ANNUAL REPORT 2019

大稳控股有限公司 291592-U

TA WIN HOLDINGS BERHAD

A leading Industrial producer of Copper Conductors

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Fifth Annual General Meeting of the Company will be held at Ta Win Industries (M) Sdn. Bhd., Lot 63-68, Jalan Industri 21, Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka on Thursday, 28 November 2019 at 9.00 a.m.

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 30 June 2019 together with the Directors' and Auditors' Reports thereon. ***(Please refer to Explanatory Note (a))***

2. To approve the payment of aggregate Directors' Fees of RM600,000.00 for the period from 1 January 2019 to 30 June 2020. ***(Ordinary Resolution 1)***

3. To approve the payment of aggregate Directors' benefits (excluding Directors' Fees) to the Directors up to an amount of RM200,000.00 for the period commencing from 29 November 2019 up to the next Annual General Meeting of the Company. ***(Ordinary Resolution 2)***

4. To re-elect the following Directors who retire in accordance with Article 98 of the Company's Articles of Association :-

   (a) Mr. Yao Kee Boon ***(Ordinary Resolution 3)***
   (b) Dato' Sri Ngu Tieng Ung, JP ***(Ordinary Resolution 4)***

5. To re-elect Dato' Yeo Boon Leong, JP, the Director who retires in accordance with Article 92 of the Company's Articles of Association. ***(Ordinary Resolution 5)***

6. To re-appoint Messrs Ecovis Malaysia PLT (formerly known as Ecovis AHL PLT) (LLP 0003185-LCA & AF 001825) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 6)***

AS SPECIAL BUSINESS

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

   (a) **Ordinary Resolution – 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 to be issued 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 7)***

(b) **Special Resolution – Proposed Adoption Of New Constitution Of The Company**

"**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, the new Constitution as set out in Appendix A be and is hereby adopted as the Constitution of the Company with immediate effect **AND THAT** the Directors of the Company be hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." ***(Special Resolution 1)***

8. 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 October 2019

Notes :-

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote instead of his/her behalf. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

2. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall either be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

3. Where a member of a Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy and the power of attorney or other authority duly authorised in writing or if such appointor is a Corporation, under its common seal or under the hand of an officer or attorney of the Corporation duly authorised, shall be deposited at the registered office at 308, Block A (3rd Floor), Kelana Business Centre, 97, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

6. Depositors who appear in the Record of Depositors as at 22 November 2019 shall be regarded as member of the Company entitled to attend the Twenty Fifth Annual General Meeting or appoint a proxy or proxies to attend and vote on his/her behalf.

EXPLANATORY NOTES

(a) Audited Financial Statements

This Agenda item is meant for discussion only, as the provision of Section 340(1) 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.

(b) Ordinary Resolution 1 – Directors' Fees

This resolution, if passed, will authorise the payment of the Directors' fees to Non-Executive Directors of the Company for their services as Directors of the Company for the period from 1 January 2019 to 30 June 2020.

(c) Ordinary Resolution 2 – Directors' Benefits Payable

The proposed benefits payable to the Directors comprises allowances and other benefits. In determining the estimated total amount of benefits for 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 Directors involved in these meetings.

The estimated amount of RM200,000.00 for the relevant period is derived from the estimated Directors' benefits for the period from 29 November 2019 until the next Annual General Meeting of the Company in 2020 and the provision for other benefits (if any). Payment of the Directors' benefits will be made by the Company as and when incurred if the Proposed Ordinary Resolution 2 passed at the Twenty Fifth Annual General Meeting. The Board is of the view that it is just and equitable for the Directors of the Company to be paid the Directors' benefits as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the relevant period.

This authority, 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.

(d) Ordinary Resolution 7- Authority To Directors To Issue Shares

The proposed Ordinary Resolution 7, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares in the Company up to and not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at 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.

The proposed Ordinary Resolution 7 is to seek a renewal of the General Mandate for the issue of new ordinary shares which was approved by the shareholders at the Twenty Fourth Annual General Meeting.

At the date of this notice, 7,237,630 ordinary shares were issued pursuant to the general authority granted to the Directors for issuance of shares at the Twenty Fourth Annual General Meeting held on 29 June 2018 and which will lapse at the conclusion of the Twenty Fifth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to funding future investment, working capital and/or acquisitions.

(e) Special Resolution 1 - Proposed Adoption Of New Constitution Of The Company

The Special Resolution 1, if passed, will bring the Company's Constitution in line with the Companies Act 2016 which came into force on 31 January 2017 and the updated provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing statutory and regulatory requirements. The proposed new Constitution is set out in "Appendix A" to this notice.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Yeo Boon Leong, JP *(Chairman)*	*Non-Independent Non-Executive Director*
Dato' Sri Ngu Tieng Ung, JP	*Non-Independent Executive Director*
Tan Poo Chuan	*Non-Independent Executive Director*
Dato' Paduka Dr. Thomas Hii King Hiong	*Independent Non-Executive Director*
Datin Azreen Binti Abu Noh	*Independent Non-Executive Director*
Yao Kee Boon	*Independent Non-Executive Director*

