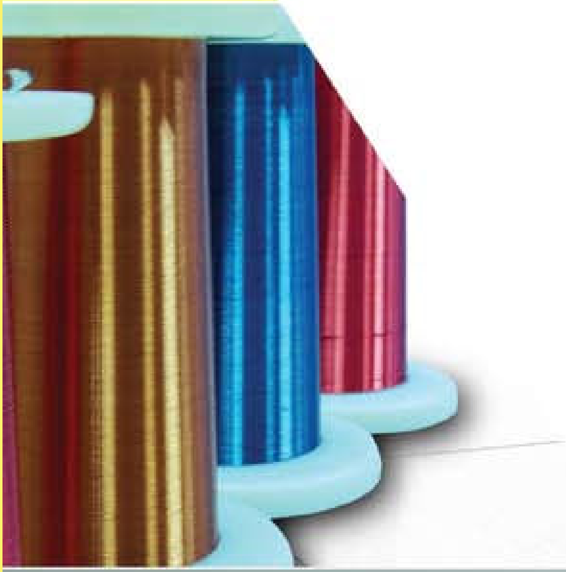

大穩控股有限公司 291592-U

® TA WIN HOLDINGS BERHAD

annual report

2013

Unfolding
Opportunities to
Enhance Further

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting ("20th AGM") of Ta Win Holdings Berhad ("the Company") will be held at Bilik Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Tuesday, 24 June 2014 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. **(Please refer Explanatory Note 1)**

2. To approve the payment of Directors' fee of RM155,989.25 for the financial year ended 31 December 2013. **(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. Wu, Ying-Ju, 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 Mr. Yeoh Chin Kiang, the retiring Director who retires by rotation and being eligible, offers himself for re-election in accordance with Article 92 of the Company's Articles of Association. **(Ordinary Resolution 6)**

7. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2014 and to authorize the Directors to fix the Auditors' remuneration. **(Ordinary Resolution 7)**

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 Directors

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

   i) Encik Mohd Khasan Bin Ahmad **(Ordinary Resolution 8)**

   ii) Cik Aliyah Binti Dato' Hj. Baharuddin Marji **(Ordinary Resolution 9) (Please refer Explanatory Note 3)**

Notice of Annual General Meeting

9. Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965.

   "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." **(Ordinary Resolution 10) (Please refer Explanatory Note 4)**

10. 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)
CHUA SIEW YIN (MAICSA 7065531)
Company Secretaries

Melaka
Dated: 30 May 2014

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 20th AGM of the Company.

3. *Item 8 of the Agenda*
   For Ordinary Resolutions 8 and 9 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 Directors of the Company for a cumulative term of more than nine (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 in this Annual Report.

4. *Item 9 of the Agenda*
   Ordinary Resolution 10 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 2013 and which will lapse at the conclusion of the 20th 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.

Notice of Annual General Meeting

NOTES:-

1. *A member of the Company who is entitled to attend, speak and vote at this 20th 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 up to two (2) proxies 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 authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint up to two (2) proxies 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 it holds.*

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA who 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 authorised 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 17 June 2014 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 20th AGM.*

9. *Any alteration in the form of proxy must be initialed.*

2013 ANNUAL REPORT OF THE COMPANY:

The 2013 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. at 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 Twentieth Annual General Meeting

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

DIRECTOR STANDING FOR RE-ELECTION

Details of the retiring director namely, Mr. Wu, Ying-Ju are on pages 14, 17 and 18 of the Annual Report of the Company for the financial year ended 31 December 2013.

Corporate Information

BOARD OF DIRECTORS

Chen, Hsi-Tao
Non-Independent Non-Executive Director cum Chairman

Chen, Hung-Lin
Managing Director

Yeoh Chin Kiang
Executive Director

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay
Independent Non-Executive Director
(Resigned w.e.f. 19.06.2013)

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)

Wu, Ying-Ju
Independent Non-Executive Director
(Appointed w.e.f. 27.08.2013)

Chen Yu, Kuei-Feng
Alternate Director to Chen, Hung-Lin

Chen, Hung-Ping
Alternate Director to Chen, Hsi-Tao

Lau Po Cheng
Alternate Director to Yeoh Chin Kiang

COMPANY SECRETARIES

Teo Soon Mei (MAICSA 7018590)

Chua Siew Yin (MAICSA 7065531)
(Appointed w.e.f. 27.08.2013)

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
(Ceased w.e.f. 19.06.2013)

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

Wu, Ying-Ju – Member
Independent Non-Executive Director
(Appointed w.e.f. 27.08.2013)

NOMINATION COMMITTEE

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay – Chairman
Independent Non-Executive Director
(Ceased w.e.f. 19.06.2013)

Mohd Khasan Bin Ahmad – Chairman
Independent Non-Executive Director
(Redesignated w.e.f. 27.08.2013)

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

Wu, Ying-Ju – Member
Independent Non-Executive Director
(Appointed w.e.f. 27.08.2013)

Corporate Information

REMUNERATION COMMITTEE

Chen, Hsi-Tao – Chairman
Non-Independent Non-Executive Director cum Chairman

Mohd Khasan Bin Ahmad – Member
Independent Non-Executive Director

Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay – Member
Independent Non-Executive Director
(Ceased w.e.f. 19.06.2013)

Aliyah Binti Dato' Hj. Baharuddin Marji – Member
Independent Non-Executive Director
(Appointed w.e.f. 27.08.2013)

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
(Resigned w.e.f. 12.07.2013)

Chow Lai Kuen – Member
Human Resource Manager
(Appointed w.e.f. 27.02.2014)

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
(Resigned w.e.f. 31.05.2013)

Ng Hen Chiang – Member
Finance Manager
(Appointed w.e.f. 27.08.2013 and resigned w.e.f. 08.10.2013)

Poh Li Ling – Member
Finance Manager
(Appointed w.e.f. 26.11.2013)

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

Poh Li Ling – Member
Finance Manager

INVESTOR RELATIONS

Chen, Hsi-Tao
Non-Independent Non-Executive Director cum Chairman

Chen, Hung-Lin
Managing Director

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.
Ta Win Industries Corp. (474791)	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

OUR CORPORATE PHILOSOPHY

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

Responsibility Towards Customers

- Ensure quality products
- Strive constantly to reduce costs
- Maintain reasonable prices
- Attend to customers' orders promptly
- Ensure continuous improvements in all areas within the organisation

Responsibility Towards Employees

- Respect 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

- Practise being good citizens
- Support welfares/charities
- Encourage civic mindedness on cleanliness and hygiene
- Promote education through workshops
- Maintain the property of 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

Name	:	**CHEN, HSI-TAO**
Age	:	**75**
Nationality	:	**Taiwanese**
Position in the Company	:	Non-Independent Non-Executive Director cum Chairman
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 was re-designated as Non-Independent Non-Executive Director cum 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

Name	:	**YEOH CHIN KIANG**
Age	:	**61**
Nationality	:	**Malaysian**
Position in the Company	:	Executive Director
Qualification	:	Bachelors Degree in Business Administration from the National Taiwan University, Taiwan.
Working 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 had 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 a member of the Disclosure Committee of the Company.
Number of Board Meetings Attended	:	5/5

Profile of the Board of Directors

Name	:	**CHEN, HUNG-LIN**
Age	:	**39**
Nationality	:	**Taiwanese**
Position in the Company	:	Managing Director
Qualification	:	Advanced Diploma in Hospitality Management from the University of Portsmouth, United Kingdom in 1999.
Working 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 Chen Yu, Kuei-Feng on 26 April 2002 and then was appointed as an Alternate Director to 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 placed 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 Chen, Hsi-Tao on 21 December 2012 and 24 December 2012 respectively. He is currently running the business and operation as well as implementing 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 the Chairman of the Disclosure Committee and a member of the Risk Management Committee of the Company.
Number of Board Meetings Attended	:	4/5

Name	:	**ALIYAH DATO' HJ. BAHARUDDIN MARJI**
Age	:	**53**
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.
Working 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 also sits on the following Board Committees of the Company :- a) Member of the Audit Committee; b) Member of the Nomination Committee; and c) Member of the Remuneration Committee (Appointed w.e.f. 27.08.2013).
Number of Board Meetings Attended	:	5/5

Profile of the Board of Directors

Name	:	**MOHD KHASAN BIN AHMAD**
Age	:	**53**
Nationality	:	**Malaysian**
Position in the Company	:	Independent Non-Executive Director
Qualification	:	Degree in Accountancy from the Universiti Teknologi Mara Malaysia and is a member of the Malaysian Institute of Accountants (MIA).
Working 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 also sits on the following Board Committees of the Company :- a) Chairman of the Audit Committee; b) Chairman of the Nomination Committee (Redesignated w.e.f. 27.08.2013); c) Member of the Remuneration Committee; and d) Member of the Disclosure Committee.
Number of Board Meetings Attended	:	5/5

Name	:	**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.
Working Experience	:	He was appointed as an Independent Non-Executive Director of the Company on 5 April 2000 and had resigned as the Director of the Company on 19 June 2013. 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 has been 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 (M) Berhad since 1994, Komarkcorp Berhad since 1997, ICapital.Biz Berhad since 2010, an Executive Director of Farm's Best Berhad since 1995 and the Chairman of Wellcall Holdings Berhad since 2006. All these companies are listed on the Main Market of Bursa Malaysia Securities Berhad.
Details of Any Other Board Committees	:	He ceased to be the Chairman of the Nomination Committee and the member of the Audit and the Remuneration Committees of the Company with effect from 19 June 2013.
Number of Board Meetings Attended	:	2/5

Profile of the Board of Directors

Name	:	**HUANG, CHING-FAN**
Age	:	**75**
Nationality	:	**Taiwanese**
Position in the Company	:	Independent Non-Executive Director
Qualification	:	Diploma in Business Administration from National Taipei College of Business, Taiwan
Working Experience	:	He was appointed as an Independent Non-Executive Director of the Company on 24 April 2013. He joined Man Loy Trading Co. Ltd as Marketing Manager for a period of one year in 1961. In 1962, he joined ManLoy Meteal Co. Ltd as Deputy General Manager and was then promoted to the position of General Manager. His working experience in ManLoy Meteal Co. Ltd has enabled him to acquire more than 47 years of experience in marketing and management of materials. Currently, he works as a Business Consultant for ManLoy Meteal Industrial Co. Ltd after his retirement in the year of 2003.
Other Directorship of Public Companies	:	None
Details of Any Other Board Committees	:	None
Number of Board Meetings Attended	:	3/5

