

# 2015 annual report



# CONTENTS

02	Notice of Annual General Meeting
06	Statement Accompanying the Notice of the Twenty-Second Annual General Meeting
07	Corporate Information
09	Corporate Profile
11	Corporate Structure
12	Profile of the Board of Directors
17	Bursa Securities Listing Requirements Compliance Information
20	Chairman's Statement

---

22	Financial Highlights
24	Management Discussion And Analysis
27	Corporate Social Responsibility Statement
28	Corporate Governance Statement
52	Audit Committee Report
59	Statement on Risk Management and Internal Control
62	Statement of Directors' Responsibility in Preparing Financial Statements
63	Financial Statements
117	Analysis of Shareholdings
120	List of Group Properties
	Proxy Form





# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Second Annual General Meeting (“22nd AGM”) of Ta Win Holdings Berhad (“the Company”) will be held at Bilik Bunga Teratai, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, 26 May 2016 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 2015 together with the Reports of the Directors and Auditors thereon.  
**(Please refer Explanatory Note 1)**
2. To approve the payment of Directors’ fee of RM172,000.00 for the financial year ended 31 December 2015.  
**(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. Chen, Hung-Lin, the retiring Director who retires by rotation and being eligible thus, offers himself for re-election in accordance with Article 92 of the Company’s Articles of Association.  
**(Ordinary Resolution 3)**
5. To re-elect Mr. Wu, Ying-Ju, the retiring Director who retires by rotation and being eligible thus, offers himself for re-election in accordance with Article 92 of the Company’s Articles of Association.  
**(Ordinary Resolution 4)**
6. 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 5)**  
**(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 6)**  
**(Please refer Explanatory Note 2)**
  - iii) THAT Madam Chen Yu, Kuei-Feng, the retiring Alternate Director who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as the Alternate Director to Chen, Hung-Lin to hold office until the next Annual General Meeting.  
**(Ordinary Resolution 7)**  
**(Please refer Explanatory Note 2)**
7. To re-appoint Messrs Ecovis AHL PLT as Auditors of the Company for the financial year ending 31 December 2016 and to authorize the Directors to fix the Auditors’ remuneration.  
**(Ordinary Resolution 8)**

## NOTICE OF ANNUAL GENERAL MEETING

### 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 9 years, continue to act as the Independent Non-Executive Directors of the Company :-

i) Encik Mohd Khasan Bin Ahmad

**(Ordinary Resolution 9)**  
**(Please refer Explanatory Note 3)**

ii) Dr. Aliyah Binti Dato' Hj. Baharuddin Marji

**(Ordinary Resolution 10)**  
**(Please refer Explanatory Note 3)**

#### 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 11)**  
**(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: 29 April 2016

# NOTICE OF ANNUAL GENERAL MEETING

## 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 6 of the Agenda

*The proposed Ordinary Resolutions 5, 6 and 7, 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, Mr. Huang, Ching-Fan and Madam Chen Yu, Kuei-Feng, who are over 70 years of age, as Directors of the Company and that the Alternate Director to Chen, Hung-Lin respectively will 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 22nd AGM of the Company.*

3. Item 8 of the Agenda

*For Ordinary Resolutions 9 and 10 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 for a cumulative term of more than 9 years and has recommended that they to continue to act as Independent Non-Executive Directors for the Company. Please refer the explanatory information in the Deviation from the Recommendation 3.2 of the Malaysian Code on Corporate Governance 2012 which is presented in the Corporate Governance Statement of the Company under this Annual Report.*

4. Item 9 of the Agenda

*Ordinary Resolution 11 is proposed to grant 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 act 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 the 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 23 June 2015 and which will lapse at the conclusion of the 22nd AGM.*

*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 22nd 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 19 May 2016 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 22nd AGM.
9. Any alteration in the form of proxy must be initialed.

### 2015 ANNUAL REPORT OF THE COMPANY:

The 2015 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 through 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, fax the request form to Fax No. 03-2094 9940, or send the request form to the Share Registrar, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490, Kuala Lumpur. You may also e-mail your request to [hor.seng.tan@sshsb.com.my](mailto:hor.seng.tan@sshsb.com.my) for the printed copy .

# STATEMENT ACCOMPANYING THE NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

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

1. Director standing for re-election

There is no individual seeking election as a Director at the forthcoming 22nd AGM.

2. Statement relating to a general mandate for the issue of securities in accordance with Paragraph 6.04(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Explanatory Note 4 of the Notice of the 22nd AGM as set out on Page 4.

# 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

### **Dr. 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

### **Wu, Ying-Ju**

Independent Non-Executive Director

### **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)

## 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

Ecovis AHL PLT (AF1825)  
147-B, Jalan Sutera Tanjung 8/2  
Taman Sutera Utama  
81300 Skudai  
Johor Darul Ta'zim, Malaysia  
Tel : 07-556 7777  
Fax : 07-557 7776

## 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*

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

Wu, Ying-Ju – Member  
*Independent Non-Executive Director*



## CORPORATE INFORMATION

### NOMINATION COMMITTEE

Mohd Khasan Bin Ahmad – Chairman  
*Independent Non-Executive Director*

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

Wu, Ying-Ju – Member  
*Independent Non-Executive Director*

### REMUNERATION COMMITTEE

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

Mohd Khasan Bin Ahmad – Member  
*Independent Non-Executive Director*

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

### 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*

Chow Lai Kuen – Member  
*Human Resource Manager*

Ong Jit Wee – Member  
*Quality Assurance Manager*

Chan Hui Mei – Member (Resigned w.e.f 28/4/2015)  
*Secretary cum Purchasing Executive*

Gan Seng Hock – Member  
*Sales Manager*

Poh Li Ling – Member  
*Finance Manager*

### DISCLOSURE COMMITTEE

Chen, Hung-Lin – Chairman  
*Managing Director*

Yeoh Chin Kiang – Member  
*Executive Director*

Mohd Khasan Bin Ahmad – Member  
*Independent Non-Executive Director*

Teo Soon Mei – Member  
*Company Secretary*

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 to overseas markets.
Ta Win Industries Corp. (47491)	3 September 2003, Republic of Mauritius	100.00	Performing as an 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 achieving 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 practiced and promoted towards the Company's success:

### Responsibility Towards Customers

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

### Responsibility Towards Employees

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

### Responsibility Towards Communities

- Practise 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**

**TWIN INDUSTRIAL (H.K.) CO. LTD.**  
(258865)

100%

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	: <b>Chen, Hsi-Tao</b>
Age	: 77
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.
Working Experience	: He was appointed as the Chairman and Managing Director of the Company on 5 April 2000. He resigned as the Managing Director of the Company and was redesigned as Non-Independent Non-Executive Director and Chairman on 21 December 2012 respectively. He is the founder of Ta Win Group of companies and has over 30 years experience in the enamelled copper wire business he 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 overseeing the 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 functions as the Chairman of the Remuneration Committee.
Number of Board Meetings Attended	: 5/6

Name	: <b>Yeoh Chin Kiang</b>
Age	: 63
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 assists the Managing Director 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., a wholly-owned subsidiary of the Company. He previously held various senior management positions in Central Cable Berhad. Currently, he is on the board for several private limited companies.
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: He function as the Chairman of the Risk Management Committee and is a member of the Disclosure Committee.
Number of Board Meetings Attended	: 6/6



## PROFILE OF THE BOARD OF DIRECTORS

Name	: <b>Chen, Hung-Lin</b>
Age	: 41
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 was 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 was reappointed as an Alternate Director to Chen, Hsi-Tao, the Chairman and 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 before being promoted to the position of a Factory Manager on December 2001 and under the personal tutelage of Mr. Chen, Hsi-Tao to acquire the necessary skills and experience for the overall management of the Group. He was redesignated as the Managing Director of the Company when he resigned as an Alternate Director to Chen, Hsi-Tao on 21 December 2012 and 24 December 2012 respectively. He is currently running the business and operation helping to implement relevant policies and strategies that were adopted by the Board of Directors of the Company. He presently sits on the board of several private limited companies.
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: He functions as the Chairman of the Disclosure Committee and a member of the Risk Management Committee.
Number of Board Meetings Attended	: 6/6

Name	: <b>Dr. Aliyah Binti Dato' Hj. Baharuddin Marji</b>
Age	: 55
Nationality	: Malaysian
Position in the Company	: Independent Non-Executive Director
Qualification	: Ph. D from Universiti Putra Malaysia, 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.
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 seven (7) years. In 1991, she set up ABM Training Management Sdn. Bhd., as the Managing Director, a company which provided training and consultancy services on management related seminars. In 1999, she started Agenda Management (M) Sdn. Bhd. and in 2007, started the next business called Qassas Food Industries. She also sits on the board for several private limited companies.
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: She is on the Board for the following Committees in the Company :- a) Member of the Audit Committee; b) Member of the Nomination Committee; and c) Member of the Remuneration Committee
Number of Board Meetings Attended	: 5/6

## PROFILE OF THE BOARD OF DIRECTORS

Name	: <b>Mohd Khasan Bin Ahmad</b>
Age	: 55
Nationality	: Malaysian
Position in the Company	: Independent Non-Executive Director
Qualification	: Degree in Accountancy from Universiti Teknologi Mara and is a member of the Malaysian Institute of Accountants (MIA).
Working Experience	: He was appointed as an Independent Non-Executive Director on 20 February 2002. He served Bank Negara Malaysia for 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 six (6) years. 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, Homeritz Corporation Berhad and Kinsteel Bhd. All these companies are listed on the Bursa Malaysia Securities Berhad.
Details of Any Other Board Committees	: He is on in the Board for the following Board Committees:- a) Chairman of the Audit Committee; b) Chairman of the Nomination Committee; c) Member of the Remuneration Committee; and d) Member of the Disclosure Committee.
Number of Board Meetings Attended	: 6/6

Name	: <b>Huang, Ching-Fan</b>
Age	: 77
Nationality	: Taiwanese
Position in the Company	: Independent Non-Executive Director
Qualification	: Diploma in Business Administration from National Taipei College of Business
Working Experience	: He was appointed as an Independent Non-Executive Directors of the Company on 24 April 2013. He joined Man Loy Trading Co. Ltd as a Marketing Manager for (1) year in 1961. In 1962, he joined Man Loy Meteal Co. Ltd as the Deputy General Manager before being promoted to the position of a General Manager. His working experience in Man Loy Meteal Co. Ltd has provided him with more than 47 years of experience in the marketing and management of materials. Currently, he works as a Business Consultant for Man Loy Meteal Industrial Co. Ltd after his retirement in 2003
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: None
Number of Board Meetings Attended	: 6/6

## PROFILE OF THE BOARD OF DIRECTORS

Name	: <b>Wu, Ying-Ju</b>
Age	: 42
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 on 27 August 2013. Previously, he was a training and squad leader at the headquarters for the Army in Taiwan from 1996 to 1997. He joined Beeantah Industrial (M) Sdn. Bhd. as an Engineering and Production supervisor in 1998 after which he joined Faith Industry Co, China as an assistant sales and production manager in 2001. In 2004, he rejoined Beeantah Industrial (M) Sdn. Bhd. as a factory manager. He was promoted to the position of assistant managing director and helped make Beeantah Industrial (M) Sdn. Bhd. a major supplier of machinery parts for various multinational companies.
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: He is a member of the Audit Committee and the Nomination Committee.
Number of Board Meetings Attended	: 6/6

Name	: <b>Chen Yu, Kuei-Feng</b>
Age	: 70
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 resigned as an Executive Director of the Company before being appointed as an Alternate Director to Chen, Hung-Lin on 24 December 2012. She has over 30 years of experience in the enamelled copper wire business. She was 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. 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	: NIL

## PROFILE OF THE BOARD OF DIRECTORS

Name	: <b>Chen, Hung-Ping</b>
Age	: 40
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 before he relinquished the post to be appointed as an Executive Director on 30 April 2004. On 24 December 2012, he then resigned as an Executive Director of the Company and appointed as an 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 sector of Ta Win Electronic Tech-Material (Changshu) Co. Ltd, another 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	: 2/6*

Note :-

(\* ) He attended 2 meetings by invitation

Name	: <b>Lau Po Cheng</b>
Age	: 40
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 who was then, the Executive Director of the Company on 30 April 2004. On 24 December 2012, she ceased to be the Alternate Director to Chen Yu, Kuei-Feng and was re-appointed as an 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. On 1 July 2009, she relinquished her position and rejoined the Company as a 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
Number of Board Meetings Attended	: 6/6*

Note :-

(\* ) She attended 6 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 and Chairman of the Company is the husband to Madam Chen Yu, Kuei-Feng who is currently the Alternate Director to Chen, Hung-Lin. 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, while Mr. Chen, Hung-Ping is currently the Alternate Director to Chen, Hsi-Tao. Madam Lau Po Cheng, the Alternate Director to Mr. Yeoh Chin Kiang is the wife of Mr. Chen, Hung-Lin and she is also the daughter-in-law of Mr. Chen, Hsi-Tao and Madam Chen Yu, Kuei-Feng. They are except for Madam Lau Po Cheng, also the substantial shareholders of the Company.

As disclosed above, none of the Directors of the Company have any relationship with any directors or major shareholder 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 2015.

## **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 by the Group to the external auditors for the financial year ended 31 December 2015 was RM3,000. The non-audit fees paid/payable to the external auditors were for reviewing the risk management and the internal control statements.

## **Sanctions and/or Penalties**

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

Otherwise, there were no other sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies.

## **Variation in Results**

Variances did not exceed 10% between the audited results and the unaudited results of the Group for the financial year ended 31 December 2015.

## **Profit Guarantee**

Profit guarantees were not given to the Company and its subsidiaries during the financial year ended 31 December 2015.



# BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION

## Material Contracts

There were no material contracts entered into by the Company and its subsidiaries which involved Directors and major shareholders' subsisting at the end of the financial year ended 31 December 2015 or, if not then subsisting, at 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 2015.

## 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 which are disclosed in Note 28 of the financial statements.

## Revaluation Policy on Landed Properties

The Company conducted a regular revaluation on land 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 30 September 2015 for Malaysia and subsequently on 28 October 2015 for the land and building respectively in Changshu, China. Revaluation was based on a valuation prepared by an independent valuer according to the open market basis.

## Conviction for Offences

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

## Conflict of Interests

None of the Directors had any conflicting 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 were deemed interested in the following related party transactions :-

- Mr. Chen, Hsi-Tao, the Non-Independent Non-Executive Director and Chairman is the substantial shareholder of the Company and receives a monthly rental of HK\$13,000/- (equivalent to RM7,163/-) from 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 RM85,956/-) was paid to Mr. Chen, Hsi-Tao as rental for the financial year ended 31 December 2015 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 65 to 66 of the Annual Report.

## BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION

### Workforce Diversity

The Company did not discriminate staffs on the basis of age, gender, physical disability race, or religion. Diversity enriched the work environment. The experience and perspectives of staffs helped the Company form relationships with a wider spectrum of customers. The Company had made it its policy to hire talented people from diverse backgrounds from Malaysia and abroad. The Company encouraged workforce diversity and provided equal opportunity for all team members regardless of age, gender, race, religion, nationality and education to work in harmony and to have equal opportunity to succeed.

Total workforce by gender, age and races as at 31 December 2015 were as follows :-

Gender/ Age Group	Below 21				21 - 30				31 - 40				41 - 55				Above 55				Total Workforce
	M	C	I	F	M	C	I	F	M	C	I	F	M	C	I	F	M	C	I	F	
	1	2	0	4	6	5	1	47	5	10	1	41	9	13	2	13	1	5	0	4	170

Races:

M: Malay  
C: Chinese  
I: Indian  
F: Foreign National

Category	Full Time Employment as at 31 December 2015												Total		
	Malaysian									Foreign National					
	Degree			Diploma / Technical			Others			Degree	Diploma / Technical	Others			
	M	C	I	M	C	I	M	C	I						
<b>Board of Directors</b>		1										1			2
<b>Managerial staff</b>		6			7			5	1			4	3	4	30
<b>Technical staff</b>	1			1		1	20	8	2					13	46
<b>Operators</b>							1						7	65	73
<b>Clerical staff</b>					2			5				1	11		19

As at 31 December 2015, there was a total 170 staffs working at various locations, with 27% possessing relevant tertiary and technical qualifications. This was consistent with the Company's objective to absorb more young graduates and technically qualified persons into the workforce. Managerial level employees made up 7% who possessed professional and/or postgraduate qualifications.

The Company had a decreased number of women in the workforce thus, showing an decrease of 21% in 2015 as compared with 2014.

# 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 2015.

### PERFORMANCE REVIEW

The Group registered a lower turnover of 3.8% equivalent to RM456.697 million for the year ended 31 December 2015 as compared with RM471.722 million in the previous financial year. The lower copper prices in 2015 was the major cause affecting the Company's turnover when the average London Metal Exchange (LME) price in 2015 was USD5,501 per tonne, a 19.8% decline (or USD6,859 per tonne) from the previous year.

### MARKET OVERVIEW AND BUSINESS OUTLOOK

#### Market Overview

Malaysia Gross Domestic Product (GDP) annual growth was set at 5% in 2015 with a slower rate when compared to a 6% expansion in the preceding year. The slower rate occurred due to a series of factors that threatened the economy, such as a depreciation in the currency and a collapse of revenues related to the oil and gas industries.

Copper prices in the world market fell from an average price USD6,859 in 2014 to USD5,501 in 2015. Most of the customers adopted a wait-and-see-attitude caused by constant fluctuation in copper prices. This brought on a great uncertainty with the buying demands from customers when the selling price was directly linked to copper which was the largest cost component of the Company. In addition, the fluctuation in copper prices and the LME prices when in the downward trend caused the cost of production to escalate which could not be absorbed by customers. Additionally, the rising oil prices to some extent contributed to the inflationary pressure on operating costs. These factors therefore, created a challenging and competitive edge for the Group as compared with previous year.

The management will take necessary measures to counter these challenges by monitoring closely the copper prices and keeping the existing stocks at optimum level.

#### Business Outlook

Understanding for and knowledge of the industry by key personnel has helped the Company maintain a competitive edge in order to remain as one of the market leaders in maintaining our market share in the industry.

The belief that this advantage and vast experience will help the Company to generate future growth and to penetrate a new market.

#### Human Resources Development

During 2015, continuous in-house and external training programmes were conducted with the aim to improve skills of Group employees. This was proven beneficial to the staff and the Group as a whole.

Throughout the year, various quality improvement initiative were conducted. These were well received with active participation by Group employees and operation staffs.

#### Related Party Transactions

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

## CHAIRMAN'S STATEMENT

### Corporate Governance

The Board was committed to observe the Malaysia Code on Corporate Governance and the Bursa Malaysia Listing Requirements and has ensured that a high standard of corporate governance was practiced throughout the Group to safeguard the Group's assets, operations and enhance the shareholders' value. Our statement on corporate governance as set out on pages 28 to 51. 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

The outlook for the global economy is expected to improve gradually in 2016. Malaysia economy is seen slowing down but remain stable despite the uncertainties associated with weakening of Ringgit Malaysia, fluctuation of oil price and the growth rate of the economy in China, India and Southeast Asia are unlikely to see significant improvement in 2016 as compared to last year.

Consumption is expected to moderate as manufacturer adjusted to the new goods and services tax. The Group successfully and smoothly made the transition to the Goods and Service Tax (GST) regime effectively 1st April 2015. However, implementation of GST will have significant cash flow impact on the Group. The implementation of GST and removal of fuel subsidy system were certainly cause tough challenges to arise.

Cost have continued to rise with pressure from variety of sources and the lower copper prices squeezed probability and improving efficiency is a key strategic focus by the Board of Directors of the company

We expect that challenges ahead are difficult and enormous, nevertheless we are confident that our continuous efforts to expand our capacity in tandem with customer's growth and our commitment to undertake more cost effective measures and provide timely deliveries to meet customers' requirement, will deliver positive results. The Group is well positioned to meet the many challenges despite operating in a highly competitive business environment and it is confident to achieve another year of positive results for 2016. The Group is optimistic with its performance for 2016 even though there are uncertainties in both global and domestic arenas.

The Board of Directors anticipates that the performance of the Group will remain satisfactory in the forthcoming year.

### A NOTE OF APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunities to thank all the Management and Staff for their dedication, commitment, loyalty and contributions during the year. The year 2016 is expected to be more challenging but I have no doubt that the Group's ability to overcome all obstacles to propel the Group's level to greatest heights.

I would like to convey our deepest appreciation and thanks to our valued customers, suppliers, bankers, business associates and advisers for their contribution towards the Group's growth and success as well as their unwavering confidence and endorsement and I sincerely hoped that they will continued to be with us for the near future.

I would also like to express gratitude to various government and statutory organization 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 achieve the Group's objectives as we move forward.

**Chen, Hsi-Tao**  
Chairman

# FINANCIAL HIGHLIGHTS

## Five years Group Financial summary

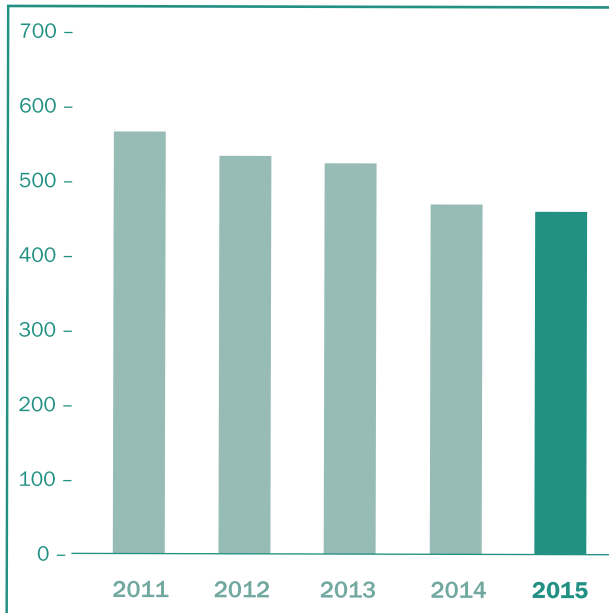
YEAR ENDED 31 DECEMBER	2015	2014	GROUP 2013	2012	2011
<b>KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)</b>					
Revenue	456,697	471,722	535,073	539,541	575,717
Operating profit/(loss)	5,075	(1,719)	6,007	(7,188)	2,906
EBITDA	8,976	3,043	10,955	(2,017)	8,815
Profit/(loss) before taxation	2084	(4,563)	3,364	(10,190)	(208)
Net profit attributable to equity holders	457	(4,858)	2,789	(11,668)	(208)
<b>KEY FINANCIAL POSITION STATEMENT DATA (RM'000)</b>					
Total assets	170,581	158,533	160,183	169,329	166,182
Total borrowings	69,754	66,403	56,591	74,271	63,113
Shareholders equity	66,520	59,598	64,322	60,157	71,643
<b>SHARE INFORMATION Per share (sen)</b>					
Basic earnings	0.71	(7.55)	4.34	(18.15)	(0.32)
Gross dividend	-	-	-	-	-
Net assets per share (RM)	1.03	0.93	1.00	0.94	1.11
Share price as at 31 December (RM) *	0.26	0.39	0.32	0.26	0.27
<b>FINANCIAL RATIOS (%)</b>					
Gross profit margin	3.66	1.65	2.13	0.64	1.76
Net profit margin	0.10	(1.03)	0.52	(2.16)	(0.04)
Return on equity	0.69	(8.15)	4.34	(19.40)	(0.29)
Gearing ratio	55.15	59.22	52.95	59.85	51.09

\* referring to the last market transaction date for the year

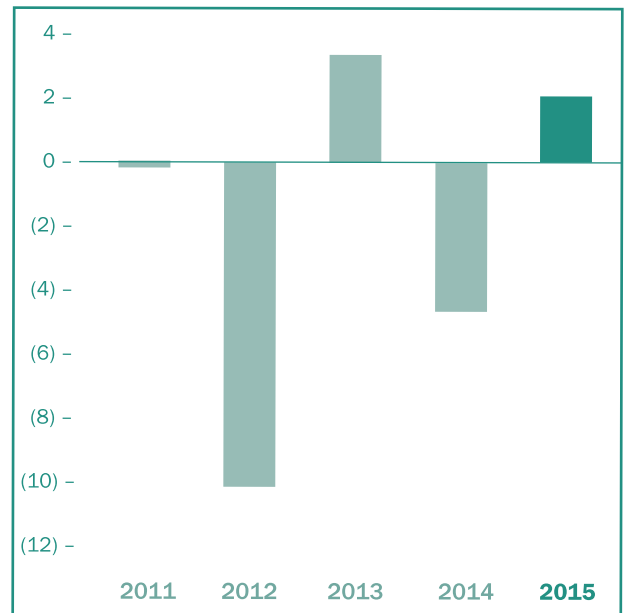


## FINANCIAL HIGHLIGHTS

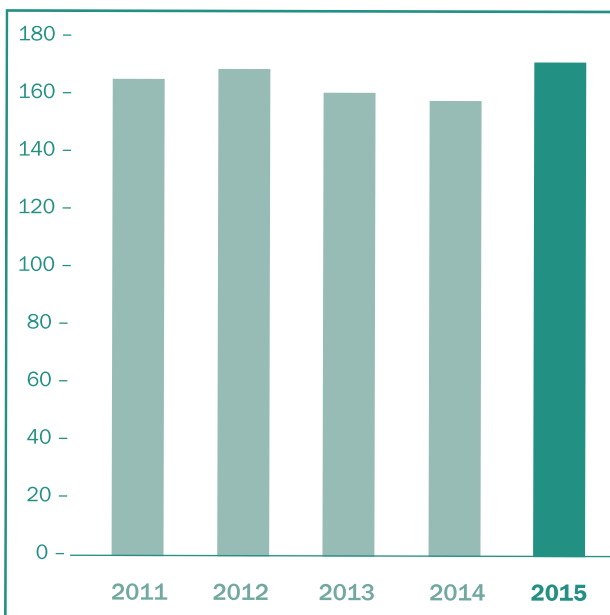
### REVENUE (RM'000)



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



### TOTAL ASSETS (RM'000)



### SHAREHOLDERS EQUITY (RM'000)



# MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

## BUSINESS REVIEW

The Group's main business was the manufacturing and sales of enamelled copper wires and copper rod. The Group has two manufacturing plants specifically in Malaysia (Ta Win Industries (M) Sdn. Bhd.) and its subsidiary located in Changsu, Republic of China (Ta Win Electronic Tech- Material (Changsu) Co Ltd), both involved with manufacturing processes and marketing. There was a trading-house in Hong Kong, (Twin Industrial (HK) Co. Ltd) whose nature of business was mainly to import goods from these two related companies and to re-sell such goods to its customers in nearby regions.

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

In view of the constant fluctuations with copper prices, the Management took various remedial actions to counter the adverse effects on back-to-back booking of prices by customers, maintained constant monitoring of LME and the hedging of US Dollar exchange rates.

The Management embarked on various programs to minimize wastage, improved product quality and maximized production capacity in order to achieve the Group's business objective. The long term objective of the Group was to continuously remain as one of the market-leaders in this industry and to improve on the value of shareholders' investments.

The management looked into every available opportunity to expand further into the overseas and local market. The Group also undertook to explore the possibility of diversifying product specification to enhance existing business operations.

Given the expected scenario, the Management believed that the Group's performance would be very challenging in the coming years.

## FINANCIAL REVIEW

### Revenue

The Company's revenue consisted of sales from enamelled copper wires and copper rods. Sales of copper rods constituted 87% of the Company's total revenue. Such sales are directly related to the prices of copper in the London Metal Exchange (LME). Consequently, sales dropped by 3.18% which was mainly due to lowered average selling price caused by the lower LME prices in the current year as compared with the previous year. On an average, about 15% of the Group's sales was for the export market and the remaining 85% was for the local market.

### Operating profit

Copper prices began to fluctuate in 2010 after the global recession and remained in a downward trend. This adversely effected the Company's profitability in the early part of 2010. The economic slowdown in China and Europe were the main driving force behind lowered copper prices. However, there was an improvement in performance for the financial year 2015 where the operating profits increased to RM5.075 million as compared with the operating loss of RM1.719 million in 2014 which was mainly due to the rise in product sales before the GST implementation.

In addition to this, the fluctuations in oil prices, the withdrawal of fuel subsidy and the weakening of Ringgit Malaysia contributed to the pressure of inflation on all operating costs.

## MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

### Forex loss

More than 90% of raw materials used during production was imported from overseas. The fluctuations in USD was a second major factor that affected the profitability of the Group. For the financial year ended 31 December 2015, the Group registered a foreign exchange loss of RM5.225 million due to the depreciation of Ringgit Malaysia as compared with a net loss of RM1.473 million in the previous financial year.

### Total assets

The total assets for the Group amounted to RM170.518 million for the financial year ended 2015. This showed an increase of RM11.985 million from RM158.533 million which was recorded for the previous financial year. The increase was mainly due to the revaluation of the Group's factory and land during the year. The last revaluation was done on 30 September 2015 for Malaysia and subsequently on 28 October 2015 for Changshu, China.