COMPANY SECRETARIES

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

AUDIT COMMITTEE

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

Datin Azreen Binti Abu Noh
Independent Non-Executive Director

Yao Kee Boon
Independent Non-Executive Director

NOMINATION COMMITTEE

Yao Kee Boon *(Chairman)*
Independent Non-Executive Director

Datin Azreen Binti Abu Noh
Independent Non-Executive Director

REMUNERATION COMMITTEE

Datin Azreen Binti Abu Noh *(Chairman)*
Independent Non-Executive Director

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

Dato' Yeo Boon Leong, JP
Non-Independent Non-Executive Director

REGISTERED OFFICE

No. 308, Block A (3rd Floor), Kelana Business Centre,
97, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel: No. 03-7492 1818
Fax No. 03-7492 1933

CORPORATE OFFICE

Unit 26-11 & 26-12,
Level 26, Q Sentral,
Jalan Stesen Sentral 2,
50470 Kuala Lumpur.
Tel No. 03-2276 6522
Fax No. 03-2276 6511
E-mail: info@ta-win.com
Website: www.ta-win.com

REGISTRARS

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.
Tel No. 03-2084 9000
Fax No. 03-2094 9940

AUDITORS

Ecovis Malaysia PLT (formerly known as
Ecovis AHL PLT) (LLP 0003185-LCA & AF 001825)
No. 54, Jalan Kempas Utama 2/2,
Taman Kempas Utama,
81200 Johor Bahru,
Johor Darul Takzim.
Tel No. 07-562 9000
Fax No. 07-562 9090

CORPORATE INFORMATION
(continued)

PRINCIPAL BANKERS

Malayan Banking Berhad
MBSB Bank Berhad
AmBank Berhad

INVESTOR RELATIONS

Tan Poo Chuan
Non-Independent Executive Director

Stan Zabolotsky
Chief Operating Officer/Chief Financial Officer

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

	Ordinary Shares	Preference Shares	Warrants
Stock Name	TAWIN	TAWIN-PA	TAWIN-WA
Stock Code	7097	7097PA	7097WA

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.

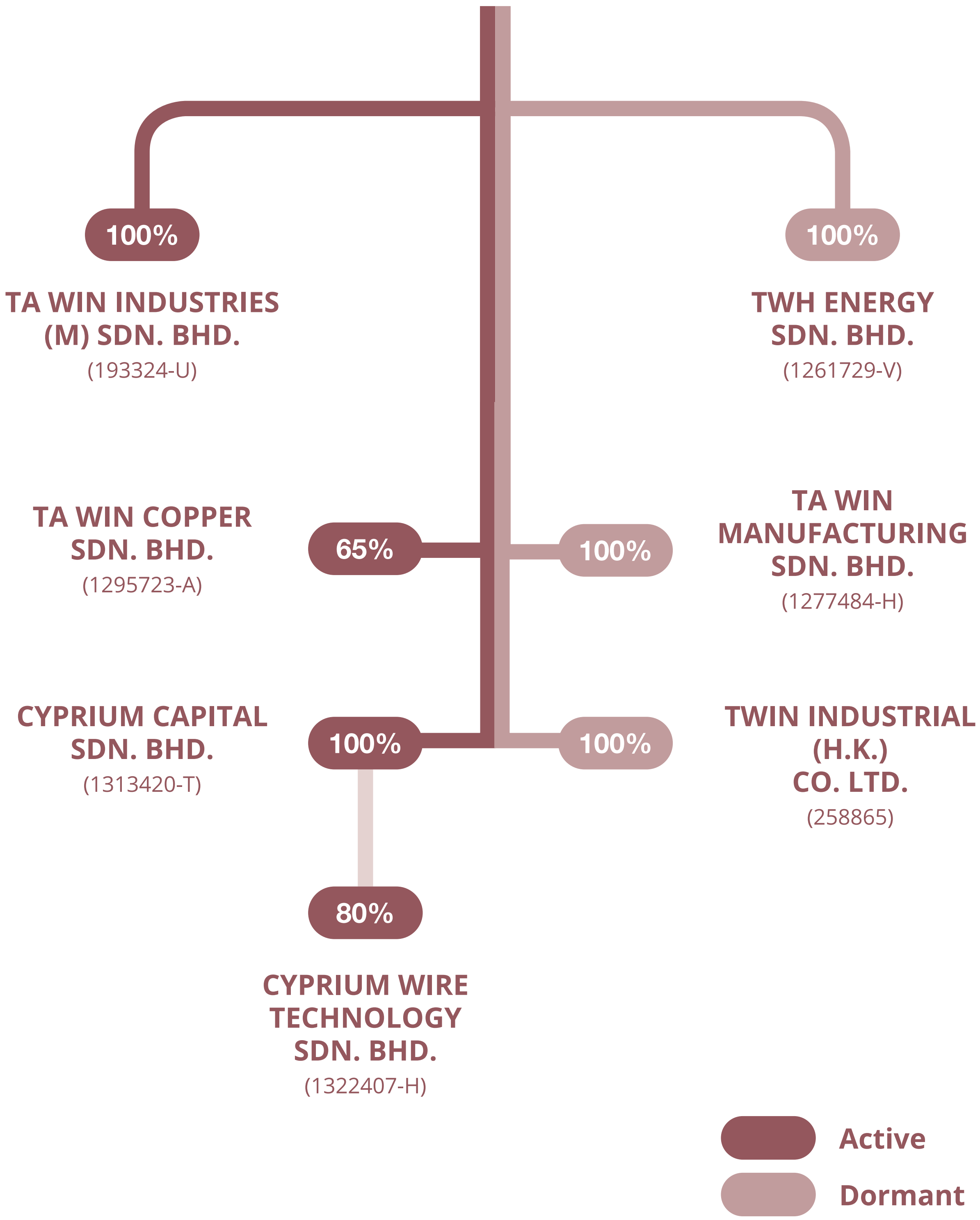
TWHB's shares were offered to the public on 15 August 2000 in conjunction with its listing on Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange). TWHB is currently listed under the "Industrial Products & Services" Sector of the Main Market of Bursa Malaysia Securities Berhad.

