variety of risks. Existence of risks infer that events may occur which would give rise to unanticipated or unavoidable losses beyond the Management's control. The Company's and the Group's system of internal controls, by its nature are designed to provide reasonable but not absolute assurance against risks of material errors, misstatements, frauds, or losses occurring. The Risk Management Committee through half yearly meetings ensures that the accountability for managing significant risks identified is clearly assigned and that identified risks affecting the Company and the Group are satisfactorily addressed on an ongoing basis.

5.2 Internal Auditors

The Board has an overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with the applicable laws and regulations, as well as with the internal procedures and policy. The Company has engaged Messrs LLTC to carry out the internal audit function of the Group for the financial year ended 31 December 2012. Messrs LLTC is a professional firm of qualified accountants and independent of the activities and operations of the Group. The Audit Committee has conducted a review and assessment of the suitability, qualifications and the competency of the Internal Auditors. The Internal Auditors assist the Audit Committee in discharging its duties and responsibilities and are conducting reviews and appraisals of the effectiveness of governance, risk management and internal controls processes within the Group twice a year.

5. Recognise and Manage Risks (cont'd)

5.2 Internal Auditors (cont'd)

The effectiveness of the system of internal controls of the Company and the Group is reviewed by the Audit Committee during quarterly meetings. The review covers the operational, financial and compliance controls. The Audit Committee assists the Board in its review of the effectiveness of internal control and risk management processes of the Company and the Group. The minutes of the Audit Committee meetings are circulated to the Directors for notation and for action by the Board where appropriate. The Board has through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls and the Board's Statement of Risk Management and Internal Control are on pages 67 to 69 of this Annual Reports.

6. Ensure Timely and High Quality Disclosure

6.1 Corporate Disclosure Policy

The Board is committed to the highest standards of accountability and transparency with shareholders. The Board has established a Corporate Disclosure Policy which serves as a guide to ensure broad dissemination of material information in a comprehensive, accurate and timely manner and in accordance with all applicable legal and regulatory requirements. This hopes to promote effective communication with shareholders and encourage their participation and feedback at Annual General Meetings. Not only is this policy established to comply with the requirements of Bursa Malaysia Main Market Listing Requirements pertaining to continuing disclosure, but it also adopts the Recommendation as recommended in the Code.

The Disclosure Committee is responsible for overseeing the Group's disclosure controls, procedures and practices. The policy is available on the Company's website at www.ta-win.com

6.2 Information Dissemination

The Board encourages the Group to leverage on information technology for effective dissemination of operational, financial, corporate governance and investor relations information and is considering a wider usage of information technology in communicating with stakeholders. A shareholders communication policy has been established by the Board to enable effective communication with its shareholders and other stakeholders. The Board hopes that this will help in promoting effective communication and constructive engagement between the board members and the senior management with shareholders on the Company's performance and other matters affecting the shareholders' interests.

The Board intends for its shareholders to have easy access to its information. Currently, in achieving its objectives, it has applied different communication channels including:

- Annual General Meeting (AGM) which shareholders are encouraged to attend and participate
- Annual Reports which are available in CD, hardcopy and on Bursa and organisation' s website
- Audited Financial Statements which are available on Bursa and organisation's website
- Quarterly Financial Reports which are available on Bursa and organisation's website
- Emails either directly to the organisation or through the share registrar or Company Secretary
- Disclosures and announcements as required by Listing Requirements

The shareholders can access the organisation's website, www.ta-win.com as an available source of relevant information concerning the operation of the organisation, including disclosures, announcement, policies adopted and the Board charter and its other committees. The information on website shall be updated from time to time.

6. Ensure Timely and High Quality Disclosure (cont'd)

6.2 Information Dissemination (cont'd)

One of the key elements for good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision for clear, relevant, timely, comprehensive and accessible information to all stakeholders.

The Group values its dialogues with investors. The Annual Report of the Group is the channel of communication with shareholders and investors. The shareholders and investors are kept informed of performance and of any major developments of the Group through Annual Reports and announcements via Bursa LINK. Apart from this, financial results and other corporate information materials in the Annual Reports and Circulars to shareholders are available to allow shareholders and investors to have an overview of the Group's business activities and performance. Other available channels of communication are disclosed in the Group's Shareholder Communication Policy which is available on the Group's website www.ta-win.com. Information on pricing, however, is not disclosed until after the prescribed announcement to the Bursa Malaysia Securities Berhad.

The Company disseminates its Annual Report to its shareholders either in hard copy or in CD-ROM media.

Other than the Annual Report, the Group's website, www.ta-win.com also houses all other corporate and financial information that is made available to the public, such as quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market and other corporate information on the Company.

An explanatory note or statement to facilitate full understanding and evaluation of issues involved will accompany items under 'special business' of the meeting.

Whistle-Blowing

The Company has formalised an effective framework on Whistle-Blowing. The Company provides an avenue for all employees of Ta Win Holdings Berhad Group and members of the public to come forward and voice their concerns. The policy sets out a specific means by which employees, shareholders or members of the public can report or disclose through established channels, any improper conduct and irregularities such as:

1. unethical behaviour
2. malpractices
3. fraud and corruption
4. abuse of power
5. conflict of interest
6. illegal acts
7. failure to comply with any regulatory requirements
8. damage to environment
9. misuse of company' property or funds

The policy also sets out the steps the Company will take in respect of the report received from the employees and members of the public.

7. Strengthen Relationship Between Company and Shareholders

7.1 Shareholder Participation

The Board encourages shareholders to participate in general meetings and takes the reasonable steps to ensure shareholders exercise their rights. The main forum for dialogues with shareholders of the Company is the Ta Win Holdings Berhad's general meeting. The general meeting represents the primary platform for two-way interactions between shareholders, Directors and Senior Management of the Company. During the general meeting, shareholders who attend the general meetings are encouraged to raise questions pertaining to the agenda items of the general meeting. All Directors and Senior Management, where appropriate, will provide feedback, answers and clarifications to questions raised from any shareholders during the Annual General Meeting. The external auditor will also be present and be prepared to answer any questions concerning the conduct of the audit and the preparation and content of the auditor's report. Adequate notice of the Annual General Meeting of not less than 21 days is communicated to those concerned. Shareholders will receive notices of such meetings by post and through an advertisement in a reputable national newspaper.

The Chairman encourages active participation by the shareholders during the general meetings of the Company. The Board should direct the Company to disclose all relevant information to shareholders to enable them to exercise their rights.

The Board will hold an Extraordinary General Meeting (EGM) if a situation requires shareholders to meet in between AGMs. An appropriate notice would be communicated regarding to the purpose of such a meeting. A circular would accompany the notice to shareholders providing an explanation of the intended agenda to facilitate understanding and evaluation.

7.2 Poll Voting

The Board encouraged poll voting and is considering adopting an electronic voting system to facilitate greater shareholder participation whenever it is deemed necessary and circumstances are permitted. The Chairman shall inform the shareholders of their right to demand a poll vote at the commencement of the Annual General Meeting when circumstances are permitted.

The Directors are duty bound to immediately declare to the Board should they have any interests in transactions to be entered into directly or indirectly with the Company or the Group. The interested Directors would serve notice to the Board and thereupon abstain from deliberations and decisions of the Board on the transaction. In the event a corporate proposal is required to be approved by shareholders, the interested Directors would also abstain from voting in respect of their shareholdings relating to corporate proposal, and would further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

7.3 Effective Communication with Shareholders

The extensive investor relations activities of the Group form an important channel of communications with shareholders, investors and the investment community. As part of fulfilling its corporate governance obligations, the Group maintains a level of disclosure and extensive communication with its stakeholders with the provision of clear, comprehensive and timely information through the readily accessible channels such as annual and quarterly reports.

The senior level of management personnel responsible for the Group's investor relations function reflects the commitment of the Group to maintain investor relations as well as provide views and information on the Group that is appropriate and substantive to investors. Shareholders and investors can make inquiries about investor relations matters with designated management personnel directly responsible for investor relations.

7. Strengthen Relationship Between Company and Shareholders (cont'd)

7.3 Effective Communication with Shareholders (cont'd)

Senior Management Personnel in investor relations activities are:

a) Mr. Chen, Hsi-Tao, Chairman
b) Mr. Chen, Hung-Lin, Managing Director
c) Mr. Yeoh Chin Kiang, Executive Director

8. Deviations from the Recommendations on MCCG 2012

The Board has to the best of its ability and knowledge complied with the Recommendations on MCCG 2012 except for the following :-

i) Recommendation 2.2

The Nomination Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors.

Deviation

The Board does not set the limit for gender diversification of its board composition as the appointment of directors is based on merits without giving regards to the gender of the appointed directors. All this while, the Board recognises the value of female members of the Board. The female representation in the Board has been reduced from 25% to 14% due to the resignation of Madam Chen Yu, Kuei-Feng.

ii) Recommendation 3.2

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.

Deviation

The tenure of Datuk Ng Peng Hong @ Ng Peng Hay, Cik Aliyah Binti Dato' Hj. Baharuddin Marji and Encik Mohd Khasan Bin Ahmad as the Independent Non-Executive Directors have exceeded a cumulative term of nine (9) years. The Nomination Committee and the Board are satisfied that they are demonstrably independent, and their length of services on the Board of 13 years, 9 years and 11 years respectively do not in any way impair their independent status and interfere with the exercise of objective judgement or their ability to act in the best interests of the Company. They continue to demonstrate conduct and behaviour that are essential indicators of independence and preserved their independence positioning between the Management and the external auditors of the Group during their tenure of office. Each of them continues to fulfill the definition of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

iii) Recommendation 3.5

The board must comprise a majority of independent directors where the chairman of the board is not an independent director.

Deviation

Mr. Chen, Hsi-Tao is the Chairman of the Company and is not an Independent Director. The Board was of the opinion that Mr. Chen, Hsi-Tao should remain as the Chairman of the Company due to the negative covenant imposed by a foreign financial institution for the banking facilities granted to Ta Win Industries (M) Sdn Bhd and Twin Industrial (HK) Co. Ltd, both of which are wholly-owned subsidiaries of the Company. However, the Board has appointed an additional Independent Director on 24 April 2013 to increase the representation of the Independent Directors in the Board to majority.