### Total borrowings

The total borrowings for the Group amounted to RM69.754 million for the financial year ended 2015. This showed an increased of 5.05% from RM66.403 million recorded for the previous financial year. This was due to the depreciation of Ringgit Malaysia due to the increase in trade payables to purchase raw materials.

### Earnings per share

As the Group registered a loss for the financial year under review, the basic earnings per share attributable to ordinary equity holders increased to 0.7 sen per share from -7.6 sen per share for the previous financial year.

### Dividends

The Board of Directors did not recommended that dividends be paid out since the last dividend of 5 sen net per ordinary equity for the financial year ended 31 December 2007.

## OPERATIONS REVIEW

The two manufacturing plants in Malaysia and People's Republic of China produced approximately 2,300 metric ton per month.

With the ISO 9001:2000, proper documentation on the production process was established to ensure that operations ran smoothly on the production floor until the delivery of goods to customers. Various improvement programs was discussed and implemented based on the feedbacks from the production personnel.

The Management believed in the importance of improving human resources and provided continuous training to upgrade the skills of workers with the hope of improving their ability and skills to deliver optimum efficiency.

The Management ensured that there was a continuous effort to maintain and improve our machineries at the plant. This helped maximize efficiency and productivity to match operational excellence in order to sustain reliability and dependability of services rendered to customers.

During the year under review, the focus was on minimizing losses caused by raw material rejects. Such rejects constituted 0.03% of the total production tonnage and this was within the tolerance level set by the Management.

All major costs were 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. This ensured that the Group's performance was heading in the right direction.

The Risk Management Committee addressed and made an assessment of all possible risks faced by the Group. The committee recommended that appropriate and relevant actions be taken to overcome the occurrence of any undesirable situations or to mitigate the adverse effect. The official meeting was held twice this year while ongoing risks management was highlighted weekly during meeting.

## MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

### PROSPECT REVIEW

The rate of growth for major global economies generally slowed down and it was difficult to bottom out in the short run. The depleting natural resources, volatile copper prices, global uncertainties and escalating costs were major concerns and presented themselves as a constant challenge to the management. Although the Group was able to absorb these costs, this however, greatly impacted the Company's cash reserves.

The management looked into every available opportunity to expand further into the overseas and local market, therefore, the quality of product became the centre of focus which presented itself as the key to business success. It was believed that quality products promoted customer satisfaction and customer satisfaction was the link to creating business revenue.

To improve production quality and efficiency, the Group implemented a benchmark rigorously control on the products' quality. This was to ensure stability and to help increase business volume in the future.

Costs continued to rise with pressure from a variety of sources while the lowered copper prices squeezed the profit margin. Therefore, the Board focused on improving the efficiency of the Company by minimizing wastage, improving product quality and maximizing production capacity

The management was of the opinion that the Group will sustain its businesses if the Company optimised costs and capitalised on the Group's synergistic effect in market expansion.

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT (CSR)

## INTRODUCTION

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

## CSR IN THE WORKPLACE

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

In ensuring that safety and health were maintained at the highest level, there were ongoing efforts to promote an awareness of the corporate philosophy. This meant that all staffs adhered to the 6S concepts of Seiri (means Organise), Seiton (means Neatness), Seiso (means Cleaning), Seiketsu (means Standardization), Shitsuke (means Discipline) and Safety to improve the workplace all of which to ensure that employees' safety and health were duly protected at work.

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

Further to that, the Company organized of social activities with the objectives to enhance communications and, interactions among employees.

## CSR IN THE COMMUNITY

As caring and responsible corporation, the Group had continued with its commitment to provide community services especially concerning children. As an example, it donated on an annual basis to the World Vision, a non-profit organization. On 24 October 2015, the Company visited Happiness Centre for the Mentally Disable Children with gifts and contributed towards their daily needs such as diapers, washing powders and detergent, wall fans and cleaning equipment. This visit was part of the Company's continuous effort in community services to help and spread joy with the less fortunate in our society.

## CSR IN THE ENVIRONMENT

The Group recognized the need and importance to conserve the environment. The Group believed 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 reduced the consumption of electricity by increasing production during non-peak hours where the tariff was lower.

The Group was committed to implementing a positive culture of safety and health. This helped to enhance not only the working environment but also to protect and conserve the environment for the future generation. 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 , matters concerning the Akta Kualiti Alam Sekeliling (1974) (Malaysia).

## CSR IN THE MARKETPLACE

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

In this respect, Ta Win Holdings Berhad continuously evaluated and developed work processes and quality management systems which were subjected to annual independent audits and which conformed to the MS ISO 9001:2000 standards. In addition, major stakeholders such as suppliers were expected to conform to all relevant standards practised 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) was committed to ensure that a high standard of corporate governance was practised throughout Ta Win Holdings Berhad and its subsidiary companies (the Group). The Board assisted by directing and managing the Group's businesses and affairs to meet the Company's long term commitment to its shareholders and investors with the objective of safeguarding shareholders' investment and enhancing shareholders' value. This was the Board's major role in discharging its responsibility and in enhancing the business expansion to support the continued growth of the Group.

The following statement outlines the Group's application of the Principles of the Malaysian Code on Corporate Governance 2012 and 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 comprised seven (7) Directors, five (5) of whom were Non-Executives. Four (4) out of five (5) Non-Executive Directors were independent, and represented 57% of the Board's composition.

The respective roles and responsibilities of the Board, the Directors and Management were clearly set out in the Company's Board Charter to ensure accountability for the parties. This included the descriptions of their respective functions. Details of the Board Charter of the Company are presented in the Company's website ([www.ta-win.com](http://www.ta-win.com)). The Board, together with the Managing Director, outlined a performance target on the Group Performance Forecast and Long Term goals of the Group that was to be achieved by the Managing Director and the Management. The Group established an organizational structure with well defined lines of responsibility, delegation of authority, segregation of duties and a flow of information effectively communication at all levels. It was decided that the roles and responsibilities concerned shall be reviewed once a year or as and when needed by the Board. This ensured that the allocation of responsibilities could be adapted or changed accordingly to manage any unforeseen circumstances and to uphold any corporate objectives of the Group.

Mr. Chen, Hsi-Tao, who was the founder and Non-Independent Non-Executive Chairman of the Company, led the Board. His extensive experience and knowledge in the enamelled copper wire/rod industry helped enhance his role as the Chairman. He successfully led the Group over the past 20 years and 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 redesignated from the Managing Director to the Non-Independent Non-Executive Chairman for the orderly succession in the management. Likewise, Mr. Chen, Hung-Lin was redesignated as the Managing Director of the Company on 21 December 2012, after acquiring the necessary experience, skills and knowledge for overall management of the Group. Mr. Chen, Hung-Lin, the Managing Director along with Mr. Yeoh Chin Kiang, the Executive Director of the Company focused on the business and the day-to-day management of the Company. The positions of the Chairman and the Managing Director were held by Mr. Chen, Hsi-Tao and Mr. Chen, Hung-Lin to ensure accountability and to manage the division of responsibilities between them. The Board established a Company's Board Manual and Board Charter which established specific but separate roles for the Chairman and the Managing Director of the Company. Each acknowledged the division of responsibilities stated in the Company's Board Manual and Board Charter. There was also a clear demarcation of responsibilities between the roles of the Chairman, the Managing Director and the Executive Director to create a balance in authority and power. The Chairman was 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, managed the operation of the Group and the implementation of the Board's decisions, business strategies, and policies. The four Independent Directors represented the interests of minority shareholders. The Independent Non-Executive Directors engaged proactively with the Management and together with both external and internal auditors, they addressed matters concerning the management as and when required and looked into the Group's overall management of business and operations.

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.2 Board Roles and Responsibilities

The Board was responsible for the overall corporate governance of the Group. In 2012, the Board established several policies and procedures to ensure the accountability of the Board and the Management. It was also responsible for discharging its fiduciary and leadership functions. Policies and procedures established by the Board 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 monitored of the Management's performance, as stated in the Company's Board Charter. The Board also overlooked the performance of the Management, the assessment and identification of risks, the control of business operations, implementation of appropriate internal control and shareholder communication policy for the Company. The Board delegates and conferred some of the Board's authorities and discretion on the Executive Director as well as properly constituted Committees comprising Non-Executive Directors. The Board was also responsible to shareholders when considering the effects of decision making in the interests of all shareholders. The Board also had the duty to act in the best interest of the Company and Group at all times.

The Board's Charter clearly defines the responsibilities of the Board and the management as the Charter contained strategic direction premised on sustainability and ethical conduct during business dealings. The Charter is available in the Company's website at [www.ta-win.com](http://www.ta-win.com). The Board was of the view that the current size and composition of the Board remains optimum, conducive for effective deliberations during Board meetings and well balanced, and managed effectively to deal with the Group's operations. At present, the Board will not intend to appoint an Independent Chairman to the Board. However, it appointed Encik Mohd Khasan Bin Ahmad as the senior Independent Non-Executive Director, to facilitate communications with any stakeholders not dealt with by the Chairman, Managing Director or the Executive Director 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](http://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.

The Board delegated pertinent 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 52 to 58), the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Disclosure 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 was committed to a safe, supportive and productive work environment. The Board established a set of rules or standard for all when participating in the Group and represent themselves outside the Group. The aims was to ensure that all staff conducted the business honestly and ethically. This helped the Company maintain a reputation for honesty, fairness, respect, responsibility, integrity and trust. The Board did not compromise its principles for short-term advantage and 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. 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 stated in the Whistle Blowing Policy. Both policies are available on the Company's website at [www.ta-win.com](http://www.ta-win.com).



# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.3 Code of Conduct (Cont'd)

The Directors of the Company are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them when discharging of their duties 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 formalised plan to promote sustainability. It formulated strategies to create long term consumer, employee and stakeholder value when it was aimed towards the natural environment, social, cultural and governance aspects of business operation. The Board encourages transparency by promoting an open culture and two-way communication that encourages employee participation in every aspect of operational processes. The Management conducted the relevant training programs. These programs conducted internally and externally were further improve the skills of employees. Such programs were well received with active participation from employee of all levels.

The Group embarked on various strategies 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 were taken to remedy the situations. The Group emphasized greatly on environmental cleanliness by promoting a healthy working environment that was free from pollution. The 6 S meetings held weekly helped to promote social responsibility within the working culture of the Group. The Group's Sustainable Plan is also available on the Company's website at [www.ta-win.com](http://www.ta-win.com).

### 1.5 Access to Information and Advice

The Board was accessible to the Senior Management and provided unrestricted information pertaining to the Group's business and affairs. This enabled all Board members 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 systematically. 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 independent advisers. The Board also noted the decisions and salient issues deliberated by Board Committees through minutes of these committees.

Minutes of each Board meeting were circulated to all Directors in advance for their perusal prior to confirmation of the minutes at the commencement of the Board meeting. The Directors were allowed or make comments before the minutes were tabled for confirmation as a correct record of the proceedings.

Senior Management staffs were invited to attend a Board meeting to provide views and explanations on certain items on the agenda and/or to furnish clarification on issues that may be raised by the Directors. The Directors were accessible to Senior Management and provided relevant information relating to the Group in the discharge of their duties. The Directors through approved guidelines were allowed to consult advisers and to seek independent professional advice for legal, financial, governance or expert at the Company's expense when carrying out their duties.

## CORPORATE GOVERNANCE STATEMENT

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

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

#### 1.5 Access to Information and Advice (Cont'd)

Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year to enable Directors to include the year's Board meetings into their calendar. Board meetings are conducted using a structured agenda. The Meeting's agenda includes reviews on 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 significant matters required the expeditious direction of the Board. The Board members deliberate, assess the viability of business propositions and corporate proposals and the principal risks that significant impact the Group's business or its financial position, and mitigating factors. Special Board meetings were convened on to deliberate on urgent matters that required the Board's immediate decision. In 2015, the Board held four (4) regular meetings and two (2) Special Board meetings.

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

Date of the Board Meeting	Time
24 February 2015	1000
23 April 2015	1000
26 May 2015	1030
20 August 2015	1030
24 November 2015	1100
23 December 2015	1030

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

The Directors remain committed when carrying out their duties and responsibilities as reflected by their attendance at the following Board meetings held during the financial year ended 31 December 2015 :-

Name	Total no. of meetings held during the director's tenure in office	Attendance at the Board Meetings
Chen, Hsi-Tao	6	5
Chen, Hung-Lin	6	6
Yeoh Chin Kiang	6	6
Mohd Khasan Bin Ahmad	6	6
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	6	5
Huang, Ching-Fan	6	6
Wu, Ying-Ju#	6	6
Chen Yu, Kuei-Feng (Alternate Director to Chen, Hung-Lin)	6	0
Chen, Hung-Ping* (Alternate Director to Chen, Hsi-Tao)	6	2
Lau Po Cheng^ (Alternate Director to Yeoh Chin Kiang)	6	6

Note:-

(\*) he attended 2 meetings by invitation

(^) she attended 6 meetings by invitation

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

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.6 Company Secretary

The Board is supported by a qualified and competent Company Secretary who discharged her roles and responsibilities. Every Board member was accessible to the advice and the services of the Company Secretary to ensure 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, in order to carry their duties and responsibilities. The Company Secretary was experienced, competent and knowledgeable on new statutes and directives issued by regulatory authorities. The Company Secretary briefs the Board on proposed contents and timely announcements of material to the Bursa Malaysia. The Company Secretary served notice to the Directors on the closed period for trading the Company's shares, in accordance with the closed period stated in Chapter 14 on Dealings in Securities of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market.

The Board established clear guidelines on the roles and responsibilities and the pertinent characteristics of the Company Secretary to support 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 of 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 characteristics of the Company Secretary required:-

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

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter

The Board Charter was adopted by the Board on 26 November 2012 and is available on the Company's website at [www.ta-win.com](http://www.ta-win.com). The Board undertook to review the Board Charter annually to ensure it was in accordance with the Group's objectives and responsibilities.

The Board Charter outlined the Board's strategic intent and the Board's roles and responsibilities. The Board Charter serves as a source reference and a primary induction literature, provided 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 defined 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 board meetings.

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

#### a) The Audit Committee

The Audit Committee consisted of three (3) Directors, including the Chairman and all 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 to oversee the Group's operations by reviewing the Group's processes for producing financial data, risk assessment and identification and managing internal controls. The Audit Committee was independent of the Group's appointed external and internal auditors. The Audit Committee was responsible for discussing with Management and the external auditors the accounting principles and standards that were applied and for applying their judgments on items that could affect financial statements. It was 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 were held without the presence of the Executive Directors and the Management. The minutes of the Audit Committee meetings was tabled to the Board for action as deemed appropriate and necessary.

