

ANNUAL REPORT 2017



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting ("24th 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 Friday, 29 June 2018 at 10.00 a.m. to transact the following businesses :

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.
(Please refer Explanatory Note 1)
2. To approve the aggregate Directors' Fees payable to the Directors of the Company for an amount not exceeding RM304,000 for the financial year ending 31 December 2018.
(Ordinary Resolution 1)
(Please refer Explanatory Note 2)
3. To approve the aggregate Directors' benefits (excluding Directors' fees) to the Directors of the Company up to an amount of RM200,000 for the period commencing from 30 June 2018 until the next Annual General Meeting of the Company.
(Ordinary Resolution 2)
(Please refer Explanatory Note 3)
4. To re-elect En. Mohd Khasan Bin Ahmad, the Director who retires pursuant to Article 92 of the Company's Articles of Association and being eligible, offers himself for re-election.
(Ordinary Resolution 3)
5. To re-elect Dato' Yeo Boon Leong, JP, the Director who retires pursuant to Article 98 of the Company's Articles of Association and being eligible, offers himself for re-election.
(Ordinary Resolution 4)
6. To re-elect Mr. Lai Kian Huat, the Director who retires pursuant to Article 98 of the Company's Articles of Association and being eligible, offers himself for re-election.
(Ordinary Resolution 5)
7. To re-elect Mr. Tan Poo Chuan, the Director who retires pursuant to Article 98 of the Company's Articles of Association and being eligible, offers himself for re-election.
(Ordinary Resolution 6)
8. To re-elect Datin Azreen Binti Abu Noh, the Director who retires pursuant to Article 98 of the Company's Articles of Association and being eligible, offers herself for re-election.
(Ordinary Resolution 7)
9. To re-elect Dato' Paduka Dr. Hii King Hiong, the Director who retires pursuant to Article 98 of the Company's Articles of Association and being eligible, offers himself for re-election.
(Ordinary Resolution 8)
10. To appoint Messrs Ecovis AHL PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

AS SPECIAL BUSINESS

11. To consider and if thought fit, to pass the following resolutions :

a) Authority To Directors To Issue Shares

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance to the provisions of the Companies Act, 2016, whichever is the earlier."

(Ordinary Resolution 10)
(Please refer Explanatory Note 4)

b) Proposed Continuation In Office As Independent Non-Executive Director

"THAT subject to the passing of Ordinary Resolution 3, authority be and is hereby given to En. Mohd Khasan Bin Ahmad, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company."

(Ordinary Resolution 11)
(Please refer Explanatory Note 5)

12. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

HO MENG CHAN (MACS 00574)
WU SIEW HONG (MAICSA 7039647)
Company Secretaries

Petaling Jaya,
Selangor Darul Ehsan.
30 April 2018

NOTES :-

1. A member of the Company who is entitled to attend, speak and vote at this 24th AGM may appoint up to two (2) proxies to attend, speak and vote in his/her behalf. A proxy may not be a member of the Company.
2. Where a member of the Company appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 3) Where a member of a Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he/she 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.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

- 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, or if the appointor is a Corporation, whether under the 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 308, Block A (3rd Floor), Kelana Business Centre, 97, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the meeting convenes or at any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, 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 22 June 2018 (“General Meeting Record of Depositors”) shall be eligible to attend, speak and vote at this 24th AGM.
- 9) Any alteration in the form of proxy must be initialed.

EXPLANATORY NOTES

- 1) Item 1 of the Agenda
This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
- 2) Item 2 of the Agenda – Ordinary Resolution 1
The quantum of the Directors’ Fee payable by the Company to all the Directors of the Company not exceeding RM304,000 for the financial year ending 31 December 2018. The Proposed Ordinary Resolution 1, if passed, will authorise the payment of the Directors’ Fees to all the Directors of the Company for the financial year ending 31 December 2018.
- 3) Item 3 of the Agenda – Ordinary Resolution 2
Section 230(1) of the Companies Act, 2016 provides amongst others, that “the fees” of the directors and “any benefit” payable to the directors of a listed company shall be approved at a general meeting. The Directors’ benefits (excluding Directors’ fees) comprises the allowances, benefit-in-kinds and Directors Liability Insurance payable to all the members of the Board of the Company and Board Committees. In determining the estimated total amount of benefits (excluding Directors’ fees) for all the directors, the Board considered various factors including the number of scheduled meetings for the Board and the Board Committees as well as the number of the Non-Executive Directors involved in these meetings. The estimated amount of RM200,000 for the relevant period is derived from the estimated directors’ benefits for the period from 30 June 2018 until the next Annual General Meeting of the Company in 2019. Payment of the Directors’ benefits (excluding Directors’ fees) will be made by the Company on a monthly basis and/or as and when incurred if the Proposed Ordinary Resolution 2 passed at the 24th AGM. The Board is of the view that it is just and equitable for the Directors of the Company to be paid the Directors’ benefits (excluding Directors’ fees) on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the relevant period.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

4) Item 11(a) of the Agenda – Ordinary Resolution 10

Ordinary Resolution 10 is proposed to grant a renewed general mandate (“General Mandate”), which if passed, will empower the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act, 2016 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 25 May 2017 and which will lapse at the conclusion of the 24th 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.

5) Item 11(b) of the Agenda - Ordinary Resolution 11

At the Twenty-Third Annual General Meeting held on 25 May 2017, shareholders’ approval was obtained for En. Mohd Khasan Bin Ahmad to continue to act as Independent Non-Executive Directors. Ordinary Resolution 11 seeks approval for his continuing directorship as Independent Directors of the Company. The Board through the Nomination Committee (“NC”), has determined that En. Mohd Khasan Bin Ahmad is fair and impartial in carrying out his duties to the Company. As Director, he continue to bring independent and objective judgements to Board deliberations and the decision making process as a whole. He also possesses vast professional experience and bring the right mix of skills to the Board. The Board therefore, endorsed the NC’s recommendation for En. Mohd Khasan Bin Ahmad to be retained as Independent Director. Shareholders’ approval for Ordinary Resolution 11 will be sought on a single tier voting basis.

2017 ANNUAL REPORT OF THE COMPANY:

The 2017 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 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@sshb.com.my for the printed copy.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 24th AGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclose of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 24th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 24th AGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”);
- (ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies), and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member’s breach of warranty

STATEMENT ACCOMPANYING THE NOTICE OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING

1. Director standing for election

There is no individual seeking election as a Director at the forthcoming 24th 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 24th AGM set out on Page 5.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Yeo Boon Leong, JP	Non-Independent Non-Executive Director cum Chairman
Chen, Hsi-Tao	Non-Independent Non-Executive Director cum Deputy Chairman
Chen, Hung-Lin	Managing Director
Tan Poo Chuan	Non-Independent Executive Director
Mohd Khasan Bin Ahmad	Independent Non-Executive Director
Lai Kian Huat	Independent Non-Executive Director
Dato' Paduka Dr. Hii King Hiong	Independent Non-Executive Director
Datin Azreen Binti Abu Noh	Independent Non-Executive Director

COMPANY SECRETARIES

Ho Meng Chan (MACS 00574)
Wu Siew Hong (MAICSA 7039647)

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

308, Block A (3rd Floor),
Kelana Business Centre,
97, Jalan SS 7/2, Kelana Jaya,
47301 Petaling Jaya, Selangor.
Tel : 03-7492 1818 Fax : 03- 7492 1818

CORPORATE OFFICE

Unit 26-11 & 26-12, Level 26, Q Sentral,
Jalan Stesen Sentral 2,
50470 Kuala Lumpur.
Tel : 03-2276 6522 Fax : 03- 2276 6511

AUDITORS

Ecovis AHL PLT (AF1825)
No. 54, Jalan Kempas Utama 2/2,
Taman Kempas Utama,
81200 Johor Bahru, Johor.
Tel: 07 562 9000 Fax:07 562 9090

STOCK EXCHANGE LISTING

The Main Market of the Bursa Malaysia Securities Berhad
Stock Name : TAWIN
Stock Code : 7097

CORPORATE INFORMATION (cont'd)

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

Dato' Paduka Dr. Hii King Hiong – Member
Independent Non-Executive Director

Lai Kian Huat – Member
Independent Non-Executive Director

NOMINATION COMMITTEE

Mohd Khasan Bin Ahmad – Chairman
Independent Non-Executive Director

Datin Azreen Binti Abu Noh – Member
Independent Non-Executive Director

REMUNERATION COMMITTEE

Datin Azreen Binti Abu Noh – Chairman
Independent Non-Executive Director

Mohd Khasan Bin Ahmad – Member
Independent Non-Executive Director

Dato' Yeo Boon Leong, JP – Member
Non-Independent Non-Executive Director cum Chairman

INVESTOR RELATIONS

Dato Yeo Boon Leong, JP
Non-Independent Non-Executive Director cum Chairman

Chen, Hung-Lin
Managing Director

Tel : 03-2276 6522
Fax : 03-2276 6511
Email : info@ta-win.com

CORPORATE PROFILE

Ta Win Holdings Berhad (TWHB) was incorporated in Malaysia under the Companies Act, 1965 (deemed registered under the Companies Act, 2016) 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 sales of 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 enamelled copper wires and copper rods to overseas markets.
TWH Energy Sdn. Bhd. (1261729-V)	28 December 2017, Malaysia	100.00	Dormant
Ta Win Manufacturing Sdn. Bhd. (1277484-H)	19 April 2018, Malaysia	100.00	Dormant

MISSION STATEMENT

TWHB aims to be the leading copper manufacturer in Malaysia, providing affordable top quality copper products to a wide range of customers domestically and internationally. TWHB believes that by using world-class machinery and highly skilled experienced staff, it can provide superior products catered to our increasingly-diverse customer base. Concurrently, growth is to be supplemented by inorganic growth initiatives to acquire the necessary scale to be successful in this highly competitive market.

CORPORATE PROFILE (cont'd)

OUR CORPORATE PHILOSOPHY

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

Responsibility Towards Customers

- Ensure quality products
- Strive constantly to reduce costs
- Maintain reasonable prices
- Attend to customers' orders promptly
- Ensure continuous improvements in all areas within the organisation
- Respect employees
- Recognise their achievements
- Promote a sense of belonging at work
- Provide fair and adequate compensation
- Adopt clean, orderly, and safe working conditions
- Practise equal opportunity for employment, development, and advancement
- Develop knowledge, skills and competency through training
- Practise fairness in all actions
- Promote good work ethics

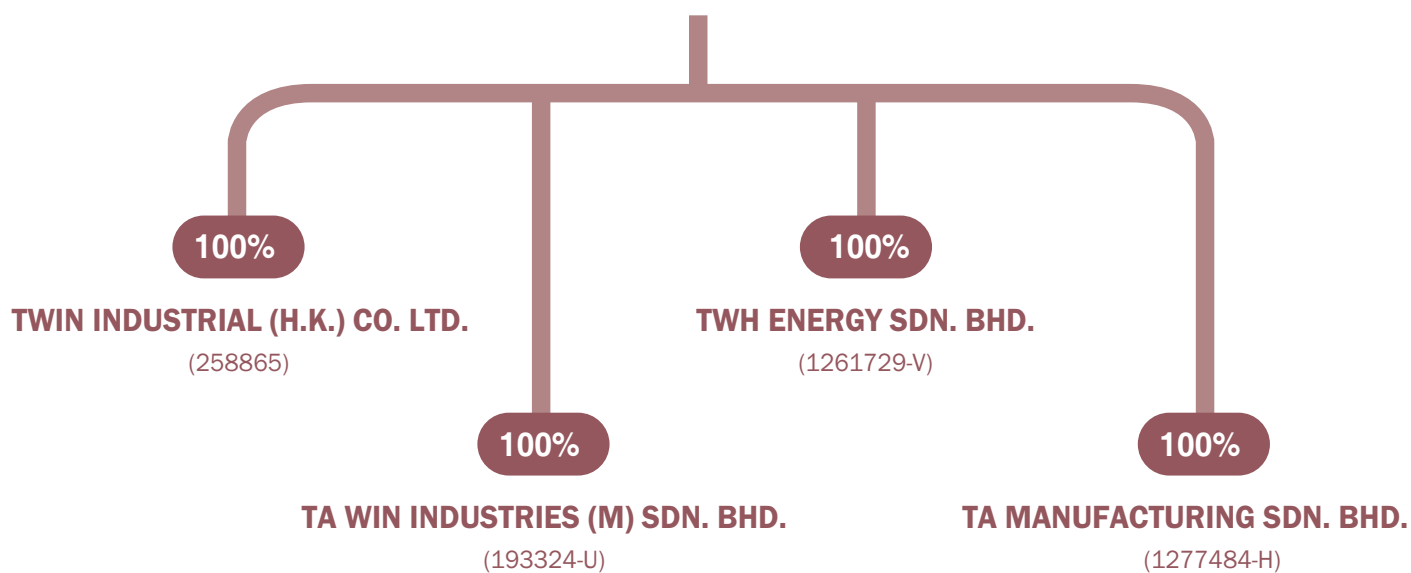
Responsibility Towards Communities

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

CORPPORATE STRUCTURE



PROFILE OF THE BOARD OF DIRECTORS

Name	: Dato' Yeo Boon Leong, JP
Age	: 52
Gender	: Male
Nationality	: Malaysian
Position in the Company	: Non-Independent and Non-Executive Chairman
Qualification	: Bachelor Of Commerce Degree From Victoria University Of Wellington, New Zealand
Working Experience	<p>: He was appointed as Non-Executive Chairman of the Company on 23 November 2017. He is an entrepreneur, started as a Sale Manager in Denko Industrial Bhd in early 1995. From there, he ventures into retail, distribution and manufacturing of household and industrial products, logistic and warehouse management, property development and construction, energy & power plant concessionaire and multimedia technology.</p> <p>Presently, he is an Executive Chairman with controlling stakes in Asia Poly Holdings Bhd and Ta Win Holdings Bhd as well as Managing Director in various private companies in Malaysia.</p> <p>In addition to his established business background, Dato' Yeo is also an active and vibrant social contributor to the local community services. He was awarded by DYMM Seri Paduka Baginda Yang Di Pertuan Agong Sultan Muhammad V the Justice of Peace and Datoship in 2011 and 2013 respectively.</p>
Other Directorship of Public Companies	: Executive Chairman Of Asia Poly Holdings Berhad
Details of Any Other Board Committees	: He functions as the member of the Remuneration Committee
Number of Board Meetings Attended	: 1/1

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

Name	: Chen, Hsi-Tao
Age	: 79
Gender	: Male
Nationality	: Taiwanese
Position in the Company	: Non-Independent and Non-Executive Vice/Deputy Chairman
Qualification	: Bachelors Degree in Business Administration from the University of China Culture, Taiwan in 1972.
Working Experience	<p>: 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. On 23 November 2017, he was redesigned as Non-Independent Non-Executive Director and Deputy Chairman.</p> <p>He is the founder of Ta Win group of companies and has over 50 years of experiences in copper wire and enamelled copper wire business in trading, processing and manufacturing. Currently, he is an advisor of the Group.</p> <p>He presently sits on the board for various private limited companies.</p>
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: None
Number of Board Meetings Attended	: 5/6