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 of 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	Carry out the business of oil and gas trading.
Ta Win Manufacturing Sdn. Bhd. (1277484-H)	19 April 2018, Malaysia	100.00	Manufacturing of enamelled copper wires and bare copper wire.
Ta Win Copper Sdn. Bhd. (1295723-A)	19 September 2018, Malaysia	65.00	Manufacturing of copper wires and copper rods and all kind of copper.
Cyprium Capital Sdn. Bhd. (1313420-T)	31 January 2019, Malaysia	100.00	Investment holdings and venture capital for metal and copper related products and industries, manufacturing and trading of non-ferrous metals including copper power cable and other copper.
Held through a subsidiary :			
Cyprium Wire Technology Sdn. Bhd. (1322407-H)	15 April 2019, Malaysia	80.00	Manufacturing wire and/or cable products, using electron bean irradiation technology which utilise proprietary cross-linking/ionizing radiation treatment

CORPORATE STRUCTURE

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



DATO' YEO BOON LEONG, JP Chairman, Non-Independent and Non-Executive Director
Age 53, Male, Malaysian

Date of Appointment	23 November 2017
Qualification	Bachelor of Commerce Degree from Victoria University of Wellington, New Zealand
Working Experience	He is an entrepreneur, started as a Sale Manager in Denko Industrial Bhd in early 1995. From there, he ventured into retail, distribution and manufacturing of household and industrial products, logistics and warehouse management, property development and construction, energy & power plant concessionaire and multimedia technology. Presently, he is an Executive Chairman and a substantial shareholder of Asia Poly Holdings Berhad. Dato' Yeo is also the Managing Director in various other private companies in Malaysia such as Gere Industries (M) Sdn. Bhd. ("Gere"), renowned for manufacturing, assembly and packaging of door lock & handle and other household DIY hardware based in Puchong, High Reserve Marketing Sdn. Bhd., an exclusive marketer for Gere's Products for export across Asia countries, and Dian Be Hardware Co. Sdn. Bhd., a specialised retailer for all household hardware products based across the Peninsular States of Malaysia. He is a substantial shareholder of Ta Win Holdings Berhad.
Other Directorship of Public Companies	Executive Chairman of Asia Poly Holdings Berhad

DATO' SRI NGU TIENG UNG, JP Non-Independent Executive Director
Age 52, Male, Malaysian

Date of Appointment	9 November 2018
Qualification	Honours UK Degree in Accountancy Member of the Association International Accountants
Working Experience	He is an accountant-turned entrepreneur and venture capitalist with specialization in corporate finance, business consultancy, investment banking and venture capital for the last 20 years. From late 1990s, Dato' Sri Ngu diverted his business ventures beyond Malaysia frontiers and participated in several public and private investments as chief investment strategist and investor in Mongolia, Kazakhstan, China, Hong Kong, Indo-China, Australia, PNG, New Zealand, USA, Canada, UK and Indonesia. These investments span across a broad spectrum of business sectors including oil & gas, minéralisation, commodities & non ferrous metals, info technology, manufacturing, financial services, plantation and real-estate development. The broad-based business set-up has created for him a wealth of business experience and valuable business networking form the Asia to Europe and North America business community. He is a substantial shareholder of Ta Win Holdings Berhad.
Other Directorship of Public Companies	None

PROFILE OF THE BOARD OF DIRECTORS
(continued)

TAN POO CHUAN Non-Independent Executive Director
Age 62, Male, Malaysian

Date of Appointment	5 December 2017 (Non-Independent Non-Executive Director) 20 April 2018 (re-designated as Executive Director)
Working Experience	He has more than 40 years of experience in industrial business dealings with export and import of motor vehicle parts, commercial machinery & equipment, property investment and development in Malaysia. He is a substantial shareholder of Ta Win Holdings Berhad.
Other Directorship of Public Companies	None

DATO' PADUKA DR. THOMAS HII KING HIONG Independent Non-Executive Director
Age 74, Male, Malaysian