Name	:	**WU, YING-JU**
Age	:	**40**
Nationality	:	**Taiwanese**
Position in the Company	:	Independent Non-Executive Director
Qualification	:	Graduate Certificate in Electronic Engineering Course from Li Ming Private Specialist Technical School and is a certified ISO auditor
Working Experience	:	He was appointed as an Independent Non-Executive Director of the Company on 27 August 2013. Previously, he was a training and squad leader of the headquarters of the Army of Taiwan from 1996 to 1997, He joined Beeantah Industrial (M) Sdn. Bhd. as Engineering and Production supervisor in 1998. He then left and joined Faith Industry Co, China as assistant sales and production manager in 2001. Later, he re-joined Beeantah Industrial (M) Sdn. Bhd. as factory manager in 2004 and was then promoted to the position of an assistant managing director after he succeeded in implementing the proposal for a production improvement plan in 2008. He has successfully led the management of Beeantah Industrial (M) Sdn. Bhd. to complete the production improvement plan and has made Beeantah Industrial (M) Sdn. Bhd. become a designated supplier of various multinational companies.
Other Directorship of Public Companies	:	None
Details of Any Other Board Committees	:	He is a member of the Audit and the Nomination Committees of the Company.
Number of Board Meetings Attended	:	1/5

Profile of the Board of Directors

Name	: **CHEN YU, KUEI-FENG**
Age	: **68**
Nationality	: **Taiwanese**
Position in the Company	: Alternate Director to Chen, Hung-Lin
Qualification	: Graduated from a High School in Taiwan.
Working Experience	: She was appointed as an Executive Director of the Company on 21 April 2000. She then resigned as Executive Director of the Company and was appointed as Alternate Director to Chen, Hung-Lin on 24 December 2012 respectively. 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.
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: None
Number of Board Meetings Attended	: 1/5

Name	: **CHEN, HUNG-PING**
Age	: **38**
Nationality	: **Taiwanese**
Position in the Company	: Alternate Director to Chen, Hsi-Tao
Qualification	: Bachelor of Arts in Hospitality Management from the University of Portsmouth, United Kingdom in June 2001.
Working Experience	: He was appointed as an Alternate Director to Chen Yu, Kuei-Feng on 26 April 2002 and later resigned as the Alternate Director to Chen Yu, Kuei-Feng and 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 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 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	: 3/5*

Note:-

(*) He attended 3 meetings by invitation

Profile of the Board of Directors

Name	:	**LAU PO CHENG**
Age	:	**38**
Nationality	:	**Malaysian**
Position in the Company	:	Alternate Director to Mr. Yeoh Chin Kiang
Qualification	:	Bachelor of Arts from the National Central University of Taiwan in June 2000.
Working Experience	:	She was appointed as an Alternate Director to 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 Chen Yu, Kuei-Feng and was appointed as Alternate Director to Yeoh Chin Kiang. She was previously the Human Resource Manager of Ta Win Industries (M) Sdn. Bhd., the wholly-owned subsidiary of the Company and resigned on 1 July 2009. She rejoined the company as purchasing executive on 14 January 2010. 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	:	4/5*

Note :-

(*) She attended 4 meetings by invitation

Bursa Securities Listing Requirements Compliance Information

FAMILY RELATIONSHIP WITH THE DIRECTOR AND MAJOR SHAREHOLDER

Mr. Chen, Hsi-Tao, who is the major shareholder and the Non-Independent Non-Executive Director cum Chairman of the Company is the husband of Madam Chen Yu, Kuei-Feng who is currently the Alternate Director to 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 of the Company, whereas Mr. Chen, Hung-Ping is currently the Alternate Director to Chen, Hsi-Tao. They are also the substantial shareholders of the Company. Madam Lau Po Cheng, the Alternate Director to Mr. Yeoh Chin Kiang 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 major 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 2013.

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 2013 amounted to RM18,000/-. 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 other 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 2013.

PROFIT GUARANTEE

There were no profit guarantees given to the Company and its subsidiaries during the financial year ended 31 December 2013.

Bursa Securities Listing Requirements Compliance Information

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 2013 or, if not then subsisting, since the end of the previous financial year.

UTILISATION OF PROCEEDS

The Company did not undertake any corporate proposals to raise proceeds during the financial year ended 31 December 2013.

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 29 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 Non Independent Non-Executive Director cum Chairman and also the substantial shareholder of the Company receives a rental of HK$13,000/- (equivalent to RM5,517/-) 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 RM66,206/-) was paid to Mr. Chen, Hsi-Tao as rental for the financial year ended 31 December 2013 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, from pages 62 to 64 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 2013.

PERFORMANCE REVIEW

The Group registered about 1% lower turnover of RM535.073 million for the year ended 31 December 2013 as compared with RM539.541 million in the previous financial year. The lower copper prices in 2013 squeezed the group's turnover. The average LME price in 2013 was USD 7,326 per tonne, a 7.8% decline (or USD 7,950 per tonne) on the previous year.

Despite the constraint of lower copper prices, the Group had turned around to register a profit after tax of RM2.789 million in the current financial year 2013 from a loss after tax of RM11.668 million in the previous year.

MARKET OVERVIEW AND BUSINESS OUTLOOK

Market Overview

The constant fluctuations in copper prices had brought about a great uncertainty in the demand from customers as the selling price is directly linked to copper price as the largest cost component.

The average LME prices for copper in 2013 were USD 7,326 per tonne, a 7.8% decline on the previous year. The lower cost of the copper increased the sales quantity for the year since the customer could precede cost effectively, especially with a stronger ringgit. Furthermore the demand for copper is growing along with the demand, especially for new construction and remodelling.

The Management will take necessary measures to counter the challenges posed by the market condition by monitoring closely the copper prices and keep the stocks at optimum level.

Business Outlook

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

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

Human Resources Development

During 2013, continuous training programmes were conducted through in-house and external programmes aimed at further improving the 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 Leadership & Motivation, LMW Licensing, Facilitation & Control Plus Update on the Latest Tax Free Facilities, Quality Awareness and Techniques in Manufacturing Industry, Employee Attitude in the 21st Century, Industrial Safety and Health Awareness and etc. These were well received with active participation by Group employees who included operational level staff.

Related Party Transactions

Significant related party transactions of the Group during the year were disclosed in Note 29 of the financial statements. There were no material contracts of the Group involving Directors and major shareholders.

Chairman's Statement

Corporate Governance

The Board is committed to observe the Malaysian Code of Corporate Governance and Bursa Malaysia Main Market Listing Requirements and has ensured that a high standard of corporate governance will be practiced throughout the Group to safeguard the Group's assets, operations and enhance the shareholders' value. Our statement on corporate governance is from pages 27 to 50. We also adhere to a strict code of corporate conducts and ethics and at the same time play our parts in social responsibility.

Future Prospects

Slowdown of the market is expected after the 2014 Budget was announced. The construction sector is expected to grow at a slower pace of 9.6% this year, compared with 10.6% last year, due to slower construction activity in the civil engineering subsector following the completion of several major infrastructure projects.

As always, much will depend on how China performs as China is the world's biggest producer and consumer of copper, soaking up 40% of the world's supply. China needs to keep the economic growth steady. Otherwise there will be continuing slowdown in developing Asia's largest economy.

Outside of China, the US seems to be the one large economy that is continuing to recover but growing opposition to ever-increasing deficits and debt from the political right is likely to act as a brake that keeps growth subdued. There is still instability in the euro zone, there are signs of some recovery but the unemployment levels still remain high.

Costs have continued to rise with pressure from a variety of sources and the lower copper prices squeezed probability and improving efficiency is a key strategic focus for the Board.

Despite industry-wide inflationary pressure, reduced or maintained unit costs across the majority of our operations become our key focus by continuing to control costs.

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

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

A NOTE OF APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to thank all the Management and Staff for their dedicated services, commitment, loyalty and contributions during the year. The year 2014 is expected to be more challenging but I have no doubt about the Group's ability to work together to overcome all obstacles to propel the Group's level to greater heights.

I would like to convey our deepest appreciation and thanks 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 and I sincerely hope that they will continue to be with us for the foreseeable future.

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

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

CHEN, HSI-TAO
Chairman

Financial Highlights

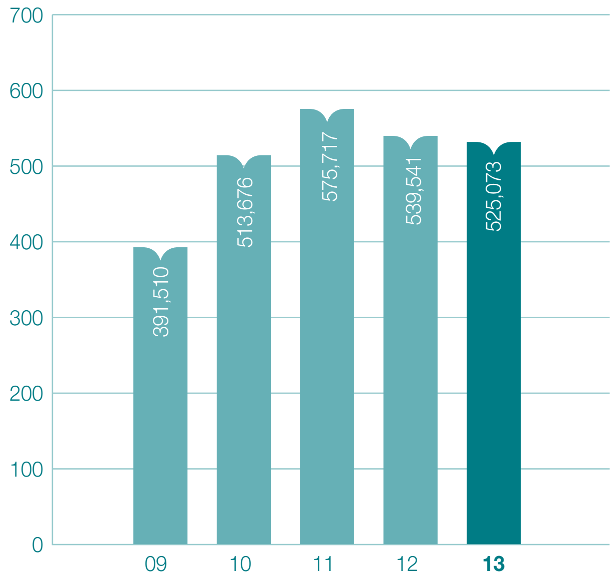
FIVE YEARS GROUP FINANCIAL SUMMARY

			GROUP		
YEAR ENDED 31 DECEMBER	**2013**	**2012**	**2011**	**2010**	**2009**
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)					
Revenue	**535,073**	539,541	575,717	513,676	391,510
Operating profit / (loss)	**6,007**	(7,188)	2,906	1,944	11,861
EBITDA	**10,955**	(2,017)	8,815	8,221	18,783
Profit / (loss) before taxation	**3,364**	(10,190)	(208)	(622)	9,689
Net profit attributable to equity holders	**2,789**	(11,668)	(208)	(485)	9,689
KEY FINANCIAL POSITION STATEMENT DATA (RM'000)					
Total assets	**160,183**	169,329	166,182	151,039	155,805
Total borrowings	**56,591**	74,271	63,113	68,383	77,106
Shareholders equity	**64,322**	60,157	71,643	60,653	61,324
SHARE INFORMATION					
Per share (sen)					
Basic earnings	**4.34**	(18.15)	(0.32)	(0.75)	15.07
Gross dividend	**-**	-	-	-	-
Net assets per share (RM)	**1.00**	0.94	1.11	0.94	0.95
Share price as at 31 December (RM) *	**0.32**	0.26	0.27	0.35	0.46
FINANCIAL RATIOS (%)					
Gross profit margin	**2.13**	0.64	1.76	2.44	5.27
Net profit margin	**0.52**	(2.16)	(0.04)	(0.09)	2.47
Return on equity	**4.34**	(19.40)	(0.29)	(0.79)	15.79
Gearing ratio	**52.95**	59.85	51.09	57.00	57.48

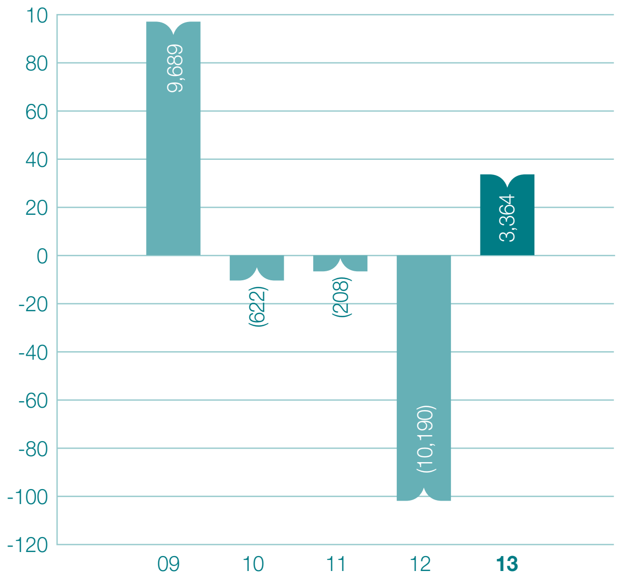
* referring to the last market transaction date for the year