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

Name	: Chen, Hung-Lin
Age	: 43
Gender	: Male
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	<p>: 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.</p> <p>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 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 re-designated as the Managing Director of the Company when he resigned as Alternate Director to Chen, Hsi-Tao on 21 December 2012 and 24 December 2012 respectively.</p> <p>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.</p> <p>He presently sits on the board of various private limited companies.</p>
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: He functions as the Chairman of the Disclosure Committee and is a member of the Risk Management Committee.
Number of Board Meetings Attended	: 5/6

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

Name	: Tan Poo Chuan
Age	: 61
Gender	: Male
Nationality	: Malaysian
Position in the Company	: Non-Independent Executive Director
Qualification	: 40 years business experience in import of truck, vehicle parts and commercial equipment.
Working Experience	: He was appointed as Non-Independent and Non-Executive Director of the Company on 5 December 2017 and re-designated as Executive Director on 20 April 2018. He is very experience in business including import and export businesses. He has more than 40 years of experiences in business industry especially in import of truck, vehicles part and many other commercial equipment. He is managing director of Qct Equipment Sdn Bhd and sits on the board for various private limited companies.
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: None
Number of Board Meetings Attended	: 1/1

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

Name	: Mohd Khasan Bin Ahmad
Age	: 57
Gender	: Male
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	: He is an Independent Non-Executive Director of Sinmah Capital Berhad, Crest Builder Holdings Berhad, Homeritz Corporation Berhad and Mexter Technology Berhad. All these companies are listed on the Bursa Malaysia Securities Berhad.
Details of Any Other Board Committees	: He is on Board for the following Committees in the Company:- 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	: 5/6

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

Name	: Lai Kian Huat
Age	: 52
Gender	: Male
Nationality	: Malaysian
Position in the Company	: Independent Non-Executive Director
Qualification	: Fellow member of Association of International Accountants in United Kingdom and Certified Financial Planner of Financial Planning Association of Malaysia
Working Experience	<p>: He was appointed as an Independent Non-Executive Director of the Company on 23 November 2017. He has over 25 years of experience in accounting, audit, taxation and management matters as well as corporate exercise, treasury and cash management, investigation audit and due diligence assignments.</p> <p>He had held various senior positions in several public and private companies, notably as Independent Non-Executive Director and Chairman of Audit Committee of Ideal Jacobs (Malaysia) Corporation Berhad, Executive Director and Chief Financial Officer of SMTrack Berhad, Senior Finance Manager of Perwaja Steel Sdn Bhd (a subsidiary of Perwaja Holdings Berhad) and Senior Finance Manager of Megasteel Sdn Bhd (a subsidiary of Lion Corporation Berhad).</p>
Other Directorship of Public Companies	: Non-Independent Non-Executive Director of Caely Holdings Berhad
Details of Any Other Board Committees	: He functions as the member of the Audit Committee
Number of Board Meetings Attended	: 1/1

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

Name	: Dato' Paduka Dr. Hii King Hiong
Age	: 73
Gender	: Male
Nationality	: Malaysian
Position in the Company	: Independent Non-Executive Director
Qualification	: Bachelor Of Commerce, Singapore Bachelor Of Commerce, University Of Otago, NZ PhD (Economics), USA Malaysian Institute Of Accountants, Member Malaysian Institute Of Certified Public Accountants, Member Chartered Tax Institute Of Malaysia, Member Malaysian Institute Of Taxation, Member Institute Of Cooperative Auditors Malaysia, Member Institute Of Cooperative & Management Accountants, Associate Member New Zealand Institute Of Chartered Accountants, Member
Working Experience	: He was appointed as an Independent Non-Executive Director of the Company on 22 February 2018. He has been a Founder and Managing Partner of Hii King Hiong & Co with branches span across Malaysia in Miri, Sibul, Bintulu, Kuching, Sarikei, Bintangor and Kuala Lumpur. He also sits on the board of directors of various private companies mostly in plantation, agricultural, property development, oil & gas exploration, mineral mining, tour and traveling sector. He is also an active politician and vibrant communities leader. He was three-term Barisan Nasional Member of Sarawak State Legislative Assemblyman (ADUN) for Meradong from 1983-1996, Vice Chairman of Meradong-Julau District Council, Sarawak from 1981-1984, Board Member of Sarawak Land Custody and Development Agency from 1987-1996 and Pemanca for Meradong from 2014-2016. He is currently a member of the United People Party (UPP). He was awarded by Sarawak Yang di-Pertua Negeri and DYMM Seri Paduka Baginda Yang Di Pertuan Agong Sultan Muhammad with the Ahli Bintang Sarawak (ABS) and the Darjah Kebesaran Jiwa Mahkota Kelantan (DJMK) respectively.
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: He functions as the member of the Audit Committee
Number of Board Meetings Attended	: 0/0

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

Name	: Datin Azreen Binti Abu Noh
Age	: 49
Gender	: Female
Nationality	: Malaysian
Position in the Company	: Independent Non-Executive Director
Qualification	: LLB (HONS) University Kebangsaan Malaysia
Working Experience	<p>: She was appointed as an Independent Non-Executive Director of the Company on 22 February 2018. She was admitted as an Advocate and Solicitor of the High Court of Malaya in 1996. In addition, she is a senior professional lawyer specialized in construction, corporate litigation, arbitration and commercial matters. Since 2003, she is the Managing Partner of Messrs Firuz Jaffril, Aidil & Zarina where she builds her reputation on managing legal aspects of TNB, KLIA and other governments' construction related joint venture projects.</p> <p>Besides her solid legal background, Datin Azreen is also a Managing Director for various private companies where she accumulated vast entrepreneurial experience such as organizing annual food feast, mountain biking and children with learning disability charity event for her Black Forest Golf Club in 2015, business setup and franchise expansion of Deluxe Merchant Sdn Bhd branded F&B cafe business in 2016 which involved Petronas Dagangan Berhad as its new franchise partner. She was awarded by NiagaTimes the Personaliti Industri Usahawan Malaysia in 2017 for her immense contribution to expand the F&B cafe franchise business.</p>
Other Directorship of Public Companies	: None
Details of Any Other Board Committees	: She functions as the chairman of the Remuneration Committee
Number of Board Meetings Attended	: 0/0

KEY SENIOR MANAGEMENT

Name : Yeoh Chin Kiang
 Position : General Manager
 Age, Gender : 65, Male
 Nationality : Malaysia
 Date of Appointment : 26 July 1997
 Academic/ Professional Qualification(s) : Bachelors Degree in Business Administration
 Working Experience : He has more than 30 years of marketing experience in the copper cable and wire industry. He assists the Managing Director in formulating the marketing strategies for the Group. He previously held various senior management positions in Central Cable Bhd. Currently, he is on the board for several private limited companies.

Name : Ong Jit Wee
 Position : Quality Assurance Manager
 Age, Gender : 46, Male
 Nationality : Malaysia
 Date of Appointment : 18 September 2000
 Academic/ Professional Qualification(s) : Degree of Bachelor of Economics
 Working Experience : 1998 – 2000 Futures broker representative at OSK Futures and Options

Name : Gan Seng Hock
 Position : Sales Manager
 Age, Gender : 43, Male
 Nationality : Malaysia
 Date of Appointment : 2 December 2002
 Academic/ Professional Qualification(s) : Diploma in Electronic Engineering
 Working Experience : 1996 – 1997 Technician at Asianline Machinery
 1997 – 2002 Asst. Manager at Ta Win (M) Sdn Bhd
 2002 – 2002 Asst. Manager at Tecro Industries (M) Sdn Bhd

Name : Poh Li Ling
 Position : Finance Manager
 Age, Gender : 37, Female
 Nationality : Malaysia
 Date of Appointment : 4 November 2013
 Academic/ Professional Qualification(s) : Degree of Bachelor of Accounting (Hons)
 Member of Malaysian Institute of Accounts, 2009
 Working Experience : 2006 – 2008 Audit Associates at GEP Associates
 2008 – 2009 Senior Associates at Deloitte
 2009 – 2013 Group Corporate Assurance & Advisory Asst. Manger at Waterco (Far East) Sdn Bhd

Name : Nagendra Belur Narayana Swamy
 Position : Production Engineer
 Age, Gender : 53, Male
 Nationality : India
 Date of Appointment : 19 December 2014
 Academic/ Professional Qualification(s) : Degree of Bachelor of Mechanical Engineering
 Working Experience : 2000 – 2001 Production & QA Engineer at SCR Wire Products India
 2001 – 2008 Production Engineer at Ta Win Industries (M) Sdn Bhd
 2008 – 2014 Production & QA Manager at Copperrod Industries Pvt Ltd

Notes:

- None of the Key Senior Management has any conflict of interest with the Group.
- None of the Key Senior Management has been convicted of any offences within the past five (5) years other than traffic. There were no public sanction or penalty imposed by any regulatory bodies on them during the financial year.
- None of the Key Senior Management has any family relationship with any other directors/major shareholders of the Company
- None of the Key Senior Management has directorship in any public companies or listed public companies.

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION

Family Relationship with the Director and major shareholders

Mr. Chen, Hsi-Tao, who is the Non-Independent Non-Executive Director and Deputy Chairman of the Company is the father of Mr. Chen, Hung-Lin who is the Managing Director of the Company. He also father and husband to Mr. Chen, Hung-Ping and Mdm. Chen Yu, Kuei-Feng, respectively, both substantial shareholders of the Company.

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

Employees Share Scheme

During the financial year, the Company and its subsidiary did not grant any employee share scheme to any person apart from the issue of shares pursuant to the Employees' Share Option Scheme as disclosed in the section on Share Option and Directors' Interests in Shares in the Directors' Report of the financial statements.

Non-Audit Fees

Below is the amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2017:

	The Group (RM)	The Company (RM)
Ecovis AHL	3,000	3,000

The non-audit fees paid/payable to the external auditors were for reviewing the risk management and the internal control statements.

Material Contracts

Material contracts did not materialised within the Company and its subsidiaries which involved Directors' and major shareholders, subsisting at the end of the financial year ended 31 December 2017 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 2017

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 27 of the financial statements.

Revaluation Policy on Landed Properties

The Company adopted a regular revaluation policy on landed properties. Properties that were recognized as investment properties were reassessed at least once a year, whereas properties that were recognized as properties, plants and equipment were reassessed regularly to ensure that the carrying amount does not differ from the value at the end of the reporting period. The last revaluation was done on 30 September 2015 for the Group and. Revaluation was based on a valuation prepared by an independent valuer according to the open market.

Conviction for Offences

None of the Directors were convicted for any offences within the past five (5) years other than traffic offences, if any.

BURSA SECURITIES LISTING REQUIREMENTS COMPLIANCE INFORMATION (cont'd)

Conflict of Interests

None of the Directors had any conflicting interests with the Company except for Mr. Chen, Hsi-Tao and Mr. Chen, Hung-Lin 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 RM7,170/-) 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 RM86,038/-) was paid to Mr. Chen, Hsi-Tao as rental for the financial year ended 31 December 2017 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 51 to 52 of the Annual Report.

Workforce Diversity

The Company did not discriminate staffs based on 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.

The Total workforce by gender, age and race as at 31 December 2017 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	
Races	1	2	-	6	13	8	-	23	10	6	2	23	7	14	2	6	-	4	-	-	127

Category	Full Time Employment											Total				
	Malaysian									Foreign National						
	Degree			Diploma / Technical			Others			Degree	Diploma / Technical		Others			
	M	C	I	M	C	I	M	C	I							
Board of Directors													1			1
Managerial staff	1	9			7			9					2			27
Technical staff				10			7	1								18
Operators							1	13	6	3					55	78
Clerical staff								2								2

As at 31 December 2017, there was a total of 127 staffs working at various locations, with 24% 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. Executive level employees made up 11% who possessed professional and/or postgraduate qualifications.

The company remain the same number of women in the workforce in 2017 as compared with 2016.

FINANCIAL HIGHLIGHTS

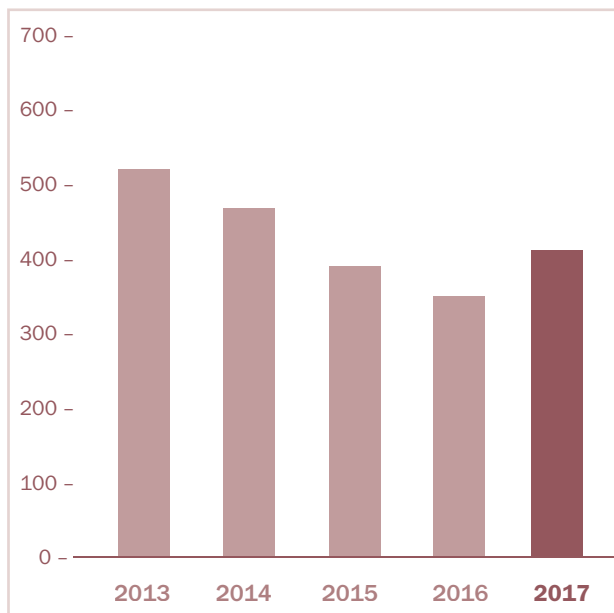
Five years Group Financial summary

YEAR ENDED 31 DECEMBER	GROUP				
	2017	2016	2015	2014	2013
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)					
Revenue	401,515	339,771	395,276	471,722	535,073
Operating profit / (loss)	5,892	420	13,104	(1,719)	6,007
EBITDA	6,708	4,526	17,005	3,043	10,955
Profit / (loss) before taxation	3,684	2,017	11,068	(4,563)	3,364
Profit from continuing operations	2,750	(1,582)	9,441	(4,858)	2,789
Profit from discontinuing operations	-	3,703	(8,984)	-	-
Net profit attributable to equity holders	2,750	2,121	457	(4,858)	2,789
KEY FINANCIAL POSITION STATEMENT DATA (RM'000)					
Total assets	122,688	125,283	170,518	158,533	160,183
Total borrowings	47,185	56,584	69,751	66,403	56,591
Shareholders' equity	67,287	64,488	66,520	59,598	64,322
SHARE INFORMATION					
Per share (sen)					
Basic earnings	4.28	3.30	0.71	(7.55)	4.34
Gross dividend	-	-	-	-	-
Net assets per share (RM)	1.05	1.00	1.03	0.93	1.00
Share price as at 31 December (RM) *	1.17	0.35	0.26	0.39	0.32
FINANCIAL RATIOS (%)					
Gross profit margin	1.36	1.25	3.66	1.65	2.13
Net profit margin	0.68	0.62	0.12	(1.03)	0.52
Return on equity	4.09	3.29	0.69	(8.15)	4.34
Gearing ratio	38.27	40.44	55.17	59.22	52.95