Date of Appointment	22 February 2018
Qualification	Bachelor of Commerce, Singapore Bachelor of Commerce, University of Otago, New Zealand PHD (Economics), United State of America Malaysian Institute of Accountants, Member Malaysian Institute of Certified Public Accountants, Member Chartered Tax Institute of Malaysia, Member Institute of Cooperative Auditors Malaysia, Member Institute of Cooperative & Management Accountants, Associate Member New Zealand Institute of Chartered Accountants, Member
Working Experience	He has been a Founder and Managing Partner of Hii King Hiong & Co with branches span across Malaysia in Miri, Bintulu, Kuching, Sibu, Sarikei, Bintangor and Kuala Lumpur. He also sits on the board 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-present. He is currently branch chairman of Parti Sarawak Bersatu.
Other Directorship of Public Companies	None

DATIN AZREEN BINTI ABU NOH Independent Non-Executive Director
Age 50, Female, Malaysian

Date of Appointment	22 February 2018
Qualification	LLB (HONS) University Kebangsaan Malaysia
Working Experience	She was admitted as an Advocate and Solicitor of the High Court of Malaya in 1996. In addition, she is a senior professional lawyer specialised 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. Besides her solid legal background, Datin Azreen is also a Managing Director for various private companies where she accumulated vast entrepreneurial experience such as organising 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 Bhds branded F&B cafe business in 2016 which involved Petronas Dagangan Berhad as its new franchise partner. She was awarded by Niaga Times the Personaliti Industri Usahawan Malaysia in 2017 for her immense contribution to expand the F&B cafe franchise business.
Other Directorship of Public Companies	Independant Non-Executive Director of Amway (Malaysia) Holdings Berhad

YAO KEE BOON Independent Non-Executive Director
Age 58, Male, Malaysian

Date of Appointment	2 August 2018
Qualification	Institute Bank Malaysia Certificate
Working Experience	He has more than 30 years in the banking and finance industry having worked in various banks before venturing out on his own as a financial consultant in 2000. During this period in the banking industry, he moved from OCBC to Mbf Finance before joining Asia Commercial Finance which he eventually left in year 2000. Since leaving the bank, Mr Yao has assisted SMEs in obtaining financing from banks for their working capital requirements. He was also employed full time by these SMEs when the need arose to assist them in the financial planning of the company in the long term.
Other Directorship of Public Companies	None

Notes :

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Directors has any family relationship with any other Director and/or major shareholder of the Company.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with the Company.

3. **Conviction of Offences**
   None of the Directors has any conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

4. **Attendance of Directors**
   Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview Statement in the Annual Report.

KEY SENIOR MANAGEMENT

		Description	Companies
Name Position Age, Gender Nationality Date of Appointment Academic/ Professional Qualification(s) Working Experience	: : : : : : :	**Stan Zabolotsky** Chief Operating Officer/Chief Financial Officer 31, Male Canada 27 June 2018 Master of Business Administration (MBA) major in Investment Banking Bachelor of Commerce specialisation in Accounting, Rotman School of Management, University of Toronto. Member of the Chartered Professional Accountants (CPA) of Canada. A finance professional with diverse global experience in management, finance, mergers and acquisitions (M&A), accounting, and other complementary fields. After graduating from the University of Toronto with a Bachelor of Commerce degree, he began his career at Siemens and was quickly promoted to financial controller in charge of the Canadian energy distribution business, which he turned into a high-performing award-winning business unit. While working at Siemens, he has also attained his accounting designation. He then left Siemens to pursue his Master of Business Administration for 2 years, during which he interned on Wall Street as an M&A associate He subsequently joined the investment banking industry in Toronto, specializing in initial public offerings, debt raises, and M&A specifically for financial institutions. Several years ago he moved to Malaysia to join Southeast Asia's largest E-commerce aggregator as a Vice President of Finance and Business Intelligence, prior to joining Ta Win Holdings Berhad as Chief Financial Officer (CFO). Shortly after his appointment as CFO, he was also appointed COO of the group	**Group Level**
Name Position Age, Gender Nationality Date of Appointment Academic/ Professional Qualification(s) Working Experience	: : : : : : :	**Wong Weng Keong** Finance Manager 44, Male Malaysia 1 August 2019 Diploma in Accountancy 1995 – 1998 Semi Senior Audit at Yuen Tang & Co. 1998 – 2008 Senior Accounts Executive at Excelcorp Services Sdn. Bhd. 2008 – 2010 Finance manager at Haworth Industries (M) Sdn. Bhd. 2010 – 2017 Finance Manager at Radius Hotel Management Sdn. Bhd. 2017 – 2018 Finance Manager at Governance Advisory Sdn. Bhd.	**Group Level**