The Audit Committee met on a quarterly basis. Additional meetings would be conducted as and when required. The Audit Committee met six (6) times during the financial year. The Audit Committee Report is presented from pages 52 to 58 of this Annual Report.

#### b) The Nomination Committee

The Board formed the Nomination Committee on 27 February 2002. It was responsible for 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 Independent Non-Executive Directors and its composition is as follows :-

Members	Directorship	Responsibility
Mohd Khasan Bin Ahmad	Independent Non-Executive Director	Chairman
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	Member
Wu, Ying-Ju	Independent Non-Executive Director	Member

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### b) The Nomination Committee (Cont'd)

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

- **Objectives**

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

- **Composition of members**

The Board of Directors shall elect the Nomination Committee members from amongst themselves, composed exclusively of non-executive directors, a majority of whom are independent. The term of office of the Nomination Committee shall be for a period of 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 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 of whom shall be the Chairman of the Committee.

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### b) The Nomination Committee (Cont'd)

- **Authority**

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

- (a) shall establish the minimum requirements or criteria to be used in the recruitment process and annual assessment of directors and Chief Executive Officer.
- (b) shall annually review the required mix of skills and experience and other qualities, including core competencies which non-executive and executive directors and Chief Executive Officer should have.
- (c) shall assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and for assessing 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 Directors; 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.

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### b) The Nomination Committee (Cont'd)

##### • Duties and Responsibilities (Cont'd)

- To evaluate the ability of the Independent Non-Executive Director to discharge such responsibilities/functions as expected from them.
- To determine annually whether a Director is independent as may be defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- To recommend to the Board the removal of a Director or Chief Executive Officer or senior management if he is ineffective, errant or negligent in discharging his responsibilities.
- To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of committee 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 was 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.

##### • Re-Appointment and Re-Election of Directors

In accordance with the Company's Articles of Association, all Directors are required to retire from office once every three (3) years but eligible for re-election. Hence, one-third (1/3) of the Directors and those appointed during the financial year shall retire from the office but 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 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 would have been assessed by the Nomination Committee with recommendations are submitted to the Board for shareholders' approval at the next Annual General Meeting. Directors appointed during the financial year are subjected to a re-election following their appointment in accordance with the Company's Articles of Association by shareholders at the Annual General Meeting (AGM).



# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### b) The Nomination Committee (Cont'd)

##### • Re-Appointment and Re-Election of Directors (Cont'd)

The Nomination Committee met once during the financial year. The members of the Nomination Committee were committed in carrying out their duties and responsibilities. This is affirmed by their attendance during the meeting for the year ended 31 December 2015.

Committee Members	Scheduled meetings	Attendance at the Nomination Committee Meetings
Mohd Khasan Bin Ahmad	1	1
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	1	1
Wu, Ying-Ju	1	1

##### • 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 brought to the Board, identified areas for improvement, reviewed the succession plan for senior management in the Group and training programs for the Board. The Nomination Committee also ensured that the Board has an appropriate balance of expertise and ability.

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### b) The Nomination Committee (Cont'd)

- Statement on Activities (Cont'd)

- D) The Nomination Committee, upon annual assessment carried out for the financial year 2015, was satisfied that :-
1. The four (4) Independent Directors had passed their self-assessment and assessment conducted by the Nomination Committee. All Independent Non-Executive Directors had complied with the definition of Independent Directors as defined on the Bursa Malaysia Securities Berhad.
  2. Encik Mohd Khasan Bin Ahmad, Dr. Aliyah Binti Dato' Baharuddin Marji, Mr. Huang, Ching-Fan and Mr. Wu, Ying-Ju, the four (4) Independent Non-Executive Directors, demonstrated independence, and their length of services on the Board of 14 years, 12 years, 3 years and 2 years 8 months respectively. Their lengths of services did 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. All this while, the Board recognises the value of female members of the Board. The female representation in the Board was 14% during the year. The Nomination Committee has evaluated the diversity of the Board and in future recommendations and appointments, diversity would be taken into account. However, the Nomination Committee and the Board both have same view that the appointment of directors should be based on merits without giving regards to the gender of the appointed directors and they 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.
  5. Mr. Chen, Hsi-Tao continued as the Chairman of 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 Independent Directors represented 57% of the board composition to uphold and comply with the Recommendation of the Code. This helped preserve objective and independent judgment that created a balanced leadership in the Group. It also provides an effective check to safeguarding the interest of minority shareholders and other stakeholders. Therefore, high standards of conduct and integrity are maintained.
  7. The size and composition of the Board remain optimum, conducive for sound deliberations during the Board meetings and well balanced.
  8. Each Board of the subsidiary companies presented directors who possessed the required mix of skills, experience and core competencies. There were significant advantages to be gained from long-serving directors of subsidiary companies who possessed tremendous insight and knowledge of the Group's affairs.

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### b) The Nomination Committee (Cont'd)

##### • Statement on Activities (Cont'd)

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 and personal qualities
10. The four (4) Independent Directors were professionals with wide-ranging experience, skills and expertise in accounting, corporate management, marketing on commodity, engineering, production, ISO auditing and administration. They remained independent without any conflict of interests and this allowed them to carry out their roles and responsibilities.
11. The four (4) Independent Directors declared that they agreed to devote quality time to understand their responsibilities and objective as well as receive company specific training.
12. Board Committees such as the Audit Committee, the Remuneration Committee and the Risk Management Committee were able to discharge duties effectively.
13. Training programmes for the Board duly assessed and recommended.

The Directors accessible to the advice and the services of the Company Secretary to ensure all the appointments were properly made and all the necessary information was obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, and requirements of the Listing Requirements of the Bursa Malaysia Securities Berhad and other regulatory requirements.

#### 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 was 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
Mohd Khasan Bin Ahmad	Independent Non-Executive Director	Member
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	Member

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### c) The Remuneration Committee (Cont'd)

The Remuneration Committee of the Company established 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 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 reflects the Company's culture and strategy.
- To review annually the performance of the Chief Executive Officer, Executive Directors and Senior Management before recommending to the Board any adjustments in remuneration and /or reward payments, that reflected their contributions for the year.
- To ensure the levels of remuneration were attractive in order to retain relevant directors who could run the Company successfully.
- To structure the component parts of remuneration that linked 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 Remuneration Committee dealt with all issues pertaining to the Directors' remuneration packages. The Committee only seek advice from independent advisers, when necessary to carry out its duties and responsibilities effectively. The remuneration packages for Executive Directors were structured to link rewards to corporate and individual performance. For Non-Executive Directors, the levels of remuneration were dependent on the experience and level of responsibilities. The Executive Directors were abstain from discussing their own remunerations. The remuneration of Non-Executive Directors is handled by the Board as a whole. The individuals concerned abstained from discussion and decision of his/her remunerations.

The Remuneration Committee met at least once (1) a year to carry out an annual review of the overall remuneration policy for Directors whereupon recommendations were submitted to the Board for approval. During the meeting, the results of the Directors' performances are evaluated and rated by the Nomination Committee before it was presented to the Remuneration Committee. The Remuneration Committee and the Board ensure that the Company's remuneration policy supported the Company's corporate objectives and was aligned with the interest of shareholders. Hence, the Remuneration policy was drawn up to reflect the business strategy and long term objectives of the Group. It demonstrated the Board commitment as the remuneration packages were based on achievement according to specific conditions. There was a formal and transparent procedure for rewarding and adjusting remuneration packages for directors.

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### c) The Remuneration Committee (Cont'd)

The Remuneration Committee reviewed the performance of all Executive Directors and the Chairman of the Company. The Remuneration Committee and the Board strove to reward Directors based on accountability, fairness, and competitiveness, as prescribed in the Code. The Remuneration Committee ensured that the remuneration packages of Directors were adequately attractive to attract and to retain persons of high calibre. The Board was aware that a fair remuneration was critical to attract, retain and motivate Directors. The remuneration of Non-Executive Directors comprises fees while the remuneration package of Executive Directors comprises of a basic salary, fees and bonuses.

The breakdown of the remuneration of the Directors of the Company for the financial year ended 31 December 2015 is as follows :-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Total Remuneration	641	172	813
Salary and Other Emoluments	580	-	580
Fees	-	172	172
Bonus	-	-	-
Defined Contribution Plans	61	-	61

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 decided the salaries would be disclosed in the manner shown above to differentiate the numbers between executive and non-executive directors.

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

	Executive Directors	Non-Executive Directors	Total
RM50,000 and below	1*	4	5
RM50,001 to RM 100,000	1*	1	2
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	2	-	2
Total	4	5	9

Note :

(\* ) Alternate Director

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### 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 was 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 oversaw the overall management of all risks and ensures that infrastructure, resources, processes and systems were in order. The salient terms of reference of the Risk Management Committee were involved :-

- Identifying, evaluating, reporting risks, implement of appropriate risk management systems and monitor key business risks to safeguard shareholders' investments, the Company's assets and any matter within its terms of reference.
- Obtaining the resources required to perform its duties.
- Reporting periodically at least twice a year, to the Audit Committee.
- Providing direct communication channels with the external auditors and internal auditors of the Company.
- Conducting meetings with the external auditors, the internal auditors discussing their findings and recommendations based on reviews or reservations on any matters.
- The primary responsibilities :-
  - a) formulating a risk management framework,
  - b) actively identifying risks
  - c) evaluating and reporting of risks
  - d) implementing appropriate risk management systems
  - e) monitor key business risks to safeguard shareholders' investments and the Company's assets
- Recommend to the Audit Committee and Board on the implementation of appropriate risk management systems and any matters that pose a risk profile on the Group.

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

Members Attendance	Designation	Responsibility	No.of Meeting	Attendance
1. Yeoh Chin Kiang	Executive Director	Chairman	2	2
2. Chen, Hung-Lin	Managing Director	Member	2	2
3. Lau Po Cheng	Alternate Director to Yeoh Chin Kiang	Member	2	2
4. Chow Lai Kuen	Human Resources Manager	Member	2	2
5. Ong Jit Wee	Quality Assurance Manager	Member	2	2
6. Chan Hui Mei	Secretary cum Purchasing Executive (Resigned w.e.f. 28/4/2015)	Member	2	1
7. Gan Seng Hock	Sales Manager	Member	2	2
8. Poh Li Ling	Finance Manager	Member	2	2

# CORPORATE GOVERNANCE STATEMENT

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

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

### 1.7 Board Charter (Cont'd)

#### f) The Disclosure Committee

The purpose of the Disclosure Committee was 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 complied with the requirements of the rules of Bursa Malaysia Securities Berhad and other applicable laws. It was responsible for considering the materiality of information and on a timely basis, determining the disclosure and treatment of material information. The Committee was 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' performance including the Independent Directors annually. In addition, the Independent Directors were required to complete an assessment that assessed whether directors of independent and objective judgment were not compromised by, amongst others, familiarity or close relationship with other board members. This assessment focused on 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 independence. All newly proposed Independent Directors are required to fulfill these criteria and were notified of such assessment requirements before their being appointed 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 were expected to possess the relevant expertise in order to contribute effectively to the Group's performance and to give their time and attention in carrying out their responsibilities. The Board obtained this commitment from its new members at the time of appointment. The Board Charter 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 demonstrated their 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, Dr. Aliyah Binti Dato' Hj. Baharuddin Bin Marji, Mr. Huang, Ching-Fan, and Mr. Wu, Ying-Ju	One One One One One One
2	Encik Mohd Khasan Bin Ahmad	Five



## CORPORATE GOVERNANCE STATEMENT

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

### 3. COMMITMENT TOWARDS COMPANY (CONT'D)

#### 3.2 Continuing Education Programs

The Board established a policy for education and life-long learning. It 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 2015. Directors' Training was 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 2015, members of the Board attended seminars on areas relevant to their duties and responsibilities as Directors. The Board empowered the directors of the Company to determine their own training requirements to enhance their knowledge in new rules and regulations to support the Group's businesses and operations and to keep abreast with current developments. The Board has set a policy on the continuing education program and life-long learning. During the year, all the Directors of the Company continued to attend seminars and briefings in order to stay abreast with the latest market developments and also to enhance their knowledge.

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) GST Efficiency Management	14 July 2015
	2) 7 QC Tools	16 June 2015
	3) 5S Internal Audits	19 May 2015
	4) Lead with heart & manage with task	10 March 2015
Yeoh Chin Kiang	1) GST Efficiency Management	14 July 2015
	2) 7 QC Tools	16 June 2015
	3) 5S Internal Audits	19 May 2015
	4) Lead with heart & manage with task	10 March 2015
Chen, Hung-Lin	1) GST Efficiency Management	14 July 2015
	2) 7 QC Tools	16 June 2015
	3) 5S Internal Audits	19 May 2015
	4) Lead with heart & manage with task	10 March 2015
Chen, Hung-Ping	1) GST Efficiency Management	14 July 2015
	2) 7 QC Tools	16 June 2015
	3) 5S Internal Audits	19 May 2015
	4) Lead with heart & manage with task	10 March 2015
Lau Po Cheng	1) GST Efficiency Management	14 July 2015
	2) 7 QC Tools	16 June 2015
	3) 5S Internal Audits	19 May 2015
	4) Lead with heart & manage with task	10 March 2015
Chen Yu, Kuei-Feng	1) GST Efficiency Management	14 July 2015
	2) 7 QC Tools	16 June 2015
	3) 5S Internal Audits	19 May 2015
	4) Lead with heart & manage with task	10 March 2015

## CORPORATE GOVERNANCE STATEMENT

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

### 3. COMMITMENT TOWARDS COMPANY (CONT'D)

#### 3.2 Continuing Education Programs (Cont'd)

Name of Directors	Course attended	Date of Seminar
Mohd Khasan Bin Ahmad	1) Sustainability Reporting and Amendments to the Main Market Listing Requirements	26 November 2015
	2) Bringing the Best out in Boardroom	31 July 2015
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	1) Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officer and Chief Financial Officer	5 June 2015
	2) CG Breakfast Series with Directors : Future of Auditors Reporting – The Game Changer for Boardroom	2 November 2015
Huang, Ching-Fan	1) GST Efficiency Management	14 July 2015
	2) 7 QC Tools	16 June 2015
	3) 5S Internal Audits	19 May 2015
	4) Lead with heart & manage with task	10 March 2015
Wu, Ying-Ju	1) GST Efficiency Management	14 July 2015
	2) 7 QC Tools	16 June 2015
	3) 5S Internal Audits	19 May 2015
	4) Lead with heart & manage with task	10 March 2015

### 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 was 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 ensured that these financial statements comply with accounting standards and regulatory requirements.

The Statement of 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 presented on page 62.