Financial Highlights

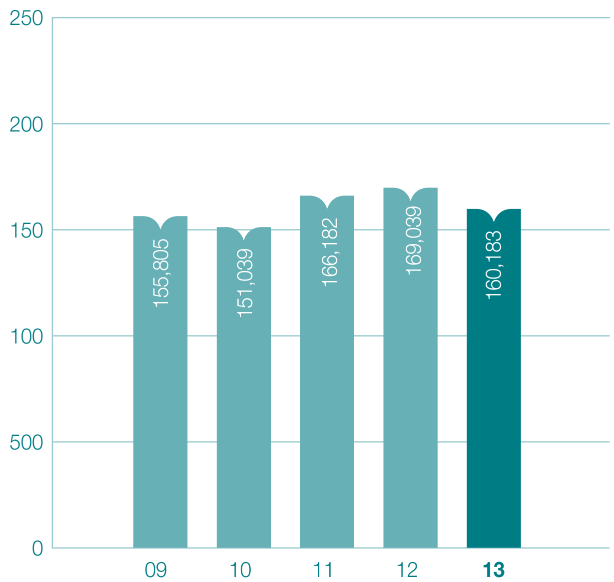
REVENUE
(RM'000)



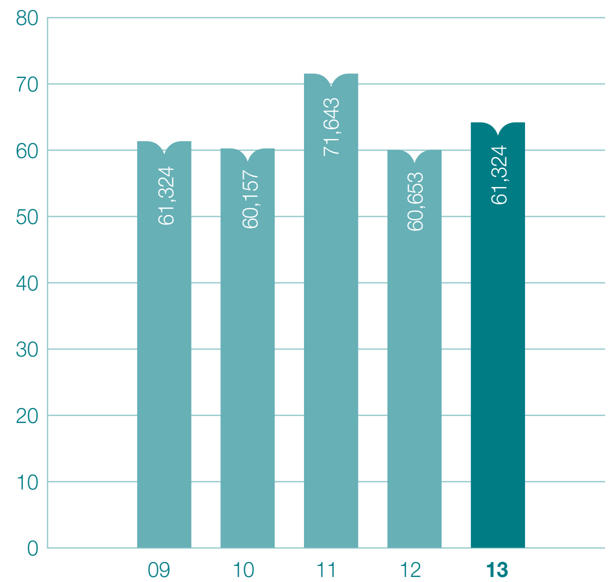
PROFIT/(LOSS) BEFORE TAXATION
(RM'000)



TOTAL ASSETS
(RM'000)



SHAREHOLDERS EQUITY
(RM'000)



Management Discussion and Analysis (MDAA)

BUSINESS REVIEW

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

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

In view of the constant fluctuations of copper prices, the Management has taken 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 had 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 is to continuously remain one of the market-leaders in the industry and to improve the shareholders' value on their investments.

The Management is 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 the years ahead to be very challenging.

FINANCIAL REVIEW

Revenue

Revenue consists of sales of enamelled copper wires and copper rods. Sales of copper rods constituted about 80% of the total revenue. Sales are very much related to the price of copper in the London Metal Exchange (LME). The sales drop 1% in the current year is mainly due to lower average selling price caused by the lower LME prices as compared to the previous year. On average, about 24% of the Group's sales are for the export market and the remaining 76% are for local market.

Operating profit

When copper prices began to fluctuate in the year 2010 after the global recession, the profitability in the early year of 2010 was affected but due to an upward trend 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 financial year 2011 and its operating profit increased to RM2.906 million. The Group registered an operating loss of RM7.188 million in 2012 mainly 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 partly due to the penalty raised by Malaysian Inland Revenue for the year of assessment 2006. However in 2012, the LME prices continued to fluctuate, but the Group managed to made an operating profit of RM2.789 million mainly due to gain in forex exchange.

Forex gain/(loss)

As more than 90% of the raw materials used in the production are imported from overseas, the fluctuations in USD is a second major factor in determining the profitability of the Group. For the financial year ended 31 December 2013 the Group registered a foreign exchange translation gain of RM2.765 million due to transactions, assets and liabilities denominated in foreign currencies as compared to a net translation loss of RM1.189 million in the previous financial year.

Management Discussion and Analysis (MDAA)

FINANCIAL REVIEW (CONT'D)

Total assets

The total assets for the Group amounted to RM160.183 million for the financial year ended 2013, a decrease of RM9.146 million from RM169.329 million as recorded in the previous financial year.

Total borrowings

The total borrowings for the Group amounted to RM56.591 million for the financial year ended 2013, a decrease of 23.80% from RM74.271 million recorded in the previous financial year. This is due to better control of usage of trade from the financial institutions.

Earnings per share

As the Group registered profit for the financial year under review, basic earnings per share attributable to ordinary equity holders decreased to 4.34 sen per share from -18.15 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 in Malaysia and People's Republic of China could produce 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 on the production floor until delivery of goods to customers. Various improvement programs will be discussed and implemented from the feedback by the production floor personnel.

The Management believes in the importance of human resources and provides continuous training to upgrade the skills of the workers in the hope of building the 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 is 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 the Group's performance is heading in the expected directions.

The Risk Management Committee addresses and makes an assessment of all the risks faced by the Group and recommends the appropriate actions to overcome the situation or mitigate the adverse effect. The official meetings are held twice a year but ongoing risks are highlighted every week in the weekly meeting.

Management Discussion and Analysis (MDAA)

PROSPECT REVIEW

Depleting natural resources, volatile copper prices, global uncertainties and escalating costs are of major concern and pose as 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 European, and in particular, the United States economies, since most of the world transactions are quoted in US Dollars and any great fluctuations will definitely affect their profit margin.

As China is looking to expand itself futher in the world market, their penetration into our local market is to be 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, policy in housing sector and therefore it is expected that the demand for copper will be affected and cause our China's plant to drop in revenue.

Costs have continued to rise with pressure from a variety of sources and the lower copper prices squeezed probability and improving efficiency is a key strategic focus for the Board.

The Management has no reasonable doubt 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) were 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 were not compromised and has 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 Health Policy.

In ensuring that safety and health performance was 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 the safety and health of all employees was 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 had also invested significantly in sending relevant employees to attend various external training programmes.

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 recognized 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 implement 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 the Group’s stakeholders, the Group must conduct responsible business transactions that protects 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 ensure that a high standard of corporate governance is practised 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 2012 (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. Four (4) out of five (5) 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)
Chen, Hsi-Tao	Non-Independent Non-Executive Chairman	No change
Chen, Hung-Lin	Managing Director	No change
Yeoh Chin Kiang	Executive Director	No change
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	(Resigned as Independent Non-Executive Director w.e.f. 19.06.2013)
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. 24.04.2013
Wu, Ying- Ju	Independent Non-Executive Director	Appointed w.e.f. 27.08.2013
Chen Yu, Kuei-Feng	Alternate Director to Chen, Hung-Lin	No change
Chen, Hung-Ping	Alternate Director to Chen, Hsi-Tao	No change
Lau Po Cheng	Alternate Director to Yeoh Chin Kiang	No change

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 of 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.

Corporate Governance Statement

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

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

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.

1.2 Board Roles and Responsibilities

The Board is responsible for the overall corporate governance of the Group and they had in 2012 established several policies and procedures 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 Director 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 interests 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 on 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 Encik Mohd Khasan Bin Ahmad as the senior Independent Non-Executive Director to replace Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay, who tendered his resignation on 19 June 2013, to facilitate communications with any stakeholders not dealt with by the Chairman, Managing Director or the Executive Director of the Company. 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 in 2012 established a Succession Plan and through its Succession Planning, the Board ensures that all senior management staff is of required calibre. Trainings programmes are in place to ensure the orderly succession of senior management.

Corporate Governance Statement

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

1.2 Board Roles and Responsibilities (Cont'd)

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 37 to 42, 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.

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 greatly emphasized on environmental cleanliness by promoting a healthy working environment that is free from pollution. The 5 S 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 with a structured agenda.

Corporate Governance Statement

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

1.5 Access to Information and Advice (Cont'd)

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 access to 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.

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 be convened on an ad hoc basis to deliberate on any arising urgent matters that would require the Board's immediate decision. In 2013, the Board held four (4) regular meetings and one (1) Special Board meeting.

The dates and times of the Board of Directors' Meetings were as follows:-

Date of the Board Meeting	Time
27 February 2013	1015
25 April 2013	1000
27 May 2013	1000
27 August 2013	1000
26 November 2013	1120

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

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

1.5 Access to Information and Advice (Cont'd)

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 2013:-

Name	Total No. of Meetings Held During the Director's Tenure in Office	Attendance at the Board Meetings
Chen, Hsi-Tao	5	5
Chen, Hung-Lin	5	4
Yeoh Chin Kiang	5	5
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay"	3	2
Mohd Khasan Bin Ahmad	5	5
Aliyah Binti Dato' Hj. Baharuddin Marji	5	5
Huang, Ching-Fan$^{\beta}$	4	3
Wu, Ying-Ju#	1	1
Chen Yu, Kuei-Feng (Alternate Director to Chen, Hung-Lin)	5	1
Chen, Hung-Ping* (Alternate Director to Chen, Hsi-Tao)	5	3
Lau Po Cheng^ (Alternate Director to Yeoh Chin Kiang)	5	4

Note:-
(") resigned as Independent Non-Executive Director with effect from 19.06.2013.
(β) appointed as Independent Non-Executive Director with effect from 24.04.2013
(#) appointed as Independent Non-Executive Director with effect from 27.08.2013
(*) he attended 3 meetings by invitation
(^) she attended 4 meetings by invitation

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).

1.6 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.

Corporate Governance Statement

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

1.6 Company Secretary (Cont'd)

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.

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.

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.

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

1.7 Board Charter (Cont'd)

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 consists of three (3) Directors, including the Chairman, all of whom 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 37 to 42 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.

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
Mohd Khasan Bin Ahmad	Independent Non-Executive Director	Chairman (redesignated w.e.f. 27.08.2013)
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	Chairman (ceased w.e.f. 19.06.2013)
Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	Member
Wu, Ying-Ju	Independent Non-Executive Director	Member (appointed w.e.f. 27.08.2013)

Corporate Governance Statement

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

1.7 Board Charter (Cont'd)

b) The Nomination Committee (Cont'd)

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 in the 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 the 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 a year or more frequently as deemed necessary. The Chairman may call for additional meetings at any time at the Chairman's discretion. The Nomination Committee 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.

  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, 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.

Corporate Governance Statement

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

1.7 Board Charter (Cont'd)

b) The Nomination Committee (Cont'd)

. Authority (Cont'd)

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

(d) shall evaluate the ability of the Independent Non-Executive Director 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.