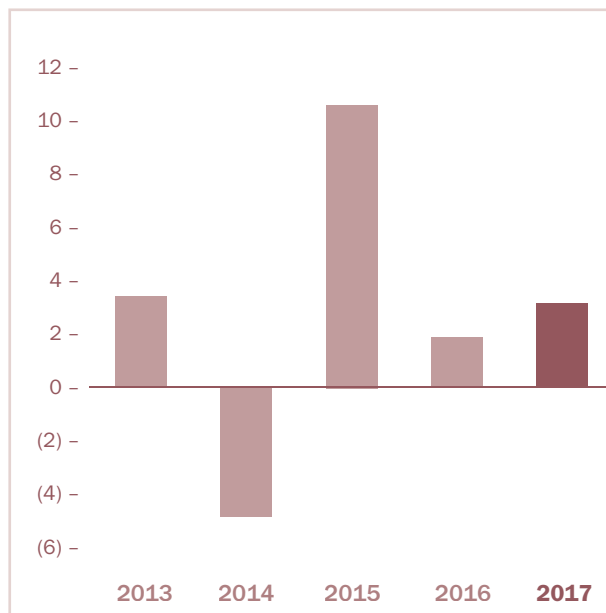
* referring to the last market transaction date for the year

FINANCIAL HIGHLIGHTS (cont'd)

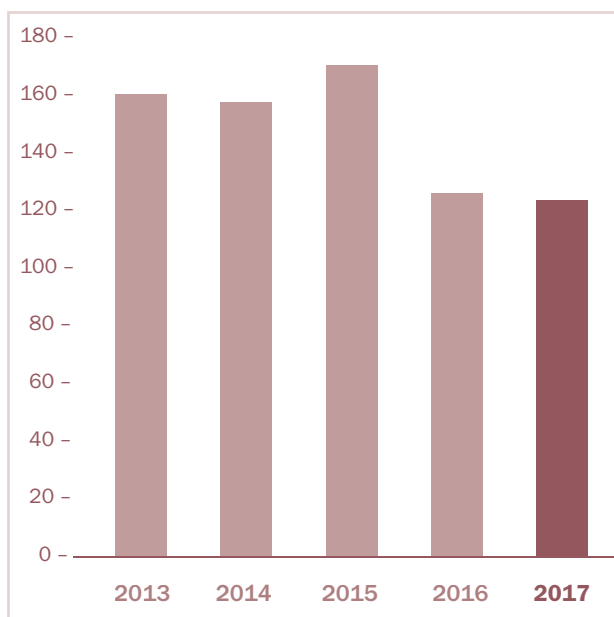
REVENUE
(RM'000)



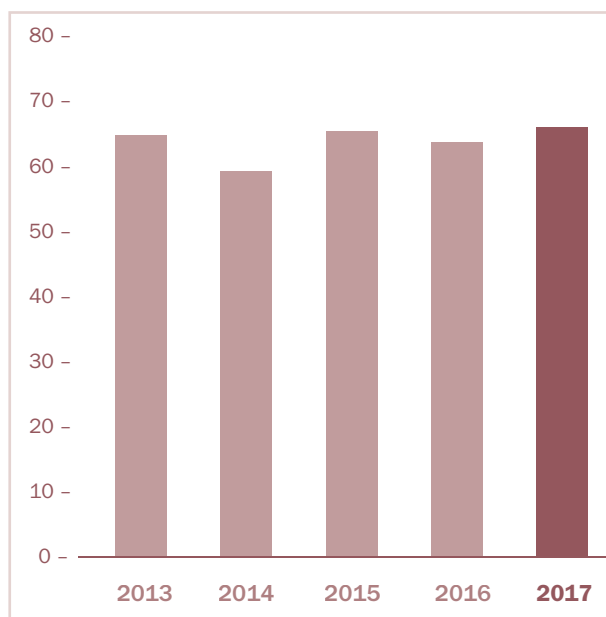
**PROFIT / (LOSS)
BEFORE TAXATION**
(RM'000)



**TOTAL
ASSETS**
(RM'000)



**SHAREHOLDERS
EQUITY**
(RM'000)



MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

On behalf of the Board of Directors of Tawin Holdings Berhad, it is my pleasure to present to you the management and analysis ("MD&A") OF THE GROUP. The objective of this MD&A is to provide shareholders with a better understanding and an overview of the Group's business, operations, financial position in the year 2017 and outlook for the year 2018.

Business Review

Ta Win Holdings owns and operates a manufacturing plant located in Alor Gajah Industrial Estate, Melaka. The core business is the manufacturing and sales of high quality copper wires and rods of various diameters. 75% of the Group's revenue is generated locally in the Malaysian market, supplemented by exporting to Taiwan, India, Philippines, Singapore and Brunei. Within these geographic markets, Ta Win supplies mostly to the cable and electronics manufacturing industries.

The Group strives to become a leading regional player in the copper wire manufacturing industry. To that effect, the Group purchased new drawing and coating machines valued at USD1.2 million (RM4.87 million) to set up a new production line for enamelled copper wire. The new production line, which is currently being installed and is expected to be fully commissioned by Q3 2018, will increase the Group's production of enamelled copper wire from 200 to 400 metric tonnes per month. In addition, Ta Win Holdings is in the process of raising new funding, which will be used to improve operations and seek inorganic growth opportunities including vertical integration upstream and downstream.

Financial Review

The Group's fiscal year starts in January and ends in December, in line with the calendar year.

Revenue

For fiscal year 2017, the Group recorded higher revenue of RM401.5 million as compared to RM339.8 million in fiscal year 2016, representing an increase of 18%. The increase in revenue was mainly due to higher sales volume from overseas markets, especially from India, coupled with higher average selling prices due to higher London Metal Exchange ("LME") prices. The average LME price of copper in 2017 was USD6,162 per tonne, a 26.7% increase from the previous year.

Operating profit

The Group recorded higher operating profit of RM5.9 million as compared to RM0.4 million in 2016, a 48% increase. The increase in operating profit was mainly due to gain in foreign exchange and lower cost of production.

Forex gain

More than 90% of raw materials used during production were imported from overseas. The fluctuations in USD was one of the major factors that affected the profitability of the Group. In 2017 the Group registered a net foreign exchange gain of RM5.7 million due to the further appreciation of Ringgit Malaysia as compared with a net foreign exchange gain of RM1.9 million in the previous financial year.

Total assets

The total assets for the Group amounted to RM122.7 million in 2017, representing a decrease of RM2.6 million from RM125.3 million in 2016. Higher receivables and PP&E were offset by lower inventories and cash.

Total borrowings

The total borrowings for the Group amounted to RM47.2 million for the financial year ended 2017 reflecting a 16.6% decrease (or RM9.4) from previous financial year. This was due to the Group's ability to conduct procurement activities efficiently and cost effectively without being over-dependent on external borrowings.

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

Earnings per share

The basic earnings per share ("EPS") attributable to ordinary equity holders increased to 4.3 sen per share from 3.3 sen per share in the previous financial year. Furthermore, the EPS in 2017 was entirely generated from continuing operations, whereas in 2016 the continuing operations were at a loss, which was more than offset by EPS from discontinued operations.

Dividends

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

Operations Review

Despite the challenging business environment, the Group managed to achieve satisfactory financial results for the FYE 2017 on the back of 18% revenue growth with steady gross margins of approx. 1.5%, supplemented by a substantial realized gain on foreign exchange of RM4.8 million, as well as RM0.9 million unrealized gain.

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. The Management believes in the importance of improving human resources and provided continuous training to upgrade the skills of workers to deliver optimum efficiency.

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 adversities and to mitigate operating risks. The official meeting was held twice this year while ongoing risk management was highlighted weekly during meetings.

Prospect Review

The prospects for growth in the copper wire industry in Malaysia are positive as this industry is expected to be driven by the encouraging growth in demand, primarily from the local E&E market. In addition, there is high potential demand in the international markets for high-quality Malaysian-produced copper wire.

The Group has recently purchased new drawing and coating machineries which would enable the Group to produce higher quality enamelled copper wires targeted towards the growing elevator and escalator market in Malaysia, adding another opportunity to diversify its customer base with potential margin improvement.

The elevator and escalator market in Malaysia will not just benefit from the construction of new buildings in Malaysia, but also from the repair and/or replacement of existing escalators and elevators already installed in existing buildings throughout the country to meet safety standards.

The Group is currently finalizing substantial fundraising, which will allow it to explore lucrative M&A opportunities downstream and upstream in order to diversify its operations and expand into higher-margin business lines.

In view of the above initiatives, the Group expect positive results for the Group in year 2018 and the Board is optimistic that the Group will deliver the desired financial result for then coming financial year.

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

Business Risks

Foreign exchange risks

The Group is exposed to foreign exchange risk from sales of products and purchases of raw materials. Any difference in foreign exchange could give rise to foreign exchange gains or losses that would affect the Group's financial performance.

To mitigate the fluctuation, the management constantly monitor the foreign currency fluctuations. In addition, payment received from customers in the respective currency and utilised the currency to make payment to suppliers without converting it. This is to further minimise the exposure in exchange rate

Raw material price risks

The Group utilises a significant amount of raw materials including copper rods and copper cathodes in the manufacturing of copper wires and enamelled copper wires. Copper is a commodity, the cost is subjected to fluctuation in world prices. As such, the Group is exposed to fluctuations in raw material prices which may adversely affect the financial performance of our Group.

To mitigate the price fluctuation, the management is monitoring the LME price closely and hold stocks of these raw materials to cushion against fluctuation in prices.

Competition risk

The group faces stiff competition from the existing competitors and new entrants in the future. Any stiff competition may impact the Group's probability. The Group's ability to compete depends on many factors, amongst others, the principal elements of competition include quality, innovation in products and technologies, expertise, pricing, reliability, reputation, brand name and customer service.

Acknowledgement

On behalf of the Board of Directors, I would like to take this opportunity to thank all the Management and Staff for their dedication, commitment, loyalty and contributions during the year. The year 2018 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, Hung-Lin
Managing Director

SUSTAINABILITY STATEMENT

Introduction

The Group are in the business of manufacturing enamelled wire and copper wire. The Board of Directors of the Company (“the Board”) has the overall responsibility of the Company’s and its subsidiaries’ (“the Group”) sustainability matters which are organised into 3 categories, namely economic, environmental and social (“EES”).

The Board is fully committed to carry out its activities in a sustainable manner and to deliver its strategic and operational objectives in accordance with the applicable laws and principles of good governance as well as high standards of integrity. These include efforts to engage with stakeholders and investors through various channels of communications such as our corporate website, quarterly financial reports and Annual General Meeting.

This Sustainability Statement discloses material sustainability issues and impacts arising from the activities of the Group.

Scope of Report

Period covered: Financial Year ended 31 December 2017 (January 2017 to December 2017)

Coverage

The scope of reporting mainly covers the manufacturing sites that are currently located in Malaysia. This Sustainability Statement is to be read in conjunction with the rest of the Company’s Annual Report, which highlights other financial and non-financial aspects of our business.

Economic

The Group strives to maintain high standard of corporate ethics, good corporate governance and strict compliance with all legal and regulatory requirements.

The Group’s long-term sustainability business is built on the trust and confidence from our customers by offering good quality products and services with competitive pricing as well as listening to the customers’ feedback. Therefore, the Group is regularly review the capital structure to ensure optimal functions and shareholder returns, taking into consideration future capital requirements and capital efficiency before the distribution of economic value to shareholders.

In addition, 90% of our raw materials are supplied from overseas. Procurement is critical in facilitating the operations and the Group aims to build mutually beneficial relationships with the suppliers in the long run. The Group review the suppliers based on, price and payment terms, product and service quality, operation scale and geographical proximity to the production facilities. The Group took reasonable effects to conduct appropriate evaluation and assess the background information of the potential suppliers. The Group constantly monitor the performance of the suppliers, quotations from various suppliers are obtained to ensure the competitiveness of the pricing. Supplier failing to fulfil the requirements on product and services quality may caused the Group to remove the them from approved supplier list.

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. Environmental impacts to our Group’s business are primarily energy usage and paper consumptions.

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. Reduce paper consumption by encouraging the employees to prioritise electronic copies such as to share and store documents, and to reduce printing or photocopying. Employees are encouraged to practice 3 R’s – Reuse, Reduce and Recycle in their daily activities both in the office as well as in the factory to improve our energy savings as well as reduce paper consumption.

SUSTAINABILITY STATEMENT (cont'd)

The Group was committed to implementing a 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 environmental regulations and laws such as, matters concerning the Akta Kualiti Alam Sekeliling (1974) (Malaysia).

Social

The Group recognises the human capital is the main impetus towards achieving its goals. The management carried out the following steps:

- Monthly performance evaluation to reward employees' contributions through increment and performance bonus annually.
- Ensure competitive market remuneration package through benefit review exercise.
- Arrange various in-house training or developmental programs to equip its employees with the required skills and knowledge to stay ahead.

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.

The Group's contributions in the social sector include generating employment and business opportunities in its areas of operations. It also strives to provide a safe working environment for all its employees and business partners and also 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. During the year, The Group visited the orphanage home located in Alor Gajah 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Ta Win Holdings Berhad is committed to ensure that a high standard of Corporate Governance is practiced throughout the Group. The Board assisted by directing and managing the Group's business and affairs to meet the Company's long-term commitment to its subsidiaries and investors with the objective of safeguarding shareholders' investment and enhancing shareholders' value. This is the Board's major role in discharging its responsibility and in enhancing the business expansion to support the continued growth of the Group.

The Board remains committed in its efforts to implement the principles and best practices of the new Malaysian Code on Corporate Governance 2017 ("the Code").

The ensuring paragraphs describe the extent how the Group has applied and complied with the principles and best practices of the Code for the financial year ended 31 December 2017. The detailed application for each practice as set out in the Code is disclosed in the Corporate Governance (CG Report") which is available on the Company's website : www.ta-win.com.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

1.0 Board Leadership on Objective and Goals

1.1 Board's Leadership on Objectives and Goals

The Board is responsible to ensure long term success and delivering of sustainable value to its stakeholders through its leadership and management of the Group's businesses. For the foregoing, the Board set the strategic direction of the Group while exercising oversight on day-to-day management and operation delegated to the the Managing Director and Senior Management to ensure that the conducts of the business of the Group is in compliance with relevant laws, practices, standards and guidelines applicable to the Group. The Board set the appropriate tone at the top, providing leadership and managing good governance and practices through out the Group.

The Board discharges its responsibilities in meeting with the goals and objective of the Group, the Board had, amongst others :

- a) given consideration of the Group strategies over the short, medium and long term to ensure its long term success and delivery of sustainable value;
- b) together with senior management, promoted good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- c) reviewed, challenged and deliberated on management proposals for the Group, and monitor its implementation by the management;
- d) reviewed and assessed the performance of the management to determine if the Group business is being properly managed;
- e) set the risk appetite within which the Board expects management to operate;
- f) ensured there is a sound framework for internal control and risk management;
- g) ensured the integrity of the Group's financial and non-financial reporting;
- h) reviewed the succession plan and its measures to ensure the orderly succession of the Board and Senior Management;
- i) ensured that the Company has in place procedures to enable effective communication with stakeholders.