The Group's independent external auditors were essential for all shareholders. It ensured the reliability of the Group's financial statements and provided assurance of that reliability to users of these financial statements. From time to time, the external auditors highlighted any significant deficiency in the Group's control system. As stipulated in the terms of reference of the Audit Committee, the Audit Committee met with the external auditors at least twice a year to discuss audit plans, audit findings and the financial statements of the Company without the presence of the Executive Directors and the Management. However, the Audit Committee met once during 2015 without the presence of the Executive Directors and the Management due to the voluntarily resignation of the auditors. In addition, the external auditors was invited to attend the Annual General Meeting of the Company to answer shareholders' questions on the conduct of the audit and the preparation and content of the audit report.

# CORPORATE GOVERNANCE STATEMENT

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

## 4. INTEGRITY IN FINANCIAL REPORTING (CONT'D)

### 4.1 Financial Statements Compliance (Cont'd)

An appropriate relationship was maintained with the Group's auditors through the Audit Committee. The Audit Committee was 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 52 to 58 of this Annual Report.

### 4.2 External Auditors

The Audit Committee reviews and assesses the performance, suitability and independence of external auditors annually. A policy was established which the provision of non-audit services stated and procedures that must be followed by the external auditors.

Non-audit services to the Group was possible according to the following circumstances :-

1. The external auditor maintain their independence 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 provided a written assurance to the Board confirming that they are, and have been, independent throughout during an 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. The Audit Committee ensured that the independence and objectivity of the external auditors was not be compromised.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2015 to the external auditors are set out below :-

Details of fees	The Company (RM'000)	The Group (RM'000)
Statutory Audit	35	83
Other Services	3	3

## 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 was designed to meet the Group's needs and to manage risks. This was a continuous process which includes risk assessments, internal controls reviews and internal audit checks on all companies within the Group. This ensured that the Group's assets were safeguarded in the interest of preserving the investment of Shareholders.

## CORPORATE GOVERNANCE STATEMENT

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

### 5. RECOGNISE AND MANAGE RISKS (CONT'D)

#### 5.1 Risk Management (Cont'd)

The size and the nature of the Group's operations involve the acceptance and management of a variety of risks. Existence of risks meant 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 were 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 was clearly assigned and that identified risks affecting the Company and the Group were satisfactorily addressed on an ongoing basis.

#### 5.2 Internal Auditors

The Board was responsible 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 GovernanceAdvisory.com Sdn. Bhd. on 13 April 2015 to carry out the internal audit function of the Group for the financial year ended 31 December 2015. GovernanceAdvisory.com Sdn. Bhd. was a professional firm of qualified accountants and independent of the activities and operations of the Group. The Audit Committee 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 conducted 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 were circulated to the Directors for notation and for action by the Board where appropriate. The Board through the Audit Committee reviewed the adequacy and integrity of the Group's system of internal controls and the Board's Statement on Risk Management and Internal Control are on pages 59 to 61 of this Annual Reports.

### 6. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### 6.1 Corporate Disclosure Policy

The Board was committed to the highest standards of accountability and transparency with shareholders. The Board 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 according to all applicable legal and regulatory requirements to promote effective communication with shareholders during Annual General Meetings. 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 was 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](http://www.ta-win.com).

## CORPORATE GOVERNANCE STATEMENT

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

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

#### 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 was 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 the Company's website
- Audited Financial Statements which are available on Bursa and the Company's website
- Quarterly Financial Reports which are available on Bursa and the Company's website
- Emails either directly to the Company or through the share registrar or Company Secretary
- Disclosures and announcements as required by Listing Requirements

The shareholders can access the Company's website, [www.ta-win.com](http://www.ta-win.com) as an available source of relevant information concerning the operation of the Company, including disclosures, announcement, policies adopted and the Board charter and its other committees. The information on 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](http://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](http://www.ta-win.com) also houses all other corporate and financial information that is made available to the public, such as quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of the Listing Requirements of Bursa Malaysia Securities Berhad for Main Market and other corporate information on the Company.

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

# CORPORATE GOVERNANCE STATEMENT

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

## 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's 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, it will reduce the risk to the Group's reputation from fraudulent acts.

## 7. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 7.1 Shareholder Participation

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

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

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

# CORPORATE GOVERNANCE STATEMENT

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

## 7. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

### 7.2 Poll Voting

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

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

All this while, the Board recognises the value of female members of the Board. The female representation was 14%. The Board through the Nomination Committee evaluated the diversity of the Board would be taken into account. However, the Board also recognised that the selection of the board members was based on competency, ability, leadership quality and qualification, specialized knowledge of the industry the Group's needs. Further, the Company conducted the assessment on the workforce diversity by age, gender, physical disability, race or religion was presented in page 19 of this Annual Report. The result from this analysis can assist the Company to establish a new workforce and workplace diversity measurement. 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

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

### 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 Dr. Aliyah Binti Dato' Baharuddin Marji as the Independent Non-Executive Directors have exceeded a cumulative term of ten (10) years. The Nomination Committee and the Board are satisfied that they are demonstrably independent and their length of services on the Board for 14 years and 12 years, respectively do not in any way impair their independent status and interfere with the objective judgement or their ability to act in the best interests of the Company. They still preserved their independence positioning between the Management and the external auditors of the Group during their tenure of office. Each of them continues to fulfill the definition of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

# 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 2015.

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

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

Wu, Ying-Ju (Independent Non-Executive Director)

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

## 2. Terms of Reference

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

### MEMBERSHIP

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

- (a) shall be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he has at least three (3) years' working experience and:
  - (i) he has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - (ii) he is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.or;
- (c) either one of the following qualifications and at least 3 years' post qualification experience in accounting or finance:-
  - i) a degree/master/doctorate in accounting or finance; or
  - ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountantsor;

### 2. Terms of Reference (Cont'd)

#### MEMBERSHIP (Cont'd)

- (d) shall have 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- (e) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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

#### MEETING AND MINUTES

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

#### QUORUM

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

#### AUTHORITY

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

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

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

# AUDIT COMMITTEE REPORT

## 2. Terms of Reference (Cont'd)

### 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);
- d) To do the following and report the same to the Board of Directors of the Company, in relation to the internal audit function :-
  - 1) review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether its has the necessary authority to carry out its work;
  - 2) review the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate action are taken on the recommendations of the internal audit function;
  - 3) review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;
  - 4) approve any appointment or termination of senior staff members of the internal audit function; and
  - 5) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- e) To review the effectiveness of the management information system;
- f) To review the quarterly results and annual financial statements of the Company and the Group with both the external auditors and management and report the same to the Board of Directors of the Company, focusing particularly on :-
  - 1) any change in or implementation of accounting policies and practices;
  - 2) significant adjustment arising from the audit;
  - 3) any significant unusual events;
  - 4) the going concern assumption; and
  - 5) compliance with accounting standards and other legal requirements.
- g) To review the following and report the same to the Board of Directors of the Company :-
  - 1) with the external auditor, the audit plan;
  - 2) with the external auditor, his evaluation of the system of internal controls;
  - 3) with the external auditor, his audit report; and
  - 4) the assistance given by the employees of the Company and the Group to the external auditor.
- h) To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
- i) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- j) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptance levels;

## AUDIT COMMITTEE REPORT

### 2. Terms of Reference (Cont'd)

#### DUTIES (Cont'd)

- k) To consider and review any related-party transactions and potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- l) To review and report the same to the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment
- m) To review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees;
- n) Any such other functions as may be agreed by the Committee and the Board.

#### RESPONSIBILITY

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

#### REVIEW OF THE COMPOSITION OF THE COMMITTEE

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

### 3. Summary of Audit Committee Activities

The Audit Committee held a total of six (6) meetings during the financial year ended 31 December 2015. 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	6	6
Aliyah Binti Dato' Hj. Baharuddin Marji	Independent Non-Executive Director	6	5
Wu, Ying-Ju	Independent Non-Executive Director	6	6

## AUDIT COMMITTEE REPORT

### 3. Summary of Audit Committee Activities (Cont'd)

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 2014 and make recommendations to the Board of Directors for approval
- e. discussed and reviewed the audit findings from the external auditors for the financial year ended 31 December 2015
- f. discussed and reviewed the results between the unaudited fourth quarterly report, profit forecast and financial projection of the Company for the financial year ended 31 December 2015;
- 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 2015 and the selection of the internal auditors.
- 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 2015 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.
- m. discussed and reviewed the Company's investment in China
- n. discussed the tentative timetable for the 2016 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 Statement of Directors' Responsibility for the financial year ended 31 December 2014

### 3. Summary of Audit Committee Activities (Cont'd)

- q. discussed and reviewed the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2014
- r. discussed and reviewed the Audit Committee Report for the financial year ended 31 December 2014
- s. discussed and reviewed the Statement on Corporate Governance for the financial year ended 31 December 2014
- t. discussed and reviewed the Statement on Internal Audit Function for the financial year ended 31 December 2014
- u. 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
- v. discussed and reviewed the profit and financial projection of the Company for the financial year ending 31 December 2016 prepared by the Management of the Company
- w. discussed and reviewed the prescribe criteria in relation to the financial condition and level of operations of the listed issuer set under Practice Note 17.
- x. Discussed and considered the notices of nomination from the members of the Company for appointment of auditors.
- y. discussed and considered the banking facilities granted by the financial institution granted to the subsidiary of the Company and provision of the corporate guarantee by 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.



## AUDIT COMMITTEE REPORT

### 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 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 findings are adequately addressed by the management.

Follow-up visits were carried out to ensure weaknesses identified have been or are being addressed. Status report on follow up actions was tabled to the Audit Committee.

The total costs incurred for the internal audit function of the Company and the Group for 2015 are as follows :-

	<b>RM'000</b>
Company	24
Group	24

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

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

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

## Board Responsibility

The Board acknowledges and is committed to its overall responsibility for maintaining a sound internal control system and for reviewing its adequacy and integrity on financial, operational, environmental and compliance controls, and risk management procedures. Its responsibilities also include embedding the risk management framework in all aspect 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 changing business environment, the effectiveness of an internal control system may vary over time. The rationale 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 would receive timely information pertaining to the Group's performance and profitability through monthly and weekly reports which consists 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.

## Other Key Elements of Internal Control

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 2015. 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 26 April 2016.

## 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

64	Directors' report
67	Statement by directors
67	Statutory declaration
68	Independent auditors' report
70	Statements of financial position
71	Statements of profit or loss and other comprehensive income
72	Statements of changes in equity
74	Statements of cash flows
76	Notes to the financial statements
116	Supplementary information

# DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

## FINANCIAL RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit/(Loss) for the year attributable to owners of the Company	457	(77)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been 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 any dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

## OPTIONS

No option has been granted during the financial year covered by the Statements of Profit or Loss and Other Comprehensive Income to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.



## DIRECTORS' REPORT

### DIRECTORS

The directors who served since the date of the last report are: -

Chen, Hsi-Tao	
Chen, Hung-Lin	
Yeoh Chin Kiang	
Mohd Khasan Bin Ahmad	
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	
Huang, Ching-Fan	
Wu, Jing-Yu	
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 acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of previous financial year, no director of the Company has received or become entitled to receive any benefit, other than those disclosed as directors' remuneration in the financial statements or those entered in the normal course of business, by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965, except as disclosed in Note 28 to the financial statements.

### DIRECTORS' INTERESTS

Details of holdings in the share capital of the Company and its related corporation by the directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act 1965, were as follows: -

Company	←———— Number of ordinary —————→ shares of RM1.00 each			As at 31.12.2015
	As at 1.1.2015	Acquired	Disposed	
<i>Direct interest</i>				
Chen, Hsi-Tao	26,447,398	-	-	26,447,398
Chen Yu, Kuei-Feng	1,646,400	-	-	1,646,400
Chen, Hung-Lin	3,099,920	-	-	3,099,920
Yeoh Chin Kiang	152,700	-	-	152,700
Chen, Hung-Ping	3,045,720	-	-	3,045,720
Lau Po Cheng	33,000	-	-	33,000

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 also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year hold any shares in the Company or its related corporations during the financial year.

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION

- (a) The directors, before the Statements of Profit or Loss and Other Comprehensive Income and Statements of Financial Position of the Group and of the Company were made out, 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 allowance for doubtful debts and have satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their value 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) The directors are not aware of any circumstances, at the date of this report, which would render:-
- (i) it necessary to write off any bad debts or to providing of allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (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 and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:-
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and 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 and of the Company for the financial year in which this report is made.

### AUDITORS

The auditors, ECOVIS AHL PLT, have expressed their willingness to accept re-appointment.

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

**CHEN, HSI-TAO**

**CHEN, HUNG-LIN**

MELAKA

Date: 26 April 2016

## 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 financial statements set out on pages 70 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 of 31 December 2015 and of their financial performance and cash flows for the year then ended.

In the opinion of the directors, the information set out in Note 30 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**CHEN, HSI-TAO**

**CHEN, HUNG-LIN**

MELAKA

Date: 26 April 2016

## 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 financial statements set out on pages 70 to 116, are to the best of my knowledge and belief, 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 )  
26 April 2016

**CHEN, HSI-TAO**

Before me,

Zalina Binti Zainuddin  
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 the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and 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 70 to 116.

#### *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 Companies Act, 1965 in Malaysia, and 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 about 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 the fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 of 31 December 2015 and of their financial performance and cash flows for the year then ended.