	Description	Companies
Name : Position : Age, Gender : Nationality : Date of Appointment : Academic/ Professional Qualification(s) : Working Experience :	**Yeoh Ching Kiang** Managing Director 66, Male Malaysia 26 July 2017 Bachelor's Degree in Business Administration 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.	**Ta Win Industries (M) Sdn. Bhd. ("TWI") & Ta Win Copper Sdn. Bhd. ("TWC")**
Name : Position : Age, Gender : Nationality : Date of Appointment : Academic/ Professional Qualification(s) : Working Experience :	**Tan Kang Shu** General Manager 34, Male Malaysia 1 July 2018 Bachelor in finance & accounting 2 years' experience in accounting and finance 5 years' experience in marketing and banking line 5 years' experience as General Manager in import and export of auto part and commercial vehicle	**TWI & TWC**
Name : Position : Age, Gender : Nationality : Date of Appointment : Academic/ Professional Qualification(s) : Working Experience :	**Ong Jit Wee** Quality Assurance Manager 48, Male Malaysia 18 September 2000 Degree of Bachelor of Economics 1998 – 2000 Futures broker representative at OSK Futures and Options	**TWI**

KEY SENIOR MANAGEMENT
(continued)

	Description	Companies
Name : Position : Age, Gender : Nationality : Date of Appointment : Academic/ Professional Qualification(s) : Working Experience :	**Gan Seng Hock** Sales Manager 45, Male Malaysia 2 December 2002 Diploma in Electronic Engineering 1996 – 1997 Technician at Asianline Machinery 1997 – 2002 Asst. Manager at Ta Win Industries (M) Sdn Bhd 2002 – 2002 Asst. Manager at Tecro Industries (M) Sdn Bhd	**TWI**
Name : Position : Age, Gender : Nationality : Date of Appointment : Academic/ Professional Qualification(s) : Working Experience :	**Nagendra Belur Narayana Swamy** Production Engineer 55, Male India 19 December 2014 Degree of Bachelor of Mechanical Engineering 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	**TWI**
Name : Position : Age, Gender : Nationality : Date of Appointment : Academic/ Professional Qualification(s) : Working Experience :	**Yeoh Eng Tong** Engineer 27, Male Malaysia 1 June 2018 MSc. (Merit) Applied Process Control (Honour) Chemical Engineering and Advanced Materials Newcastle University 2018 – present Engineer at Ta Win Industries (M) Sdn. Bhd. 2017 – 2018 Technical Sales Executive at Niche chemicals Sdn. Bhd.	**TWC**

	Description	Companies
Name : Position : Age, Gender : Nationality : Date of Appointment : Academic/ Professional Qualification(s) : Working Experience :	**Wong Ah Piaw** Chief Technical Director 67, Male Malaysia 2 May 2019 Chemical Engineering Degree, Cheng Kong University of Taiwan He commenced his career as a Production Supervisor in Golden Lady Textile Sdn. Bhd. In 1975. From 1978 to 1980, he was employed as a Production Engineer in Malayan Weaving Mills Bhd. and Flywheel Rubber Works Sdn. Bhd. through various cost-cutting measures to improve the production efficiency of factory operation. From 1981 to 2006, he was employed as Senior Manager in Chong Sing Cable Sdn. Bhd., Leader Universal Cable Bhd. and Flexomers Sdn. Bhd. to develop more cost-saving efficient cable products for automobile, electrical and electronics and oil & gas clienteles. Since he was appointed as Managing Director in Wonderful Wire & Cable Bhd and Wonderful Compound Sdn Bhd during the period from 2007 to 2014, he further fine-tunes his skills in research and development of a proprietary electron beam irradiation cross-linked wire production technology for application in the automobile and telecommunication sector in Malaysia. During the period of 2014 up to present, he is an interim Technical Consultant for various wire, cable, and chemical local companies which include FEC Cables (M) Sdn Bhd, etc. He also was awarded a RM6 Million Techno Grant by the Ministry of Science, Technology (MOSTI) and Innovation in September 2009 for Commercialization of Product Improvement and Product Scaling Up of Flame Retardant Compounds for Radiation Crosslinked Automotive Wire and Cable Applications (TF0309D043).	**Cyprium Wire Technology Sdn. Bhd. ("CWT")**
Name : Position : Age, Gender : Nationality : Date of Appointment : Academic/ Professional Qualification(s) : Working Experience :	**Wong Chen Fung** Sales and Business Development Director 35, Male Malaysia 2 May 2019 Business Administration Degree, Tamkang University of Taiwan. He commenced his career as a Sales Technical Executive of Wonderful Wire & Cable Bhd in 2009 and Sales Technical & Administration Manager in 2011 in its subsidiary Wonderful Compound Sdn. Bhd. to promote and develop the Wonderful's group of businesses with its annual sales increases to 20+ million (2012) from 10+ million (2011). During the period of 2014 up to present, he is an interim Technical Consultant for various wire, cable, and chemical local companies which include FEC Cables (M) Sdn. Bhd., etc. Together with his father Wong Ah Piaw, he had successfully developed and fine-tuned a proprietary electron beam irradiation cross-linked wire production technology to enable numerous local companies to compete in both local and international cable & wire supply markets that had long been monopolized by their Western, Japanese and Korean counterparts. The technology had been patented in Malaysia on 16th June 2015 with Application No. P12014701606.	**CWT**

KEY SENIOR MANAGEMENT
(continued)

	Description	Companies
Name :	**Fam Hong Chiang**	**CWT**
Position :	Factory and Production Manager	
Age, Gender :	64	
Nationality :	Malaysia	
Date of Appointment :	1 August 2019	
Academic/ Professional Qualification(s) :	30 years of business operation experience in factory production of the manufacturing industrial	
Working Experience :	1989 – 2014 Production Superintendence, Factory Cum Production Manager at Wonderful Wire & Cable Sdn. Bhd. 2014 2019 Factory Manager at Metro Wire & Cable Sdn. Bhd.	