(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.
- 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; 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 establish a boardroom diversity policy.
- To evaluate the ability of the Independent Non-Executive Directors 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 if he is ineffective, errant or negligent in discharging his responsibilities.

Corporate Governance Statement

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 assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee structure of Board Committees.
- To oversee the appointment, management succession planning and performance evaluation of the Senior management.
- To establish a policy formalising its approach to boardroom diversity.
- 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. Wu, Ying-Ju as an Independent Non-Executive Director of the Company.

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 were 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 three (3) times during the financial year. The commitment of members of the Nomination Committee in carrying out their duties and responsibilities is affirmed by their attendance at the Nomination Committee held during the year ended 31 December 2013, as reflected below:-

Committee Members	Scheduled Meetings	Attendance at the Nomination Committee Meetings
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay (resigned w.e.f. 19.06.2013)	1	1
Mohd Khasan Bin Ahmad	3	3
Aliyah Binti Dato' Hj. Baharuddin Marji	3	3
Wu, Ying-Ju (appointed w.e.f. 27.08.2013)	1	1

1. **Establish Clear Roles and Responsibilities (Cont'd)**

1.7 Board Charter (Cont'd)

b) The Nomination Committee (Cont'd)

Statement on Activities

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.

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 had an appropriate balance of expertise and ability.

D) The Nomination Committee, upon annual assessment carried out for the financial year 2013, was satisfied that:-

1. The four (4) 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. Encik Mohd Khasan Bin Ahmad, Cik Aliyah Binti Dato' Baharuddin Marji, Mr. Huang, Ching-Fan and Mr. Wu, Ying-Ju, the four (4) Independent Non-Executive Directors, are demonstrably independent, and their length of services on the Board of 12 years, 10 years, 8 months and 4 months 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 independent positioning between the management and the external auditors of the Group during their tenure of office.

3. The Company's compliance status on the Malaysian 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 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. The Nomination Committee evaluated the diversity of the Board and in future recommendations on the appointments diversity would be taken into account. However, the Board also recognised that the selection of the board members shall be based on competency, ability, leadership quality and qualification, particularly candidates with specialized knowledge of the industrial sector that meet the Group's needs. The Board shall make their efforts to identify suitably qualified women who are willing to take on such responsibilities in near future.

Corporate Governance Statement

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

1.7 Board Charter (Cont'd)

b) The Nomination Committee (Cont'd)

Statement on Activities (Cont'd)

D) The Nomination Committee, upon annual assessment carried out for the financial year 2013, was satisfied that (Cont'd):-

5. Mr. Chen, Hsi-Tao continues to hold the Chairmanship in the Company. He is the Non-Independent Non-Executive 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 has been increased from 37.5% to 57% 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. Wu, Ying-Ju was appointed as an Independent Director of the Group during the year. With his appointment, the Board comprises of a majority of Independent Directors.

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 have brought to the individual board. There were significant advantages to be gained from the long-serving Directors of subsidiary companies 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, engineering, production, ISO auditing 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. The four (4) 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 the 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 Director	Chairman
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	Member (ceased w.e.f. 19.06.2013)
Mohd Khasan Bin Ahmad	Independent Non-Executive Director	Member
Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	Member (appointed w.e.f. 27.08.2013)

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.

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.

Corporate Governance Statement

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

1.7 Board Charter (Cont'd)

c) The Remuneration Committee (Cont'd)

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 2013 is as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Total Remuneration			
Salary and Other Emoluments	578	-	578
Fees	-	156	156
Bonus	59	-	59
Defined Contribution Plans	38	-	38
	675	**156**	**831**

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.

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

1.7 Board Charter (Cont'd)

c) The Remuneration Committee (Cont'd)

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

	Executive Directors	Non-Executive Directors	Total
RM50,000 and below	1	5	5
RM50,001 to RM 100,000	2*	1	3
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	2	-	2
Total	**5**	**6**	**11**

Note :
(*) 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 overseeing 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, report risks, implement 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.
- To 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.
- To fulfill primary responsibilities as follows:-

  a) formulate a risk management framework
  b) actively identify risks
  c) evaluate and report risks
  d) implement 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 the implementation of appropriate risk management systems and any matters in relation to the risk profile of the Group.

Corporate Governance Statement

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.7 Board Charter (Cont'd)

e) The Risk Management Committee (Cont'd)

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

Members		Designation	Responsibility	No. of Meetings	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 (resigned w.e.f. 12.07.2013)	Human Resources Manager	Member	1	1
5.	Chow Lai Kuen (appointed w.e.f. 27.02.2014)	Human Resources Manager	Member	-	-
6.	Ong Jit Wee	Quality Assurance Manager	Member	2	2
7.	Chan Hui Mei	Secretary cum Purchasing Executive	Member	2	2
8.	Tan Seow Ngeng	Personal Assistant to Managing Director	Member	2	2
9.	Gan Seng Hock	Sales Manager	Member	2	2
10.	Yap Siew Kuan (resigned w.e.f. 31.05.2013)	Finance Manager	Member	1	1
11.	Ng Hen Chiang (appointed w.e.f. 27.08.2013 and resigned w.e.f. 08.10.2013)	Finance Manager	Member	-	-
12.	Poh Li Ling (appointed w.e.f. 26.11.2013)	Finance Manager	Member	1	1

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.

2. REINFORCED INDEPENDENCE

2.1 Annual Independent Directors' Assessment

The Board assesses all its Directors' performances 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, Cik Aliyah Binti Dato' Hj. Baharuddin Bin Marji, Mr. Huang, Ching-Fan, and Mr. Wu, Ying-Ju	One
2	Encik Mohd Khasan Bin Ahmad	Four

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 2013. 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 2013, the members of the Board obtained training in 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 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.

Corporate Governance Statement

3. COMMITMENT TOWARDS COMPANY (CONT'D)

3.2 Continuing Education Programs (Cont'd)

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) Leadership & Motivation 2) Sikap Pekerja Abad Ke-21 3) Licensed Manufacturing Warehouse (LMW) Licensing, Facilitation & Control Plus Update On The Latest Tax Free Facilities 4) Quality Awareness and Techniques in Manufacturing Industry	18 April 2013 24 July 2013 13 August 2013 10 September 2013
Yeoh Chin Kiang	1) Leadership & Motivation 2) Sikap Pekerja Abad Ke-21 3) Licensed Manufacturing Warehouse (LMW) Licensing, Facilitation & Control Plus Update On The Latest Tax Free Facilities	18 April 2013 24 July 2013 13 August 2013
Chen, Hung-Lin	1) Leadership & Motivation 2) Sikap Pekerja Abad Ke-21 3) Licensed Manufacturing Warehouse (LMW) Licensing, Facilitation & Control Plus Update On The Latest Tax Free Facilities 4) Quality Awareness and Techniques in Manufacturing Industry	18 April 2013 24 July 2013 13 August 2013 10 September 2013
Chen, Hung-Ping	1) Leadership & Motivation 2) Sikap Pekerja Abad Ke-21 3) Licensed Manufacturing Warehouse (LMW) Licensing, Facilitation & Control Plus Update On The Latest Tax Free Facilities 4) Quality Awareness and Techniques in Manufacturing Industry	18 April 2013 24 July 2013 13 August 2013 10 September 2013
Lau Po Cheng	1) Leadership & Motivation 2) Sikap Pekerja Abad Ke-21 3) Licensed Manufacturing Warehouse (LMW) Licensing, Facilitation & Control Plus Update On The Latest Tax Free Facilities	18 April 2013 24 July 2013 13 August 2013
Chen Yu, Kuei-Feng	1) Leadership & Motivation 2) Sikap Pekerja Abad Ke-21 3) Licensed Manufacturing Warehouse (LMW) Licensing, Facilitation & Control Plus Update On The Latest Tax Free Facilities 4) Quality Awareness and Techniques in Manufacturing Industry	18 April 2013 24 July 2013 13 August 2013 10 September 2013
Mohd Khasan Bin Ahmad	1) Forensic Accounting For Non-Executive 2) ACCA Bursa Forum – Future of Corporate Reporting 3) Advocacy Sessions on Corporate Disclosure for Directors 4) Enchanced Understanding of Risk Management and Internal Control for CFOs, IAs and ROs	23 January 2013 12 June 2013 20 June 2013 13 December 2013
Aliyah Binti Dato' Hj. Baharuddin Marji	1) Government Intervention in Business : Some Public Policy Issue 2) Enchanced Understanding of Risk Management and Internal Control for CFOs, IAs and ROs	12 September 2013 13 December 2013
Huang, Ching-Fan	1) Sikap Pekerja Abad Ke-21 2) Licensed Manufacturing Warehouse (LMW) Licensing, Facilitation & Control Plus Update On The Latest Tax Free Facilities 3) Mandatory Accreditation Programme for Directors of Public Listed Companies 4) Quality Awareness and Techniques in Manufacturing Industry	24 July 2013 13 August 2013 4 & 5 September 2013 10 September 2013
Wu, Ying-Ju	1) Mandatory Accreditation Programme for Directors of Public Listed Companies	6 & 7 November 2013

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.

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 ensuring 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 46.

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 37 to 42 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

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 were not compromised.

Corporate Governance Statement

4. INTEGRITY IN FINANCIAL REPORTING (CONT'D)

4.2 External Auditors (Cont'd)

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2013 to the external auditors are set out below:-

Details of fees	The Company (RM'000)	The Group (RM'000)
Statutory Audit	26	75
Other Services	14	18

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 2013. 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 conduct reviews and appraisals of the effectiveness of governance, risk management and internal controls processes within the Group twice a year.

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 57 to 59 of this Annual Report.

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 the website shall be updated from time to time.

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 announcements 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.

6. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

6.2 Information Dissemination (Cont'd)

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. With the strict enforcement of this policy, the risk to the Group's reputation from fraudulent acts will be reduced.

7. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

7.1 Shareholder Participation

The Board encourages shareholders to participate in general meetings and takes 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 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. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

7.2 Poll Voting

The Board encourages 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.

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. The Board through the Nomination Committee evaluates the diversity of the Board and in future recommendations on appointments diversity will be taken into account. However, the Board also recognised that the selection of the board members shall be based on competency, ability, leadership quality and qualification, particularly candidates with specialized knowledge of the industrial sector that meet the Group's needs. The Board shall make their efforts to identify suitably qualified women who are willing to take on such responsibilities in near future.

Corporate Governance Statement

8. DEVIATIONS FROM THE RECOMMENDATIONS ON MCCG 2012 (CONT'D)

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 Encik Mohd Khasan Bin Ahmad and Cik Aliyah Binti Dato' Baharuddin Marji 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 for 11 years and 10 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 independent 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 representation of the Independent Directors has been increased from 37.5% to 57% 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.

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 2013.

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 practises 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) (Ceased w.e.f. 19.06.2013)
Aliyah Binti Dato' Hj. Baharuddin Marji	(Independent Non-Executive Director)
Wu, Ying-Ju	(Independent Non-Executive Director) (Appointed w.e.f. 27.08.2013)

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 three (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 seven (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 the Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within three (3) months.