### 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 subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF TA WIN HOLDINGS BERHAD (Incorporated in Malaysia)

### Report on Other Legal and Regulatory Requirements (cont'd)

- c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) Other than the subsidiary with modified opinion in the auditors' report as disclosed in Note 5 to the financial statements, the auditors' report on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

The supplementary information set out in Note 30 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

**ECOVIS AHL PLT**  
AF 001825  
Chartered Accountants

**KHOR KENG LIEH**  
2733/07/17 (J)  
Chartered Accountant

**JOHOR BAHRU**  
Date: 26 April 2016

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	42,632	36,390	-	-
Investment property	4	1,500	1,350	-	-
Investment in subsidiaries	5	-	-	93,782	93,782
		<u>44,132</u>	<u>37,740</u>	<u>93,782</u>	<u>93,782</u>
<b>CURRENT ASSETS</b>					
Inventories	6	54,489	46,149	-	-
Trade and other receivables	7	52,800	62,901	8	10
Amount due by subsidiaries	8	-	-	9,103	9,103
Current tax assets		361	233	234	233
Cash and bank balances	9	18,736	11,510	89	127
		<u>126,386</u>	<u>120,793</u>	<u>9,434</u>	<u>9,473</u>
<b>TOTAL ASSETS</b>		<u>170,518</u>	<u>158,533</u>	<u>103,216</u>	<u>103,255</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>					
Share capital	10	64,286	64,286	64,286	64,286
Share premium	11	1,798	1,798	1,798	1,798
Reserves	11	19,475	13,010	-	-
(Accumulated losses)/ Retained profits		(19,039)	(19,496)	17,003	17,080
<b>TOTAL EQUITY</b>		<u>66,520</u>	<u>59,598</u>	<u>83,087</u>	<u>83,164</u>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	12	3,400	295	-	-
Hire purchase payables	13	151	219	-	-
		<u>3,551</u>	<u>514</u>	<u>-</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	14	30,075	31,069	48	78
Amount due to directors	15	769	578	127	127
Amount due to subsidiaries	8	-	-	19,954	19,886
Loans and borrowings	16	69,539	66,120	-	-
Hire purchase payables	13	64	64	-	-
Current tax liabilities		-	590	-	-
		<u>100,447</u>	<u>98,421</u>	<u>20,129</u>	<u>20,091</u>
<b>TOTAL LIABILITIES</b>		<u>103,998</u>	<u>98,935</u>	<u>20,129</u>	<u>20,091</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>170,518</u>	<u>158,533</u>	<u>103,216</u>	<u>103,255</u>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>REVENUE</b>	17	456,697	471,722	277	280
<b>COST OF SALES</b>		(439,974)	(463,942)	-	-
<b>GROSS PROFIT</b>		16,723	7,780	277	280
<b>ADD: OTHER INCOME</b>	18	433	356	-	-
<b>LESS: DISTRIBUTION EXPENSES</b>		(2,143)	(2,017)	-	-
<b>LESS: ADMINISTRATIVE EXPENSES</b>		(9,938)	(7,838)	(354)	(406)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>		5,075	(1,719)	(77)	(126)
<b>LESS: FINANCE COSTS</b>	19	(2,991)	(2,844)	-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>	20	2,084	(4,563)	(77)	(126)
<b>INCOME TAX EXPENSE</b>	21	(1,627)	(295)	-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		457	(4,858)	(77)	(126)
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Revaluation surplus of property		4,512	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences for foreign operations		1,953	134	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		6,922	(4,724)	(77)	(126)
<b>EARNINGS PER ORDINARY SHARE (SEN):</b>					
Basic	22	0.71	(7.56)		

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Group	← Attributable to owners of the Company →					Total equity RM'000
	← Non-distributable →				Distributable Accumulated losses RM'000	
	Share capital (Note 10) RM'000	Share premium (Note 11) RM'000	Translation reserve (Note 11) RM'000	Revaluation reserve (Note 11) RM'000		
At 1 January 2014	64,286	1,798	1,618	11,258	(14,638)	64,322
Loss for the year	-	-	-	-	(4,858)	(4,858)
<b>Other comprehensive income:</b>						
Foreign currency translation differences for foreign operations	-	-	134	-	-	134
<b>Total comprehensive income/(expense) for the year</b>	-	-	134	-	(4,858)	(4,724)
At 31 December 2014	64,286	1,798	1,752	11,258	(19,496)	59,598
Profit for the year	-	-	-	-	457	457
<b>Other comprehensive income:</b>						
Foreign currency translation differences for foreign operations	-	-	1,953	-	-	1,953
Revaluation surplus of property (Note 11)	-	-	-	4,512	-	4,512
<b>Total comprehensive income for the year</b>	-	-	1,953	4,512	457	6,922
At 31 December 2015	64,286	1,798	3,705	15,770	(19,039)	66,520

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

<b>Company</b>	<b>Non-Distributable Share capital (Note 10) RM'000</b>	<b>Share premium (Note 11) RM'000</b>	<b>Distributable Retained profits (Note 11) RM'000</b>	<b>Total equity RM'000</b>
At 1 January 2014	64,286	1,798	17,206	83,290
Loss/Total comprehensive expense for the year	-	-	(126)	(126)
At 31 December 2014	64,286	1,798	17,080	83,164
Loss/Total comprehensive expense for the year	-	-	(77)	(77)
At 31 December 2015	64,286	1,798	17,003	83,087

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

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before tax	2,084	(4,563)	(77)	(126)
Adjustments for:-				
Bad debts written off	-	444	-	-
Depreciation of property, plant and equipment	3,901	4,762	-	-
Property, plant and equipment written off	53	50	-	-
Interest expenses	2,991	2,844	-	-
Unrealised loss on foreign exchange	1,067	1,152	-	-
Gain from fair value adjustment of investment property	(150)	-	-	-
Gain on disposal of property, plant and equipment	-	(33)	-	-
Interest income	(50)	(34)	-	-
Operating profit/(loss) before changes in working capital	9,896	4,622	(77)	(126)
Decrease/(increase) in working capital				
Inventories	(8,340)	256	-	-
Trade and other receivables	12,434	(12,614)	(4)	3
Trade and other payables	(2,558)	(6,006)	(30)	8,908
Amount due by/(to) subsidiaries	-	-	68	(9,100)
Amount due to directors	191	(138)	-	-
Cash generated from/(used in) operations	11,623	(13,880)	(43)	(315)
Interest paid	(2,991)	(2,844)	-	-
Interest received	50	34	-	-
Tax refund/(paid)	744	(746)	5	3
Net cash from/(used in) operating activities	9,426	(17,436)	(38)	(312)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(508)	(597)	-	-
Proceeds from disposal of property, plant and equipment	-	60	-	-
Placement of deposit pledged with bank	(1,929)	(14)	-	-
<b>Net cash used in investing activities</b>	<b>(2,437)</b>	<b>(551)</b>	<b>-</b>	<b>-</b>

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

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net proceeds from/(repayment of) loans and borrowings	3,419	8,462	-	-
Repayment of hire purchase financing	(68)	(57)	-	-
Net cash from financing activities	3,351	8,405	-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10,340	(9,582)	(38)	(312)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	9,967	20,602	127	439
Effects of exchange rate changes on the balance of cash held in foreign currencies	(5,043)	(1,053)	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	15,264	9,967	89	127
Cash and cash equivalents comprise the following:-				
Cash and bank balances (Note 9)	15,264	9,967	89	127

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 4-1, Komplek Niaga Melaka Perdana, Jalan KNMP 3, Bukit Katil, 75450 Melaka. The principal place of business of the Company is located at Lot 63-68 Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2016.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

### (a) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and comply with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The financial statements are reported in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (b) Statement of compliance

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016**

Amendments to MFRS 5, Non-Current Assets Held for Sale and Discontinued operation (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

MFRS 14, Regulatory Deferral Accounts

Amendments to MFRS 101, Presentation of Financial Statements - Disclosures Initiative

Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Bearer Plants

Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 127, Separate Financial Statements - Equity Method in Separate Financial Statements

Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (b) Statement of compliance (Cont'd)

##### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

Amendments to MFRS 107, Statement of Cash Flows - Disclosure Initiative

Amendments to MFRS 112, Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

##### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

MFRS 9, Financial Instruments (2014)

MFRS 15, Revenue from Contracts with Customers

##### **MFRSs, Interpretations and amendments effective for a date yet to be confirmed**

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements upon their first adoption, except as mentioned below:

##### *MFRS 9 Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

##### *MFRS 15, Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, Construction Contract, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services.

The Group is currently assessing the financial impact of adopting MFRS 9 and MFRS 15.

#### (c) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (c) Basis of consolidation (Cont'd)

##### (ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

##### (iv) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that the common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of the equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

##### (v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (c) Basis of consolidation (Cont'd)

##### (vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (vii) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

- Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (c) Basis of consolidation (Cont'd)

##### (vii) Joint arrangements (Cont'd)

- Joint operation (Cont'd)

The Group and the Company recognise in relation to its interest in a joint operation:

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

- Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount with its carrying amount.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

- (a) the structure of the joint arrangement;
- (b) the legal form of joint arrangements structured through a separate vehicle;
- (c) the contractual terms of the joint arrangement agreement; and
- (d) any other facts and circumstances.

When there are changes in the facts and circumstances, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (c) Basis of consolidation (Cont'd)

##### (viii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (ix) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (d) Foreign currencies

##### (i) Functional and presentation currency

The separate financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

##### (ii) Foreign currency transaction and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (d) Foreign currencies (Cont'd)

##### (ii) Foreign currency transaction and balances (Cont'd)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

##### (iii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at exchange rates at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### (e) Financial instruments

##### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (e) Financial instruments (Cont'd)

##### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### **Financial assets**

##### **(a) Financial assets at fair value through profit or loss**

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### **(b) Held-to-maturity investments**

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

##### **(c) Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

##### **(d) Available-for-sale financial assets**

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (e) Financial instruments (Cont'd)

##### (ii) Financial instrument categories and subsequent measurement (Cont'd)

###### Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

##### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (f) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount or which a property could be exchanged between knowledgeable, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within 'other income' and 'other expenses' respectively in profit or loss.

##### ***Property, plant and equipment under the revaluation model***

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Freehold land is not depreciated. Property, plant and equipment under construction is not depreciated until the assets are ready for their intended use.

The annual depreciation rates used for the current and comparative periods are as follows: -

<b>Leasehold land</b>	<b>50 – 99 years</b>
<b>Buildings</b>	<b>50 years</b>
	%
Plant and machinery	10
Furniture and equipment	10
Motor vehicles	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

#### (g) Leased asset

##### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or both.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (g) Leased asset (Cont'd)

##### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

#### (h) Goodwill

Goodwill which arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint venture.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

#### (i) Investment property

##### (i) Investment property carried at fair value

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

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) Investment property (Cont'd)

##### (ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

#### (j) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

#### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

#### (l) Impairment

##### Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates and joint venture) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (I) Impairment (Cont'd)

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

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, 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, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

##### Other assets

The carrying amounts of the other assets (except for inventories, amount due from contract customers, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purposes of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (l) Impairment (Cont'd)

##### Other assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating unit) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Cost directly attributable to the issue of instruments classified as equity is recognised as a deduction from equity.

##### (II) Ordinary shares

Ordinary shares are classified as equity.

#### (n) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (n) Employee benefits (Cont'd)

##### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (o) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### (p) Revenue and other income

##### (i) Goods sold

Revenue from sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

##### (ii) Dividend income

Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

##### (iii) Management fees

Management fees are recognised as when services are rendered.

##### (iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from investment and subleased properties are recognised as other income.

##### (v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing eligible for capitalisation.

#### (r) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

#### (s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (s) Income tax (Cont'd)

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any unutilised portion of a tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### (t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### (u) Operating segments

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (v) Contingencies

##### (i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

##### (ii) Contingent assets

Where an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

#### (w) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or a liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (x) Use of estimates and judgements (Cont'd)

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

#### (i) Valuation 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 properties 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 4.

#### (ii) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

#### (iii) Impairment of investment in subsidiaries

The Company carried out the impairment test based on a variety estimation of including the value-in-use of the cash-generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value-in-use and the probability of the realisation of assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at the reporting date. An impairment loss is recognised immediately in profit or loss if the recoverable amount is less than carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT

<b>Group 2015</b>	<b>As at 1.1.2015 RM'000</b>	<b>Additions RM'000</b>	<b>Revaluation RM'000</b>	<b>Disposals/ Written off RM'000</b>	<b>Effects of movements in exchange rates RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>At valuation</b>						
Leasehold land	12,713	-	1,694	-	-	14,407
Buildings	23,611	-	4,322	-	3,390	31,323
	36,324	-	6,016	-	3,390	45,730
<b>At cost</b>						
Plant and machinery	90,183	471	-	-	5,065	95,719
Furniture and equipment	1,492	36	-	(53)	76	1,551
Motor vehicles	4,155	-	-	-	157	4,312
Capital-in-progress	-	1	-	-	-	1
	132,154	508	6,016	(53)	8,688	147,313

	<b>As at 1.1.2015 RM'000</b>	<b>Change for the year RM'000</b>	<b>Revaluation RM'000</b>	<b>Disposals/ Written off RM'000</b>	<b>Effects of movements in exchange rates RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>Accumulated depreciation</b>						
Leasehold land	1,257	293	-	-	-	1,550
Buildings	5,802	961	-	-	726	7,489
Plant and machinery	84,265	2,244	-	-	4,164	90,673
Furniture and equipment	1,453	39	-	-	50	1,542
Motor vehicles	2,987	364	-	-	76	3,427
	95,764	3,901	-	-	5,016	104,681

<b>Group 2014</b>	<b>As at 1.1.2015 RM'000</b>	<b>Additions RM'000</b>	<b>Disposals/ Written off RM'000</b>	<b>Reclassifi- cation RM'000</b>	<b>Effects of movements in exchange rates RM'000</b>	<b>As at 31.12.2014 RM'000</b>
<b>At valuation</b>						
Leasehold land	12,328	-	-	-	385	12,713
Buildings	23,256	-	-	(361)	716	23,611
	35,584	-	-	(361)	1,101	36,324
<b>At cost</b>						
Plant and machinery	88,947	26	(98)	(479)	1,787	90,183
Furniture and equipment	1,638	38	(55)	(151)	22	1,492
Motor vehicles	3,181	873	(924)	991	34	4,155
	129,350	937	(1,077)	-	2,944	132,154

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

<b>Group 2014</b>	<b>As at 1.1.2014 RM'000</b>	<b>Charge for the year RM'000</b>	<b>Disposals/ Written off RM'000</b>	<b>Reclassifi- cation RM'000</b>	<b>Effects of movements in exchange rates RM'000</b>	<b>As at 31.12.2014 RM'000</b>
<b>Accumulated depreciation</b>						
Leasehold land	1,172	49	-	-	36	1,257
Buildings	4,929	1,073	-	(355)	155	5,802
Plant and machinery	80,396	3,297	(71)	(633)	1,276	84,265
Furniture and equipment	1,417	30	(5)	(2)	13	1,453
Motor vehicles	2,582	313	(924)	990	26	2,987
	90,496	4,762	(1,000)	-	1,506	95,764

<b>Net carrying amount</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Leasehold land	12,857	11,456
Buildings	23,834	17,809
Plant and machinery	5,046	5,918
Furniture and equipment	9	39
Motor vehicles	885	1,168
Capital-in-progress	1	-
	42,632	36,390

#### Revaluation of land and buildings

Has the revalued leasehold land and buildings been carried at cost model, their carrying amounts would have been follows:

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Leasehold land	2,104	1,935
Buildings	9,080	9,046
As end of the year	11,184	10,981

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

#### Revaluation of land and buildings (Cont'd)

The leasehold land and buildings are stated at valuation by accredited independent valuers having appropriate recognised professional qualification based on the open market values on an existing use basis, as follow:

<u>Date of valuation</u>	<u>Description of property</u>	<u>Valuation amount</u> RM'000
30 September 2015	Factory	22,261
20 October 2015	Apartment	430
28 October 2015	Factory	14,000
		<u>36,691</u>

#### Security

Certain leasehold land and buildings of subsidiaries with carrying amount of RM36,261,000 (2014: RM28,895,000) are charged to banks as security for bank facilities granted to the subsidiaries.