1.2 The Chairman

The chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman :-

- 1) provides leadership for the Board so that the Board can perform its responsibilities effectively;
- 2) in consultation with the management and company secretary, set the Board agenda for each Board meeting;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I BOARD RESPONSIBILITIES (cont'd)

1.2 The Chairman (cont'd)

- 3) managed the interface between board and management and facilitated the flow of information between the management and the Board and ensured that the Board members receive complete and accurate information in a timely manner;
- 4) led the Board meetings and discussion;
- 5) encouraged active participation and allowed dissention views to be freely expressed;
- 6) chaired the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company;
- 7) led the Board in establishing and monitoring good corporate governance practices in the Company;
- 8) ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

1.3 Chairman and Chief Executive Officer ("CEO")

The positions of the Chairman and Managing Director are held by two different individuals. The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management, while the Managing Director focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions and policies.

The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual can influence or dominate the Board's decision.

1.4 Company Secretaries

The Board is assisted by two qualified and competent company secretaries, who are members of the professional bodies prescribed by the Minister, to ensure that Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The company secretaries have an oversight on overall corporate secretarial functions.

1.5 Access to information and advice

The Directors have the right to access all information pertaining to the Group for the purpose of discharging their duties.

The notices set out the agenda of ordinary meetings are sent to the Directors at least five (5) business days in advance to enable the Directors have sufficient time to peruse the board papers and to seek any clarification or further details that may be required from the management, the Company or independent advisers.

The Minutes of the Board/ Board Committee meetings are circulated to the respective Chairman for review before tabling at the next meeting. All Board members will review and confirm the minutes of meeting to ensure they accurately reflect the deliberation and decisions of the Board, including whether any Director abstained from voting or deliberation on a particular matter.

2.0 Demarcation of responsibilities

2.1 Board Charter

The Board Charter which sets out the roles, composition, responsibilities, operations and processes of the Board and Board Committees. Its also outlines the issue and decisions reserved for the Board. The purpose of the Board Charter is to clearly outline the structure of the Board and to define the role of the Board as a whole through identification of a schedule of powers reserved solely for the Board of Directors.

On 24 August 2017, the Board reviewed its Board Charter and acknowledged that necessary updates are required in order to be in line with the practices recommended by the Code. The updated Board Charter will be tabled at the Board Meeting for endorsement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I BOARD RESPONSIBILITIES (cont'd)

3.0 Good business Conduct and Corporate Culture

3.1 Code of Conduct and Ethics

The Group has in place a Code of Conduct which set out the rules or standard for all who participating in the Group and represent themselves outside the Group. Its covers among others, all aspect affecting the business operations such as standards of conduct, conflicts of interest, other business opportunity, bribes, gifts, gratuities, hospitality, confidentiality and sensitive information, insider dealing, accuracy of information, compliance with laws & regulations, health & safety and protection of assets.

The employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and gross misconduct that is in contravention with the ethos of the said Code. Heads of Departments play an important role to oversee the culture of the Group to ensure it engenders ethical conduct.

3.2 Whistleblowing Policy

The Group has in place a whistleblowing policy to provide an avenue for all employees of the Group and members of the public to voice their grievances and raise concerns on any improper conduct and irregularities through an established channel without fear of reprisal.

The policy also set 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.

II BOARD COMPOSITION

4.0 Board's objectivity

4.1 Composition of the Board

On 23 November 2017, three (3) new Directors were appointed. Dato' Yeo Boon Leong, JP and Dato' Chin Swee Chong were appointed as the Non-Independent Non-Executive Directors of the Company while Mr. Lai Kian Huat was appointed as the Independent Non-Executive Director of the Company. The three Alternate Directors, namely Chen Yu, Kuei-Feng, Chen, Hung-Ping and Lau Po Cheng were revoked as Alternate Directors.

On 5 December 2017, Dato' Chin Swee Chong was redesignated as Executive Director of the Company. Mr. Tan Poo Chuan was appointed as Non-Independent Non-Executive Director of the Company while Mr. Yeoh Chin Kiang was resigned as the Executive Director of the Company.

As such, at least half of the Board members are Independent Directors for the financial year ended 31 December 2017 :-

	1.1.2017	23.11.2017	5.12.2017	31.12.2017
Number of independent Directors	4	5	5	5
Number of Board Members exclude Alternate Directors	7	10	10	10
Percentage of Independent Director	57%	56%	50%	50%

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II BOARD COMPOSITION (cont'd)

4.0 Board's objectivity (cont'd)

4.1 Composition of the Board (cont'd)

The current Board of Directors are as follows :-

Directors	Directorate
Dato' Yeo Boon Leong -appointed on 23 November 2017	Chairman, Non-Independent Non-Executive Director
Chen, Hsi-Tao	Deputy Chairman, Non-Independent Non-Executive Director
Chen, Hung-Lin	Managing Director
Mohd Khasan Bin Ahmad	Independent Non-Executive Director
Lai Kian Huat -appointed on 23 November 2017	Independent Non-Executive Director
Tan Poo Chuan -appointed on 5 December 2017	Non-Independent Executive Director
Datin Azreen Binti Abu Noh -appointed on 22 February 2018	Independent Non-Executive Director
Dato' Paduka Dr. Hii King Hiong -appointed on 22 February 2018	Independent Non-Executive Director

Note : Dato' Chin Swee Chong resigned on 2 April 2018

4.2 Tenure of Independent Director

Both Encik Mohd Khasan Bin Ahmad and Dr. Aliyah Binto Dato' Hj. Baharuddin Marji (resigned on 23 February 2018) have each served the Board more than 12 years in financial year 2017. The Company has sought annual shareholder' approval at the AGM for both of them to continue to serve as Independent Director of the Board. The latest shareholder' approval was obtained at the last AGM held on 25 May 2017.

As the two-tier voting has yet to be operationalized by the Company, the Board recommends that a single tier shareholders' approval be sought at the upcoming AGM for Encik Mohd Khasan Bin Ahmad to continue to act as Independent Director. Notwithstanding his extended tenure, the Nomination committee and the Board are satisfied that he is demonstrably independent and his length of service on the Board for 16 years do not in any way impair his independent status or interfere with the objective judgement or his ability to act in best interest of the Company.

4.3 Policy of Independent Director's Tenure

The Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years.

4.4 Diverse Board and Senior Management Team

The Board acknowledges the important of fostering diversity to enhance effective of the Board and senior management. Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.

However, the Group adheres to the practice of non-discrimination of any form throughout the Group. The Group is an equal opportunity employer and all appointments and employment are based on objective criteria, merit, skills and experience, and is not driven by age, cultural background or gender.

The Group is committed to maintaining an environment of respect for people in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion or age.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II BOARD COMPOSITION (cont'd)

4.5 Gender Diversity

The Board is judicious of the gender diversity recommendation promoted by the Code in order to offer greater depth and breadth for discussions and constructive debates in senior management level.

The Board has in year 2015, set its target to obtain 25% woman in the Board. However, at the end of financial year 2017, the female representation has been reduced from 14% to 10% due to appointment of new board members.

Appointment of additional women to the Board in order to meet the target will be made when a suitable candidate who can add value to the Board is identified.

4.6 New candidates for Board Appointment

The Board is aware of the recommendation to use variety of approaches and sources inclusive utilization of independent sources to identify a suitably qualified candidate for future appointment of Board member and to disclose how a Board member is sourced in the Company's annual report.

4.7 Nomination Committee

The Nomination Committee is chaired by En. Mohd Khasan Bin Ahmad, an Independent Non-Executive Director of the Company.

The members of Nomination Committee is made up entirely of Independent Non-Executive Directors, whose present membership is :-

1. En. Mohd Khasan Bin Ahmad (Chairman, Independent Non-Executive Director)
2. Dr. Aliyah Binti Dato' Hj. Baharuddin Marji¹ (Independent Non-Executive Director)
3. Wu, Ying-Ju² (Independent Non-Executive Director)
4. Datin Azreen Binti Abu Noh³ (Independent Non-Executive Director)
3. Mr. Tan Poo Chuan⁴ (Non-Independent Executive Director)

¹ stood down as member of Nomination Committee on 22 February 2018

² resigned as Director on 22 February 2018

³ appointed as member of Nomination Committee on 22 February 2018

⁴ appointed as member of Nomination Committee on 22 February 2018 and ceased as member of Nomination Committee on 20 April 2018

The chairman had led the annual review of Board effectiveness and ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.

5.0 Overall Board Effectiveness

5.1 Annual Evaluation

The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance.

The Companies Secretaries assist in the preparation of documents for the annual evaluation and facilitates the evaluation which includes self and peer evaluations.

The evaluation process is led by Chairman of the Nomination Committee and the Company Secretaries. Each Director conducts the evaluation by answering a set of questionnaires.

The evaluation process was based on self and peer assessments whereby the Directors assessed each other and themselves, the Board as whole and the performance of each Board Committee. The criteria and outcome of the assessment were properly documented.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II BOARD COMPOSITION (cont'd)

5.0 Overall Board Effectiveness (cont'd)

5.1 Annual Evaluation (cont'd)

Activities of the Nomination Committee

During the financial year ended 31 December 2017, the Nomination Committee met twice by its members and carried out the following mentioned activities, in accordance with its terms of reference and in compliance with MMLR :-

- a) assessed and recommended the appointment of Directors to the Board and Board Committees.
- b) assessed and recommended the appointment of senior management.
- c) assessed the size and composition of the Board, board balance and contribution of each Director and the effective of the Board Committees.
- d) assessed the independence of each Independent Director by taking into their self-assessments/declarations and based on the guidelines as set out in the MMLR and other criteria such as, tenure, relationship between the Independent Directors and the Company and their involvement in any significant transaction with the Company.
- e) deliberated on the re-election of the affected Directors retiring pursuant to the Company's Articles of Association before making recommendations to the Board for its consideration.
- f) conducted an evaluation and assessment on the compliance status of the Company in respect of the Code.
- g) reviewed the terms of reference of Board Committees.
- h) reviewed the established policies of the Group.
- i) assessed the training needs for Directors.
- k) reviewed the succession planning programme.

Time Commitment

During the financial year ended 31 December 2017, the attendance records of Board and Board Committees meetings are as follows:-

Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Chen, Hsi-Tao	5 /6			2/2
Chen, Hung-Lin	5 /6			
Yeoh Chin Kiang (resigned on 5 December 2017)	6 /6			
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji (resigned on 23 February 2018)	6/6	6/6	2/2	2/2
Mohd Khasan Bin Ahmad	5/6	5/6	2/2	2/2
Huang, Ching-Fan (resigned on 22 February 2018)	5/6			
Wu, Ying-Ju (resigned on 22 February 2018)	5/6	5/6	1/2	
Dato' Yeo Boon Leong, JP (Appointed on 23 November 2017)	1/1			
Dato' Chin Swee Chong (Appointed on 23 November 2017 and resigned on 2 April 2018)	1/1			
Lai Kian Huat (Appointed on 23 November 2017)	1/1			
Tan Poo Chuan (Appointed on 5 December 2017)	-			

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II BOARD COMPOSITION (cont'd)

5.0 Overall Board Effectiveness (cont'd)

5.1 Annual Evaluation (cont'd)

Time Commitment (cont'd)

The Board is satisfied with the level of commitment given by the Directors in fulfilling their roles and responsibilities as Directors of the Company. To ensure that the Directors devote sufficient time to carry out their roles and responsibilities and in line with the MMLR, a Director of the Company must not hold directorships of more than five Public Listed Companies.

In the intervals between Board Meetings, any matters requiring urgent Board decisions and/or approvals can be sought via circular resolutions which are supported with all the relevant information and explanations required for informed decisions to be made.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of the Company and for notification to Companies Commission Malaysia accordingly.

Directors' Training

During the financial year ended 31 December 2017, the seminars/courses attended by the Directors including the following:

Name of Directors	Course attended	Date of seminar
Chen, Hung-Lin	Transition of ISO 9001:2008 to ISO 9001:2015	12 January 2017 & 19 January 2017
Yeoh Chin Kiang	Transition of ISO 9001:2008 to ISO 9001:2015	12 January 2017 & 19 January 2017
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	Industry Talk : The Internet of Things Effect – Opportunities and Challenges	18 September 2017
Mohd Khasan Bin Ahmad	-Capital Market Conference 2017 -2017 National Conference – AC Leadership Track -The Breakfast Talk-Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World -Case Study Workshop for Independent Directors -Invitation to Securities Commission Malaysia's Conversation with Audit Committees -Leading Change @ The Brain	18 July 2017 9 October 2017 13 October 2017 9 November 2017 14 November 2017 5 December 2017

In addition, Directors' education also includes briefings by the Internal Auditors, External Auditors and the Company Secretaries on the relevant updates on statutory and regulatory requirements from time to time during the Audit Committee and Board meetings.

The newly appointed Directors, Dato' Yeo Boon Leong, JP and Mr. Lai Kian Huat have attended the Mandatory Accreditation Training Programme ("MAP"). The remaining new appointed Directors, namely Mr. Tan Poo Chuan, Dato' Paduka Dr. Hii King Hiong and Datin Azreen Binti Abu Noh have also registered for attending the MAP.

Save for the above disclosures, the rest of the Directors although did not attend any official training during the financial year under review, they obtained their knowledge and kept abreast with the latest development on statutory and regulatory requirements from the briefings given by the Internal Auditors, External Auditors and the Company Secretaries from time to time during the Audit Committee and Board Meetings. They also enhanced their knowledge by focusing on business news and extensive reading of relevant business and regulatory materials. They actively seek advice and interact with the relevant professional personnel to enhance their skills and knowledge on specific area.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

III REMUNERATION

6.0 Level and Composition of Remuneration

6.1 Remuneration policy

The Company via Remuneration Committee established a Remuneration Policy and Framework for its Directors and senior management with the aim for :-

- i) Attracting and retaining key personnel of requisite quality to increase productivity and profitability in the long run;
- ii) Motivating and creating incentives for directors to perform at their best;
- ii) Focusing attention on the achievement of desired goals and objective

The remuneration packages for Executive Directors and senior management are structured to link rewards to corporate and individual performance. For Non-Executive Directors, the levels of remuneration are based on the experience and level of responsibilities.

The Executive Directors shall abstain from discussing their own remuneration. The remuneration of Non-Executive Directors is determined by the Board as a whole. The individual Director shall abstain from discussion and decision of his/her remuneration.

The fees and any benefits payable to the Directors shall from time to time be approved by the shareholders in general meeting in accordance with Section 230 of the Companies Act 2016.

The Company's Remuneration Policy and Framework is available on the Company's website at www.ta-win.com.

6.2 Remuneration Committee

A Remuneration Committee has been established by the Board comprising non-executive Directors with a majority of independent Directors.