AUDIT COMMITTEE REPORT

The Board of Directors of Ta Win Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

The Audit Committee was established with the objective to assist the Board of Directors in the areas of corporate governance, systems of internal control, and management and financial practices of the Group.

1. Composition of the Committee

The members of the audit committee are as follows:

Chairman

Mohd Khasan Bin Ahmad	(Independent Non-Executive Director)

Members

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	(Independent Non-Executive Director)
Aliyah Binti Dato' Hj. Baharuddin Marji	(Independent Non-Executive Director)

Encik Mohd Khasan Bin Ahmad is a member of the Malaysian Institute of Accountants.

2. Terms of Reference

The terms of reference of the Audit Committee are as follows:

MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be independent directors. All members of the Audit Committee shall be Non-Executive Directors. No Alternate Director is appointed as a member of the Audit Committee and at least one (1) member of the Audit Committee:-

(a) shall be a member of the Malaysian Institute of Accountants; or
(b) if he is not a member of the Malaysian Institute of Accountants, he has at least three (3) years' working experience and:-
    (i) he has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    (ii) he is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
    or;
(c) either one of the following qualifications and at least 3 years' post qualification experience in accounting or finance:-
    i) a degree/master/doctorate in accounting or finance; or
    ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants
    or;
(d) shall have 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
(e) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within 3 months.

AUDIT COMMITTEE REPORT **(Cont'd)**

2. Terms of Reference (cont'd)

MEETING AND MINUTES

The Audit committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. Meetings shall be held not less than four (4) times a year and such additional meeting as the Chairman shall decide in order to fulfill its duties. The Company Secretary or any person appointed by the Audit Committee shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Audit Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to Audit Committee members and to other members of the Board of Directors. The Chairman of the Audit Committee shall engage on a continuous basis with Senior Management, such as the Chairman, the Chief Executive Officer, the Finance Director, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company. The Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters that the external auditors and/or Internal Auditor believes should be brought to the attention of the directors or shareholders. The Finance Director, Financial Controller, the Internal Auditors and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board and employees of the Company may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting. At least twice a year, the Audit Committee shall meet the external auditors without any executive directors present.

QUORUM

A quorum shall consist of a majority of members present who must be independent directors.

AUTHORITY

The Audit Committee is empowered and authorised by the Board of Directors at the cost of the Company:-

(a) to investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
(b) to have the resources in order to perform its duties as set out in its terms of reference;
(c) to have full and unrestricted access to any information pertaining to the Company and the Group;
(d) to have direct communication channels with the external auditors and internal auditors;
(e) to obtain external legal or other independent professional advice where necessary;
(f) to invite outsiders with relevant experience to attend its meetings, whenever deemed necessary; and
(g) to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

DUTIES

The duties of the Committee are as follow:-

a) To consider and report the same to the Board of Directors of the Company the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;
b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, competency and resources of the external audit and ensure co-ordination where more than one audit firm is involved.
c) To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management);

2. Terms of Reference (cont'd)

DUTIES (cont'd)

d) To do the following and report the same to the Board of Directors of the Company, in relation to the internal audit function :-
   1) review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether its has the necessary authority to carry out its work;
   2) review the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate action are taken on the recommendations of the internal audit function;
   3) review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;
   4) approve any appointment or termination of senior staff members of the internal audit function; and
   5) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

e) To review the effectiveness of the management information system;

f) To review the quarterly results and annual financial statements of the Company and the Group with both the external auditors and management and report the same to the Board of Directors of the Company, focusing particularly on :-
   1) any change in or implementation of accounting policies and practices;
   2) significant adjustment arising from the audit;
   3) any significant unusual events;
   4) the going concern assumption; and
   5) compliance with accounting standards and other legal requirements.

g) To review the following and report the same to the Board of Directors of the Company:-
   1) with the external auditor, the audit plan;
   2) with the external auditor, his evaluation of the system of internal controls;
   3) with the external auditor, his audit report; and
   4) the assistance given by the employees of the Company and the Group to the external auditor.

h) To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;

i) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;

j) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptance levels;

k) To consider and review any related-party transactions and potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

l) To review and report the same to the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment

m) To review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees;

n) Any such other functions as may be agreed by the Committee and the Board.

RESPONSIBILITY

Where the Committee is of the view that a matter reported by it to the board of directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad or any serious offence involving fraud and dishonesty committed by the Company or the Group, the Committee has the responsibility to promptly report such matters to the Bursa Malaysia Securities Berhad or any other relevant authorities.

2. Terms of Reference (cont'd)

REVIEW OF THE COMPOSITION OF THE COMMITTEE

The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

3. Summary of Audit Committee Activities

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2012. The Managing Director, Finance Manager and a representative of the external and internal auditors normally attend the meeting. Other Board members may attend the meeting upon invitation by the Audit Committee. The minutes of the Audit Committee meetings were extended to all the members of the Board of Directors and relevant issues were discussed at the Board Meetings.

The details of the Audit Committee's attendance at each meeting are as follows:

Audit Committee Member	Total no. of meetings held during the year	Meetings attended
Mohd Khasan Bin Ahmad	5	5
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	5	5
Aliyah Binti Dato' Hj. Baharuddin Marji	5	3

The activities undertaken by the Audit Committee during the financial year include the following:

a. discussed and reviewed the quarterly unaudited financial statements of the Group prior to making recommendations to the Board of Directors for approval
b. discussed and reviewed any inter-company transactions and/or any related party transactions or situations causing a conflict of interest within the Group or the Company
c. discussed and reviewed the semi-annual returns pursuant to Paragraph 8.10 of Chapter 8 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements
d. discussed and reviewed the annual audited financial statements of the Group and the Company for the financial year ended 31 December 2011 and made recommendations to the Board of Directors for approval
e. discussed and reviewed the external auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2012
f. evaluated the performance and independence of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration
g. discussed and reviewed staffing requirements, the skills, the core competencies and the independence of the internal auditors and made recommendations to the Board of Directors on the appointment of internal auditors of the Company
h. discussed and reviewed the internal auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2012
i. discussed and reviewed the action plans of the internal audit of the Group, the internal audit findings for the financial year ended 31 December 2012 and the follow-up internal audit report from the internal auditors
j. discussed and reviewed the risk management report from Risk Management Committee which was tabled during the year, the recommendations made and Management's response to these recommendations
k. discussed and reviewed the Company's investment in China
l. discussed the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements and others relevant rules and regulations
m. discussed the tentative timetable for the 2013 Audit Committee Meetings of the Company
n. discussed relevant matters with the external auditors without the presence of the Executive Directors and employees of the Company
o. discussed and reviewed the revised terms of reference of the Audit Committee

3. Summary of Audit Committee Activities (cont'd)

p. discussed and reviewed the Statement of Directors' Responsibility for the financial year ended 31 December 2011
q. discussed and reviewed the Statement on Internal Control for the financial year ended 31 December 2011
r. discussed and reviewed the Audit Committee Report for the financial year ended 31 December 2011
s. discussed and reviewed the Statement on Corporate Governance for the financial year ended 31 December 2011
t. discussed and reviewed the Statement on Corporate Social Responsibilities for the financial year 31 December 2011
u. discussed and reviewed the litigations, the tax audit conducted by the Malaysia Inland Revenue Board and claims against the subsidiary company of the Company
v. discussed and reviewed the compliance checklist on the Malaysian Code on Corporate Governance 2012
w. discussed and reviewed the profit forecast and financial projection of the Company for the financial year ending 31 December 2013 prepared by the Management of the Company

4. Review of Employees' Share Options Scheme ("ESOS")

The ESOS had been expired on 30 June 2009 pursuant to Bye-Laws 18 of the ESOS. Thus, no review was conducted by the Audit Committee of the Company during the year. There were no options offered to the Non-Executive Directors during the year.

5. Internal Audit Functions

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The Company outsources its internal audit function to an independent professional firm, which has adequate resources and appropriate standing to undertake its activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of risk management, internal control and governance systems.

Each year the Audit Committee shall appraise and review the performance of the internal auditors. The Audit Committee noted that the internal auditors complied with the requisite audit standards and have carried out their function according to the audit planning memorandum duly approved by the Audit Committee of the Company and the standards set by recognized professional bodies.

During the financial year, the Audit Committee has reviewed the internal audit reports presented and considered the major findings of the internal audit through the review of internal audit report tabled and management responses thereto and ensuring that significant findings are adequately addressed by the management.

The Risk Management Committee has conducted the yearly Management review. This included evaluation of processes where significant risks were identified, evaluated and risks managed within defined risk parameters in order to achieve the Group's business objectives. The Risk Management Committee has carried out the ongoing process of monitoring the effectiveness of application of policies, processes and activities related to risk management and corporate governance processes.

The total costs incurred for the internal audit function of the Company and the Group for 2012 are as follows:

	RM'000
Company	28
Group	28

Further details of the activities of the internal audit are set out in the Statement on Risk Management and Internal Control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires the Board to maintain a sound risk management framework and internal control system. The Listing Requirements of Bursa Malaysia Securities Berhad Paragraph 15.26 (b) requires directors of listed issuers to include a statement on the state of the Group's risk management and internal control in annual reports. The Bursa Malaysia Securities Berhad's Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers provides guidance for compliance with these requirements.

Set out below is the Management and the Board of Directors' Statement on Risk Management and Internal Control which has been prepared in accordance with the Guidance.

Board Responsibility

The Board acknowledges and is committed to its overall responsibility for maintaining a sound internal control system and for reviewing its adequacy and integrity on financial, operational, environmental and compliance controls, and risk management procedures. Its responsibilities also include embedding the risk management framework in all aspects of the Group's activities and approving the Board's acceptable risk appetite after assessing whether the risks are managed within tolerable ranges. The Board believes that an integrated and effective system of governance, risk management and internal control is desirable to sustain the Group's success. The Board considers that it is in the public's interest that the Group is well managed, act ethically, be transparent and more responsive to the shareholders.