### 4. INVESTMENT PROPERTIES

	Group	
	2015 RM'000	2014 RM'000
<b>At fair value</b>		
At beginning of the year	1,350	1,350
Fair value adjustments	150	-
At end of the year	<u>1,500</u>	<u>1,350</u>

Investment properties comprise a leasehold commercial property leased to third party.

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

	Group	
	2015 RM'000	2014 RM'000
Rental income	67	55
Direct operating expenses - income generating investment properties	(3)	(3)

The fair values of all investment properties are determined based on indicative valuation by registered valuers having appropriate recognised professional qualification and arrived at by reference to transaction prices for similar properties.

Fair value of investment properties are categorised as level 2 fair value as described in Note 2(w) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
At cost		
Unquoted shares	106,491	106,491
Less: Impairment loss	(12,709)	(12,709)
	<u>93,782</u>	<u>93,782</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2015	2014
Ta Win Industries (M) Sdn. Bhd. ("TWI")	Malaysia	Manufacturing 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%

\* Not audited by member firms of Ecovis International.

# The auditors' report of the subsidiary was modified relating to the impairment of inventories. The Group has taken up this impairment in consolidated financial statements.

### 6. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
At cost:		
Raw materials	30,395	27,708
Work-in-progress	11,842	5,589
Finished goods	5,541	6,530
Consumables	2,927	1,012
	<u>50,705</u>	<u>40,839</u>
At net realisable value:		
Raw materials	-	2,253
Work-in-progress	1,214	-
Finished goods	2,570	3,057
	<u>3,784</u>	<u>5,310</u>
	<u>54,489</u>	<u>46,149</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	48,027	60,616	-	-
Advance payment	3,060	-	-	-
Sundry receivables	1,380	1,509	-	-
Sundry deposits	98	28	1	1
Prepayments	235	748	7	9
	4,773	2,285	8	10
	52,800	62,901	8	10

Further information for trade receivables is disclosed in Note 25(c) to the financial statements.

### 8. AMOUNT DUE BY/(TO) SUBSIDIARIES

These represent unsecured, interest-free advances with no fixed term of repayment.

### 9. CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	3,472	1,543	-	-
Cash and bank balances	15,264	9,967	89	127
	18,736	11,510	89	127

The deposits placed with licensed banks of the Group is pledged for bank facility granted to a subsidiary.

### 10. SHARE CAPITAL

	Group and Company			
	2015 Number ('000)	2015 RM'000	2014 Number ('000)	2014 RM'000
Ordinary shares of RM1 each:				
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid shares classified as equity instrument	64,286	64,286	64,286	64,286

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. RESERVES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-distributable</b>				
Share premium	1,798	1,798	1,798	1,798
Foreign currency translation reserve	3,705	1,752	-	-
Revaluation reserve	15,770	11,258	-	-
	19,475	13,010	-	-
	21,273	14,808	1,798	1,798

#### (i) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. It is not to be distributed by way of cash dividends and its utilisation shall be in a manner as set out in Section 60(2) of the Companies Act, 1965 in Malaysia.

#### (ii) Revaluation reserve

The 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.

	Group	
	2015 RM'000	2014 RM'000
At beginning of the year	11,258	11,258
Revaluation of property, plant and equipment	6,016	-
Tax expense (Note 12)	(1,504)	-
At end of the year	15,770	11,258

#### (iii) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. DEFERRED TAX LIABILITIES

	Group	
	2015 RM'000	2014 RM'000
At beginning of the year	295	-
Recognised in other comprehensive income (Note 11)	1,504	-
Recognised in profit or loss (Note 21)	1,601	295
At end of the year	3,400	295
<b>Represented by:</b>		
Deferred tax assets	(3,102)	(4,686)
Deferred tax liabilities	6,502	4,981
	3,400	295

The components of deferred tax assets and liabilities as at the end of the financial year, prior to offsetting are as follows:

Group	Unutilised tax losses RM'000	Foreign exchange RM'000	Total RM'000
<b>Deferred tax assets</b>			
At 1 January 2014	(5,062)	(55)	(5,117)
Recognised in profit or loss	390	41	431
At 31 December 2014	(4,672)	(14)	(4,686)
Recognised in profit or loss	1,570	14	1,584
At 31 December 2015	(3,102)	-	(3,102)

Group	Accelerated capital allowance RM'000	Revaluation surplus and fair value RM'000	Foreign exchange RM'000	Total RM'000
<b>Deferred tax liabilities</b>				
At 1 January 2014	532	4,585	-	5,117
Recognised in profit or loss	(125)	(11)	-	(136)
At 31 December 2014	407	4,574	-	4,981
Recognised in other comprehensive income	-	1,504	-	1,504
Recognised in profit or loss	(49)	(190)	256	17
At 31 December 2015	358	5,888	256	6,502



## NOTES TO THE FINANCIAL STATEMENTS

### 13. HIRE PURCHASE PAYABLES

	Group	
	2015 RM'000	2014 RM'000
Non-current	151	219
Current	64	64
	<u>215</u>	<u>283</u>

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
<b>2015</b>			
Less than one year	76	(12)	64
Between one and five years	164	(13)	151
	<u>240</u>	<u>(25)</u>	<u>215</u>

<b>2014</b>			
Less than one year	76	(12)	64
Between one and five years	239	(20)	219
	<u>315</u>	<u>(32)</u>	<u>283</u>

### 14. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	9,628	7,619	-	-
Other payables:				
Sundry payables	19,775	21,441	-	-
Accruals	672	2,009	48	78
	<u>20,447</u>	<u>23,450</u>	<u>48</u>	<u>78</u>
	<u>30,075</u>	<u>31,069</u>	<u>48</u>	<u>78</u>

Included in sundry payables is amount of RM17,407,000 (2014: RM14,141,000) bearing interest at rate of 2% (2014: 2%) per annum and repayable on demand.

### 15. AMOUNT DUE TO DIRECTORS

This represents unsecured, interest-free advances with no fixed term of repayment.

## NOTES TO THE FINANCIAL STATEMENTS

### 16. LOANS AND BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
<b>Current Secured</b>		
- Import loan	24,588	11,312
- Fixed rate RMB loan	5,637	10,811
- Bankers acceptance	39,314	43,997
	69,539	66,120
	69,539	66,120

The loans and borrowings are secured by mean of: -

- (a) fixed charge over the leasehold land and buildings of the Group as referred to in Note 3;
- (b) pledged of fixed deposit as referred to in Note 9;
- (c) corporate guarantee by the Company.

### 17. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	456,697	471,722	-	-
Management fee	-	-	277	280
	456,697	471,722	277	280
	456,697	471,722	277	280

### 18. OTHER INCOME

	Group	
	2015 RM'000	2014 RM'000
Interest income	50	34
Rental income from investment property	95	81
Gain on disposal of property, plant and equipment	-	33
Gain from fair value adjustment of investment property	150	-
Processing fee	57	-
Miscellaneous	81	208
	433	356
	433	356

## NOTES TO THE FINANCIAL STATEMENTS

### 19. FINANCE COSTS

	Group	
	2015	2014
	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- Bank borrowings	2,984	2,838
- Hire purchase	7	6
	<u>2,991</u>	<u>2,844</u>

### 20. LOSS BEFORE TAX

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax are stated after charging/(crediting):				
Auditors' remuneration				
- current year	83	74	26	27
- underprovision in prior year	-	4	-	-
- other services	3	20	-	20
Bad debts written off	-	444	-	-
Depreciation of property, plant and equipment	3,901	4,762	-	-
Executive directors' remuneration	641	621	-	-
Non-executive directors' fees	172	172	172	172
Net loss on foreign exchange	4,158	321	-	-
Property, plant and equipment written off	53	50	-	-
Unrealised loss on foreign exchange	1,067	1,152	-	-
Rental of premises	86	68	-	-
Staff costs (excludes directors' remuneration):				
- wages, salaries and others	5,325	4,343	-	-
- contribution to state plans	459	325	-	-
- other personnel costs	148	120	-	-
	<u>148</u>	<u>120</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 21. INCOME TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Recognised in profit or loss:-</b>				
Current tax expense:-				
Malaysian income tax	26	-	-	-
Deferred tax expense:-				
Origination and reversal of temporary differences	1,630	173	-	-
Changes in tax rate	(29)	-	-	-
Underprovision in prior years	-	122	-	-
	1,601	295	-	-
Total income tax expense	1,627	295	-	-
<b>Reconciliation of tax expense:-</b>				
Profit/(Loss) before tax	2,084	(4,563)	(77)	(126)
Income tax calculated using Malaysian tax rate of 25% (2014:25%)	521	(1,141)	(19)	(32)
Non-deductible expenses	26	68	19	32
Income not subject to tax	(32)	(55)	-	-
Different tax rates in other jurisdictions	13	15	-	-
Deferred tax assets not recognised	1,128	1,286	-	-
Changes in tax rate	(29)	-	-	-
Underprovision of deferred tax in prior years	-	122	-	-
Tax expense for the year	1,627	295	-	-

\* The Malaysian Budget 2014 announced the reduction of corporate tax rate to 24% with effect from Year of Assessment 2016. Consequently, deferred tax assets and liabilities which are expected to reverse in year 2016 and beyond are measured using the tax rate of 24%.

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2015 RM'000	2014 RM'000
Tax effects of:-		
Unutilised tax losses	15,260	11,535

The unutilised tax losses do not expire under current tax legislation, except the use of tax losses of RM15,260,000 (2014: RM11,535,000) 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. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group Entities can utilise the benefits there from.

## NOTES TO THE FINANCIAL STATEMENTS

### 22. EARNINGS/(LOSS) PER ORDINARY SHARE

#### Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015	2014
Profit/(Loss) attributable to ordinary shareholders (RM'000)	457	(4,858)
Weighted average number of ordinary shares at 31 December	64,286	64,286
Basic earning/(loss) per ordinary share (sen)	0.7	(7.6)

#### Diluted earnings/(loss) per ordinary share

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

### 23. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2015 RM'000	2014 RM'000
Additions during the year (Note 3)	508	937
Financed by hire purchase agreement	-	(340)
	508	597

### 24. OPERATING SEGMENTS

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, segment profit/(loss) and non-current assets information based on the geographical location of customers and assets respectively are as follows:

Group	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	395,276	394,615	18,062	16,902
Hong Kong	-	2,529	32	38
People's Republic of China	61,421	74,578	26,038	20,800
Consolidated	456,697	471,722	44,132	37,740

## NOTES TO THE FINANCIAL STATEMENTS

### 24. OPERATING SEGMENTS (Cont'd)

	Segment profit/(loss)	
	2015	2014
	RM'000	RM'000
Malaysia	11,196	2,131
Hong Kong	(147)	(164)
People's Republic of China	(5,827)	(3,523)
Others	(147)	(163)
	5,075	(1,719)
Finance costs	(2,991)	(2,844)
Consolidated	2,084	(4,563)

#### Major customer

Revenue to one major customer amounted to RM98,707,000 (2014: RM80,898,000), arising from sales by the Group.

### 25. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Loans and receivables ('L&R')
- Financial liabilities measured at amortised cost ('FL')

	Group		Company	
	Carrying amount	L & R/(FL)	Carrying amount	L & R/(FL)
	RM'000	RM'000	RM'000	RM'000
<b>31 December 2015</b>				
<b>Financial assets</b>				
Trade receivables	48,027	48,027	-	-
Other receivables, exclude prepayments	4,538	4,538	1	1
Amount due by a subsidiary	-	-	9,103	9,103
Cash and bank balances	18,736	18,736	89	89
	71,301	71,301	9,193	9,193
<b>Financial liabilities</b>				
Trade payables	(9,628)	(9,628)	-	-
Other payables	(20,447)	(20,447)	(48)	(48)
Amount due to directors	(769)	(769)	(127)	(127)
Amount due to a subsidiary	-	-	(19,954)	(19,954)
Loans and borrowings	(69,539)	(69,539)	-	-
Hire purchase payables	(215)	(215)	-	-
	(100,598)	(100,598)	(20,129)	(20,129)

## NOTES TO THE FINANCIAL STATEMENTS

### 25. FINANCIAL INSTRUMENTS (Cont'd)

#### (a) Categories of financial instruments (Cont'd)

	Group		Company	
	Carrying amount RM'000	L & R/(FL) RM'000	Carrying amount RM'000	L & R/(FL) RM'000
<b>31 December 2014</b>				
<b>Financial assets</b>				
Trade receivables	60,616	60,616	-	-
Other receivables, exclude prepayments	1,537	1,537	1	1
Amount due by a subsidiary	-	-	9,103	9,103
Cash and bank balances	11,510	11,510	127	127
	<u>73,663</u>	<u>73,663</u>	<u>9,231</u>	<u>9,231</u>
<b>Financial liabilities</b>				
Trade payables	(7,619)	(7,619)	-	-
Other payables	(23,450)	(23,450)	(78)	(78)
Amount due to directors	(578)	(578)	(127)	(127)
Amount due to a subsidiary	-	-	(19,886)	(19,886)
Loans and borrowings	(66,120)	(66,120)	-	-
Hire purchase payables	(283)	(283)	-	-
	<u>(98,050)</u>	<u>(98,050)</u>	<u>(20,091)</u>	<u>(20,091)</u>

#### (b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### (c) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

##### (i) Receivables

###### ***Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. FINANCIAL INSTRUMENTS (Cont'd)

#### (c) Credit risk (Cont'd)

##### (i) Receivables (Cont'd)

###### **Exposure to credit risk, credit quality and collateral**

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risks, are monitored individually.

The balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

###### **Impairment losses**

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Collective impairment RM'000</b>	<b>Net RM'000</b>
<b>Group</b>				
<b>2015</b>				
Not past due	32,632	-	-	32,632
Past due 0 - 1 month	10,686	-	-	10,686
Past due 1 - 2 months	3,876	-	-	3,876
Past due more than 2 months	833	-	-	833
	<u>48,027</u>	<u>-</u>	<u>-</u>	<u>48,027</u>
<b>Group</b>				
<b>2014</b>				
Not past due	40,670	-	-	40,670
Past due 0 - 1 month	15,792	-	-	15,792
Past due 1 - 2 months	4,154	-	-	4,154
Past due more than 2 months	-	-	-	-
	<u>60,616</u>	<u>-</u>	<u>-</u>	<u>60,616</u>

###### **Trade receivables that are past due but not impaired**

The Company has trade receivables amounting to RM15,395,000 (2014: RM19,810,000) that are past due at the reporting date but not impaired.