Audit Committee Report

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 meetings 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 actions 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) To undertake 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.

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.

Audit Committee Report

3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES

The Audit Committee held a total of five (5) meetings during the financial year ended 31 December 2013. 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	Designation	Number of Committee Meetings Held During Directors' Tenure of Office	Number Of Committee Meetings Attended
Mohd Khasan Bin Ahmad	Independent Non-Executive Director	5	5
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director (Ceased w.e.f. 19.06.2013)	3	2
Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	5	5
Wu, Ying-Ju	Independent Non-Executive Director (Appointed w.e.f. 27.08.2013)	1	1

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 2012 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 2013

f. discussed and reviewed the audit findings and the management letter from the external auditors for the financial year ended 31 December 2012

g. evaluated the performance and independence of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration

h. discussed and reviewed the 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

i. discussed and reviewed the internal auditors' scope of work and the audit planning memorandum for the financial year ended 31 December 2013

j. discussed and reviewed the action plans of the internal audit of the Group, the internal audit findings for the financial year ended 31 December 2013 and the follow-up internal audit report from the internal auditors

k. discussed and reviewed the risk management report from the Risk Management Committee which was tabled during the year, the recommendations made and the Management's response to these recommendations

l. reviewed the policies and procedures of the Company

3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES (CONT'D)

m. discussed and reviewed the Company's investment in China

n. discussed the tentative timetable for the 2014 Audit Committee Meetings of the Company

o. discussed relevant matters with the external auditors without the presence of the Executive Directors and employees of the Company

p. discussed and reviewed the revised terms of reference of the Risk Management Committee

q. discussed and reviewed the Statement of Directors' Responsibility for the financial year ended 31 December 2012

r. discussed and reviewed the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2012

s. discussed and reviewed the Audit Committee Report for the financial year ended 31 December 2012

t. discussed and reviewed the Statement on Corporate Governance for the financial year ended 31 December 2012

u. discussed and reviewed the Statement on Internal Audit Function for the financial year ended 31 December 2012

v. discussed and reviewed the latest percentage ratio made pursuant to Paragraph 10.02(g) of Chapter 10 of the Listing Requirement of Bursa Malaysia Securities Berhad for Main Market based on the latest Audited Financial Statements of the Company

w. discussed and reviewed the profit and financial projection of the Company for the financial year ending 31 December 2014 prepared by the Management of the Company

x. discussed and reviewed the proposed amendments to the Articles of Association 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.

Audit Committee Report

5. INTERNAL AUDIT FUNCTIONS (CONT'D)

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 2013 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 as found on page 57 to 59 of this Annual Report.

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 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

RISK MANAGEMENT

The Board and Management recognise that effective risk management is an integral part of the business management practice. The Board also acknowledges that all areas of the Group's activities involve some degree of risk and is committed to ensure 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 will continue 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 the 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, Operational, 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.

<u>Other Key Elements of Internal Control</u>

The Board has implemented an internal control system, which comprises underlying control environment, control processes and, communication and monitoring system 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 Committees, 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

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 2013. 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 2014.

Statements of Directors' Responsibility

IN PREPARING THE 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 concerned basis unless it is inappropriate to presume that the Group will continue its business;
- 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 time the financial position of the Group thus enabling to ensure 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

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 2013.

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 18 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	2,789	(13,152)

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:

Chen, Hsi-Tao	
Chen, Hung-Lin	
Yeoh Chin Kiang	
Mohd Khasan Bin Ahmad	
Y. Bhg. Datuk Ng Peng Hong @ Ng Peng Hay	(resigned on 19 June 2013)
Aliyah Binti Dato' Hj. Baharuddin Marji	
Huang, Ching-Fan	
Wu, Jing-Yu	(appointed on 27 August 2013)
Chen Yu, Kuei-Feng	(alternate director to Chen, Hung-Lin)
Chen, Hung-Ping	(alternate director to Chen, Hsi-Tao)
Lau Po Cheng	(alternate director to Yeoh Chin Kiang)

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 13 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 29 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			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
Direct interest -				
Chen, Hsi-Tao	26,447,398	-	-	26,447,398
Chen Yu, Kuei-Feng	1,646,400	-	-	1,646,400
Chen, Hung-Lin	2,944,920	79,000	-	3,023,920
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 there were no known bad debts 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D)

(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.

(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 2014.

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 68 to 113 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 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 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 2014.

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 68 to 113 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 2014

Chen, Hsi-Tao

Before me,

Norlizah Bte Mohd Yusoff
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 2013 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 68 to 113.

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 2013 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 18 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

Independent Auditors' Report

TO THE MEMBERS OF TA WIN HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

The supplementary information set out in Note 36 on page 114 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

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

Wun Mow Sang
1821/12/14(J)
Chartered Accountant

Melaka, Malaysia
Date: 25 April 2014

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	8	**535,073**	539,541	**721**	2,616
Cost of sales		**(523,665)**	(536,087)	**-**	-
Gross profit		**11,408**	3,454	**721**	2,616
Other income	9	**481**	679	**-**	-
Other items of expenses					
Selling and distribution expenses		**(2,335)**	(2,289)	**-**	-
General and administrative expenses		**(3,547)**	(9,032)	**(13,198)**	(678)
Finance costs	10	**(2,643)**	(3,002)	**-**	-
Profit/(loss) before tax	11	**3,364**	(10,190)	**(12,477)**	1,938
Income tax expense	14	**(575)**	(1,478)	**(675)**	-
Profit/(loss) net of tax		**2,789**	(11,668)	**(13,152)**	1,938
Other comprehensive income:					
Other comprehensive income to be classified to profit or loss in subsequent periods:					
Foreign currency translation		**1,376**	(360)	**-**	-
Other comprehensive income not to be classified to profit or loss in subsequent periods:					
Revaluation of land and buildings		**-**	542	**-**	-
Other comprehensive income for the year, net of tax		**1,376**	182	**-**	-
Total comprehensive income/(loss) for the year, net of tax		**4,165**	(11,486)	**(13,152)**	1,938
Earning/(loss) per share attributable to owners of the Company (sen per share):					
Basic	15	**4.3**	(18.2)		

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

Statements of Financial Position

AS AT 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	**38,854**	39,620	**-**	-
Investment property	17	**1,350**	1,300	**-**	-
Investments in subsidiaries	18	**-**	-	**93,782**	93,782
		40,204	40,920	**93,782**	93,782
Current assets					
Inventories	19	**46,405**	44,281	**-**	-
Trade and other receivables	20	**50,617**	65,200	**4**	4
Other current assets		**590**	679	**12**	12
Derivatives	21	**-**	61	**-**	-
Income tax recoverable		**236**	-	**236**	797
Cash and bank balances	22	**22,131**	18,188	**439**	4,195
		119,979	128,409	**691**	5,008
Total assets		**160,183**	169,329	**94,473**	98,790
Equity and liabilities					
Current liabilities					
Loans and borrowings	23	**56,591**	74,271	**-**	-
Trade and other payables	24	**37,931**	33,609	**11,183**	2,348
Income tax payable		**1,339**	1,292	**-**	-
		95,861	109,172	**11,183**	2,348
Net current assets/(liabilities)		**24,118**	19,237	**(10,492)**	2,660
Total liabilities		**95,861**	109,172	**11,183**	2,348
Net assets		**64,322**	60,157	**83,290**	96,442
Equity attributable to equity holders of the Company					
Share capital	25	**64,286**	64,286	**64,286**	64,286
Share premium	25	**1,798**	1,798	**1,798**	1,798
Other reserves	26	**12,876**	11,500	**-**	-
(Accumulated losses)/retained earnings	27	**(14,638)**	(17,427)	**17,206**	30,358
Total equity		**64,322**	60,157	**83,290**	96,442
Total equity and liabilities		**160,183**	169,329	**94,473**	98,790

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 2013

		Non-Distributable			
	Equity, total RM'000	Share capital RM'000	Other reserves RM'000	Share premium RM'000	Accumulated losses RM'000
Group					
2013					
Opening balance at 1 January 2013	**60,157**	**64,286**	**11,500**	**1,798**	**(17,427)**
Profit for the year	**2,789**	**-**	**-**	**-**	**2,789**
Other comprehensive income:					
Foreign exchange translation	**1,376**	**-**	**1,376**	**-**	**-**
Total comprehensive income	**4,165**	**-**	**1,376**	**-**	**2,789**
Closing balance at 31 December 2013	**64,322**	**64,286**	**12,876**	**1,798**	**(14,638)**
2012					
Opening balance at 1 January 2012	71,643	64,286	11,318	1,798	(5,759)
Loss for the year	(11,668)	-	-	-	(11,668)
Other comprehensive income:					
Revaluation of land and buildings	542	-	542	-	-
Foreign exchange translation	(360)	-	(360)	-	-
Total comprehensive loss	(11,486)	-	182	-	(11,668)
Closing balance at 31 December 2012	60,157	64,286	11,500	1,798	(17,427)

		Non-Distributable		Distributable
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000
Company				
2013				
Opening balance at 1 January 2013	**96,442**	**64,286**	**1,798**	**30,358**
Total comprehensive loss	**(13,152)**	**-**	**-**	**(13,152)**
Closing balance at 31 December 2013	**83,290**	**64,286**	**1,798**	**17,206**
2012				
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

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 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Operating activities				
Profit/(loss) before tax	**3,364**	(10,190)	**(12,477)**	1,938
Adjustments for :				
Depreciation of property, plant and equipment	**4,948**	5,171	**-**	-
Impairment loss on investments in subsidiary	**-**	-	**12,709**	-
Property, plant and equipment written off	**38**	23	**-**	-
Gain from fair value adjustment of investment property	**(50)**	(400)	**-**	-
Gross dividends	**-**	-	**(400)**	(2,300)
Interest expense	**2,643**	3,002	**-**	-
Interest income	**(233)**	-	**-**	-
Net fair value loss/(gain) on derivatives	**61**	(61)	**-**	-
Unrealised foreign exchange loss	**94**	2,217	**-**	-
Total adjustments	**7,501**	9,952	**12,309**	(2,300)
Operating cash flows before changes in working capital	**10,865**	(238)	**(168)**	(362)
Changes in working capital				
Increase in inventories	**(2,124)**	(3,733)	**-**	-
Decrease/(increase) in receivables	**14,358**	(7,379)	**-**	61,904
Decrease/(increase) in other current assets	**89**	(711)	**-**	(2)
Increase in payables	**4,243**	2,560	**8,835**	2,194
Total changes in working capital	**16,566**	(9,263)	**8,835**	64,096
Cash flows from/(used in) operations	**27,431**	(9,501)	**8,667**	63,734
Income taxes paid	**(764)**	(40)	**(14)**	(16)
Income taxes refunded	**-**	16	**-**	-
Interest received	**233**	-	**-**	-
Interest paid	**(2,643)**	(3,002)	**-**	-
Net cash flows from/(used in) operating activities	**24,257**	(12,527)	**8,653**	63,718

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Investing activities				
Purchase of property, plant and equipment	**(389)**	(1,168)	**-**	-
Placement of deposit pledged with bank	**(4)**	(1,525)	**-**	-
Investment in subsidiary	**-**	-	**(12,709)**	(61,700)
Net dividends received	**-**	-	**300**	1,725
Net cash flows used in investing activities	**(393)**	(2,693)	**(12,409)**	(59,975)
Financing activities				
Proceeds from loans and borrowings	**-**	17,061	**-**	-
Repayment of loans and borrowings	**(15,884)**	(7,462)	**-**	-
Net cash flows (used in)/from financing activities	**(15,884)**	9,599	**-**	-
Net increase/(decrease) in cash and cash equivalents	**7,980**	(5,621)	**(3,756)**	3,743
Effects of exchange rate changes	**(2,319)**	860	**-**	-
Cash and cash equivalents at 1 January	**14,941**	19,702	**4,195**	452
Cash and cash equivalents at 31 December (Note 22)	**20,602**	14,941	**439**	4,195

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

Notes to the Financial Statemets

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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

2. BASIS OF PREPARATION

The financial statements of the Group and the Company 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 Companies Act, 1965 in Malaysia.