Notes:

a) None of the Key Senior Management has any conflict of interest with the Group.
b) None of the Key Senior Management has been convicted of any offenses within the past five (5) years other than traffic. There was no public sanction or penalty imposed by any regulatory bodies on them during the financial year.
c) Save for Tan Kang Shu is a son of Tan Poo Chuan, a director of the group and of the company, none of the other Key Senior Management has any family relationship with any other directors/major shareholders of the Company.
d) None of the Key Senior Management has directorship in any public company or listed public companies.

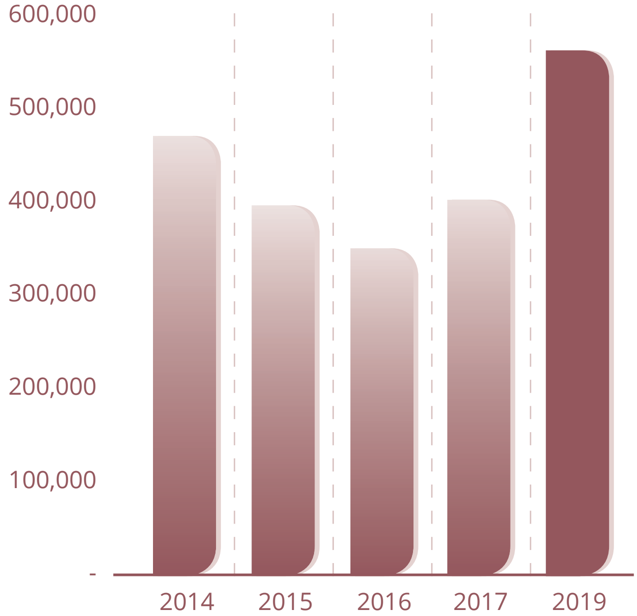
5-YEARS GROUP FINANCIAL SUMMARY

PERIOD/YEAR ENDED	2019 #	2017	GROUP 2016	2015	2014
		(12 Months Year Results Ended December)			
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)					
Revenue	563,130	401,516	339,771	395,276	471,722
Operating profit / (loss)	6,874	5,892	420	13,104	(1,719)
EBITDA	8,182	6,708	4,526	17,005	3,043
Profit /(loss) before taxation	1,984	3,684	(1,724)	11,068	(4,563)
Profit/(loss) from continuing operations	888	2,750	(1,582)	9,441	(4,858)
Profit/(loss) from discontinuing operations	–	–	3,703	(8,984)	–
Net profit attributable to equity holders	1,156	2,750	2,121	457	(4,858)
KEY FINANCIAL POSITION STATEMENT DATA (RM'000)					
Total assets	177,733	122,688	125,283	170,518	158,533
Total borrowings	80,948	47,185	56,584	69,751	66,403
Shareholders' equity	87,153	67,287	64,488	66,520	59,598
SHARE INFORMATION					
Per share (sen)					
Basic earnings	1.45	4.28	3.30	0.71	(7.55)
Gross dividend	–	–	–	–	–
Net assets per share (RM)	1.09	1.05	1.00	1.03	0.93
Share price	0.52 >	1.17 *	0.35 *	0.26 *	0.39 *
FINANCIAL RATIOS (%)					
Gross profit/(loss) margin	(0.05)	1.36	1.25	3.66	1.65
Net profit margin	0.16	0.68	0.62	0.12	(1.03)
Return on equity	1.33	4.09	3.29	0.69	(8.15)
Gearing ratio	39.08	38.27	40.44	55.17	59.22

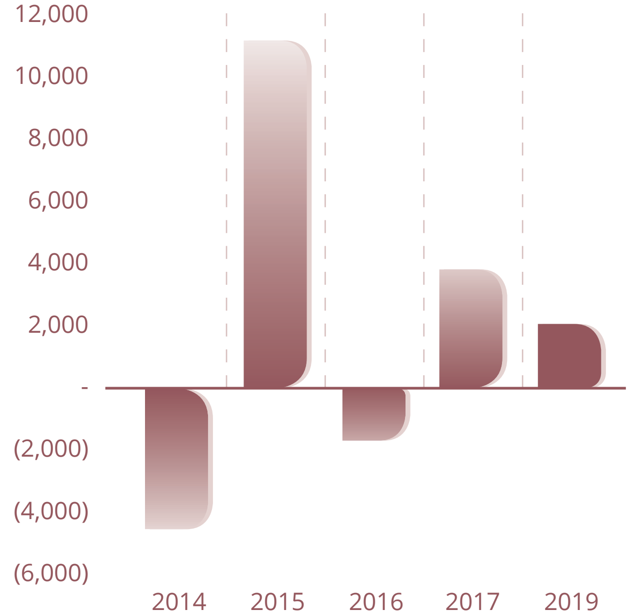
\# *refering to the 18 months financial period ended 30 June*
> *referring to the last market transaction day for the financial period ended 30 June*
* *referring to the last market transaction day for the financial year ended 31 December*