The members of Remuneration Committee are :-

- 1) Chen, His-Tao* (Chairman, Non-Independent Non-Executive Director)
- 2) En. Mohd Khasan Bin Ahmad (Independent Non-Executive Director)
- 3) Dr. Aliyah Binti Dato' Hj. Baharuddin Marji* (Independent Non-Executive Director)
- 4) Datin Azreen Binti Abu Noh@ (Chairman, Independent Non-Executive Director)
- 5) Dato' Yeo Boon Leong, JP& (Non-Independent Non-Executive Director)

* stood down as member of Remuneration Committee on 22 February 2018

@ appointed as chairman of Remuneration Committee on 22 February 2018

& appointed as member of Remuneration Committee on 22 February 2018

Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director and senior management to ensure that their remuneration should commensurate with their responsibilities and commitment.

The Chairman of the Committee may request for a meeting as and when deemed necessary. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

7.0 Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration

The Details of the Directors' remuneration of the Company for the financial year ended 31 December 2017 is as follows:

Company

	Salaries (RM)	Bonuses (RM)	Fees (RM)	Benefit in kind (RM)	Other Remuneration (RM)	Total (RM)
Executive Directors						
Chen, Hung-Lin	-	-	-	-	4,957	4,957
Yeoh Chin Kiang	-	-	-	-	5,657	5,657
Non-Executive Directors						
Chen, Hsi-Tao	-	-	60,000	-	4,957	64,957
Dr. Aliyah Binti	-	-	24,000	-	5,657	29,657
Dato' Hj. Baharuddin Marji	-	-	-	-	-	-
Mohd Khasan Bin Ahamd	-	-	40,000	-	3,857	43,857
Huang, Ching-Fan	-	-	24,000	-	4,957	28,957
Wu, Ying-Ju	-	-	24,000	-	4,957	28,957
Dato' Yeo Boon Leong, JP	-	-	-	-	700	700
Dato' Chin Swee Chong	-	-	-	-	700	700
Lai Kian Huat	-	-	-	-	700	700
Total	-	-	172,000	-	37,099	209,099

Group

	Salaries (RM)	Bonuses (RM)	Fees (RM)	Benefit in kind (RM)	Other Remuneration (RM)	Total (RM)
Executive Directors						
Chen, Hung-Lin	270,000	10,000	-	23,950	4,957	308,907
Yeoh Chin Kiang	230,851	8,500	-	8,390	5,657	253,398
Non-Executive Directors						
Chen, Hsi-Tao	-	-	60,000	-	4,957	64,957
Dr. Aliyah Binti	-	-	24,000	-	5,657	29,657
Dato' Hj. Baharuddin Marji	-	-	-	-	-	-
Mohd Khasan Bin Ahamd	-	-	40,000	-	3,857	43,857
Huang, Ching-Fan	-	-	24,000	-	4,957	28,957
Chen, Hung-Ping (Alternate Director to Chen, Hsi-Tao)	88,800	3,250	-	-	-	92,050
Wu, Ying-Ju	-	-	24,000	-	4,957	28,957
Lau Po Cheng (Alternate Director to Yeoh Chin Kiang)	50,450	1,648	-	8,800	-	60,898
Dato' Yeo Boon Leong, JP	-	-	-	-	-	700
Dato' Chin Swee Chong	-	-	-	-	-	700
Lai Kian Huat	-	-	-	-	-	700
Total	640,101	23,398	172,000	41,140	37,099	913,738

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

7.2 Remuneration of Top Five Senior Management

The top five (5) Senior Management's remuneration for the financial year ended 31 December 2017 is as follows :-

Range of Remuneration (RM)	Top Five Senior Management
200,000-250,000	-
150,000-200,000	-
100,000-150,000	2
50,000-100,000	3
Total	5

The Board is of the opinion that the disclosure of the Senior Management Personnel names and the various remuneration component (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and sensitivity of each remuneration package.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit & Risk Management Committee

8.0 Effective and Independent Audit & Risk Management Committee

8.1 Audit and Risk Management Committee Composition and Chairman

The Chairman of the Audit Committee is En. Mohd Khasan Bin Ahmad, who is an Independent Non-Executive Director while the Chairman of the Board is Dato' Yeo Boon Leong, JP. Having the positions of Board Chairman and Audit Chairman assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.

8.2 Policy on appointment of a former key audit partner as Audit Committee member

The Company has yet to adopt this policy during financial year 2017, however, the Company did not consider a former audit partner as a candidate for appointment to the Audit Committee.

The Company will adopt this policy and revise the TOR of Audit Committee to observe the cooling-off period before a former key audit partner is appointed as a member of Audit Committee.

8.3 Policies and Procedures to assess the suitability, objectivity and independence of the external auditors

The policies and procedures to assess the suitability, objectivity and independence of the external auditors are in place. The said policies and procedures are made available in the Group's website.

In the annual assessment on the suitability, objectivity and independence of the auditors, the Audit Committee is guided by the factors as prescribed under MMLR as well as the policies and procedures which were adopted by the Board.

8.4 The Audit Committee comprises solely Independent Director

The Audit Committee consists of three (3) Non-Executive Directors with all of them being Independent Directors.

8.5 All Audit Committee members are financially literate

All members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process. Whilst the Chairman of the Audit Committee, En. Mohd Khasan Bin Ahmad is a member of MIA. He possesses sufficient financial knowledge to provide satisfactory input on financial matters. The Committee members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.0 Effective Risk Management and Internal Control Framework

9.1 &

9.2 Risk Management and Internal Control

The Board affirms its overall responsibility for maintaining a sound internal control system and risk management and for reviewing its adequacy and integrity of the system.

The Risk Management Committee assessed and monitored the efficacy and effectiveness of the risk management controls and measures taken whilst the adequacy and effectiveness of the internal controls were reviewed by the Audit Committee in conjunction with the activities and reports of the outsourced Internal Auditors.

9.3 Risk Management Committee

The Risk Management Committee consists of two (2) Non-Executive Directors and four (4) senior management.

The Risk Management has clear written TOR and the Board receives reports of its proceedings and deliberations. The Chairman of the Risk Management Committee will report to the board the outcome of its meetings and such reports are incorporated in the minutes of the Board meeting.

10.0 Effective governance, risk management and internal control

10.1 Internal Audit Function

The Internal Auditors act independently and report directly to the Audit Committee.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The Internal Auditors' risk-based approach towards the planning and conduct of internal audit, are consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The comprehensive report on the approaches of internal audit reviews, findings, the recommendation action plans and the management's response are tabled for Audit Committee's review and endorsement. The status of implementation of the action plans are highlighted to the Audit Committee after Internal Auditors' follow up reviews. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report, Company's financial budget, Internal Audit Reports and quality of deliverables.

To ensure effectiveness of the internal audit function, the Audit Committee assessed the adequacy of the scope, functions, competency and resources of the internal audit function and whether it has the necessary authority to carry out its works.

The internal auditors had and would continue to keep abreast with developments in the profession, relevant industry and regulations.

10.2 The internal audit function is outsourced to Messrs Ivan Law & Co. and the internal audit personnel, are free from any family relationship with any Directors and/or major shareholders and do not have any conflict of interest with the Group.

The reporting partner for Messrs Ivan Law & Co., has a diverse professional experience in internal audit, risk management and corporate governance advisory and possess relevant qualifications.

The internal audit was conducted using a risk based approach and was guided by a recognised framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

11.0 Continuous Communication between the Company and Stakeholders

11.1 Effective Communication Channels

The Board leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through Annual Reports, Circular to Shareholders, announcements to Bursa Malaysia Securities Berhad, media releases, AGM, EGM and the Group's website, www.ta-win.com.

11.2 Integrated Reporting

The Company is not a Large Company as defined by the Code. The Company will consider adopting integrated reporting if the Board is of the view that the benefits of the adoption outweigh the costs.

II Conduct of General Meetings

12.0 Encourage Shareholders Participation at General Meeting

12.1 Notice of Annual General Meeting

The Notice of Twenty-Third AGM of the Company was issued on 28 April 2017 which was two days right after the Code came into effect ie. 26 April 2017. The Company was unable to comply with the recommendation of the Code as the arrangement for printing, advertisement of notice and despatch of Annual Reports had been done.

However, the Notice of General Meeting provides further explanation beyond the minimum content stipulated in the MMLR for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

In line with the recommendations of the Code, the Company is now giving all shareholders a notice of at least 28 days prior to all AGMs moving forward, starting with its Twenty-Fourth AGM to be held on 29 June 2018.

12.2 Attendance of Directors at General Meetings

All Directors have attended the Twenty-Third AGM held on 25 May 2017. This is aided by ensuring any general meeting is scheduled in advance to ensure full attendance of the Board.

12.3 Leverage Technology to facilitate voting and remote shareholders participation

Shareholders will be provided with the sufficient notices of general meetings and accompanying explanatory material such as notes, Annual Report and/or Circular to make arrangements to attend the general meetings and exercise their rights. Shareholders are encouraged to appoint proxy/proxies to vote on their behalf if they are unable to attend the meeting. The copies of the proxy forms are available in the Group's website.

The Company's Twenty Third AGM was held at Ramada Plaza Melaka, which is located in the heart of the historical city Melaka. This venue is easily accessible and it is familiar to most shareholders of the Company since past AGMs were held at the same venue.

The Company has less than 2,000 shareholders as such, while all practical efforts are taken to ensure that shareholders' ability to participate at general meetings, considering that cost involved, it is not economically justifiable to enable voting in absentia or remote shareholders' participation at general meetings. Nonetheless, the appointed proxies may communicate with shareholders instantaneously on matters deliberated at all general meetings.

The Corporate Governance Overview Statement was approved by the Board of Directors on 20 April 2018.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the following Audit Committee Report and its activities for the financial year ended 31 December 2017.

The Audit Committee ("AC") 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 present members of the AC are as follows :-

Chairman

Mohd Khasan Bin Ahmad (Independent Non-Executive Director)

Members

Lai Kian Huat (Independent Non-Executive Director)

Dato' Paduka Dr. Hii King Hiong (Independent Non-Executive Director)

Both Mr Encik Mohd Khasan Bin Ahmad, the AC chairman and Dato' Paduka Dr. Hii King Hiong, the member of AC are members of the Malaysian Institute of Accountants.

2. TERMS OF REFERENCE

The terms of reference of the AC as approved by the Board are available on the Company website at www.ta-win.com

3. MEETINGS

There were five (5) meetings of the AC held during the financial year ended 31 December 2017, which were attended by the AC members as follows:

Member	Description	No. of Meetings Attended	Percentage (%)
Mohd Khasan Bin Ahmad	Chairman / Independent Non-Executive Director	5/6	83.33
Lai Kian Haut (Appointed as member on 22 February 2018)	Member / Independent Non-Executive Director	0/0	-
Dato' Paduka Dr. Hii King Hiong (Appointed as member on 22 February 2018)	Member / Independent Non-Executive Director	0/0	-
Dr. Aliyah Binti Dato' Hj Baharuddin Marji (stood down as member on 22 February 2018)	Member / Independent Non-Executive Director	6/6	100
Wu, Ying-Ju (Resigned on 22 February 2018)	Member / Independent Non-Executive Director	5/6	83.33

The meeting dates where the AC met during the financial year were 23 February 2017, 25 April 2017, 25 May 2017, 24 August 2017, 23 November 2017 and 5 December 2017.

The Chairman of the AC undertakes a continuing process of engagement with senior executives of the Company as well as the external auditors so that the AC is kept up-to-date with all important issues affecting the Company.

AUDIT COMMITTEE REPORT (cont'd)

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities undertaken by the AC are as follows:

Financial Reporting

- a. Reviewed the quarterly financial and operational reports of the Group before recommending to the Board for approval;
- b. Reviewed the external auditors' reports in relation to audit and accounting issues arising from the audit; and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board prior to submission to Board of Directors for approval. The review was to ensure the financial reporting and disclosures requirements are in compliance with:
 - Provision of Companies Act, 2016;
 - Listing Requirements of Bursa Malaysia Securities Berhad;
 - Applicable approved accounting standards in Malaysia; and
 - Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

Internal Audit

- a. Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group;
- b. Reviewed and discussed the internal audit reports which were tabled during the meetings, the audit recommendations made and management's response to these recommendations;
- c. Reviewed and discussed the Enterprise Risk Management Policy and also formalizing the appointment of Risk Management Committee.
- d. Monitoring and ensuring corrective actions has been taken to rectify the weaknesses highlighted and all the key risks and control lapses have been addressed; and
- e. Reviewed and assessed the competency of the internal audit function.

External Audit

- a. Reviewed and discussed with external auditors' audit planning memorandum, audit strategy and scope of the year.
- b. Reviewed annual audited financial statements of the Group and Company prior to submission to Board for approval;
- c. Reviewed and discussed external auditors' observations, the results of the annual audit, their audit report and management letter together with management's response to the findings
- d. Assessed and discussed the performance and effectiveness of the external auditors, including the independence, objectivity and professional skepticism, communication interaction, audit finalization, the quality of skills and capabilities of audit team, sufficient of resources and terms of engagement. The Committee is satisfy with the performance of the external auditor and recommended them to be re-appointed at the forthcoming Annual General Meeting.
- e. Met twice with external auditors without the presence of management to discuss with them problems arising from the audit and no major issues were highlighted by them.

AUDIT COMMITTEE REPORT (cont'd)

Related Parties Transactions

Reviewed any the inter-company transactions and any related/interested party transactions that arose within the Company and the Group to ensure compliance with Malaysian Accounting Standards Board and Bursa Securities Listing Requirements and that the transactions were carried out on arm's length basis;

Others

Reviewed the Statement of Risk Management and Internal Control and AC Report prior to the Board's approval for inclusion in the Company's Annual Report.

5. INTERNAL AUDIT FUNCTION

The AC is aware that an independent internal audit function is essential to assist in providing the assurance the AC requires regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. The internal audit function is wholly outsourced to an independent professional firm, Ivan Law & Co ("ILCO"), which reports directly to the AC. The out-sourced internal auditor carries out internal audit with a view to assess the adequacy and effectiveness of the Group's system of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures and the regulatory requirements of the relevant authorities. The AC reviews and approves the internal audit plan of the Group submitted by ILCO. The costs incurred for the internal audit function in respect of the financial year ended 31 December 2017 was RM20,000.

A summary of internal audit activities performed by the internal audit function during the financial year under review is set out in the Statement on Risk Management and Internal Control on pages 45 to 47 of this Annual Report.

This report is made in accordance with a resolution of the Board of Directors on 20 April 2018.

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 rational of implementing the internal control system is to assist the Group in achieving its corporate objectives within an acceptable risk, including the likelihood of a significant adverse impact arising from a future event or situation. The Board has also received reasonable assurance from the Managing Director and Finance Manager that the Company's risk management and internal control system is operating adequately and effectively in all material aspects concerned.

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

Management Responsibility

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

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

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

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 (cont'd)

Internal Audit

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

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

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

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

The Board's Commitment

The Board believes that there is no significant breakdown or weaknesses in the internal control system of the Group that may result in material losses for the financial year ended 31 December 2017. 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 20 April 2018.

STATEMENTS OF DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Companies Act, 2016 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, 2016. 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.

This Statement was made in accordance with a resolution of the Board of Directors on 20 April 2018.

FINANCIAL STATEMENTS

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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 2017.