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. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF CONSOLIDATION (CONT'D)

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 interests;
- 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; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combinations and goodwill

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

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Business combinations and goodwill (Cont'd)

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.

4.2 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Fair value measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.4 Foreign currencies

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysia 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 spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Foreign currencies (Cont'd)

(b) Transactions and balances (Cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange 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 translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

4.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or 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 Group and the Company have concluded that they are the principals in all of its revenue arrangements since they are the primary obligors in all the revenue arrangements, have pricing latitude and are also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) Dividend income

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

(c) Management fees

Management fees are recognised when services are rendered.

(d) 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 profit or loss.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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, 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 OCI or directly in equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

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.

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 when:

(i) 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.

4.7 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.

4.8 Property, plant and equipment and depreciation

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 recognises such parts as individual assets with specific useful lives and depreciates them accordingly. 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 profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, plant and equipment and depreciation (Cont'd)

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 frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in OCI 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, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised 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 to 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 and any significant part initially recognised 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

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

4.9 Investment properties

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 profit or loss in the period in which they arise including the corresponding tax effect. Fair values are determined based on annual evaluation performed 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 they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss 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 in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for 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 or assets, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. 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 profit or loss as finance costs.

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

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

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and benefits 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. Contingent rents are recognised as revenue in the period in which they are earned.

4.11 Impairment of non-financial assets

At each reporting date, an assessment is made as to 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 asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount 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. When 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 of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

Impairment calculation are based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover 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 profit or loss in expense categories consistent with the function of the impaired asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment of non-financial assets (Cont'd)

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. 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 profit or loss.

4.12 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.

Investments in subsidiaries are accounted for at cost less impairment losses.

4.13 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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.14 Financial Instruments

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

4.15 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, 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. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Financial assets (Cont'd)

(b) Subsequent measurement

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include 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. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

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 profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) Loans and receivables

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 (EIR) 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 profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables.

(iii) Held-to-maturity investments

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 an ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the 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 as finance income in profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs. There Group did not have any held-to-maturity investments during the years ended 31 December 2013 and 2012.

(iv) Available-for-sale (AFS) financial investments

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

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Financial assets (Cont'd)

(b) Subsequent measurement (Cont'd)

(iv) Available-for-sale (AFS) financial investments (Cont'd)

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the 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 maturity amount 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 profit or loss.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statements of financial position) 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, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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.

(d) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Financial assets (Cont'd)

(d) Impairment of financial assets (Cont'd)

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether 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.

The amount of any impairment loss identified is measured as the difference between the asset's 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.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) 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. 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 write-off is later recovered, the recovery is credited to finance costs in profit or loss.

(ii) Available-for-sale (AFS) investments

For AFS 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 AFS, 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. When 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 profit or loss) is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

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 profit or loss, the impairment loss is reversed through profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) 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 incurred for the purpose of repurchasing in the near term. This category also 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 profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

(ii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

(c) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Financial liabilities (Cont'd)

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

(e) Offsetting of financial instruments

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

4.17 Derivative financial instruments

Derivative financial instruments, such as forward currency contracts is used to hedge its foreign currency risks. 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 purchase contracts that meet the definition of a derivative under MFRS 139 are recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

4.18 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: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. 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.

4.19 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 three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of any outstanding bank overdrafts.

4.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments and are recorded at the proceeds received, net of directly attributable incremental transaction costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Cash dividend and non-cash distribution to equity holders of the Group

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

4.22 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and 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. When it is expected that 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 a provision is presented in profit or loss net of any reimbursement.

4.23 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 occurance or non-occurance 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.

4.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following new and amended standards and interpretations, which became effective during the year, are applied for the first time:

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)

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONT'D)

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 (Presentation of Items of Other Comprehensive Income)
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 revised 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)
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

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 - 2011 Cycle)

These amendments clarify whether an entity can apply MFRS 1 if it meets the criteria for applying MFRS 1 and has applied (a) MFRS 1 in a previous reporting period or (b) MFRSs in a previous reporting period when MFRS 1 did not exist.

The amendments also address the treatment of borrowing cost previously capitalised and the accounting treatment after the transition date for borrowings costs that relate to qualifying assets under construction at transition date.

These amendments further provide clarification on the requirements for comparative information (consequential amendment to MFRS 101).

MFRS 12 Disclosures 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.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONT'D)

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.

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

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 would be presented separately from items which will never be reclassified. The amendments affect presentation only and have no impact on the Group's financial position and performance.

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

These amendments clarify the requirements for comparative information for the statement of financial position when an equity (a) changes accounting policies or makes retrospective restatements or reclassification; and (b) provides financial statements beyond the minimum comparative information requirements

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

6. NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE

New and amended standards issued but not yet effective up to the date of issuance of these financial statements are as follows:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10 Consolidated Financial Statements (Investment Entities)	1 January 2014
Amendments to MFRS 12 Disclosure of Interests in Other Entities (Investment Entities)	1 January 2014
Amendments to MFRS 127 Consolidated and Separate Financial Statements (Investment Entities)	1 January 2014
Amendments to MFRS 132 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)	1 January 2014
Amendments to MFRS 136 Recoverable Amount Disclosures for Non- Financial Assets	1 January 2014
Amendments to MFRS 139 (Novation of Derivatives and Continuation of Hedge Accounting)	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

6. NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

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 disclosed below:

MFRS 9 Financial instruments

MFRS 9, as issued, reflects the first phase of the work on replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the financial assets, but will not have an impact on classification and measurements of the financial liabilities. The effect will be quantified in conjunction with the other phases, when the final standard including all phases is issued.

Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. No derivatives were novated during the current period. However, these amendments would be considered for future novation.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

7.1 Judgments made in applying accounting policies

In the process of applying the above accounting policies, management has not made any critical judgments, apart from those involving estimations, which significantly affect the amounts recognised in these financial statements.

7.2 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. Assumptions and estimates are based 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 and of the Company. 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 recognised 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 17.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

7.2 Estimates and assumptions (Cont'd)

(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 4.11.

(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.

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 RM20,249,000(2012: RM20,394,000) and the unrecognised tax losses of the Group was RM13,208,000 (2012: RM20,693,000).

(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 20.

8. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	**535,073**	539,541	**-**	-
Dividend income from a subsidiary	**-**	-	**400**	2,300
Management fees	**-**	-	**321**	316
	535,073	539,541	**721**	2,616

9. OTHER INCOME

	Group	
	2013 RM'000	2012 RM'000
Interest income	**233**	-
Rental income from investment property		
- minimum lease payments	**40**	40
Gain on disposal of property, plant and equipment	**40**	-
Net gain from fair value adjustment of investment property (Note 17)	**50**	400
Gain from fair value changes of derivatives	**-**	61
Miscellaneous	**118**	178
	481	679

10. FINANCE COSTS

	Group	
	2013 RM'000	2012 RM'000
Interest expense on:		
Bank borrowings	**2,563**	2,969
Other payable	**80**	33
	2,643	3,002

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Auditors' remuneration				
- statutory audits	**75**	74	**26**	24
- overprovision in prior year	**(6)**	-	**-**	-
- other services	**18**	30	**14**	25
Employee benefits expense (Note 12)	**5,113**	4,625	**102**	322
Impairment loss on investments in subsidiary	**-**	-	**12,709**	-
Depreciation of property, plant and equipment (Note 16)	**4,948**	5,171	**-**	-
Net foreign exchange (gains)/losses	**(2,765)**	1,189	**-**	-
Non-executive directors' remuneration (Note 13)	**156**	86	**156**	86
Operating lease:				
- minimum lease payments on buildings	**93**	103	**-**	-
Property, plant and equipment written off	**38**	23	**-**	-

12. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Wages and salaries	**4,466**	4,124	**98**	299
Social security contributions	**32**	55	**-**	-
Contributions to defined contribution plan	**438**	229	**4**	-
Other benefits	**177**	193	**-**	-
Directors' fee	**-**	24	**-**	23
	5,113	4,625	**102**	322

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM675,000 (2012: RM665,000) and RM59,000 (2012: RM322,000) respectively as further disclosed in Note 13.

13. DIRECTORS' REMUNERATION

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

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Executive:				
Salaries and other emoluments	**637**	611	**59**	299
Fees	**-**	24	**-**	23
Defined contribution plan	**38**	30	**-**	-
Total executive directors' remuneration (Note 12)	**675**	665	**59**	322

13. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-Executive:				
Fees	**156**	86	**156**	86
Total non-executive directors' remuneration (Note 11)	**156**	86	**156**	86
Total directors' remuneration	**831**	751	**215**	408

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	
	2013	2012
Executive directors:		
Below RM50,000	**-**	2
RM50,001 – RM100,000	**2**	2
RM100,001 – RM150,000	**-**	-
RM150,001 – RM200,000	**-**	-
RM200,001 – RM250,000	**-**	2
RM250,001 – RM300,000	**2**	-
Non-Executive directors:		
Below RM50,000	**5**	3
RM50,001 – RM100,000	**1**	-

14. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	**-**	(703)	**100**	-
Under provision in respect of previous years	**575**	2,181	**575**	-
	575	1,478	**675**	-
Deferred income tax (Note 28):				
- Origination and reversal of temporary differences	**-**	(128)	**-**	-
- Under provision in prior years	**-**	128	**-**	-
	-	-	**-**	-
Income tax expense recognised in profit or loss	**575**	1,478	**675**	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

14. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	2013 RM'000	2012 RM'000
Group		
Accounting profit/(loss) before tax	**3,364**	(10,190)
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**841**	(2,548)
Different tax rates in other countries	**41**	39
Income not subject to tax	**(419)**	(70)
Expenses not deductible for tax purposes	**166**	290
Benefits from previously unrecognised tax losses	**(1,438)**	-
Deferred tax assets not recognised on unused tax losses	**809**	1,458
Under provision of income tax in respect of previous years	**575**	2,181
Under provision of deferred tax in respect of previous years	**-**	128
Income tax expense for the year	**575**	1,478
Company		
Accounting (loss)/profit before tax	**(12,477)**	1,938
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**(3,119)**	485
Expenses not deductible for tax purposes	**3,219**	(485)
Underprovision of income tax in respect of previous years	**575**	-
Income tax expense recognised in profit or loss	**675**	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 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	
	2013 RM'000	2012 RM'000
Utilisation of previously unrecognised tax losses	**1,438**	-