5-YEARS GROUP FINANCIAL SUMMARY
(continued)

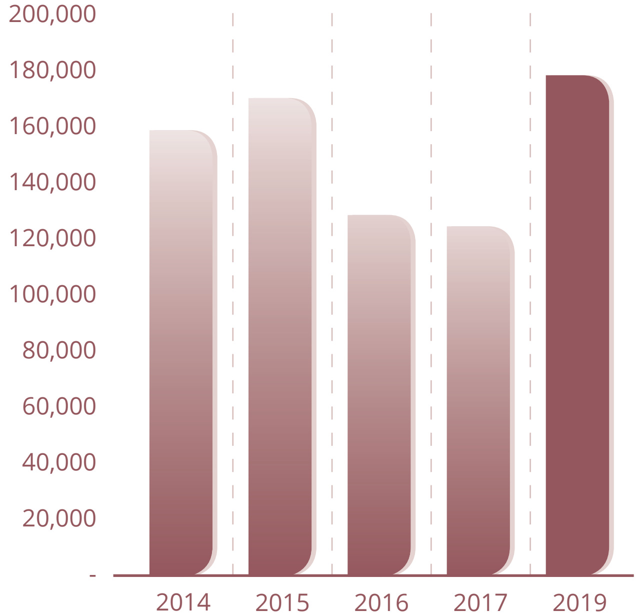
REVENUE
(RM'000)



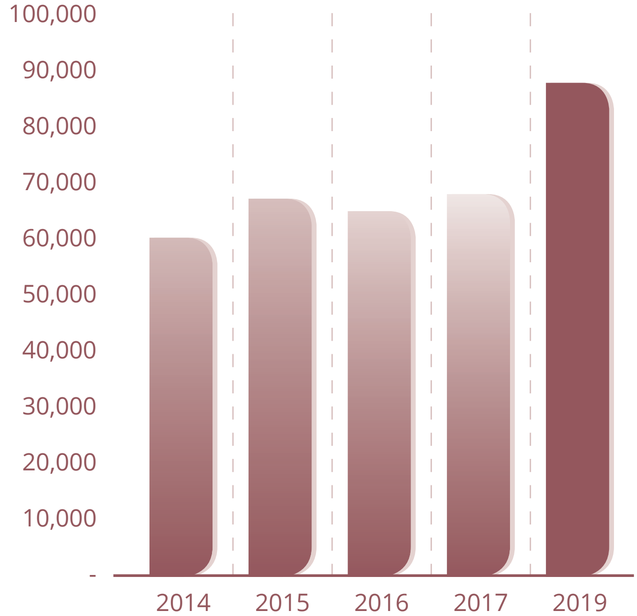
PROFIT / (LOSS BEFORE TAXATION)
(RM'000)



TOTAL ASSETS
(RM'000)



SHAREHOLDERS EQUITY
(RM'000)



refering to the 12 months financial year ended 31 December

refering to the 18 months financial period ended 30 June

On behalf of the Board of Directors of Ta Win Holdings Berhad ("TWHB" or "Ta Win"), it is my pleasure to present to you the Management Discussion and Analysis ("MD&A") of the Group. The objective of this MD&A is to provide shareholders with an overview of the Group's business, operations, and financial position in the year 2019 and outlook for the year 2020. Under new management since 2018, Ta Win has been undergoing a major transformation on a strategic, operational, and financial level.

STRATEGIC REVIEW

On a strategic level, we have made it a priority to transform the company into a modern vertically integrated copper manufacturing business with an international focus. We aim to augment the value we create along our value chain by venturing downstream and upstream, while discontinuing any business segments that do not present favourable prospects. To that end, we have discontinued the enamelled wire business, which targeted a declining industry and was dragging down our performance due to lack of scale. Instead, two new strategic businesses have been launched through joint ventures to set up new production facilities in our existing manufacturing plant in Alor Gajah Industrial Estate, Melaka. Through these businesses we are following our new strategy of vertical integration, downstream by entering the high-end-cable business, as well as upstream by introducing a new production input – recycled copper. These businesses are expected to contribute significantly to the top and bottom lines of TWHB.

The core business of Ta Win since its inception has been Ta Win Industries (M) Sdn. Bhd. ("TWI"), which is involved in the manufacturing and sales of high quality copper wires and rods of various diameters. Its capacity is 1,000 metric tonnes per month and its utilization rate rarely drops below 90%. Around 60% of TWI's revenue is generated locally in the Malaysian market, supplemented by exporting to India, China, and Southeast Asia. Within these geographic markets, TWI supplies mostly to the cable and electronics manufacturing industries.