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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to owners of the Company	2,750	(228)

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 (cont'd)

DIRECTORS

The directors who served during the financial year up to the date of this report are: -

Chen, Hsi-Tao	
Chen, Hung-Lin	
Mohd Khasan Bin Ahmad	
Dato' Yeo Boon Leong, JP	(appointed on 23.11.2017)
Lai Kian Huat	(appointed on 23.11.2017)
Tan Poo Chuan	(appointed on 5.12.2017)
Dato' Paduka Dr. Hii King Hiong	(appointed on 22.2.2018)
Datin Azreen Binti Abu Noh	(appointed on 22.2.2018)
Chen Yu, Kuei-Feng	(alternate director to Chen, Hung-Lin, revocation on 23.11.2017)
Chen, Hung-Ping	(alternate director to Chen, Hsi-Tao, revocation on 23.11.2017)
Lau Po Cheng	(alternate director to Yeoh Chin Kiang, revocation on 23.11.2017)
Yeoh Chin Kiang	(resigned on 5.12.2017)
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	(resigned on 23.2.2018)
Huang, Ching-Fan	(resigned on 22.2.2018)
Wu, Ying-Ju	(resigned on 22.2.2018)
Dato' Chin Swee Chong	(appointed on 23.11.2017, resigned on 2.4.2018)

The names of directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit, other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the directors from the Company, or the fixed salary of a full time employee of the Company as disclosed in the financial statements, by reason of a contract made by the Company with the 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 other than certain directors who have substantial financial interests in companies which traded with the Company in the ordinary course of business.

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests of Directors in office at the end of the financial year in the shares of the Company during the financial year are as follows: -

Company	<----- Number of ordinary -----> shares			As at 31.12.2017
	As at 1.1.2017	Acquired	Disposed	
<i>Direct interest</i>				
Chen, Hsi-Tao	26,447,398	-	22,700,000	3,747,398
Chen, Hung-Lin	3,099,920	-	-	3,099,920
<i>Indirect interest (#)</i>				
Dato' Yeo Boon Leong, JP	-	15,430,000	-	15,430,000
Tan Poo Chuan	-	15,430,000	-	15,430,000

(#) Held through Pioneer Conglomerate Sdn. Bhd.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

	<----- Number of ordinary -----> shares			As at 31.12.2017
	As at 1.1.2017	Acquired	Disposed	
<i>Indirect interest (^)</i>				
Dato' Yeo Boon Leong, JP	-	5,150,000	-	5,150,000
Tan Poo Chuan	-	5,150,000	-	5,150,000

(^) Held through Tenggara Kapital Sdn. Bhd.

By virtue of their interests in the shares of the Company, Chen, Hsi-Tao, Chen, Hung-Lin, Dato' Yeo Boon Leong, JP and Tan Poo Chuan 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.

INDEMNITY AND INSURANCE COST

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year.

There was also no indemnity given to or insurance effected for auditor of the Group.

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 prepared, took reasonable steps: -
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets 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) the amount written off for bad debts or the allowance for doubtful debts inadequate to any substantial extent; or
 - (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.

DIRECTORS' REPORT (cont'd)

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

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

Details of auditors' remuneration are set out in Note 22 to the financial statements.

AUDITORS

The auditors, ECOVIS AHL PLT, have expressed their willingness to accept reappointment.

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

.....
CHEN, HUNG-LIN

.....
TAN POO CHUAN

MELAKA

Date: 20 April 2018

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, CHEN, HUNG-LIN and TAN POO CHUAN, 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 59 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the year then ended.

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

CHEN, HUNG-LIN

TAN POO CHUAN

MELAKA

Date: 20 April 2018

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, CHEN, HUNG-LIN, 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 59 to 100, 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, HUNG-LIN at Melaka in)
the state of Melaka on 20 April 2018)

CHEN, HUNG-LIN

Before me,

Commissioner of Oath
Chan Chew Yen

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TA WIN HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TA WIN HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2017 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of inventories

Inventories represent approximately 25% of the consolidated total assets as at 31 December 2017. Inventories are carried in the financial statements at the lower of cost and net realisable value.

The cost of inventories is highly dependent on the market prices of copper as listed on London Metal Exchange ("LME"), which are subject to volatility. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value.

The directors conducted their impairment test to assess the recoverability of the cost of inventories. In order to establish whether an indication of impairment exists, net realisable value which represent estimated selling price less estimated costs of completion are determined and compared to the purchase cost associated with conversion costs.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TA WIN HOLDINGS BERHAD (cont'd)

How our audit addressed the key audit matter

Our audit procedures included substantive testing on quantity and price components affecting the inventory value.

We assessed the inventory taking processes and attended the inventory count at the end of the financial year. In addition, we performed a recalculation of the major inventory balances at the year end.

We reviewed client's basis for pricing inventories and work-in-progress and determine that basis is consistent with that use in previous financial year. We found that the costing of inventories is to be within a reasonable range.

Impairment test was carried out, on a sample basis, by comparing to transacted sales subsequent to the reporting year in order to determine its net realisable value. We found no evidence to suggest the indication of impairment is in existence.

We also considered the disclosure of inventories to be appropriate for purpose for the consolidated financial statements, by separating inventories held at cost and net realisable value.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and other information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TA WIN HOLDINGS BERHAD (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TA WIN HOLDINGS BERHAD (cont'd)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ECOVIS AHL PLT
AF 001825
Chartered Accountants

KHOR KENG LIEH
02733/07/2019 J
Chartered Accountant

JOHOR BAHRU

Date: 20 April 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	20,699	15,744	128	-
Investment property	4	1,600	1,500	-	-
Investment in subsidiaries	5	-	-	93,782	93,782
		<u>22,299</u>	<u>17,244</u>	<u>93,910</u>	<u>93,782</u>
CURRENT ASSETS					
Inventories	6	31,065	55,503	-	-
Trade and other receivables	7	58,101	37,271	116	9
Amount due by subsidiaries	8	-	-	3	3
Current tax assets		253	371	253	248
Cash and bank balances	9	10,970	14,894	100	24
		<u>100,389</u>	<u>108,039</u>	<u>472</u>	<u>284</u>
TOTAL ASSETS		<u>122,688</u>	<u>125,283</u>	<u>94,382</u>	<u>94,066</u>
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	10	66,084	64,286	66,084	64,286
Share premium	11	-	1,798	-	1,798
Reserves	11	3,921	3,872	-	-
(Accumulated losses)/ Retained profits		(2,718)	(5,468)	15,898	16,126
TOTAL EQUITY		<u>67,287</u>	<u>64,488</u>	<u>81,982</u>	<u>82,210</u>
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	2,422	2,124	-	-
Hire purchase payables	13	13	83	-	-
		<u>2,435</u>	<u>2,207</u>	<u>-</u>	<u>-</u>
CURRENT LIABILITIES					
Trade and other payables	14	5,350	1,960	42	43
Amount due to directors	15	172	127	172	127
Amount due to subsidiaries	8	-	-	12,186	11,686
Loans and borrowings	16	47,105	56,437	-	-
Hire purchase payables	13	67	64	-	-
Current tax liabilities		272	-	-	-
		<u>52,966</u>	<u>58,588</u>	<u>12,400</u>	<u>11,856</u>
TOTAL LIABILITIES		<u>55,401</u>	<u>60,795</u>	<u>12,400</u>	<u>11,856</u>
TOTAL EQUITY AND LIABILITIES		<u>122,688</u>	<u>125,283</u>	<u>94,382</u>	<u>94,066</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 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
REVENUE	17	401,516	339,771	281	238
COST OF SALES	18	(396,043)	(335,526)	-	-
GROSS PROFIT		5,473	4,245	281	238
ADD: OTHER INCOME	19	6,074	248	-	-
LESS: DISTRIBUTION EXPENSES		(1,520)	(1,109)	-	-
LESS: ADMINISTRATIVE EXPENSES		(4,135)	(2,195)	(509)	(1,115)
LESS: OTHER OPERATING EXPENSES		-	(769)	-	-
PROFIT/(LOSS) FROM OPERATIONS		5,892	420	(228)	(877)
LESS: FINANCE COSTS	20	(2,208)	(2,144)	-	-
PROFIT/(LOSS) BEFORE TAX	22	3,684	(1,724)	(228)	(877)
INCOME TAX EXPENSE	21	(934)	142	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		2,750	(1,582)	(228)	(877)
DISCONTINUED OPERATION PROFIT FROM DISCONTINUED OPERATION, NET OF TAX		-	3,703	-	-
PROFIT/(LOSS) FOR THE YEAR		2,750	2,121	(228)	(877)
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,750	2,121	(228)	(877)
BASIC EARNINGS PER ORDINARY SHARE (SEN):					
FROM CONTINUING OPERATIONS	23	4.28	(2.46)		
FROM DISCONTINUED OPERATIONS		-	5.76		
		4.28	3.30		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Attributable to owners of the Company					Total equity RM'000
	Non-distributable				Distributable Accumulated losses	
	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 2016	64,286	1,798	3,705	15,770	(19,039)	66,520
Profit for the year	-	-	-	-	2,121	2,121
Other comprehensive income:						
Foreign currency translation differences for foreign operations	-	-	(491)	-	-	(491)
Revaluation surplus of property	-	-	-	(11,450)	11,450	-
Reclassification to profit or loss upon disposal of subsidiaries	-	-	(3,662)	-	-	(3,662)
Total comprehensive income for the year	-	-	(4,153)	(11,450)	13,571	(2,032)
At 31 December 2016	64,286	1,798	(448)	4,320	(5,468)	64,488
Profit for the year	-	-	-	-	2,750	2,750
Other comprehensive income:						
Foreign currency translation differences for foreign operations	-	-	49	-	-	49
Transition to no-par value regime	1,798	(1,798)	-	-	-	-
Total comprehensive income for the year	1,798	(1,798)	49	-	2,750	2,799
At 31 December 2017	66,084	-	(399)	4,320	(2,718)	67,287

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

Company	Non-Distributable Share capital (Note 10) RM'000	Share premium (Note 11) RM'000	Distributable Retained profits (Note 11) RM'000	Total equity RM'000
At 1 January 2016	64,286	1,798	17,003	83,087
Loss/Total comprehensive expense for the year	-	-	(877)	(877)
At 31 December 2016	64,286	1,798	16,126	82,210
Loss/Total comprehensive expense for the year	-	-	(228)	(228)
Transition to no-par value regime	1,798	(1,798)	-	-
At 31 December 2017	66,084	-	15,898	81,982

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax of continuing operations	3,684	(1,724)	(228)	(877)
Profit/(Loss) before tax of discontinued operations	-	3,703	-	-
	3,684	1,979	(288)	(877)
Adjustments for:-				
Bad debts written off	-	823	-	-
Depreciation of property, plant and equipment	816	4,106	-	-
Property, plant and equipment written off	-	45	-	-
Interest expenses	2,208	2,445	-	-
Unrealised (gain)/loss on foreign exchange	(898)	72	-	-
Waiver of debts	-	1,199	-	720
Written off of obsolete inventories	-	417	-	-
Gain from fair value adjustment of investment property	(100)	-	-	-
Gain on disposal of property, plant and equipment	(23)	(10)	-	-
Gain on disposal of subsidiary companies	-	(11,005)	-	-
Interest income	(16)	(82)	-	-
Operating profit/(loss) before changes in working capital	5,671	(11)	(228)	(157)
Decrease/(increase) in working capital				
Inventories	24,439	(3,079)	-	-
Trade and other receivables	(20,875)	14,134	(106)	(1)
Trade and other payables	3,468	(9,076)	(1)	(6)
Amount due by/(to) subsidiaries	-	-	500	112
Amount due to directors	45	(11)	45	-
Cash generated from/(used in) operations	12,748	1,957	210	(52)
Interest paid	(2,208)	(2,445)	-	-
Interest received	16	82	-	-
Tax refund/(paid)	(246)	(57)	(6)	(13)
Net cash from/(used in) operating activities	10,310	(463)	204	(65)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,771)	(210)	(128)	-
Proceeds from disposal of property, plant and equipment	23	16	-	-
Placement of deposit (pledged with)/withdrawal from bank	(110)	630	-	-
Proceeds from disposal of subsidiary companies, net of cash and cash equivalents disposed	-	9,971	-	-
Net cash used in investing activities	(5,858)	10,407	(128)	-

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of loans and borrowings	(8,800)	(13,999)	-	-
Repayment of hire purchase financing	(68)	(68)	-	-
Net cash from financing activities	(8,868)	(14,067)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,416)	(4,123)	76	(65)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,264	15,264	24	89
Effects of exchange rate changes on the balance of cash held in foreign currencies	9	123	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	6,857	11,264	100	24
Cash and cash equivalents comprise the following:-				
Cash and bank balances (Note 9)	6,857	11,264	100	24

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. 308, Block A (3rd Floor), Kelana Business Centre, 97, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Unit 26-11 & 26-12, Level 26, Q Sentral, Jalan Stesen Sentral 2, 50470 Kuala Lumpur, Wilayah Persekutuan.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 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 20 April 2018.

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, 2016 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 2018

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014 – 2016 Cycle)

Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

MFRS 9, Financial Instruments (2014)

MFRS 15, Revenue from Contracts with Customers

Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements 2014 – 2016 Cycle)

Amendments to MFRS 140, Investment Property – Transfers of Investment Property

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 2019

MFRS 16, Leases

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17, Insurance Contracts

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 accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Company 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 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15.

The Group is currently performing a detailed analysis under MFRS 9 and MFRS 15 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

(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 (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Basis of consolidation (cont'd)

(vi) Associates (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Basis of consolidation (cont'd)

(vii) Joint arrangements (cont'd)

- 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Foreign currencies (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

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

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 (cont'd)

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 for 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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

Leasehold land	50 – 99 years
Buildings	50 years
	%
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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment (cont'd)

Other assets (cont'd)

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.

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 (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Borrowing costs (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Income tax (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Fair value measurement (cont'd)

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.

(x) Use of estimates and judgements

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 inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realizable value below cost. The reviews require the use of judgements and estimates. Possible changes in these estimates may result in revision to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 6.