The Board recognises the reviewing of the Group's system of internal control that involves a concerted and continuing process where the system is designed to manage rather than eliminate the risks of failures in order to achieve all business goals and objectives. However, in pursuing this objective, the Group's internal control system is designed to only provide a reasonable and not an absolute assurance against material misstatement, operational failure, fraud or loss. The concept of reasonable assurance recognises that the cost of control procedures shall not exceed the expected benefits. Furthermore, because of a changing business environment, the effectiveness of an internal control system may vary over time. The rational of implementing the internal control system is to assist the Group in achieving its corporate objectives within an acceptable risk, including the likelihood of a significant adverse impact arising from a future event or situation. The Board has also received reasonable assurance from the Managing Director and Finance Manager that the Company's risk management and internal control system is operating adequately and effectively in all material aspects concerned.

The Board is assisted by the Risk Management Committee in reviewing and assessing the risk governance framework and the risk management processes of the Group in respect of their adequacy and effectiveness. The Board will receive formal feedback on the adequacy of risk management and internal control from the internal auditors on a half yearly basis.

Management Responsibility

Management is responsible for establishing, implementing and maintaining the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

The Board has delegated these tasks to the Management and the Managing Director and Finance Manager will give an assurance to the Board annually on the adequacy and effectiveness of the Group's risk management and internal control system in all material aspects, based on the risk management model adopted by the Group. The Management shall notify and bring to the Board's attention any changes to the risk or emerging risks after taking the appropriate actions to address the risks, on a continuous basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Risk Management

The Board and Management recognise that effective risk management is an integral part of business management practice. The Board also acknowledges that all areas of the Group's activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which allows the Group to identify, evaluate and manage risks within defined risk parameters in order to achieve the Group's business objectives. The Board continues to identify, assess and manage key business, operational and financial risks.

During the financial year, the Risk Management Committee met with the Audit Committee to report on the processes, findings and actions taken by Management. The Risk Management Committee will continuously identify new risks by taking into consideration the Group's business objectives, strategies, targets and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the internal control systems. The Audit Committee or Risk Management Committee then reports any significant changes in the business and the external environment to the Board.

Internal Control

The Board entrusts the daily running of the business to the Managing Director, Executive Director and his management team. The Managing Director and his management team receive timely information pertaining to the Group's performance and profitability through monthly and weekly reports which consist of quantitative and qualitative trends and analyses.

The Managing Director plays a pivotal role in communicating the Board's expectations of an internal control system to the Management. This is achieved through his daily involvement with the business operations as well as his attendance at various scheduled Management Committee meetings. The Management Committee comprising the Heads of Departments meet weekly to discuss issues on Production, Operations, Sales and Human Resource. These meetings represent the platform by which the Group's activities are monitored to ensure timely identification and resolution of any critical issues. The Managing Director monitors the progress of these issues through daily interactions with the Management and through reviews of the Management Committee minutes.

The Board monitors the Group's performance, operations and business development through Board papers which are tabled at quarterly meetings. In addition, the Managing Director briefs the Board on the Group's activities while highlighting significant matters that require further discussion and decision making.

Other Key Elements of Internal Control

The Board has implemented an internal control system, which comprises an underlying control environment, control processes and, communication and monitoring systems such as the following:

- Organizational structure with well defined lines of responsibility, delegation of authority, segregation of duties and the flow of information which are effectively communicated to all levels. Besides the predominantly non-executive standing committees, such as, the Audit, the Remuneration, and the Nomination Committee, the Executive and Management Committees will support the Board. These Committees convene at Board and Management meetings to assess performance and controls in all areas of operations to ensure that the risk management and control framework is embedded into the culture, processes and structures of the Company

- Document internal policies and procedures for the Group including those set out in the Quality Management System under ISO 9001:2000 and various overseas' product certification awarded from Underwriters Laboratories

- Provide continuous training and developmental programmes for all employees to maintain competency and efficiency

- Prepare timely public releases of quarterly reports upon review by the Audit Committee and the approval of the Board

- Monitor mechanisms in the form of financial and operational reports and operational review meetings which are responsive to changes in the business environment

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL **(Cont'd)**

Internal Audit

The objective of the Audit Committee is to monitor reviews of all pertinent systems on controls, procedures, and operations to ensure that the overall internal control system is adequate and satisfactory. The internal auditors report directly to the Audit Committee. Their role is to provide the Audit Committee with independent and objective reports on the effectiveness of the internal control systems within the Group.

The internal auditors assist the Audit Committee in monitoring the effectiveness of policies, processes, and activities that should manage internal controls and maintain risk management and corporate governance processes during the year. The internal auditors assist the Audit Committee to identify any internal control weaknesses. In addition, the Audit Committee also plays a key role in reviewing and deliberating on any matters relating to internal controls highlighted by the external auditors when preparing the audit for the Group's financial statements.

During the year under review, the internal auditors carried out various internal audit tests. A number of minor internal control weaknesses were identified during the year, all of which have been, or are being, addressed. None of the weaknesses had resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

In addition, as required by the ISO 9001:2000 where certification is accredited to the Group, scheduled internal ISO audits are conducted once a year. Results of these audits were reported to the Managing Director.

The Board's Commitment

The Board believes that there is no significant breakdown or weaknesses in the internal control system of the Group that may result in material losses for the financial year ended 31 December 2012. The Group continues to take the necessary measures to strengthen its internal controls.

This Statement was made in accordance with the resolution of the Board of Directors dated 25 April 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING FINANCIAL STATEMENTS

The Companies Act, 1965 requires the Directors to ensure that financial statements provide a true and fair view of the state of affairs within the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and Company for the financial year. In preparing these statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates;
- prepared the financial statements on an on going concern basis unless it is inappropriate to presume that the Group will continue its business; and
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any times the financial position of the Group thus ensuring that the financial statements comply with the Companies Act, 1965. Further to this, the Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and/or to detect fraud and other irregularities.

The Directors confirmed that they have complied with these requirements and have a reasonable expectation that the Group has adequate resources to continue its operations.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 17 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(loss) net of tax attributable to equity holders of the company	(11,668)	1,938

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the 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.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Aliyah Binti Dato' Hj. Baharuddin Marji	
Chen Yu, Kuei-Feng	(resigned and appointed as alternate to Chen, Hung-Lin on 24 December 2012)
Chen, Hsi-Tao	
Chen, Hung-Lin	
Chen, Hung-Ping	(resigned and appointed as alternate to Chen, Hsi-Tao on 24 December 2012)
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	
Lau Po Cheng	(ceased as alternate to Chen Yu, Kuei-Feng and appointed as alternate to Yeoh Chin Kiang on 24 December 2012)
Mohd Khasan Bin Ahmad	
Yeoh Chin Kiang	
Huang, Ching-Fan	(appointed on 24 April 2013)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.1.2012	Acquired	Sold	31.12.2012
Direct interest -				
Chen, Hsi-Tao	26,447,398	-	-	26,447,398
Chen Yu, Kuei-Feng	1,646,400	-	-	1,646,400
Chen, Hung-Lin	2,826,220	118,700	-	2,944,920
Yeoh Chin Kiang	152,700	-	-	152,700
Chen, Hung-Ping	2,960,720	-	-	2,960,720
Lau Po Cheng	33,000	-	-	33,000

Chen, Hsi-Tao, Chen Yu, Kuei-Feng, Chen, Hung-Lin and Chen, Hung-Ping by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

 (i) 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

 (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

 (i) the amount written off for 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; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances 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.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (cont'd)

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent 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 or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2013.

Chen, Hsi-Tao **Chen, Hung-Lin**

STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **Chen, Hsi-Tao** and **Chen, Hung-Lin**, being two of the directors of **Ta Win Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 78 to129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 35 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2013.

Chen, Hsi-Tao

Chen, Hung-Lin

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

I, **Chen, Hsi-Tao**, being the director primarily responsible for the financial management of **Ta Win Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 78 to 129 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Chen, Hsi-Tao**
at Melaka in the State of Melaka
on 25 April 2013

Chen, Hsi-Tao

Before me,

Soo Hye Chin
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Ta Win Holdings Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Ta Win Holdings Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 78 to 129.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 35 on page 130 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

1. As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
2187/09/13(J)
Chartered Accountant

Melaka, Malaysia
Date: 25 April 2013

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2012

		Group		Company	
	Note	**2012**	**2011**	**2012**	**2011**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	7	539,541	575,717	2,616	724
Cost of sales		(536,087)	(565,557)	-	-
Gross profit		3,454	10,160	2,616	724
Other income	8	679	2,692	-	-
Other items of expenses					
Selling and distribution expenses		(2,289)	(2,330)	-	-
General and administrative expenses		(9,032)	(7,616)	(678)	(757)
Finance costs	9	(3,002)	(3,114)	-	-
(Loss)/profit before tax	10	(10,190)	(208)	1,938	(33)
Income tax expense	13	(1,478)	-	-	(100)
(Loss)/profit net of tax		(11,668)	(208)	1,938	(133)
Other comprehensive income:					
Revaluation of land and buildings		542	-	-	-
Foreign currency translation		(360)	602	-	-
Other comprehensive income for the year, net of tax		182	602	-	-
Total comprehensive (loss)/income for the year		(11,486)	394	1,938	(133)
Loss per share attributable to owners of the parent (sen per share):					
Basic	14	(18.2)	(0.3)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	As at 1 January 2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	15	39,620	44,254	47,793
Investment property	16	1,300	900	800
		40,920	45,154	48,593
Current assets				
Inventories	18	44,281	40,548	43,827
Trade and other receivables	19	65,200	60,487	57,659
Other current assets		679	-	638
Derivatives	20	61	-	-
Income tax recoverable		-	291	945
Cash and bank balances	21	18,188	19,702	9,973
		128,409	121,028	113,042
Total assets		169,329	166,182	161,635
Equity and liabilities				
Current liabilities				
Loans and borrowings	22	74,271	60,418	68,383
Trade and other payables	23	33,609	31,394	22,003
Other current liabilities		-	32	-
Income tax payable		1,292	-	-
		109,172	91,844	90,386
Net current assets		19,237	29,184	22,656
Non-current liabilities				
Loans and borrowings	22	-	2,695	-
		-	2,695	-
Total liabilities		109,172	94,539	90,386
Net assets		60,157	71,643	71,249
Equity attributable to equity holders of the Company				
Share capital	24	64,286	64,286	64,286
Share premium	24	1,798	1,798	1,798
Other reserves	25	11,500	11,318	10,716
Accumulated losses	26	(17,427)	(5,759)	(5,551)
Total equity		60,157	71,643	71,249
Total equity and liabilities		169,329	166,182	161,635