15. EARNING/(LOSS) PER SHARE

(a) Basic

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

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

	Group	
	2013 RM'000	**2012 RM'000**
Earning/(loss) net of tax attributable to owners of the Company (RM'000)	**2,789**	(11,668)
Weighted average number of ordinary shares in issue ('000)	**64,286**	64,286
Basic earning/(loss) per share (sen)	**4.3**	(18.2)

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

(b) Diluted

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

16. 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 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 and 1 January 2013	33,102	3,327	85,229	1,578	123,236
Additions	-	300	24	65	389
Disposals	-	(564)	-	-	(564)
Written off	-	-	-	(38)	(38)
Exchange differences	2,482	118	3,694	33	6,327
At 31 December 2013	**35,584**	**3,181**	**88,947**	**1,638**	**129,350**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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

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*	→	
Accumulated depreciation:					
At 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 and 1 January 2013	4,567	2,798	74,879	1,372	83,616
Depreciation charge for the year	1,220	257	3,441	30	4,948
Disposals	-	(564)	-	-	(564)
Exchange differences	314	91	2,076	15	2,496
At 31 December 2013	**6,101**	**2,582**	**80,396**	**1,417**	**90,496**
Net carrying amount:					
At 31 December 2012	28,535	529	10,350	206	39,620
At 31 December 2013	**29,483**	**599**	**8,551**	**221**	**38,854**

*** Leasehold land and buildings**

	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 2012:	453	11,664	20,864	32,981
Revaluation surplus	-	-	723	723
Additions	-	-	26	26
Exchange differences	-	(207)	(421)	(628)
At 31 December 2012 and 1 January 2013	453	11,457	21,192	33,102
Exchange differences	-	871	1,611	2,482
At 31 December 2013	**453**	**12,328**	**22,803**	**35,584**

16. 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
Accumulated depreciation:				
At 1 January 2012	63	605	3,094	3,762
Depreciation charge for the year	8	227	667	902
Exchange differences	-	(13)	(84)	(97)
At 31 December 2012 and 1 January 2013	71	819	3,677	4,567
Depreciation charge for the year	9	292	919	1,220
Exchange differences	-	61	253	314
At 31 December 2013	**80**	**1,172**	**4,849**	**6,101**
Net carrying amount:				
At 31 December 2012	382	10,638	17,515	28,535
At 31 December 2013	**373**	**11,156**	**17,954**	**29,483**

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:

	2013 RM'000	2012 RM'000
Leasehold land and buildings	**318**	320
Long term leasehold land	**1,932**	1,862
Factory buildings	**8,947**	8,996
	11,197	11,178

Assets pledged as security

The Company's leasehold land and building with a carrying amount of RM29,110,000 (2012: RM28,153,000) are mortgaged to secure the Company's bank borrowings (Note 23).

17. INVESTMENT PROPERTY

	Group 2013 RM'000	Group 2012 RM'000
At 1 January	**1,300**	900
Gain from fair value adjustment recognised in profit or loss (Note 9)	**50**	400
At 31 December	**1,350**	1,300

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. Fair value hierarchy disclosures for investment property have been provided in Note 31.

18. INVESTMENT IN SUBSIDIARIES

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares, at cost	**106,491**	93,782
Less: Accumulated impairment loss	**(12,709)**	-
	93,782	93,782

Details of the subsidiaries are as follow:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013	Proportion (%) of ownership interest 2012
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.

19. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At cost:		
Raw materials	**24,823**	15,414
Work-in-progress	**10,849**	15,614
Finished goods	**9,699**	11,607
Consumables	**1,034**	1,646
	46,405	44,281

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables				
Third parties	**50,136**	60,990	**-**	-
Less: Allowance for impairment	**(69)**	(69)	**-**	-
Trade receivables, net	**50,067**	60,921	**-**	-
Other receivables				
Amount due from a subsidiary	**-**	-	**3**	3
Refundable deposits	**44**	44	**-**	-
Sundry receivables	**506**	4,235	**1**	1
	550	4,279	**4**	4
	50,617	65,200	**4**	4
Total trade and other receivables	**50,617**	65,200	**4**	4
Add: Cash and bank balances (Note 22)	**22,131**	18,188	**439**	4,195
Total loans and receivables	**72,748**	83,388	**443**	4,199

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2012: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

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

	2013 RM'000	2012 RM'000
Neither past due nor impaired	**39,372**	35,623
1 to 30 days past due not impaired	**6,689**	22,093
31 to 60 days past due not impaired	**233**	2,881
61 to 90 days past due not impaired	**3,705**	324
	10,627	25,298
Impaired	**137**	69
	50,136	60,990

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

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 RM10,627,000 (2012: RM25,298,000) 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:

	2013 RM'000	2012 RM'000
Trade receivables - nominal amounts	**137**	69
Less: Allowance for impairment	**(69)**	(69)
	68	-

Receivables that are impaired

Movement in allowance accounts:	2013 RM'000	2012 RM'000
At 1 January/ 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 difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Related party balances

Amount due from a subsidiary is unsecured, non-interest bearing and is repayable upon demand.

21. DERIVATIVES

	Group			
	2013		2012	
	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

21. DERIVATIVES (CONT'D)

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.

In prior year, 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.

In prior 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.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	**20,602**	16,663	**439**	4,195
Fixed deposit with bank	**1,529**	1,525	**-**	-
Cash and bank balances	**22,131**	18,188	**439**	4,195
Bank overdrafts (Note 23)	**-**	(1,722)	**-**	-
Less: Deposit pledged with bank	**(1,529)**	(1,525)	**-**	-
Cash and cash equivalents	**20,602**	14,941	**439**	4,195

The weighted average interest rate of the fixed deposit with bank of the Group is 0.50% (2012: 0.5%) per annum with maturity period of 180 days (2012: 180 days) and it is pledged as securities for borrowings (Note 23).

23. LOANS AND BORROWINGS

		Group	
	Maturity	2013 RM'000	2012 RM'000
Current			
Secured:			
Bank overdrafts at 8.10% p.a. (Note 22)	On demand	**-**	1,722
5.60% (2012: 6.72%) p.a. fixed rate RMB loan	2014	**10,357**	5,886
Bankers' acceptances at 3.22% (2012: 3.23%) p.a.	2014	**40,641**	44,200
Import loan at SIBOR + 2.25%	2014	**5,593**	6,949
		56,591	58,757
Unsecured:			
USD loan at SIBOR + 4.50% p.a.	2014	**-**	2,542
Bankers' acceptances at 3.23% p.a.	2014	**-**	8,679
Export credit refinancing at 4.25% p.a.	2014	**-**	4,293
		-	15,514
Total loans and borrowings		**56,591**	74,271

23. LOANS AND BORROWINGS (CONT'D)

USD bank loan at SIBOR + 4.50% p.a.

The loan was 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 22).

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.

Bankers' acceptances

Bankers' acceptances are denominated in RM, bear interest at 3.22% 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 16) and fixed deposit (Note 22) of the Group.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables				
Third parties	**18,764**	17,867	**-**	-
Other payables				
Due to directors	**716**	790	**112**	110
Accrued operating expenses	**2,178**	1,565	**40**	54
Other payables	**935**	1,290	**-**	-
- interest bearing at 2% (2012: 2%) per annum	**14,638**	12,097	**-**	-
- non-interest bearing	**700**	-	**-**	-
Amount due to a subsidiary	**-**	-	**11,031**	2,184
	19,167	15,742	**11,183**	2,348
	37,931	33,609	**11,183**	2,348
Total trade and other payables	**37,931**	33,609	**11,183**	2,348
Add: Loans and borrowings (Note 23)	**56,591**	74,271	**-**	-
Total financial liabilities carries at amortised cost	**94,522**	107,880	**11,183**	2,348

(a) Trade payables

These amounts non-interest bearing. Trade payables are normally settled on 30 to 60 day (2012: 30 to 60 day) terms.

(b) Other payables

These amounts are normally settled on 30 to 60 day (2012: 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.

25. 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 2012/31 December 2013	**64,286**	**64,286**	**1,798**	**66,084**

	Number of ordinary shares shares of RM 1 each		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised share capital	**100,000**	100,000	**100,000**	100,000

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.

26. OTHER RESERVES

	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group			
At 1 January 2012	10,716	602	11,318
Other comprehensive income:			
Revaluation of land and buildings	542	-	542
Foreign currency translation	-	(360)	(360)
At 31 December 2012	11,258	242	11,500
At 1 January 2013	11,258	242	11,500
Other comprehensive income:			
Foreign currency translation	-	1,376	1,376
	-	1,376	1,376
At 31 December 2013	11,258	1,618	12,876

The nature and purpose of each category of reserves are as follows:

(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.

Notes to the Financial Statemets

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

27. 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 dividends 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.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM846,000 out of its retained earnings. The balance of the retained earnings as at 31 December 2012 and the entire retained earnings as at 31 December 2013 may be distributed as dividends under the single tier system.

28. DEFERRED TAX LIABILITIES

	Group	
	2013 RM'000	**2012 RM'000**
Represented by:		
Deferred tax assets	**(5,117)**	(5,382)
Deferred tax liabilities	**5,117**	5,382
	-	-

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 2012	5,394	(5,369)	(25)	-
Recognised in profit or loss	(12)	270	(258)	-
At 31 December 2012	5,382	(5,099)	(283)	-
Recognised in profit or loss	(265)	37	228	-
At 31 December 2013	**5,117**	**(5,062)**	**(55)**	**-**

Unrecognised tax losses

At the reporting date, the Group has tax losses of approximately RM13,208,000 (2012: RM20,693,000) 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.

29. 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:

	2013 RM'000	2012 RM'000
Group		
Rental of premises paid to a director	**66**	61
Company		
Dividend from a subsidiary	**400**	2,300
Management fee from a subsidiary	**321**	316

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short-term employee benefits	**637**	635	**59**	322
Defined contribution plan	**38**	30	**-**	-
	675	665	**59**	322

30. COMMITMENTS

(a) Capital commitments

	Group	
	2013 RM'000	2012 RM'000
Capital expenditure as at the reporting date is as follows:		
Approved and contracted for property, plant and equipment	**403**	240

(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	
	2013 RM'000	2012 RM'000
Future minimum rentals payable:		
Not later than 1 year	**66**	105
Later than 1 year and not later than 5 years	**-**	22
	66	127

31. 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)	20
Trade and other payables (current)	24
Loans and borrowings (current)	23

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 re-priced 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 following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date:

	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
As at 31 December 2013				
Assets measured at fair value				
Derivative assets at fair value through profit or loss	**-**	**-**	**-**	**-**
Investment property	**-**	**1,350**	**-**	**1,350**
As at 31 December 2012				
Assets measured at fair value				
Derivative assets at fair value through profit or loss	-	61	-	61
Investment property	-	1,300	-	1,300

During the reporting period ended 31 December 2013 and 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's and the Company's operations and to provide guarantees to support its operations. Financial assets, other than derivatives, include trade and other receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, foreign exchange currency risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates.