(ii) 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 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group 2017	As at 1.1.2017 RM'000	Additions RM'000	Disposals/ Written off RM'000	Effects of movements in exchange rates RM'000	Disposal of subsidiaries RM'000	As at 31.12.2017 RM'000
<i>At valuation</i>						
Leasehold land	4,092	-	-	-	-	4,092
Buildings	13,475	10	-	-	-	13,485
	17,567	10	-	-	-	17,577
<i>At cost</i>						
Plant and machinery	61,388	111	(7,670)	-	-	53,829
Furniture and equipment	1,335	138	(33)	-	-	1,440
Motor vehicles	2,327	147	(132)	-	-	2,342
Capital-in-progress	-	5,365	-	-	-	5,365
	82,617	5,771	(7,835)	-	-	80,553

Group 2017	As at 1.1.2017 RM'000	Change for the year RM'000	Disposals/ Written off RM'000	Effects of movements in exchange rates RM'000	Disposal of subsidiaries RM'000	As at 31.12.2017 RM'000
<i>Accumulated depreciation</i>						
Leasehold land	546	315	-	-	-	861
Buildings	2,915	-	-	-	-	2,915
Plant and machinery	60,118	317	(7,670)	-	-	52,765
Furniture and equipment	1,230	30	(33)	-	-	1,227
Motor vehicles	2,064	154	(132)	-	-	2,086
	66,873	816	(7,835)	-	-	59,854

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2016	As at 1.1.2016 RM'000	Additions RM'000	Revaluation RM'000	Disposals/ Written off RM'000	Effects of movemets in exchange rates RM'000	As at 31.12.2016 RM'000
<i>At valuation</i>						
Leasehold land	14,407	-	-	-	(10,315)	4,092
Buildings	31,323	21	-	(1,829)	(16,040)	13,475
	45,730	21	-	(1,829)	(26,355)	17,567
<i>At cost</i>						
Plant and machinery	95,719	172	-	(2,331)	(32,172)	61,388
Furniture and equipment	1,551	17	(44)	8	(197)	1,335
Motor vehicles	4,312	-	(117)	(72)	(1,796)	2,327
Capital-in-progress	1	-	(1)	-	-	-
	147,312	210	(161)	(4,224)	(60,520)	82,617

Group 2016	As at 1.1.2016 RM'000	Change for the year RM'000	Revaluation RM'000	Disposals/ Written off RM'000	Effects of movemets in exchange rates RM'000	As at 31.12.2016 RM'000
<i>Accumulated depreciation</i>						
Leasehold land	1,550	325	-	-	(1,329)	546
Buildings	7,489	1,008	-	(395)	(5,187)	2,915
Plant and machinery	90,673	2,415	-	(2,014)	(30,956)	60,118
Furniture and equipment	1,542	49	-	12	(373)	1,230
Motor vehicles	3,427	309	(111)	(45)	(1,516)	2,064
	104,681	4,106	(111)	(2,442)	(39,361)	66,873

Net carrying amount	2017 RM'000	2016 RM'000
Leasehold land	3,231	3,546
Buildings	10,570	10,560
Plant and machinery	1,064	1,270
Furniture and equipment	213	105
Motor vehicles	256	263
Capital-in-progress	5,365	-
	20,699	15,744

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company 2017	1.1.2017 RM'000	Additions RM'000	31.12.2017 RM'000
At cost/Net carrying amount			
Furniture and equipment	-	5	5
Renovation	-	123	123
	-	128	128

Revaluation of land and buildings

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

	Group	
	2017 RM'000	2016 RM'000
Leasehold land	994	1,050
Buildings	3,926	4,174
At end of the year	4,920	5,224

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:

Date of valuation	Description of property	Valuation amount RM'000
20 October 2015	Apartment	523
28 October 2015	Factory	17,054
		17,577

Security

Certain leasehold land and buildings of subsidiaries with carrying amount of RM13,391,771 (2016: RM13,685,671) are charged to banks as security for banking facilities granted to the subsidiaries.

Asset held under finance lease

Certain motor vehicles with carrying amount of RM93,947 (2016: RM174,287) are held under finance lease arrangements.

4. INVESTMENT PROPERTY

	Group	
	2017 RM'000	2016 RM'000
At fair value		
At beginning of the year	1,500	1,500
Fair value adjustments	100	-
At end of the year	1,600	1,500

Investment property comprises a leasehold commercial property leased to a third party.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. INVESTMENT PROPERTY (cont'd)

The followings are recognised in profit or loss in respect of investment property:

	Group	
	2017 RM'000	2016 RM'000
Rental income	69	69
Direct operating expenses - income generating investment properties	(2)	(3)

The fair values of the investment property is 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 property is categorised as level 2 fair value as described in Note 2(w) to the financial statements.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 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	
			2017	2016
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	Dormant	100%	100%
TWH Energy Sdn Bhd#	Malaysia	Dormant	100%	-

* Not audited by member firms of Ecovis International.

The company was newly incorporated on 28 December 2017. The management accounts were used for the preparation of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At cost:		
Raw materials	17,032	35,426
Work-in-progress	4,532	12,377
Finished goods	7,532	5,847
Consumables	1,969	1,853
	<u>31,065</u>	<u>55,503</u>

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	44,575	33,537	-	-
Sundry receivables	4,670	2,960	-	-
Sundry deposits	148	101	108	1
Prepayments	79	76	8	8
Advance payment to supplier	8,629	597	-	-
	<u>13,526</u>	<u>3,734</u>	<u>116</u>	<u>9</u>
	<u>58,101</u>	<u>37,271</u>	<u>116</u>	<u>9</u>

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed Deposits placed with licensed banks	4,113	3,630	-	-
Cash and bank balances	6,857	11,264	100	24
	<u>10,970</u>	<u>14,894</u>	<u>100</u>	<u>24</u>

The fixed deposits placed with licensed banks of the Group are pledged for banking facilities granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. SHARE CAPITAL

	Group/Company			
	2017		2016	
	Number ('000)	RM'000	Number ('000)	RM'000
Ordinary shares:-				
Authorised	-	-	100,000	100,000
Issued and fully paid				
At 1 January	64,286	64,286	64,286	64,286
Transition to no-par value regime	-	1,798	-	-
At 31 December - ordinary shares with no par value (2016:par value of RM1 each)	64,286	66,084	64,286	64,286

The new Companies Act 2016 which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

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.

11. RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable				
<u>Share premium</u>				
At beginning of the year	1,798	1,798	1,798	1,798
Transition to no-par value regime	(1,798)	-	(1,798)	-
At end of the year	-	1,798	-	1,798
<u>Reserves</u>				
Foreign currency translation reserve	(399)	(448)	-	-
Revaluation reserve	4,320	4,320	-	-
	3,921	3,872	-	-
	3,921	5,670	-	1,798

(i) 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	
	2017 RM'000	2016 RM'000
At beginning of the year	4,320	15,770
Revaluation surplus realised upon subsidiary disposed	-	(11,450)
At end of the year	4,320	4,320

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

11. RESERVES (cont'd)

(ii) Foreign currency translation reserve

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

12. DEFERRED TAX LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
At beginning of the year	2,124	3,400
Recognised in profit or loss (Note 21)	298	(196)
Included in subsidiary disposed	-	(1,080)
At end of the year	<u>2,422</u>	<u>2,124</u>
Represented by:		
Deferred tax assets	(14)	(276)
Deferred tax liabilities	<u>2,436</u>	<u>2,400</u>
	<u>2,422</u>	<u>2,124</u>

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
Deferred tax assets			
At 1 January 2016	(3,102)	-	(3,102)
Recognised in profit or loss	67	-	67
Included in subsidiary disposed	2,759	-	2,759
At 31 December 2016	<u>(276)</u>	-	<u>(276)</u>
Recognised in profit or loss	276	(14)	262
At 31 December 2017	<u>-</u>	<u>(14)</u>	<u>(14)</u>

Group	Accelerated capital allowance RM'000	Revaluation surplus and fair value RM'000	Foreign exchange RM'000	Total RM'000
Deferred tax liabilities				
At 1 January 2016	358	5,888	256	6,502
Recognised in profit or loss	(7)	-	(256)	(263)
Reclassification	(135)	135	-	-
Included in subsidiary disposed	-	(3,839)	-	(3,839)
At 31 December 2016	<u>216</u>	<u>2,184</u>	-	<u>2,400</u>
Recognised in profit or loss	31	5	-	36
At 31 December 2017	<u>247</u>	<u>2,189</u>	-	<u>2,436</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. HIRE PURCHASE PAYABLES

	Group	
	2017 RM'000	2016 RM'000
Non-current	13	83
Current	67	64
	<u>80</u>	<u>147</u>

	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments
			RM
<u>2017</u>			
Less than one year	75	(8)	67
Between one and five years	14	(1)	13
	<u>89</u>	<u>(9)</u>	<u>80</u>
<u>2016</u>			
Less than one year	76	(12)	64
Between one and five years	88	(5)	83
	<u>164</u>	<u>(17)</u>	<u>147</u>

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	426	362	-	-
Other payables				
Sundry payables	4,388	1,168	-	-
Accruals	536	430	42	43
	<u>4,924</u>	<u>1,598</u>	<u>42</u>	<u>43</u>
	<u>5,350</u>	<u>1,960</u>	<u>42</u>	<u>43</u>

15. AMOUNT DUE TO DIRECTORS

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. LOANS AND BORROWINGS

	Group	
	2017 RM'000	2016 RM'000
Current Secured		
- Import loan	15,405	22,237
- Bankers acceptance	31,700	34,200
	<u>47,105</u>	<u>56,437</u>

The loans and borrowings are secured by mean of: -

- (a) fixed charge over certain 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Continuing Operations</u>				
Sale of goods	401,516	339,771	-	-
Management fee	-	-	281	238
	<u>401,516</u>	<u>339,771</u>	<u>281</u>	<u>238</u>
<u>Discontinued Operation</u>				
Sale of goods	-	6,792	-	-
	<u>401,516</u>	<u>346,563</u>	<u>281</u>	<u>238</u>

18. COST OF SALES

	Group	
	2017 RM'000	2016 RM'000
<u>Continuing Operations</u>		
Cost of inventories sold	396,043	335,526
	<u>396,043</u>	<u>335,526</u>
<u>Discontinued Operation</u>		
Cost of inventories sold	-	10,261
	<u>396,043</u>	<u>345,787</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. OTHER INCOME

	Group	
	2017 RM'000	2016 RM'000
Interest income	16	82
Rental income from investment property	98	98
Gain on disposal of property, plant and equipment	23	6
Gain on foreign exchange		
- Realised	4,800	-
- Unrealised	898	-
Income for Processing fee	28	60
Miscellaneous	211	2
	6,074	248

20. FINANCE COSTS

	Group	
	2017 RM'000	2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- Bank borrowings	2,200	2,137
- Hire purchase	8	7
	2,208	2,144

21. INCOME TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Recognised in profit or loss:-				
Malaysian income tax:-				
- Current Year	640	36	-	-
- underprovision in prior years	(4)	18	-	-
	636	54	-	-
Deferred tax expense:-				
Origination and reversal of temporary differences	298	(196)	-	-
	298	(196)	-	-
Total income tax expense	934	(142)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. INCOME TAX EXPENSE (cont'd)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Reconciliation of tax expense:-				
Profit/(Loss) before tax				
- continuing operations	3,684	(1,724)	(228)	(877)
- discontinued operations	-	3,703	-	-
	<u>3,684</u>	<u>1,979</u>	<u>(228)</u>	<u>(877)</u>
Income tax calculated using				
Malaysian tax rate of 24%	885	475	(55)	(211)
Non-deductible expenses	236	393	55	211
Income not subject to tax	-	(1,076)	-	-
Different tax rates in other jurisdictions	14	48	-	-
Tax savings arising from				
utilisation of unutilised tax losses	(201)	-	-	-
Underprovision of deferred tax				
in prior years	-	18	-	-
Tax expense for the year	<u>934</u>	<u>(142)</u>	<u>-</u>	<u>-</u>

22. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(Loss) before tax are stated after charging/(crediting): -				
Auditors' remuneration				
- current year	75	70	35	43
- other services	3	3	-	-
Bad debts written off	-	823	-	-
Depreciation of property, plant and equipment	816	4,106	-	-
Executive directors' remuneration	733	767	-	-
Non-executive directors' fees	172	172	172	172
Property, plant and equipment written off	-	45	-	-
Unrealised (gain)/loss on foreign exchange	(898)	72	-	-
Rental of premises	11	12	-	-
Staff costs (excludes directors' remuneration):				
- wages, salaries and others	3,366	4,547	-	-
- contribution to state plans	241	388	-	-
- other personnel costs	125	157	-	-
Waiver of amount due by subsidiaries	-	1,199	-	720
Written odd of obsolete inventories	-	417	-	-
Gain on disposal of property, plant and equipment	-	(10)	-	-
Gain on disposal of subsidiary companies	-	(11,005)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 31 December 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2017	2016
Profit/(Loss) attributable to ordinary shareholders (RM'000)		
From continuing operations	2,750	(1,582)
From discontinued operation	-	3,703
	2,750	2,121
Weighted average number of ordinary shares (in thousand) at 31 December	64,286	64,286
Basic earnings per ordinary share (sen)		
From continuing operations	4.28	(2.46)
From discontinued operation	-	5.76
	4.28	3.30

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	401,516	339,771	22,295	17,225
Hong Kong	-	-	4	19
People's Republic of China (discontinued operation)	-	6,792	-	-
Consolidated	401,516	346,563	22,299	17,244
			Segment profit/(loss)	
			2017	2016
			RM'000	RM'000
Malaysia			5,121	577
Hong Kong			(163)	286
People's Republic of China (discontinued operation)			-	3,703
			4,958	4,566
Finance costs			(2,208)	(2,445)
Consolidated			2,750	2,121

Major customer

Revenue to one major customer amounted to RM116,420,000 (2016: RM90,138,000), arising from sales by the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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 RM'000	L&R/(FL) RM'000	Carrying amount RM'000	L&R/(FL) RM'000
31 December 2017				
Financial assets				
Trade receivables	44,575	44,575	-	-
Other receivables, exclude prepayments	13,447	13,447	82	82
Amount due by a subsidiary	-	-	3	3
Cash and bank balances	10,970	10,970	100	100
	<u>68,992</u>	<u>68,992</u>	<u>185</u>	<u>185</u>
Financial liabilities				
Trade payables	(426)	(426)	-	-
Other payables	(4,924)	(4,924)	(42)	(42)
Amount due to directors	(172)	(172)	(172)	(172)
Amount due to a subsidiary	-	-	(12,186)	(12,186)
Loans and borrowings	(47,105)	(47,105)	-	-
Hire purchase payables	(80)	(80)	-	-
	<u>(52,707)</u>	<u>(52,707)</u>	<u>(12,400)</u>	<u>(12,400)</u>
31 December 2016				
Financial assets				
Trade receivables	33,537	33,537	-	-
Other receivables, exclude prepayments	3,658	3,658	1	1
Amount due by a subsidiary	-	-	3	3
Cash and bank balances	14,894	14,894	24	24
	<u>52,089</u>	<u>52,089</u>	<u>28</u>	<u>28</u>
Financial liabilities				
Trade payables	(362)	(362)	-	-
Other payables	(1,598)	(1,598)	(43)	(43)
Amount due to directors	(127)	(127)	(127)	(127)
Amount due to a subsidiary	-	-	(11,686)	(11,686)
Loans and borrowings	(56,437)	(56,437)	-	-
Hire purchase payables	(147)	(147)	-	-
	<u>(58,671)</u>	<u>(58,671)</u>	<u>(11,856)</u>	<u>(11,856)</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

(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.