STATEMENTS OF FINANCIAL POSITION (Cont'd)

as at 31 December 2012

	Note	Company 2012 RM'000	Company 2011 RM'000	As at 1 January 2011 RM'000
Assets				
Non-current assets				
Investments in subsidiaries	17	93,782	32,082	30,082
Current assets				
Trade and other receivables	19	4	61,908	64,237
Other current assets		12	10	14
Income tax recoverable		797	206	195
Cash and bank balances	21	4,195	452	247
		5,008	62,576	64,693
Total assets		98,790	94,658	94,775
Equity and liabilities				
Current liabilities				
Trade and other payables	23	2,348	154	138
Net current assets		2,660	62,422	64,555
Total liabilities		2,348	154	138
Net assets		96,442	94,504	94,637
Equity attributable to equity holders of the Company				
Share capital	24	64,286	64,286	64,286
Share premium	24	1,798	1,798	1,798
Retained earnings	26	30,358	28,420	28,553
Total equity		96,442	94,504	94,637
Total equity and liabilities		98,790	94,658	94,775

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2012

			Non-Distributable		Distributable
	Equity, total RM'000	Share capital RM'000	Other reserves RM'000	Share premium RM'000	Accumulated losses RM'000
Group					
Opening balance at 1 January 2012	71,643	64,286	11,318	1,798	(5,759)
Total comprehensive loss	(11,486)	-	182	-	(11,668)
Closing balance at 31 December 2012	60,157	64,286	11,500	1,798	(17,427)
Opening balance at 1 January 2011	71,249	64,286	10,716	1,798	(5,551)
Total comprehensive income	394	-	602	-	(208)
Closing balance at 31 December 2011	71,643	64,286	11,318	1,798	(5,759)

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the financial year ended 31 December 2012

		Non-Distributable		Distributable
	Total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000
Company				
Opening balance at 1 January 2012	94,504	64,286	1,798	28,420
Total comprehensive income	1,938	-	-	1,938
Closing balance at 31 December 2012	96,442	64,286	1,798	30,358
Opening balance at 1 January 2011	94,637	64,286	1,798	28,553
Total comprehensive loss	(133)	-	-	(133)
Closing balance at 31 December 2011	94,504	64,286	1,798	28,420

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Operating activities				
(Loss)/profit before tax	(10,190)	(208)	1,938	(33)
Adjustments for :				
Depreciation of property, plant and equipment	5,171	5,909	-	-
Impairment loss on trade receivable	-	69	-	-
Bad debts written off	-	1	-	-
Gain on disposal of property, plant and equipment	-	(851)	-	-
Property, plant and equipment written off	23	51	-	-
Gain from fair value adjustment of investment property	(400)	(100)	-	-
Gross dividends	-	-	(2,300)	(400)
Interest expense	3,002	3,114	-	-
Interest income	-	(19)	-	-
Net fair value gain on derivatives	(61)	-	-	-
Unrealised foreign exchange loss	2,217	670	-	-
Total adjustments	9,952	8,844	(2,300)	(400)
Operating cash flows before changes in working capital	(238)	8,636	(362)	(433)
<u>Changes in working capital</u>				
(Increase)/decrease in inventories	(3,733)	3,279	-	-
(Increase)/decrease in receivables	(7,379)	(3,576)	61,904	2,329
(Increase)/decrease in other current assets	(711)	670	(2)	4
Decrease in payables	2,560	9,400	2,194	16
Total changes in working capital	(9,263)	9,773	64,096	2,349
Cash flows (used in)/from operations	(9,501)	18,409	63,734	1,916
Income taxes paid	(40)	(91)	(16)	(11)
Income taxes refunded	16	745	-	-
Interest received	-	19	-	-
Interest paid	(3,002)	(3,114)	-	-
Net cash flows (used in)/from operating activities	(12,527)	15,968	63,718	1,905

STATEMENTS OF CASH FLOWS (Cont'd)

for the financial year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Purchase of property, plant and equipment	(1,168)	(853)	-	-
Proceeds from disposal of property, plant and equipment	-	851	-	-
Investment in subsidiary		-	(61,700)	(2,000)
Net dividends received		-	1,725	300
Net cash flows (used in)/from investing activities	(1,168)	(2)	(59,975)	(1,700)
Financing activities				
Proceeds from loans and borrowings	17,061	5,390	-	-
Repayment of loans and borrowings	(7,462)	(8,488)	-	-
Net cash flows from/(used in) financing activities	9,599	(3,098)	-	-
Net (decrease)/increase in cash and cash equivalents	(4,096)	12,868	3,743	205
Effects of exchange rate changes	860	(967)	-	-
Cash and cash equivalents at 1 January	19,702	7,801	452	247
Cash and cash equivalents at 31 December (Note 21)	16,466	19,702	4,195	452
Cash and cash equivalents comprise:				
Cash and bank balances	18,188	19,702	4,195	452
Bank overdraft (Note 22)	(1,722)	-	-	-
Net cash and bank balances	16,466	19,702	4,195	452

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

1. Corporate 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 principal place of business and the registered office of the Company is located at Lot 63-68, Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka and No. 4-1, Komplek Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka respectively.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 17. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation

These financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) as issued by the Malaysian Accounting Standards Board (MASB), International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the Companies Act, 1965 in Malaysia. Refer to Note 4 for detailed information on how the Group and the Company adopted MFRS.

The financial statements have also been prepared on a historical basis, unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

3. Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at the reporting date. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. Significant accounting policies (cont'd)

3.2 Business combinations

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 interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest 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.

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 re-measured 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 in accordance with MFRS 139 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 re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Business combinations involving entities under common control are accounted for by applying the pooling on interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

3.3 Foreign currencies translation

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysian which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities 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 income statement 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 terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary 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 on 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 is also recognised in other comprehensive income or profit or loss respectively).

3. Significant accounting policies (cont'd)

3.3 Foreign currencies translation (cont'd)

(c) Group companies

The assets and liabilities of foreign operations are translated into Ringgit Malaysia at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company and its subsidiaries assess their revenue arrangements against specific criteria in order to determine if the Company and its subsidiaries are acting as principal or agent. The Group and the Company has concluded that they are acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the buyer, usually on delivery of the goods.

(b) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(e) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

3.5 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

3. Significant accounting policies (cont'd)

3.5 Taxes (cont'd)

(a) Current income tax (cont'd)

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (cont'd)

3.5 Taxes (cont'd)

(b) Deferred tax (cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

(i) where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.6 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgments, estimates and assumptions (Note 6).

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from its carrying amount.

3. Significant accounting policies (cont'd)

3.7 Property, plant and equipment (cont'd)

Any revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	50 - 99 years
Factory buildings	50 years
Motor vehicles	5 years
Plant and machinery, factory equipment and electrical installation	10 years
Furniture, fittings and other equipment	10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.8 Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

3.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Group as lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

3. Significant accounting policies (cont'd)

3.9 Leases (cont'd)

(a) Group as lessee (cont'd)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group/Company 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.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

(b) Group as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.4(e).

3.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cashgenerating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. Significant accounting policies (cont'd)

3.11 Investment in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.13 Financial Instruments

(a) Financial assets

(i) Initial recognition and measurement

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

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

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

3. Significant accounting policies (cont'd)

3.13 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

<u>Financial assets at fair value through profit or loss (cont'd)</u>

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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 in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

<u>Held-to-maturity investments</u>

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-tomaturity investments are measured at amortised cost using the effective interest method, less impairment. 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 in finance income in the income statement. The losses arising from impairment are recognised in the profit or loss in finance costs.

The Group did not have any held-to-maturity investments during the years ended 31 December 2011 and 2012.

<u>Available-for-sale financial investments</u>

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. Interest income on available-forsale debt securities is calculated using the effective interest method and is recognised in profit or loss.

3. Significant accounting policies (cont'd)

3.13 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Available-for-sale financial investments (cont'd)

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

(iii) Derecognition

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

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has 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 has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has 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 could be required to repay.

(b) Impairment of financial assets

The Group assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. Significant accounting policies (cont'd)

3.13 Financial Instruments (cont'd)

(b) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

Available-for-sale investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognised directly in other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

3. Significant accounting policies (cont'd)

3.13 Financial Instruments (cont'd)

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities within the scope of MFRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (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 in finance costs in the profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3. Significant accounting policies (cont'd)

3.13 Financial Instruments (cont'd)

(c) Financial liabilities (cont'd)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement 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.

(e) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.

3.14 Derivative financial instruments

(a) Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of commodity contracts that meet the definition of a derivative as defined by MFRS 139 are recognised in the income statement in cost of sales.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

3. Significant accounting policies (cont'd)

3.14 Derivative financial instruments (cont'd)

(b) Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

(a) Raw materials: purchase costs on a weighted average basis.
(b) Finished goods and work-in-progress: Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

3.16 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of six months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.17 Share capital and share issuance expenses

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.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.18 Dividend distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of noncash assets, ay difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in statement of comprehensive income.

3. Significant accounting policies (cont'd)

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurence or non-occurence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

4. First-time adoption of MFRS

These financial statements, for the year ended 31 December 2012, are the first the Group and the Company has prepared in accordance with MFRS. For periods up to and including the year ended 31 December 2011, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards (FRS).

Accordingly, the Group and the Company has prepared financial statements which comply with MFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's and the Company's opening statement of financial position was prepared as at 1 January 2011, being the date of transition to MFRS. This note explains the principal adjustments made by the Group in restating its FRS financial statements, including the statement of financial position as at 1 January 2011 and the financial statements as at and for the year ended 31 December 2011.

MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain MFRS and the Group has applied the following exemptions:

(a) Certain items of property, plant and equipment have been measured at fair value at the date of transition to MFRS.
(b) Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS.
(c) The estimates at 1 January 2011 and at 31 December, 2011 are consistent with those made for the same dates in accordance with FRS. The estimates used by the Company to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

4. First-time adoption of MFRS (cont'd)

Reconciliation of equity as at 1 January 2011 (date of transition to MFRS)

	Notes	FRS as at 1 January 2011 RM'000	Remeasurements RM'000	MFRS as at 1 January 2011 RM'000
Group				
Assets				
Non-current assets				
Property, plant and equipment	A	37,197	10,596	47,793
Investment property		800		800
		37,997		48,593
Current assets				
Inventories		43,827		43,827
Trade and other receivables		57,659		57,659
Other current assets		638		638
Income tax recoverable		945		945
Cash and bank balances	D	9,973		9,973
		113,042		113,042
Total assets		151,039		161,635
Equity and liabilities				
Current liabilties				
Loans and borrowings		68,383		68,383
Trade and other payables		22,003		22,003
		90,386		90,386
Net current assets		22,656		22,656
Total liabilities		90,386		90,386
Net assets		60,653		71,249
Equity attributable to equity holders of parent				
Share capital		64,286		64,286
Share premium		1,798		1,798
Foreign exchange reserve	C	450	(450)	-
Revaluation reserve	A,B	2,769	7,947	10,716
Accumulated losses	B	(8,650)	3,099	(5,551)
Total equity		60,653		71,249
Total equity and liabilities		151,039		161,635

4. First-time adoption of MFRS (cont'd)

Reconciliation of equity as at 31 December 2011

	Notes	FRS as at 31 December 2011 RM	Remeasurements RM	MFRS as at 31 December 2011 RM
Group				
Assets				
Non-current assets				
Property, plant and equipment	A	33,978	10,276	44,254
Investment property		900		900
		34,878		45,154
Current assets				
Inventories		40,548		40,548
Trade and other receivables		60,487		60,487
Income tax recoverable		291		291
Cash and bank balances	D	19,702		19,702
		121,028		121,028
Total assets		155,906		166,182
Equity and liabilities				
Current liabilties				
Loans and borrowings		60,418		60,418
Trade and other payables		31,394		31,394
Other current liabilities		32		32
		91,844		91,844
Net current assets				
		29,184		29,184
Non-current liabilities				
Loans and borrowings		2,695		2,695
Total liabilities		94,539		94,539
Net assets		61,367		71,643
Equity attributable to equity holders of parent				
Share capital		64,286		64,286
Share premium		1,798		1,798
Foreign exchange reserve	C	1,052	(450)	602
Revaluation reserve	A,B	2,769	7,947	10,716
Accumulated losses	B	(8,538)	2,779	(5,759)
Total equity		61,367		71,643
Total equity and liabilities		155,906		166,182

4. First-time adoption of MFRS (cont'd)

Reconciliation of equity as at 31 December 2011
Reconciliations of total comprehensive income for the year ended 31 December 2011

	Notes	FRS as at 31 December 2011 RM	Remeasurements RM	MFRS as at 31 December 2011 RM
Revenue		575,717		575,717
Cost of sales	B	(565,391)	(166)	(565,557)
Gross profit		10,326		10,160
Other income		2,692		2,692
Selling and distribution expenses		(2,330)		(2,330)
Administrative expenses	B	(7,462)	(154)	(7,616)
Finance costs		(3,114)		(3,114)
Profit/(loss) before tax		112		(208)
Income tax expense		-		-
Profit/(loss) net of tax		112		(208)
Other comprehensive income:				
Foreign currency translation		602		602
Other comprehensive income for the year, net of tax		602		602
Total comprehensive (loss)/income for the year		714		394

Notes to the reconciliation of equity as at 1 January 2011 and 31 December 2011 and total comprehensive income for the year ended 31 December 2011

A Property, plant and equipment

The Group has elected to measure certain items of property, plant and equipment at fair value at the date of transition to MFRS. At the date of transition to MFRS, an increase of RM10,596,000 (31 December 2011: RM10,276,000) was recognised in property, plant and equipment and revaluation reserve was increased by RM7,947,000 (31 December 2011: RM7,947,000).

B Deferred tax

The transitional adjustments of property, plant and equipments lead to temporary differences. According to the accounting policies in Note 3.5(b), the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings or a separate component of equity.

C Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM450,000 (31 December 2011: RM450,000) were adjusted to retained earnings.

D Statement of cash flows

The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

4. First-time adoption of MFRS (cont'd)

E Estimates

The estimates at 1 January 2011 and at 31 December 2011 were cosistent with those madefor the same dates in accordance with FRS. The estimates used by the Group and the Company to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

5. Standards, amendments and interpretations issued but not yet effective

Standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's and Company's financial statements are listed below. The Group intends to adopt, where applicable, these standards, amendments and interpretations as and when they become effective:

(a) Effective for annual periods beginning on or after 1 July 2012

MFRS 101	Amendments to MFRS 101 Presentation of Financial Statements (Presentation of Items of Other Comprehensive Income)

(b) Effective for annual periods beginning on or after 1 January 2013

MFRS 1	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Government Loans)
MFRS 1	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 - 2011 Cycle)
MFRS 3	MFRS 3 Business Combinations (IFRS 3 issued by IASB in March 2004)
MFRS 7	Amendments to MFRS 7 Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 10	Amendments to MFRS 10 Consolidated Financial Statements (Transition Guidance)
MFRS 11	Joint Arrangements
MFRS 11	Amendments to MFRS 11 Joint Arrangements (Transition Guidance)
MFRS 12	Disclosure of Interests in Other Entities
MFRS 12	Amendments to MFRS 12 Disclosure of Interests in Other Entities (Transition Guidance)
MFRS 13	Fair Value Measurement
MFRS 101	Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)
MFRS 116	Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)
MFRS 119	Employee Benefits
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as amended by IASB in December 2003)
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 132	Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)
MFRS 134	Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)

5. Standards, amendments and interpretations issued but not yet effective (cont'd)

(b) Effective for annual periods beginning on or after 1 January 2013 (cont'd)

IC Int. 2	Amendments to IC Int. 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009 - 2011 Cycle)
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

(c) Effective for annual periods beginning on or after 1 January 2014

MFRS 10	Amendments to MFRS 10 Consolidated Financial Statements (Investment Entities)
MFRS 12	Amendments to MFRS 12 Disclosure of Interests in Other Entities (Investment Entities)
MFRS 127	Amendments to MFRS 127 Consolidated and Separate Financial Statements (Investment Entities)
MFRS 132	Amendments to MFRS 132 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)

(d) Effective for annual periods beginning on or after 1 January 2015

MFRS 9	Financial Instruments

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, except as discussed below:

(a) MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

(b) MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

(c) MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when:

(i) the investor has power over an investee,

(ii) the investor has exposure, or rights, to variable returns from its involvement with the investee, and

(iii) the investor has ability to use its power over the investee to affect the amount of the investor's returns.

5. Standards, amendments and interpretations issued but not yet effective (cont'd)

(c) MFRS 10 Consolidated Financial Statements (cont'd)

Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

(d) MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

(e) MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

(f) Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

(g) MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

(h) Amendments to MFRS 116 Property, Plant and Equipment

The amendments to MFRS 116 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in MFRS 116 and as inventory otherwise. The directors do not anticipate that the amendments to MFRS 116 will have a significant effect on the and Group's financial statements.

(i) Amendments to MFRS 132 Financial Instruments: Presentation

The amendments to MFRS 132 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with MFRS 112 Income Taxes. The directors anticipate that the amendments to MFRS 132 will have no effect on the Group's financial statements as this treatment has already been adopted.

6. Significant accounting judgments, estimates and judgments

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6. Significant accounting judgments, estimates and judgments (cont'd)

6.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any critical judgments, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements.

6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being in the profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Investment property and land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties, are further explained in Note 16.

(b) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 3.10.

(c) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the company's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

6. Significant accounting judgments, estimates and judgments (cont'd)

6.2 Estimates and assumptions (cont'd)

(c) Taxes (cont'd)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The total carrying value of recognised tax losses of the Group was RM20,394,000 (2011: RM21,477,000) and the unrecognised tax losses of the Group was RM20,693,000 (2011: RM16,074,000).

(d) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 19.

7. Revenue

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods	539,541	575,717	-	-
Dividend income from a subsidiary	-	-	2,300	400
Management fees	-	-	316	324
	539,541	575,717	2,616	724

8. Other income

	Group	
	2012 RM'000	2011 RM'000
Interest income	-	19
Rental income from investment property		
- minimum lease payments	40	40
Gain on disposal of property, plant and equipment	-	851
Net gain from fair value adjustment of investment property (Note 16)	400	100
Gain from fair value changes of derivatives	61	-
Realised foreign exchange gain	-	1,742
Miscellaneous	178	(60)
	679	2,692

9. Finance costs

	Group	
	2012	2011
	RM'000	RM'000
Interest expense on:		
Bank borrowings	2,969	3,095
Other payable	33	19
	3,002	3,114

10. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audits	74	68	24	24
- other services	30	34	25	20
Employee benefits expense (Note 11)	4,625	4,432	322	342
Bad debts written off	-	1	-	-
Impairment loss on trade receivables	-	69	-	-
Depreciation of property, plant and equipment (Note 15)	5,171	5,909	-	-
Net foreign exchange losses/(gains)	1,189	(1,073)	-	-
Non-executive directors' remuneration (Note 12)	86	84	86	84
Operating lease:				
- minimum lease payments on buildings	103	103	-	-
Property, plant and equipment written off	23	51	-	-
Utility charges	6,760	7,003	-	-

11. Employee benefits expense

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	4,124	3,782	299	318
Social security contributions	55	25	-	-
Contributions to defined contribution plan	229	349	-	-
Other benefits	193	252	-	-
Directors' fee	24	24	23	24
	4,625	4,432	322	342

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM665,000 (2011: RM688,000) and RM322,000 (2011: RM342,000) respectively as further disclosed in Note 12.

12. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive:				
Salaries and other emoluments	611	633	299	318
Fees	24	24	23	24
Defined contribution plan	30	3	-	-
Total executive directors' remuneration (Note 11)	665	688	322	342
Non-Executive:				
Fees	86	84	86	84
Total non-executive directors' remuneration (Note 10)	86	84	86	84
Total directors' remuneration	751	772	408	426

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2012	2011
Executive directors:		
Below RM50,000	2	2
RM50,001 – RM100,000	2	2
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	2	1
RM250,001 – RM300,000	-	1
Non-Executive directors:		
Below RM50,000	3	3

13. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	(703)	-	-	100
Under provision in respect of previous years	2,181	-	-	-
	1,478	-	-	100
Deferred income tax (Note 27):				
- Origination and reversal of temporary differences	(128)	-	-	-
- Under provision in prior years	128	-	-	-
	-	-	-	-
Income tax expense recognised in profit or loss	1,478	-	-	100

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	2012	2011
	RM'000	RM'000
Group		
Accounting loss before tax	(10,190)	(208)
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	(2,548)	(52)
Different tax rates in other countries	39	84
Income not subject to tax	(70)	(6)
Expenses not deductible for tax purposes	290	348
Benefits from previously unrecognised tax losses	-	(223)
Benefits from previously unabsorbed reinvestment allowance	-	(716)
Deferred tax assets recognised on unused tax losses	-	(215)
Deferred tax assets not recognised on unused tax losses	1,458	780
Under provision of income tax in respect of previous years	2,181	-
Under provision of deferred tax in respect of previous years	128	-
Income tax expense for the year	1,478	-

13. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit (cont'd)

	2012 RM'000	2011 RM'000
Company		
Accounting profit/(loss) before tax	1,938	(33)
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	485	(8)
Expenses not deductible for tax purposes	(485)	108
Income tax expense recognised in profit or loss	-	100

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit/(loss) for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax savings during the financial year arising from:

	Group	
	2012 RM'000	2011 RM'000
Utilisation of previously unrecognised tax losses	-	306

14. Loss per share

(a) Basic

Basic loss per share amounts are calculated by dividing loss for the year, net of tax,attributable to owners of the parent by the weighted average number of ordinary sharesoutstanding during the financial year.

The following reflect the loss and share data used in the computation of basic loss per share for the years ended 31 December:

	Group	
	2012	2011
Loss net of tax attributable to owners of the parent (RM'000)	(11,668)	(208)
Weighted average number of ordinary shares in issue ('000)	64,286	64,286
Basic loss per share (sen)	(18.2)	(0.3)

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

There is no diluted loss per share as the Company does not have any dilutive potential ordinary shares.

15. Property, plant and equipment

Group	*Leasehold land and buildings RM'000	Motor vehicles RM'000	Plant, machinery, equipment, and electrical installation RM'000	Furniture, fittings, and other equipment RM'000	Total RM'000
	At cost or valuation	←	*At cost*	→	
Cost or valuation:					
At 1 January 2011:	32,628	3,036	87,960	1,525	125,149
Additions	-	355	415	83	853
Disposals	-	(205)	(4,075)	-	(4,280)
Written off	-	-	-	(51)	(51)
Exchange differences	353	41	1,585	10	1,989
At 31 December 2011 and 1 January 2012	32,981	3,227	85,885	1,567	123,660
Revaluation surplus	723	-	-	-	723
Additions	26	140	952	50	1,168
Written off	-	-	-	(23)	(23)
Exchange differences	(628)	(40)	(1,608)	(16)	(2,292)
At 31 December 2012	33,102	3,327	85,229	1,578	123,236
Accumulated depreciation:					
At 1 January 2011:	2,863	2,596	70,594	1,303	77,356
Depreciation charge for the year	892	204	4,767	46	5,909
Disposals	-	(205)	(4,075)	-	(4,280)
Exchange differences	7	34	376	4	421
At 31 December 2011 and 1 January 2012	3,762	2,629	71,662	1,353	79,406
Depreciation charge for the year	902	195	4,047	27	5,171
Exchange differences	(97)	(26)	(830)	(8)	(961)
At 31 December 2012	4,567	2,798	74,879	1,372	83,616

15. Property, plant and equipment (cont'd)

	*Leasehold land and buildings RM'000	Motor vehicles RM'000	Plant, machinery, equipment, and electrical installation RM'000	Furniture, fittings, and other equipment RM'000	Total RM'000
	At cost or valuation	◄------------	*At cost*	------------►	
Net carrying amount:					
At 1 January 2011	29,765	440	17,366	222	47,793
At 31 December 2011	29,219	598	14,223	214	44,254
At 31 December 2012	28,535	529	10,350	206	39,620

*** Leasehold land and building**

	Leasehold land and buildings RM'000	Long term leasehold land RM'000	Factory buildings RM'000	Total RM'000
Cost or valuation:				
At 1 January 2011:	453	11,664	20,511	32,628
Exchange differences	-	-	353	353
At 31 December 2011 and 1 January 2012	453	11,664	20,864	32,981
Revaluation surplus	-	-	723	723
Additions	-	-	26	26
Exchange differences	-	(207)	(421)	(628)
At 31 December 2012	453	11,457	21,192	33,102
Accumulated depreciation:				
At 1 January 2011	54	599	2,210	2,863
Depreciation charge for the year	9	62	821	892
Exchange differences	-	(56)	63	7
At 31 December 2011 and 1 January 2012	63	605	3,094	3,762
Depreciation charge for the year	(1)	227	676	902
Exchange differences	-	(13)	(84)	(97)
At 31 December 2012	62	819	3,686	4,567

15. Property, plant and equipment (cont'd)

	Leasehold land and buildings RM'000	Long term leasehold land RM'000	Factory buildings RM'000	Total RM'000
Net carrying amount:				
At 1 January 2011	399	11,065	18,301	29,765
At 31 December 2011	390	11,059	17,770	29,219
At 31 December 2012	391	10,638	17,506	28,535

Revaluation of land and buildings

Land and buildings were revalued on 1 January 2011 and 21 February 2012 by accredited independent valuers. Fair value is determined by reference to open market values on an existing use basis.

If the land and buildings were measured using the cost model, the carrying amount would be as follows:

	2012 RM'000	2011 RM'000
Leasehold land and buildings	320	323
Long term leasehold land	2,757	1,091
Factory buildings	13,557	4,932
	16,634	6,346

Assets pledged as security

The Company's leasehold land and building with a carrying amount of RM28,144,000 (2011: RM28,829,000; 1 January 2011: RM29,366,000) are mortgaged to secure the Company's bank loans (Note 22).

16. Investment property

	Group	
	2012 RM'000	2011 RM'000
At 1 January	900	800
Gain from fair value adjustment recognised in profit or loss (Note 10)	400	100
At 31 December	1,300	900

16. Investment property (cont'd)

Valuation of investment property

Investment property is stated at fair value, which has been determined based on valuations at the reporting date. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuation is determined by reference to open market values on an existing use basis.

17. Investment in subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares at cost	93,782	32,082

During the financial year, the Company waived its right to demand repayment of a loan from a subsidiary amounting to RM61,700,000. Hence, the loan has been accounted for as an equity instrument in the subsidiary and has increased the cost of investment in subsidiaries by the same amount.

Details of the subsidiaries are as follow:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2012	Proportion (%) of ownership interest 2011
Ta Win Industries (M) Sdn. Bhd. ("TWI")	Malaysia	Manufacture of enamelled copper wires and copper rods	100	100
Twin Industrial (H.K.) Company Limited *	Hong Kong	Trading of enamelled copper wires and copper rods	100	100
Subsidiary of TWI:				
Ta Win Industries Corp. ("TWIC")	Republic of Mauritius	Investment holding	100	100
Subsidiary of TWIC:				
Ta Win Electronic Tech-Material (Changshu) Co. Ltd. ("TW Changshu") *	People's Republic of China	Manufacturing and trading of enamelled copper wires	100	100

* Audited by firm other than Ernst & Young.

18. Inventories

	Group 2012 RM'000	Group 2011 RM'000
At cost:		
Raw materials	15,414	20,186
Work-in-progress	15,614	8,797
Finished goods	11,607	10,699
Consumables	1,646	866
	44,281	40,548

19. Trade and other receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables				
Third parties	60,990	57,938	-	-
Less: Allowance for impairment	(69)	(69)	-	-
Trade receivables, net	60,921	57,869	-	-
Other receivables				
Amounts due from subsidiaries	-	-	3	61,908
Refundable deposits	44	85	-	-
Sundry receivables	4,235	2,533	1	-
	4,279	2,618	4	61,908
	65,200	60,487	4	61,908

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total trade and other receivables	65,200	60,487	4	61,908
Add: Cash and bank balances (Note 21)	18,188	19,702	4,195	452
Total loans and receivables	83,388	80,189	4,199	62,360

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2011: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2012 RM'000	2011 RM'000
Neither past due nor impaired	35,623	38,549
1 to 30 days past due not impaired	22,093	16,579
31 to 60 days past due not impaired	2,881	98
61 to 90 days past due not impaired	324	2,643
	25,298	19,320
Impaired	69	69
	60,990	57,938

Receivables that are neither past due not impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to RM25,298,000 (2011: RM19,320,000) that are past due at the reporting date but not impaired. The directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2012 RM'000	2011 RM'000
Trade receivables - nominal amounts	69	69
Less: Allowance for impairment	(69)	(69)
	-	-

Receivables that are impaired

Movement in allowance accounts:

	2012 RM'000	2011 RM'000
At 1 January	69	2,255
Charge for the year	-	69
Written off	-	(2,255)
At 31 December	69	69

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficuities and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

19. Trade and other receivables (cont'd)

(b) Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

20. Derivatives

	Group			
	2012 RM		2011 RM	
	Contract/ Notional Amount RM'000	Assets RM'000	Contract/ Notional Amount RM'000	Assets RM'000
Non-hedging derivatives:				
Current				
Forward currency contracts	18,267	61	-	-

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at the reporting date, extending to March 2013.