Interest rate risk arises primarily from interest-bearing borrowings. Interest rate exposure is managed by maintaining a balanced mix of fixed and floating rate borrowings and regular reviews of its debt portfolio.

Information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates based on the utilisation of floating rate loans and borrowings throughout the reporting period. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on Group's profit before tax	
	2013 RM'000	**2012 RM'000**
Increase in 10 basis points	**(59)**	(74)
Decrease in 10 basis points	**59**	74

Notes to the Financial Statemets

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) 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. Exposure to the risk of changes in foreign exchange rates relates primarily to the operating activities when revenue or expense is denominated in a currency other than Ringgit Malaysia, notably the United States Dollars (USD) and New Taiwan Dollars (NTD).

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of Group Companies	Net financial assets/ (liabilities) held in non-functional currencies United States Dollars RM'000	New Taiwan Dollars RM'000	Total RM'000
As at 31 December 2013			
Ringgit Malaysia	**(17,566)**	**-**	**(17,566)**
Hong Kong Dollars ("HKD")	**(12,650)**	**408**	**(12,242)**
Chinese Renminbi ("RMB")	**(1,647)**	**-**	**(1,647)**
	(31,863)	**408**	**(31,455)**
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)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and NTD exchange rate at the reporting date against the functional currency of the Group, with all other variables held constant.

		Group 2013 RM'000	2012 RM'000
		Profit before tax	Profit before tax
USD/RM	- strengthened 3%	**(527)**	101
	- weakened 3%	**527**	(101)
USD/RMB	- strengthened 3%	**(49)**	-
	- weakened 3%	**49**	-
USD/HKD	- strengthened 3%	**(380)**	(430)
	- weakened 3%	**380**	430
NTD/HKD	- strengthened 3%	**12**	11
	- weakened 3%	**(12)**	(11)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Commodity price risk

The Group is affected by the price volatility of copper as its manufacturing activities of enamelled copper wires and copper rods require a continuous supply of copper. The Group monitors the material price fluctuation closely in order to reduce the impact of material price risk.

(e) 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.

Exposure to credit risk

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 RM46,234,000 (2012: RM68,385,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

Credit risk concentration profile

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.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(f) 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.

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.

Notes to the Financial Statemets

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(f) Liquidity risk (Cont'd)

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.

	2013	2012
	On demand or within one year	On demand or within one year
	RM'000	RM'000
Group		
Financial liabilities:		
Trade and other payables	**37,931**	33,609
Loans and borrowings	**56,591**	74,271
Total undiscounted financial liabilities	**94,522**	107,880
Company		
Financial liabilities:		
Other payables, excluding financial guarantees*	**11,183**	2,348
Total undiscounted financial liabilities	**11,183**	2,348

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as defaults have not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

33. 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 2013 and 31 December 2012.

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.

		Group	
	Note	2013 RM'000	2012 RM'000
Loan and borrowings	23	**56,591**	74,271
Trade and other payables	24	**37,931**	33,609
Less: Cash and bank balances	22	**(22,131)**	(18,188)
Net debt		**72,391**	89,692
Total capital		**64,322**	60,157
Capital and net debt		**136,713**	149,849
Gearing ratio		**53%**	60%

34. 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.

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	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	**433,997**	437,439	**17,933**	19,138
Hong Kong	**24,817**	35,408	**45**	101
People's Republic of China	**76,259**	66,694	**22,226**	21,681
	535,073	539,541	**40,204**	40,920

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2013	**2012**
	RM'000	**RM'000**
Property, plant and equipment	**38,854**	39,620
Investment property	**1,350**	1,300
	40,204	40,920

Information about a major customer

Revenue to one major customer amounted to RM81,400,000 (2012: RM89,472,000), arising from sales by the Group.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 25 April 2014.

36. 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 2013 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	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- Realised	**(6,398)**	5,908	**17,206**	30,358
- Unrealised	**974**	(1,199)	**-**	-
	(5,424)	4,709	**17,206**	30,358
Less: Consolidated adjustments	**(9,214)**	(22,136)	**-**	-
(Accumulated losses)/retained earnings as per financial statements	**(14,638)**	(17,427)	**17,206**	30,358

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 2014	:	2,037

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	33	1.62	1,542	0.00***
100 – 1,000	228	11.19	194,360	0.30
1,001 – 10,000	1,336	65.59	5,602,611	8.72
10,001 – 100,000	395	19.39	11,120,000	17.30
100,001 – 3,214,314(*)	44	2.16	22,342,789	34.75
3,214,315 and above (**)	1	0.05	25,024,998	38.93
Total	**2,037**	**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 2014

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°	11.87
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

AS AT 23 APRIL 2013

DIRECTORS' INTERESTS IN RELATED CORPORATIONS AS AT 23 APRIL 2014

By virtue of their interests in the shares of the Company, Chen, Hsi-Tao, Chen Yu, Kuei-Feng, Chen, Hung-Lin 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 2014.

DIRECTORS' SHAREHOLDINGS AS AT 23 APRIL 2014

	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	-	-
Yeoh Chin Kiang	152,700	0.24	-	-
Aliyah Binti Dato' Hj. Baharuddin Marji	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-
Huang, Ching-Fan	-	-	-	-
Wu, Ying-Ju	-	-	-	-
Chen Yu, Kuei-Feng (Alternate Director to Chen, Hung-Lin)	1,646,400	2.56	-	-
Chen, Hung-Ping (Alternate Director to Chen, Hsi-Tao)	2,960,720	4.61	-	-
Lau Po Cheng (Alternate Director to Yeoh Chin Kiang)	33,000	0.05	-	-

THIRTY LARGEST SHAREHOLDERS AS AT 23 APRIL 2014

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	CHEN, HUNG-LIN	766,120	1.19
10	CHANG, TIEN-LAI	615,600	0.96
11	YU, KUO-PING	578,760	0.90
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO GUIK HIANG	546,000	0.85

Analysis of Shareholdings

AS AT 23 APRIL 2013

THIRTY LARGEST SHAREHOLDERS AS AT 23 APRIL 2014 (CONT'D)

No	Shareholders	No. of Shares	%
13	CHIA SIEW FUNG	523,800	0.81
14	TSAI, FEN-CHIN	471,200	0.73
15	CHEN, HUNG-PING	465,000	0.72
16	YEW CHIN WAH	350,000	0.54
17	OU, CHIA-WEI	343,600	0.53
18	TAY TECK HO	340,000	0.53
19	YANG PO CHUN	318,000	0.49
20	OOI POH ENG @ YEOH JOO ENG	258,400	0.40
21	YEOH KEAN BENG	240,000	0.37
22	SEE EAN SENG	230,000	0.36
23	TEE SEE KIM	227,900	0.35
24	HSU, YAO-JIH	223,160	0.35
25	OU, CHIA-WEI	214,200	0.33
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG NGOW @ NG SOO HAR	190,000	0.30
27	CHIN MAY YONG	180,000	0.28
28	EWE CHOR LAY	176,200	0.27
29	CHANG, TIEN-LAI	164,400	0.26
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING KEE HOO	157,000	0.24

List of Group Properties

Location	Tenure / Expiry Date	*Existing Use	Age of Building (year / month)	Land area (m^2)/(Built-up area) (m^2)	Carrying Amount @ 31.12.2013 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 76 years 99 years leasehold expiring on 25/6/2089 or Lot PT 1287 to 1290 leaving unexpired terms of about 76 years	*Industrial land, factory building & office	11,12,15,18 years (4 factories)	31,794/ (17,920)	12,945	2011
Lot No. 101, Town area XXXIX (39), Melaka Tengah, Melaka	99 years leasehold expiring on 19/8/2075, leaving unexpired terms of about 62 years	*Building (Shophouse)	30 years	148/(366)	1,350	2013
PT 1513 & 1516, Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 24/9/2091, leaving unexpired terms of about 78 years	*Apartments	12 years	N/A/(728)	378	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 43 years	^Industrial Land, factory building & office	7 years	44,039/ (12,604.50)	16,157	2012

Note:

* All the 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.

大稳控股有限公司 291592-U
TA WIN HOLDINGS BERHAD

Proxy Form

Number of Shares Held			CDS Account No.	

"A" I/We ____________________ NRIC No. ____________
(Full Name in Capital Letters)

of ____________________
(Full Address)

being a *Member/Members of TA WIN HOLDINGS BERHAD, do hereby appoint ____________________

____________________ NRIC No. ____________
(Full Name in Capital Letters)

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 first proxy to vote for *me/us on *my/our behalf at the Twentieth Annual General Meeting to be held at Bilik Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Tuesday, 24 June 2014 at 10.00 a.m. and at any adjournment thereof.

"B" Where it is desired to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

I/We ____________________ NRIC No. ____________
(Full Name in Capital Letters)

of ____________________
(Full Address)

being a *Member/Members of TA WIN HOLDINGS BERHAD, do hereby appoint ____________________

____________________ NRIC No. ____________
(Full Name in Capital Letters)

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 second proxy to vote for *me/us on *my/our behalf at the Twentieth Annual General Meeting to be held at Bilik Bunga Melati, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Tuesday, 24 June 2014 at 10.00 a.m. and at any adjournment thereof.

The proportions of *my/our holding to be represented by *my/our proxies are as follows:-

First Proxy "A"		%
Second Proxy "B"		%
	100	%

In case of a vote taken by a show of hands, *First Proxy "A"/ Second Proxy "B" shall vote on *my/our behalf.

*My/our *proxy/proxies shall vote as follows:-

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/proxies will vote or abstain for voting at his discretion.

No	Agenda	Resolution	First Proxy "A" For	First Proxy "A" Against	Second Proxy "B" For	Second Proxy "B" Against
1	To lay before the meeting the Audited Financial Statements for the year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.					
2	Approval of Directors' fee of RM155,989.25 for the financial year ended 31 December 2013.	1				
3	Approval of Directors' fee of RM5,000.00 per month to Mr. Chen, Hsi-Tao.	2				
4	Re-election of Mr. Wu, Ying-Ju 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. Yeoh Chin Kiang as Director.	6				
8	Re-appointment of Messrs Ernst & Young as Auditors, and authority to the Directors to fix the Auditors' remuneration.	7				
	Special Business					
9	Approval of Encik Mohd Khasan Bin Ahmad continue to act as an Independent Non-Executive Director.	8				
10	Approval of Cik Aliyah Binti Dato' Hj. Baharuddin Marji continue to act as an Independent Non-Executive Director.	9				
11	Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965.	10				

*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 20th 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 up to two (2) proxies 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 authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he may appoint up to two (2) proxies 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 it holds.

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA who 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 authorised 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 17 June 2014 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 20th AGM.
9. Any alteration in the form of proxy must be initialed.

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STAMP

The Secretary
TA WIN HOLDINGS BERHAD (291592-U)
No. 4-1 Komplek Niaga Melaka Perdana
Jln KNMP 3, Bukit Katil
75450 Melaka

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