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 60 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:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2017				
Not past due	43,967	-	-	43,967
Past due 0 - 1 month	431	-	-	431
Past due 1 - 2 months	177	-	-	177
Past due more than 2 months	-	-	-	-
	<u>44,575</u>	<u>-</u>	<u>-</u>	<u>44,575</u>
Group				
2016				
Not past due	33,085	-	-	33,085
Past due 0 - 1 month	167	-	-	167
Past due 1 - 2 months	285	-	-	285
Past due more than 2 months	-	-	-	-
	<u>33,537</u>	<u>-</u>	<u>-</u>	<u>33,537</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

(c) Credit risk

(i) Receivables

Trade receivables that are past due but not impaired

The Company has trade receivables amounting to RM608,000 (2016: RM452,000) that are past due at the reporting date but not impaired.

(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 RM47,105,000 (2016: RM56,437,000) 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 banking 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 (cont'd)

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
Group					
2017					
<i>Non-derivative financial liabilities</i>					
Trade payables	426	-	426	426	-
Other payables	4,924	-	4,924	4,924	-
Amount due to directors	172	-	172	172	-
Import loan	15,405	1.75%	15,405	15,405	-
Bankers acceptance	31,700	4.60%	31,700	31,700	-
Hire purchase payables	80	4.50%	89	75	14
	<u>52,707</u>		<u>52,716</u>	<u>52,702</u>	<u>14</u>
2016					
<i>Non-derivative financial liabilities</i>					
Trade payables	362	-	362	362	-
Other payables	1,598	-	1,598	1,598	-
Amount due to directors	127	-	127	127	-
Import loan	22,237	3.5%	22,237	22,237	-
Bankers acceptance	34,200	3.5%	34,200	34,200	-
Hire purchase payables	147	4.3%	164	76	88
	<u>58,671</u>		<u>58,688</u>	<u>58,600</u>	<u>88</u>
Company					
2017					
<i>Non-derivative financial liabilities</i>					
Other payables	42	-	42	42	-
Amount due to directors	172	-	172	172	-
Amount due to a subsidiary	12,186	-	12,186	12,186	-
	<u>12,400</u>		<u>12,400</u>	<u>12,400</u>	<u>-</u>
2016					
<i>Non-derivative financial liabilities</i>					
Other payables	43	-	43	43	-
Amount due to directors	127	-	127	127	-
Amount due to a subsidiary	11,686	-	11,686	11,686	-
	<u>11,856</u>		<u>11,856</u>	<u>11,856</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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	
	2017 RM'000	2016 RM'000
Functional currency of Group entities		
Ringgit Malaysia	3,939	(18,435)

Currency risk sensitivity analysis

A 10% (2016: 10%) strengthening of the Ringgit Malaysia against U.S. Dollar at the end of the reporting period would have decreased pre-tax profit or loss by RM393,900 (2016: RM1,843,000). 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% (2016: 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.

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed rate instruments				
Financial assets	4,113	3,630	-	-
Financial liabilities	(80)	(147)	-	-
	4,033	3,483	-	-
Floating rate instruments				
Financial liabilities	(47,105)	(56,437)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. FINANCIAL INSTRUMENTS (cont'd)

(e) Market risk (cont'd)

(ii) Interest rate risk

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 RM471,000 (2016: RM564,000).

(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.

The debt-to-equity ratios were as follows:

	Group	
	2017	2016
	RM'000	RM'000
Trade and other payables	5,350	1,960
Amount due to directors	172	127
Loans and borrowings	47,105	56,437
Hire purchase payables	80	147
Less: Cash and bank balances	(10,970)	(14,894)
Net debt	<u>41,737</u>	<u>43,777</u>
Total equity	<u>67,287</u>	<u>64,488</u>
Capital and net debt	<u>109,024</u>	<u>108,265</u>
Debt-to-equity ratio	<u>38%</u>	<u>40%</u>

There was no change in the Group's approach to capital management during the financial year.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. 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.

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
A. Subsidiary				
Management fee from a subsidiary	-	-	281	238
B. Key management personnel				
Rental paid to certain directors	86	83	-	-
Directors' remuneration	905	939	172	-

28. SUBSEQUENT EVENTS

a) Corporate Exercises

On 15 December 2017, the Board of Directors of the Company has:

- (i) proposed renounceable Rights Issue of 192,858,900 new ordinary shares and 257,145,200 Redeemable Convertible Preference Shares ("RCPS") together with 128,572,600 free detachable warrants on the basis of 3 rights shares and 4 RCPS together with 2 warrants attached for every one existing share held on an entitlement date;
- (ii) proposed establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of the Company;
- (iii) proposed amendments to the Company's Constitution.

On 30 January 2018, the Bursa Securities has principally approved the above proposal.

The shareholders of the Company approved all the proposals at the Extraordinary General Meeting of the Company held on 27 February 2018.

On 13 April 2018, the Board has announced that the confirmation in respect of the ESOS have submitted to Bursa Securities, and the implementation of the ESOS will be effective on the same day.

b) Incorporation of new subsidiary

On 19 April 2018, the Company incorporated a wholly-owned subsidiary namely, Ta Win Manufacturing Sdn. Bhd. ("TWM") with an issued and paid up capital of RM1.00 comprising 1 ordinary share. TWM's principal activity is that of manufacturing of copper wires and copper rods.

ANALYSIS OF SHAREHOLDINGS

as at 30 March 2018

ORDINARY SHARES

Issued Share Capital	:	64,286,300 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share
Number of Shareholders	:	1,477

DISTRIBUTION TABLE ACCORDING TO THE NUMBER OF SECURITIES HELD IN RESPECT OF ORDINARY SHARES

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 - 99	38	2.57	1,563	0.00
100 - 1,000	173	11.71	137,928	0.21
1,001 - 10,000	928	62.83	3,795,751	5.90
10,001 - 100,000	281	19.03	8,487,720	13.20
100,001 to less than 5% of issued shares	55	3.72	31,283,338	48.66
5% and above of issued shares	2	0.14	20,580,000	32.01
	1,477	100.00	64,286,300	100.00

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares Held (Direct)	%	No. of Shares Held (Indirect)	%
1.	DATO' YEO BOON LEONG, JP	-	-	20,580,000 ¹	32.00
2.	CHEN, HSI-TAO	3,747,398	5.83	6,146,911 ²	9.56
3.	CHEN, HUNG-LIN	3,099,920	4.82	6,794,389 ³	10.57
4.	MOHD KHASAN BIN AHMAD	-	-	-	-
5.	DATO' CHIN SWEE CHONG*	-	-	15,430,000 ⁴	24.00
6.	LAI KIAN HUAT	-	-	-	-
7.	TAN POO CHUAN	-	-	20,580,000 ¹	32.00
8.	DATIN AZREEN BINTI ABU NOH	-	-	-	-
9.	DATO' PADUKA DR. HII KING HIONG	-	-	-	-

Note:

1. Deemed interested by virtue of his interest via Pioneer Conglomerate Sdn. Bhd. and Tenggara Kapital Sdn. Bhd.
2. Deemed interested by virtue of his interest via his spouse, Chen Yu, Kuei-Feng and his sons, Chen, Hung-Lin and Chen, Hung-Ping
3. Deemed interested by virtue of his interest via his parents, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Ping
4. Deemed interested by virtue of his interest via Pioneer Conglomerate Sdn. Bhd.

* resigned as Director on 2 April 2018

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 30 March 2018

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

No.	Name of Substantial Shareholder	No. of Shares Held (Direct)	%	No. of Shares Held (Indirect)	%
1.	PIONEER CONGLOMERATE SDN. BHD.	15,430,000	24.00	-	-
2.	TENGGARA KAPITAL SDN. BHD.	5,150,000	8.010	-	-
3.	CHEN, HSI-TAO	3,747,398	5.83	6,146,911 ¹	9.56
4.	CHEN, HUNG-LIN	3,099,920	4.82	6,794,389 ²	10.57
5.	CHEN, HUNG-PING	3,045,720	4.74	6,848,589 ³	10.65
6.	CHEN YU, KUEI-FENG	1,271	0.00	9,893,038 ⁴	15.39
7.	DATO' YEO BOON LEONG, JP	-	-	20,580,000 ⁵	32.00
8.	TAN POO CHUAN	-	-	20,580,000 ⁵	32.00
9.	DATO' CHIN SWEE CHONG	-	-	15,430,000 ⁶	24.00
10.	ALPHA EQUITY LIMITED	-	-	5,150,000 ⁷	8.010

Note:

1. Deemed interested by virtue of his interest via his spouse, Chen Yu, Kuei-Feng and his sons, Chen, Hung-Lin and Chen, Hung-Ping
2. Deemed interested by virtue of his interest via his parents, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Ping
3. Deemed interested by virtue of his interest via his parents, Chen, Hsi-Tao and Chen Yu, Kuei-Feng and his brother, Chen, Hung-Lin
4. Deemed interested by virtue of her interest via her spouse, Chen, Hsi-Tao and her sons, Chen, Hung Lin and Chen, Hung-Ping
5. Deemed interested by virtue of his interest via Pioneer Conglomerate Sdn. Bhd. and Tenggara Kapital Sdn. Bhd.
6. Deemed interested by virtue of his interest via Pioneer Conglomerate Sdn. Bhd.
7. Deemed interested by virtue of its interest via Tenggara Kapital Sdn. Bhd.

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	Shareholdings	%
1.	JF APEX NOMINEES (TEMPATAN) SDN BHD ACE CREDIT (M) SDN. BHD. FOR PIONEER CONGLOMERATE SDN. BHD.	15,430,000	24.00
2.	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR TENGGARA KAPITAL SDN. BHD. (MARGIN)	5,150,000	8.01
3.	CHEN, HSI-TAO	2,592,998	4.03
4.	CHEN, HUNG-PING	2,495,720	3.88
5.	YU, CHUN-FU	2,379,620	3.70
6.	CHEN, HUNG-LIN	2,333,800	3.63
7.	CHOO LAI HONG	2,200,000	3.42

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 30 March 2018

No.	Name	Shareholdings	%
8.	JF APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOH CHEE MENG (MARGIN)	1,800,000	2.80
9.	CHEN, HSI-TAO	1,154,400	1.80
10.	HUAM HONG PING	1,100,000	1.71
11.	ABDUL SATHAR BIN M S M ABDUL KADIR	1,016,400	1.58
12.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TASHREEN KAUR A/P SURINDER SINGH	877,100	1.36
13.	NGUI GIONG TECK	768,000	1.19
14.	CHEN, HUNG-LIN	766,120	1.19
15.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BONUS TRADISI SDN. BHD.	728,000	1.13
16.	YAYASAN KELANTAN DARULNAIM	700,100	1.09
17.	LIM KIM SOW	650,000	1.01
18.	LIM SEEH ENG	650,000	1.01
19.	TEO GIM CHOON	650,000	1.01
20.	CHEN, HUNG-PING	550,000	0.86
21.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SOON HUI (E-SJA)	484,200	0.75
22.	WONG SIEW KIM	465,000	0.72
23.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PHILIP SECURITIES PTE LTD (CLIENTS)	462,000	0.72
24.	KHOR CHIN CHEW	387,300	0.60
25.	CHEW WENG CHOY	360,000	0.56
26.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NGU TIENG LUNG	342,000	0.53
27.	TAY TECK HO	340,000	0.53
28.	ONG HUNG HENG	320,000	0.50
29.	TASHREEN KAUR A/P SURINDER SINGH	272,900	0.42
30.	GINA GAN	248,800	0.39
TOTAL		47,674,458	74.16

LIST OF GROUP PROPERTIES

Location	Tenure / Expiry Date	*Existing Use	Age of Building (year /month)	Land area (m)/(Built-up area) (m)	Carrying Amount @ 31.12.2017 RM ('000)	Year of Valuation
Lot PT 1234 to 1237 and Lot PT 1287 to 1290 Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 26/6/2089 for Lot PT 1234 to 1237, leaving unexpired terms of about 76 years	*Industrial land, factory building & office	15,16,19, 22 years (4 factories)	31,794/(17,920)	12,945	2015
Lot No. 101, Town area XXXIX (39), Melaka Tengah, Melaka	99 years leasehold expiring on 19/8/2075, leaving unexpired terms of about 62 years	*Building (Shophouse)	34 years	148/(366)	1,350	2017
PT 1513 & 1516, Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 24/9/2091, leaving unexpired terms of about 78 years	*Apartments	16 years	N/A/(728)	378	2015

Note :

* All land and buildings are presently owned by Ta Win Industries (M) Sdn. Bhd.

PROXY FORM



CDS Account No.	
Number of Shares Held	

"I/We, (name of shareholders as per NRIC, in capital letters)
 IC No./ ID No./ Company No (new) (old)
 of
 (full address) being a member(s) of the above Company, hereby
 appoint (name of proxy as per NRIC, in capital letters)
 IC No (new) (old)
 or failing him/her(name of proxy as per NRIC, in capital letters)
 IC No (new) (old)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Bilik Bunga Teratai, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Friday, 29 June 2018 at 10.00 a.m. at any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X":

Item	Agenda			
1.	To lay before the meeting the Audited Financial Statements for the year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon			
		RESOLUTIONS	FOR	AGAINST
2.	To approve the aggregate Directors' Fees payable to the Directors of the Company for an amount not exceeding RM304,000 for the financial year ending 31 December 2018.	1		
3.	To approve the aggregate Directors' benefits (excluding Directors' fees) to the Directors of the Company up to an amount of RM200,000 for the period commencing from 30 June 2018 until the next Annual General Meeting of the Company	2		
4.	To re-elect En. Mohd Khasan Bin Ahmad as Director	3		
5.	To re-elect Dato' Yeo Boon Leong, JP as Director	4		
6.	To re-elect Mr. Lai Kian Huat as Director	5		
7.	To re-elect Mr. Tan Poo Chuan as Director	6		
8.	To re-elect Datin Azreen Binti Abu Noh as Director	7		
9.	To re-elect Dato' Paduka Dr. Hii King Hiong as Director	8		
10.	To re-appoint Messrs Ecovis AHL PLT as Auditors and to authorise the Directors to fix their remuneration	9		
11(a)	To empower the Directors of the Company to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016	10		
11(b)	To retain En. Mohd Khasan Bin Ahmad as Independent Non-Executive Director of the Company	11		

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Signature:.....

Dated this.....day of....., 2018.

Notes: -

- 1) A member of the Company who is entitled to attend, speak and vote at this 24th AGM may appoint up to two (2) proxies to attend, speak and vote in his/her behalf. A proxy may not be a member of the Company.
- 2) Where a member of the Company appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 3) Where a member of a Company is an authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he/she 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, or if the appointor is a Corporation, whether under the 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 308, Block A (3rd Floor), Kelana Business Centre, 97, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the meeting convenes or at any adjournment thereof, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, 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 its 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 22 June 2018 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at this 24th AGM.
- 9) Any alteration in the form of proxy must be initialed.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 24th AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of 24th AGM dated 30 April 2018.

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The Secretary
TA WIN HOLDINGS BERHAD
(Company No: 291592-U)
308, Block A (3rd Floor)
Kelana Business Centre
97, Jalan SS7/2, Kelana Jaya
47301 Petaling Jaya
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