During the financial year, the Group recognised a gain of RM61,000 arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

21. Cash and cash equivalents

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	16,663	19,702	4,195	452
Fixed deposit with licensed bank	1,525	-	-	-
Cash and bank balances	18,188	19,702	4,195	452
Bank overdrafts (Note 22)	(1,722)	-	-	-
Cash and cash equivalents	16,466	19,702	4,195	452

The weighted average interest rate of the fixed deposits with licensed banks of the Group is 0.50% per annum with maturity period of 180 days and it is pledged as securities for borrowings (Note 22).

22. Loans and borrowings

		Group	
		2012	**2011**
	Maturity	**RM'000**	**RM'000**
Current			
Secured:			
Bank overdrafts (Note 21)	On demand	1,722	-
6.72% (2011: 7.56%) p.a. fixed rate RMB loan	2013	5,886	3,859
Bankers' acceptances at 3.23% (2011: 3.23%) p.a.	2013	44,200	41,732
Import loan at SIBOR + 2.25%	2013	6,949	-
		58,757	45,591
Unsecured:			
USD loan at SIBOR + 4.50% p.a.	2013	2,542	2,695
Bankers' acceptances at 3.23% (2011: 3.36%) p.a.	2013	8,679	9,135
Export credit refinancing at 4.25% (2011: 4.20%) p.a.	2013	4,293	2,997
		15,514	14,827
		74,271	60,418
Non current			
Unsecured:			
USD loan at SIBOR + 4.50% p.a.	2013	-	2,695
Total loans and borrowings		74,271	63,113

USD bank loan at SIBOR + 4.50% p.a.

The loan is secured against corporate guarantee provided by the Company.

Import loan at Sibor + 2.25%

Import loan are denominated in USD, bear interest at SIBOR + 2.25% p.a. and are secured against corporate guarantee provided by the Company and fixed deposit (Note 21).

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at BLR + 1.5% p.a. and are secured against corporate guarantee provided by the Company.

Secured loans and borrowings

The secured portion of loans and borrowings are secured by certain property, plant and equipment (Note 15) of the Group.

23. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	17,867	15,053	-	-
Other payables				
Due to directors	790	1,027	110	110
Accrued operating expenses	1,565	616	54	44
Other payables	1,290	-	-	-
- interest bearing at 2% (2011: 2%) per annum	12,097	12,660	-	-
- non-interest bearing	-	2,038	-	-
Amount due to a subsidiary	-	-	2,184	-
	15,742	16,341	2,348	154
	33,609	31,394	2,348	154
Total trade and other payables	33,609	31,394	2,348	154
Add: Loans and borrowings (Note 22)	74,271	63,11	-	-
Total financial liabilities carries at amortised cost	107,880	94,507	2,348	154

(a) Trade payables

These amounts non-interest bearing. Trade payables are normally settled on 30 to 60 day (2011: 30 to 60 day) terms.

(b) Other payables

These amounts are normally settled on 30 to 60 day (2011: 30 to 60 day) terms.

(c) Amounts due to directors and a subsidiary

These amounts are unsecured, non-interest bearing and are repayable on demand.

24. Share capital and share premium

Group and Company	Number of ordinary shares of RM1 each Share capital (Issued and fully paid) '000	← Amount → Share capital (Issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000
At 31 December 2011/ 31 December 2012	64,286	64,286	1,798	66,084

	Number of ordinary shares of RM 1 each		Amount	
	2012	2011	2012	2011
	'000	'000	RM'000	RM'000
Authorised share capital	100,000	100,000	100,000	100,000

24. Share capital and share premium (cont'd)

The holder 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 residual assets.

25. Other reserves

	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group			
At 1 January 2011	10,716	-	10,716
Other comprehensive income:			
Foreign currency translation	-	602	602
At 31 December 2011	10,716	602	11,318
At 1 January 2012	10,716	602	11,318
Other comprehensive income:			
Revaluation of land and buildings	542	-	542
Foreign currency translation	-	(360)	(360)
	542	(360)	182
At 31 December 2012	11,258	242	11,500

(a) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of leasehold land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

26. Retained earnings (cont'd)

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2012 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the 108 balance to distribute dividends amounting to RM846,000 (2011: RM846,000) out of its retained earnings. If the balance of the retained earnings were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

27. Deferred tax liabilities

	Group 2012 RM'000	Group 2011 RM'000
Represented by:		
Deferred tax assets	(5,382)	(5,394)
Deferred tax liabilities	5,382	5,394
	-	-

Deferred income tax as at 31 December relates to the following:

	Deferred tax liabilities	Deferred tax assets		
	Property, plant and equipment, and investment properties RM'000	Capital allowances, and tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2011	5,838	(5,553)	(285)	-
Recognised in profit or loss	(444)	184	260	-
At 31 December 2011	5,394	(5,369)	(25)	-
Recognised in profit or loss	(12)	270	(258)	-
At 31 December 2012	5,382	(5,099)	(283)	-

Unrecognised tax losses

At the reporting date, the Group has tax losses of approximately RM20,693,000 (2011: RM16,074,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of tax legislation of the respective countries in which the subsidiaries operate.

28. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

28. Related party transactions (cont'd)

(a) Sale and purchase of goods and services (cont'd)

	2012 RM'000	2011 RM'000
Group		
Rental of premises paid to a director	61	64
Company		
Dividend from a subsidiary	2,300	400
Management fee from a subsidiary	316	324

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term employee benefits	635	657	322	342
Defined contribution plan	30	31	-	-
	665	688	322	342

29. Commitments

(a) Capital commitments

	Group	
	2012 RM'000	2011 RM'000
Capital expenditure as at the reporting date is as follows:		
Approved and contracted for property, plant and equipment	240	126

(b) Operating lease commitments - as lessee

The Group has entered into non-cancellable operating lease agreements for the use of building. This lease has an average life of two years with no purchase option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payables under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2012 RM'000	2011 RM'000
Future minimum rentals payable:		
Not later than 1 year	105	84
Later than 1 year and not later than 5 years	22	64
	127	148

30. Fair value of financial instruments

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	19
Trade and other payables (current)	23
Loans and borrowings (current)	22

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at 31 December 2012	Level 1 RM'000	Level 2 RM'000	Total RM'000
Assets measured at fair value			
Derivative assets at fair value through profit or loss	-	61	61

During the reporting period ended 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.

- A nominal amount of RM68,385,000 (2011: RM63,112,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

<u>Credit risk concentration profile</u>

At the reporting date, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

31. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

The Group and the Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

		2012	
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	33,609	-	33,609
Loans and borrowings	74,347	-	74,347
Total undiscounted financial liabilities	107,956	-	107,956
Company			
Financial liabilities:			
Other payables, excluding financial guarantees*	2,348	-	2,348
Total undiscounted financial liabilities	2,348	-	2,348

		2011	
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	31,394	-	31,394
Loans and borrowings	60,565	2,841	63,406
Total undiscounted financial liabilities	91,959	2,841	94,800
Company			
Financial liabilities:			
Other payables, excluding financial guarantees*	154	-	154
Total undiscounted financial liabilities	154	-	154

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

31. Financial risk management objectives and policies (cont'd)

(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 exposure to interest rate risk arises primarily from their loans and borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis point lower/higher, will all other variables held constant, the Group's profit before tax would have been RM742,700 (2011: RM631,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(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 transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD") and New Taiwan Dollars ("NTD"). Such transactions are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net financial assets/(liabilities) held in non-functional currencies		
Functional currency of Group Companies	**United States Dollars RM'000**	**New Taiwan Dollars RM'000**	**Total RM'000**
As at 31 December 2012			
Ringgit Malaysia	(4,980)	-	(4,980)
Hong Kong Dollars ("HKD")	(14,341)	355	(13,987)
	(19,321)	355	(18,967)
As at 31 December 2011			
Ringgit Malaysia	5,812	-	5,812
Hong Kong Dollars ("HKD")	(12,508)	2,405	(10,103)
Chinese Renminbi ("RMB")	(11,714)	-	(11,714)
	(18,410)	2,405	(16,005)

31. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group, with all other variables held constant.

		Group	
		2012 RM'000	2011 RM'000
		Profit before tax	Profit before tax
USD/RM	- strengthened 3%	101	174
	- weakened 3%	(101)	(174)
USD/HKD	- strengthened 3%	(430)	(375)
	- weakened 3%	430	375
USD/RMB	- strengthened 3%	-	(351)
	- weakened 3%	-	351
NTD/HKD	- strengthened 3%	11	72
	- weakened 3%	(11)	(72)

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

	Note	2012 RM'000	2011 RM'000
Loan and borrowings	22	74,271	63,113
Trade and other payables	23	33,609	31,394
Less: Cash and bank balances	20	(18,188)	(19,702)
Net debt		89,692	74,805
Total capital		60,157	71,643
Capital and net debt		149,849	146,448
Gearing ratio		60%	51%

33. Segment information

The Group is principally involved in manufacturing and trading of enamelled copper wires and copper rods which are principally carried out in Malaysia, Hong Kong and the People's Republic of China. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

33. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		*Non-current assets*	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	437,439	442,613	20,874	15,977
Hong Kong	35,408	51,627	101	136
People's Republic of China	66,694	81,477	19,945	18,765
	539,541	575,717	40,920	34,878

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2012	**2011**
	RM'000	**RM'000**
Property, plant and equipment	39,620	33,978
Investment property	1,300	900
	40,920	34,878

Information about a major customer

Revenue from one major customer amount to RM89,472,000 (2011: RM108,017,000), arising from sales by the Group.

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 25 April 2013.