## NOTES TO THE FINANCIAL STATEMENTS

### 25. FINANCIAL INSTRUMENTS (Cont'd)

#### (c) Credit risk (Cont'd)

##### (ii) Financial guarantees

###### ***Risk management objectives, policies and processes for managing the risk***

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

###### ***Exposure to credit risk, credit quality and collateral***

The maximum exposure to credit risk amounts to a nominal amount of RM46,234,000 (2014: RM46,234,000) representing the corporate guarantee provided by the Company to financial institutions for banking facilities granted to subsidiaries.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

##### (iii) Inter-company loans and advances

###### ***Risk management objectives, policies and processes for managing the risk***

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

###### ***Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

###### ***Impairment losses***

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

#### (d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

###### ***Maturity analysis***

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. FINANCIAL INSTRUMENTS (Cont'd)

#### (d) Liquidity risk (Cont'd)

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000
<b>Group</b>					
<b>2015</b>					
<i>Non-derivative financial liabilities</i>					
Trade payables	9,628	-	9,628	9,628	-
Other payables	3,040	-	3,040	3,040	-
Sundry payable - interest bearing	17,407	2.0%	17,407	17,407	-
Amount due to directors	769	-	769	769	-
Import loan	24,588	3.5%	24,588	24,588	-
Fixed rate RMB loan	5,637	5.6%	5,637	5,637	-
Bankers acceptance	39,314	3.5%	39,314	39,314	-
Hire purchase payables	215	4.3%	240	76	164
	<u>100,598</u>		<u>100,623</u>	<u>100,623</u>	<u>164</u>
<b>2014</b>					
<i>Non-derivative financial liabilities</i>					
Trade payables	7,619	-	7,619	7,619	-
Other payables	7,300	-	7,300	7,300	-
Sundry payable - interest bearing	14,141	2.0%	14,141	14,141	-
Amount due to directors	578	-	578	578	-
Import loan	11,312	3.0%	11,312	11,312	-
Fixed rate RMB loan	10,811	5.6%	10,811	10,811	-
Bankers acceptance	43,997	3.7%	43,997	43,997	-
Hire purchase payables	283	4.3%	315	71	244
	<u>96,041</u>		<u>96,073</u>	<u>96,073</u>	<u>244</u>
<b>Company</b>					
<b>2015</b>					
<i>Non-derivative financial liabilities</i>					
Other payables	48	-	48	48	-
Amount due to directors	127	-	127	127	-
Amount due to a subsidiary	19,954	-	19,954	19,954	-
	<u>20,129</u>		<u>20,129</u>	<u>20,129</u>	-
<b>2014</b>					
<i>Non-derivative financial liabilities</i>					
Other payables	78	-	78	78	-
Amount due to directors	127	-	127	127	-
Amount due to a subsidiary	19,886	-	19,886	19,886	-
	<u>20,091</u>		<u>20,091</u>	<u>20,091</u>	-

## NOTES TO THE FINANCIAL STATEMENTS

### 25. FINANCIAL INSTRUMENTS (Cont'd)

#### (e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity price that will affect the Group's financial position or cash flows.

#### (i) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Group entities. The currency giving rise to this risk are primarily U.S. Dollar ("USD").

#### ***Risk management objectives, policies and processes for managing the risk***

In respect of monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group does not hedge this exposure. However, the Group keeps this policy under review.

#### ***Exposure to foreign currency risk***

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group Denominated in USD	
	2015 RM'000	2014 RM'000
<b>Functional currency of Group Entities</b>		
Ringgit Malaysia	(25,612)	(16,326)
Chinese Renminbi ("RMB")	(17,712)	(13,324)
Hong Kong Dollars ("HKD")	-	335
Net exposure	<u>(43,324)</u>	<u>(29,315)</u>

#### ***Currency risk sensitivity analysis***

A 10% (2014: 10%) strengthening of the Ringgit Malaysia against U.S. Dollar at the end of the reporting period would have increased pre-tax profit or loss by RM4,306,000 (2014: RM2,931,500). This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

A 10% (2014: 10%) weakening of Ringgit Malaysia against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

#### (ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

#### ***Risk management objectives, policies and processes for managing the risk***

The Group managed interest rate risk through effective use of its floating and fixed rate debts.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. FINANCIAL INSTRUMENTS (Cont'd)

#### (e) Market risk (Cont'd)

##### (ii) Interest rate risk (Cont'd)

###### **Exposure to interest rate risk**

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>				
Financial assets	3,472	1,543	-	-
Financial liabilities	(5,852)	(11,094)	-	-
	<u>(2,380)</u>	<u>(9,551)</u>	-	-
<b>Floating rate instruments</b>				
Financial liabilities	<u>(63,902)</u>	<u>(55,309)</u>	-	-

###### **Interest rate risk sensitivity analysis**

- *Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

- *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by RM639,000 (2014: RM553,000).

##### (iii) 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.

#### (f) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables, amount due by/(to) subsidiaries, amount due to directors and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

There has been no transfer within levels of fair value during the current financial year.

### 26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

## NOTES TO THE FINANCIAL STATEMENTS

### 26. CAPITAL MANAGEMENT (Cont'd)

The debt-to-equity ratios were as follows:

	Group	
	2015	2014
	RM'000	RM'000
Trade and other payables	30,075	31,069
Amount due to directors	769	578
Loans and borrowings	69,539	66,120
Hire purchase payables	215	283
Less: Cash and bank balances	(18,736)	(11,510)
Net debt	<u>81,862</u>	<u>86,540</u>
Total equity	<u>66,520</u>	<u>59,598</u>
<b>Capital and net debt</b>	<u><u>148,382</u></u>	<u><u>146,138</u></u>
Debt-to-equity ratio	<u>55%</u>	<u>59%</u>

There was no change in the Group's approach to capital management during the financial year, except for disregarded amount due to a subsidiary and directors as debt.

The Group is not subject to any externally imposed capital requirements.

### 27. COMMITMENTS

#### (i) Capital commitments

	Group	
	2015	2014
	RM'000	RM'000
Capital expenditure:		
Approved but not contracted for:		
Property, plant and equipment	-	221

#### (ii) Operating lease arrangements (as lessor)

The Group has entered into non-cancellable operating leases 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 rental payables under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2015	2014
	RM'000	RM'000
Not later than 1 year	-	68

### 28. RELATED PARTIES

#### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. RELATED PARTIES (Cont'd)

#### Identity of related parties (Cont'd)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, directors, and key management personnel.

#### Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>A. Subsidiary</b>				
Management fee from a subsidiary	-	-	277	280
<b>B. Key management personnel</b>				
Rental paid to certain directors	86	68	-	-
Directors' remuneration	813	793	-	-

### 29. COMPARATIVE FIGURES

The financial statements of previous year which are presented for comparative purposes were examined and reported on by another firm of auditors. Certain comparative figures have been reclassified where necessary to conform to the current year's presentation.

### 30. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 30 June, into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Total (accumulated losses)/ retained earnings of the Company and its subsidiaries</b>				
- Realised	(18,093)	(16,973)	17,003	17,080
- Unrealised	(2,668)	(1,447)	-	-
	(20,761)	(18,420)	17,003	17,080
Less: Consolidated adjustments	1,725	(1,076)	-	-
Total (accumulated losses)/ retained earnings	(19,036)	(19,496)	17,003	17,080

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

# ANALYSIS OF SHAREHOLDINGS

as at 1 April 2016

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 1 April 2016	:	1,889

## Distribution Of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	32	1.70	1,502	0.00 ***
100 – 1,000	223	11.81	189,600	0.29
1,001 – 10,000	1,216	64.37	5,063,111	7.88
10,001 – 100,000	372	19.69	10,736,700	16.70
100,001 – 3,214,314 (*)	45	2.38	23,270,389	36.20
3,214,315 and above (**)	1	0.05	25,024,998	38.93
<b>Total</b>	<b>1,889</b>	<b>100.00</b>	<b>64,286,300</b>	<b>100.00</b>

### 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 1 April 2016

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 :-

Substantial Shareholders	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chen, Hsi-Tao	26,447,398	41.14	7,792,040 <sup>°</sup>	12.12
Chen Yu, Kuei-Feng	1,646,400	2.56	32,593,038 <sup>1</sup>	50.70
Chen, Hung-Lin	3,099,920	4.82	31,139,518 <sup>2</sup>	48.44
Chen, Hung-Ping	3,045,720	4.74	31,193,718 <sup>3</sup>	48.52

### Note :

- (<sup>°</sup>) Deemed interested by virtue of his interest via his spouse, Chen Yu, Kuei-Feng and his sons, Chen, Hung-Lin and Chen, Hung-Ping.  
 (<sup>1</sup>) Deemed interested by virtue of her interest via her spouse, Chen, Hsi-Tao and her sons, Chen, Hung-Lin and Chen, Hung-Ping.  
 (<sup>2</sup>) Deemed interested by virtue of his interest via his parent, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Ping.  
 (<sup>3</sup>) 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 1 April 2016

### Directors' Interests in Related Corporations as at 1 April 2016

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 1 April 2016.

### Directors' Shareholdings as at 1 April 2016

Directors	Direct interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chen, Hsi-Tao	26,447,398	41.14	-	-
Chen, Hung-Lin	3,099,920	4.82	-	-
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)	3,045,720	4.74	-	-
Lau Po Cheng (Alternate Director to Yeoh Chin Kiang)	33,000	0.05	-	-

### Thirty Largest Shareholders as at 1 April 2016

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	2,333,800	3.63
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	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR YEO GUIK HIANG	604,200	0.94



## ANALYSIS OF SHAREHOLDINGS

as at 1 April 2016

### Thirty Largest Shareholders as at 1 April 2016 (Cont'd)

No	Shareholders	No. of Shares	%
12	YU, KUO-PING	578,760	0.90
13	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIA SIEW FUNG</i>	552,800	0.86
14	CHEN, HUNG-PING	550,000	0.86
15	TSAI, FEN-CHIN	471,200	0.73
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	316,500	0.49
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHIN CHEW FENG	280,000	0.44
21	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KER YAN LING</i>	271,000	0.42
22	LAI THIAM POH	258,900	0.40
23	OOI POH ENG @ YEOH JOO ENG	258,400	0.40
24	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH</i>	245,000	0.38
25	YEOH KEAN BENG	240,000	0.37
26	SEE EAN SENG	230,000	0.36
27	HSU, YAO-JIH	223,160	0.35
28	OU, CHIA-WEI	214,200	0.33
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE TIAN AN</i>	201,900	0.31
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG NGOW @ NG SOO HAR</i>	190,000	0.30

## LIST OF GROUP PROPERTIES

Location	Tenure / Expiry Date	*Existing Use	Age of Building (year /month)	Land area (m <sup>2</sup> )/(Built-up area) (m <sup>2</sup> )	Carrying Amount @ 31.12.2015 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 74 years  99 years leasehold expiring on 25/6/2089 or Lot PT 1287 to 1290 leaving unexpired terms of about 74 years	*Industrial land, factory building & office	13,14,17, 20 years (4 factories)	31,794/(17,920)	14,000	2015
Lot No. 101, Town area XXXIX (39), Melaka Tengah, Melaka	99 years leasehold expiring on 19/8/2075, leaving unexpired terms of about 60 years	*Building (Shophouse)	32 years	148/(366)	1,500	2015
PT 1513 & 1516, Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 24/9/2091, leaving unexpired terms of about 76 years	*Apartments	14 years	N/A/(728)	430	2015
No. 58 Shenzhen 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 41 years	^Industrial Land, factory building & office	9 years	44,039/(12,604.50)	22,261	2015

### 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.

Number of Shares Held _____	CDS Account No. _____
-----------------------------	-----------------------

"A" I/We \_\_\_\_\_ (Full Name in Capital Letters) NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ (Full Address)  
being a \*Member/Members of TA WIN HOLDINGS BERHAD, do hereby appoint \_\_\_\_\_  
\_\_\_\_\_ (Full Name in Capital Letters) NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ (Full Address)  
or failing him, \_\_\_\_\_ (Full Name in Capital Letters) NRIC No. \_\_\_\_\_  
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 Twenty-Second Annual General Meeting ("22nd AGM") to be held at Bilik Bunga Teratai, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, 26 May 2016 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 \_\_\_\_\_ (Full Name in Capital Letters) NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ (Full Address)  
being a \*Member/Members of TA WIN HOLDINGS BERHAD, do hereby appoint \_\_\_\_\_  
\_\_\_\_\_ (Full Name in Capital Letters) NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ (Full Address)  
or failing him, \_\_\_\_\_ (Full Name in Capital Letters) NRIC No. \_\_\_\_\_  
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 Twenty-Second Annual General Meeting ("22nd AGM") to be held at Bilik Bunga Teratai, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, 26 May 2016 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"		Second Proxy "B"	
			For	Against	For	Against
1	To lay before the meeting the Audited Financial Statements for the year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.					
2	Approval of Directors' fee of RM172,000 for the financial year ended 31 December 2015.	1				
3	Approval of Directors' fee of RM5,000.00 per month to Mr. Chen, Hsi-Tao.	2				
4	Re-election of Mr. Chen, Hung-Lin as Director	3				
5	Re-election of Mr. Wu, Ying-Ju as Director	4				
6	Re-appointment of Mr. Chen, Hsi-Tao as Director	5				
7	Re-appointment of Mr. Huang, Ching-Fan as Director	6				
8	Re-appointment of Madam Chen Yu, Kuei-Feng as Alternate Director to Chen, Hung-Lin	7				
9	Re-appointment of Messrs Ecovis AHL PLT as Auditors, and authority to the Directors to fix the Auditors' remuneration.	8				
	Special Business					
10	Approval of Encik Mohd Khasan Bin Ahmad continue to act as the Independent Non-Executive Director	9				
11	Approval of Dr. Aliyah Binti Dato' Hj. Baharuddin Marji continue to act as the Independent Non-Executive Director	10				
12	Authority to Issue Share Pursuant to Section 132D of the Companies Act, 1965.	11				

\*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 22nd 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 19 May 2016 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 22nd AGM.
9. Any alteration in the form of proxy must be initialed.

Please fold here



The Secretary  
**TA WIN HOLDINGS BERHAD**  
(Company No: 291592-U)

No. 4-1 Komplek Niaga Melaka Perdana  
Jln KNMP 3, Bukit Katil  
75450 Melaka

Please fold here



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

No. 4-1, Komplek Niaga Melaka Perdana,  
Jln KNMP 3, Bukit Katil, 75450 Melaka.  
Tel : 606-232 6033 Fax : 606-232 6034

[www.ta-win.com](http://www.ta-win.com)