35. Supplementary information – Breakdown of realised and unrealised retained earnings

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- Realised	7,685	19,233	30,358	28,420
- Unrealised	(2,976)	(1,667)	-	-
	4,709	17,566	30,358	28,420
Less: Consolidated adjustments	(22,136)	(23,325)	-	-
(Accumulated losses)/retained earnings as per financial statements	(17,427)	(5,759)	30,358	28,420

ANALYSIS OF SHAREHOLDINGS
as at 23 April 2013

Authorised Capital	:	100,000,000 shares
Issued and fully paid-up	:	64,286,300 ordinary shares of RM1.00 each
Class of shares	:	RM1.00 Ordinary Share
Voting Rights	:	1 vote per Ordinary Share
Number of Shareholders as at 23 April 2013	:	2,168

Distribution Of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	32	1.48	1,442	0.00#
100 – 1,000	256	11.81	222,080	0.35
1,001 – 10,000	1,430	65.96	5,839,491	9.08
10,001 – 100,000	404	18.63	11,283,400	17.55
100,001 – 3,214,314(*)	45	2.08	21,914,889	34.09
3,214,315 and above (**)	1	0.05	25,024,998	38.93
Total	2,168	100.00	64,286,300	100.00

Note :
(*) means less than 5% of issued and paid-up share capital
(**) means 5% and above of issued and paid-up share capital
(#) means negligible

Substantial Shareholders as at 23 April 2013

The Substantial shareholders of Ta Win Holdings Berhad (holding 5% or more of the capital) based on the Register of Substantial shareholdings of the Company and their respective shareholdings are as follows:

	Direct interest		Indirect Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Chen, Hsi-Tao	26,447,398	41.14	7,631,040[°]	11.56
Chen Yu, Kuei-Feng	1,646,400	2.56	32,432,038[1]	50.45
Chen, Hung-Lin	3,023,920	4.70	31,054,518[2]	48.31
Chen, Hung-Ping	2,960,720	4.61	31,117,718[3]	48.40

Note :
(°) Deemed interested by virtue of his interest via his spouse, Chen Yu, Kuei-Feng and his sons, Chen, Hung-Lin and Chen, Hung-Ping.
(1) Deemed interested by virtue of her interest via her spouse, Chen, Hsi-Tao and her sons, Chen, Hung-Lin and Chen, Hung-Ping.
(2) Deemed interested by virtue of his interest via his parent, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Ping.
(3) Deemed interested by virtue of his interest via his parent, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Lin.

ANALYSIS OF SHAREHOLDINGS **(Cont'd)**
as at 23 April 2013

Directors' Interests in Related Corporations as at 23 April 2013

By virtue of their interests in the shares of the Company, Chen, Hsi-Tao, Chen, Hung-Lin, Chen Yu, Kuei-Feng and Chen, Hung-Ping are deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office had any interest in shares in the Company's subsidiaries or related corporation as at 23 April 2013.

Directors' Shareholdings as at 23 April 2013

	Direct interest		Indirect Interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Chen, Hsi-Tao	26,447,398	41.14	-	-
Chen, Hung-Lin	3,023,920	4.70	-	-
Aliyah Binti Dato' Hj. Baharuddin Marji	-	-	-	-
Yeoh Chin Kiang	152,700	0.24	-	-
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-
Chen Yu, Kuei-Feng (Alternate Director to Mr. Chen, Hung-Lin)	1,646,400	2.56	-	-
Chen, Hung-Ping (Alternate Director to Mr. Chen, Hsi-Tao)	2,960,720	4.61	-	-
Lau Po Cheng (Alternate Director to Mr. Yeoh Chin Kiang)	33,000	0.05	-	-

ANALYSIS OF SHAREHOLDINGS (Cont'd)

as at 23 April 2013

Thirty Largest Shareholders as at 23 April 2013

No	Shareholders	No. of Shares	%
1	CHEN, HSI-TAO	25,024,998	38.93
2	YU, CHUN-FU	3,089,620	4.81
3	CHEN, HUNG-PING	2,495,720	3.88
4	CHEN, HUNG-LIN	2,257,800	3.51
5	CHEN YU, KUEI-FENG	1,622,729	2.52
6	CHEN, HSI-TAO	1,422,400	2.21
7	CHANG, TIEN-LAI	1,225,180	1.91
8	YU, CHUN-FU	821,400	1.28
9	CHANG, TIEN-LAI	615,600	0.96
10	YU, KUO-PING	578,760	0.90
11	CHEN, HUNG-LIN	474,920	0.74
12	TSAI, FEN-CHIN	471,200	0.73
13	CHEN, HUNG-PING	465,000	0.72
14	CHIA SIEW FUNG	409,400	0.64
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO GUIK HIANG	370,600	0.58
16	OU, CHIA-WEI	343,600	0.53
17	TAY TECK HO	340,000	0.53
18	YANG PO-CHUN	318,000	0.49
19	YEW KOK SOO	306,300	0.48
20	CHEN, HUNG-LIN	291,200	0.45
21	OOI POH ENG @ YEOH JOO ENG	258,400	0.40
22	TAN KOK SING	250,000	0.39
23	YEOH KEAN BENG	240,000	0.37
24	HSU, YAO-JIH	223,160	0.35
25	OU, CHIA-WEI	214,200	0.33
26	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY ENG TONG	195,000	0.30
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG NGOW @ NG SOO HAR	190,000	0.30
28	EWE CHOR LAY	176,700	0.27
29	TAN KOK SING	175,000	0.27
30	CHANG, TIEN-LAI	164,400	0.26

LIST OF GROUP PROPERTIES

Location	Tenure / Expiry Date	*Existing Use	Age of Building (year / month)	Land area (m2) / (Built- up area) (m2)	Carrying Amount @ 31.12.2012 RM ('000)	Year of Valuation
Lot PT 1234 to 1237 and Lot PT 1287 to 1290 Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 26/6/2089 for Lot PT 1234 to 1237 leaving unexpired terms of about 77 years. 99 years leasehold expiring on 25/6/2089 for Lot PT 1287 to 1290 leaving unexpired terms of about 77 years.	*Industrial land factory building & office	10,11,14,17 years (4 factories)	31,794/ (17,920)	13,227	2011
Lot No. 101, Town area XXXIX (39), Melaka Tengah, Melaka	99 years leasehold expiring on 19/8/2075, leaving unexpired terms of about 63 years	*Building (Shophouse)	29 years	148/(366)	1,300	2012
PT 1513 & 1516, Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 24/9/2091, leaving unexpired terms of about 79 years	*Apartments	11 years	N/A/(728)	391	2011
No. 58 Shenzen Rd. High-Tech Industrial Park of Changshu Economic Development Zone, Jiangshu China	50 years leasehold expiring on 24/5/2056, leaving unexpired terms of about 44 years	^Industrial Land, factory building & office	6 years	44,039/ (12,604.50)	14,917	2012

Note:

* All land and buildings are owned by Ta Win Industries (M) Sdn Bhd.

^ The industrial land, factory building and office are owned by Ta Win Electronic Tech-Material (Changshu) Co. Ltd.

PROXY FORM

大稳控股有限公司 291592-U
TA WIN HOLDINGS BERHAD

Number of Shares Held	

CDS Account No.	

I/We ______________________________ NRIC No. ______________
(Full Name in Capital Letters)

of ______________________________
(Full Address)

being a *Member/Members of TA WIN HOLDINGS BERHAD, do hereby appoint ______________
(Full Name in Capital Letters)

NRIC No. ______________ of ______________________________
(Full Address)

or failing him, ______________________________ NRIC No. ______________
(Full Name in Capital Letters)

of ______________________________
(Full Address)

or failing whom the CHAIRMAN of the General Meeting as *my/our proxy to vote on *my/our behalf at the Nineteenth Annual General Meeting to be held at Bilik Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75000 Melaka on Tuesday, 25 June 2013 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his discretion.

No	Agenda			
1	Receipt of the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.			
		Ordinary Resolution	**For**	**Against**
2	Approval of Directors' fee of RM109,258.06 for the financial year ended 31 December 2012.	1		
3	Approval of Directors' fee of RM5,000.00 per month to Mr. Chen, Hsi-Tao.	2		
4	Re-election of Mr. Huang, Ching-Fan as Director	3		
5	Re-appointment of Mr. Chen, Hsi-Tao as Director	4		
6	Re-appointment of Mr. Huang, Ching-Fan as Director	5		
7	Re-election of Mr. Chen, Hung-Lin as Director	6		
8	Re-election of Encik Mohd Khasan Bin Ahmad as Director	7		
9	Re-appointment of Messrs Ernst & Young as Auditors, and authority to the Directors to fix the Auditors' remuneration.	8		
	Special Business			
10	Approval of Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay continue to act as an Independent Non-Executive Director	9		
11	Approval of Encik Mohd Khasan Bin Ahmad continue to act as an Independent Non-Executive Director	10		
12	Approval of Cik Aliyah Binti Dato' Hj. Baharuddin Marji continue to act as an Independent Non-Executive Director	11		
13	Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965.	12		
14	Proposed Amendments to the Articles of Association of the Company.	Special Resolution		

*Strike out whichever not applicable.

As witness my/our hand this ______ day of ______________

____
Signature of Member/Common Seal

NOTES:

1. A member of the Company who is entitled to attend, speak and vote at this 19th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy may not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a),(b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company appoints more than one (1) proxy to attend at the same meeting, he shall specify in the instrument of proxy the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint more than one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.
4. Where a member of the Company is an exempt authorised nominee holding 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 its holds.

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing by the appointer or an attorney duly authorized in writing or, if the appointer is a corporation, whether under its seal or by an officer or attorney duly authorised.
6. The instrument appointing either a proxy, a power of attorney or other authorities, where it is signed or certified by a notary as a true copy shall be deposited at the Registered Office of the Company at No. 4-1, Komplek Niaga Melaka Perdana, Jln KNMP 3, Bukit Katil, 75450 Melaka, not less than 48 hours before the meeting convenes or at any adjournment thereof, and in default the instrument of proxy shall not be treated as valid.
7. The right of foreigners to vote in respect of deposited securities is subject to Sections 41(1)(e) and 41(2) of the Securities Industry (Central Depositories) Act, 1991; the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and the Articles of Association of the Company.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 19th AGM.

STAMP

The Secretary
TA WIN HOLDINGS BERHAD
(291592-U)

No. 4-1 Komplek Niaga Melaka Perdana
Jln KNMP 3, Bukit Katil
75450 Melaka

大穩控股有限公司 291592-U

TA WIN HOLDINGS BERHAD

No. 4-1 Komplek Niaga Melaka Perdana
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