As for the two new businesses recently launched, the first is Ta Win Copper Sdn. Bhd. ("TWC"), of which Ta Win owns 65%. TWC is a joint venture with a Chinese copper manufacturer, which moved one of its production lines to our manufacturing plant in Alor Gajah. The trigger for this business setup was the Chinese government's ban on the importation of scrap into China. By setting up the operation in Malaysia, we are able to source recycled and refined copper scrap locally, process it into copper rods, and export to our joint venture partner's existing market in China. We have secured an offtake agreement with our partner for the entire 1,000 tonne monthly production capacity of this business, removing market risk.

The second business launched this year is Cyprium Wire Technology Sdn. Bhd. ("Cyprium"), of which Ta Win owns 80%. Cyprium is a joint venture with a local party. Our partners in this business are highly experienced veterans of the Malaysian cable industry, with unique intellectual property enabling them to design state-of-the-art equipment, using which they can produce high-margin diverse cable products. Together with our partners and our equipment suppliers we have already designed, built, installed, and commissioned five Industry 4.0 production lines, which can produce cables for an array of high growth industries including solar, oil & gas, electronics, and automotive.

OPERATIONAL REVIEW

The new management team has implemented multiple operational improvement initiatives this year, with significant positive impact to the effectiveness and efficiency of our operations.

Our main supplier contract has been renegotiated from a high fixed monthly commitment to a lower flexible one. This reduces our risk of inventory build-up during potential seasonal or cyclical slowdowns in the market.

In fact, our profitability in this fiscal year was materially adversely affected by such inventory build-up, which was caused by a major equipment malfunction in the beginning of the year. TWI's furnace was down for almost a month, during which coincidentally the market price of copper dropped from $7,000/tonne to less than $6,000/tonne due to the emergence of the US-China trade war.

OPERATIONAL REVIEW (CONTINUED)

As a result, our average inventory cost increased dramatically compared to the market price, and we were forced to sell our products below cost. At that time, we quickly flew in an expert from our equipment supplier's headquarters in Finland to fix the issue, provide updated operating procedures, and train our staff on best practices to avoid any future malfunctions. Since then, we have not had any such equipment breakdowns, nor do we expect any in the future.

Furthermore, we have implemented commodity hedging practices using forward contracts and swaps from local banks to ensure that even when we do not have sufficient sales contracts to cover our incoming raw materials, we can lock-in a future selling price based on the prevailing market price at the time. In general, we follow a back-to-back arrangement with both our customers and our suppliers to lock-in the same price to avoid commodity price risk. Our back-to-back arrangement, together with our hedging facilities and our renegotiated supply contract, effectively secures us from any material commodity price risk.

Another major important undertaking this year has been the sale of our old drawing equipment (used to "pull" the rods and wires to reduce their diameter) to make way for brand-new Industry 4.0 equipment to replace it. The new equipment will be much more energy and labour efficient, and will take up a smaller footprint in our factory, making room for future expansion. We have also redesigned and re-arranged the factory to a much better organised layout, providing a better work environment for our staff.

On the human resources front, we have implemented a new HR system to automate a multitude of HR functions and to increase our HR team's efficiency.

Despite the breadth of operational improvements that we have successfully implemented this year, we remain focused on continuous improvement. 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.

FINANCIAL REVIEW

The Group's fiscal year end was changed from December to June, in order to be better aligned with the seasonality of the business. As such, the Group is reporting financial results for the 18-month period from January 2018 to June 2019. Financially, as the new management, our focus so far has been on raising sufficient capital for the business to operate and grow.

To that end, we have established new trade facilities with some of the largest Malaysian banks, securing funds of RM100 million to support our raw material purchases. On the equity side, we have raised over RM50 million via a combination of employee share option scheme (ESOS), private placement, rights issue, and conversions of irredeemable convertible preference shares (ICPS) issued as part of the rights issue exercise.

In less than a year, we successfully secured sufficient funding to operate our business and increase our production volume. We have also managed to close the 18-month reporting period with a profit, which is a great accomplishment considering the challenges we faced in the first year of our turnaround plan. We expect our new operations to ramp-up to near full capacity in 2020, which will result in substantial improvement to the profitability of the Group.

PROSPECT REVIEW

The prospects for Ta Win are very positive, especially considering the new strategic direction mentioned above (see "Strategic Review").

TWC, one of our newly established businesses, will double the Group's revenue once production is ramped up in the coming quarters. Due to its use of recycled copper, which is sold at a discount to the London Metals Exchange price despite its comparable quality and usability, TWC's profitability is expected to have a positive impact on the overall Group's margins.

Cyprium, our second newly established business, will have a substantial positive impact on the Group's profitability due to its margins being considerably higher than our legacy business. At the time of this report's publishing, the production lines have just been set up and commissioned. We are now entering the initial stage of ramping up production, which primarily involves hiring and training staff. The market demand for Cyprium's products is very strong due to the uniqueness of our technology in Malaysia, hence we are confident that we will capture the local market swiftly, and we expect to require expansion of capacity in the coming years.

As for our legacy business TWI, we expect the replacement of our old equipment with new Industry 4.0 equipment to have a material impact on profitability due to production costs savings.

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 risk, Ta Win uses FX hedging facilities with our banks. In addition, payments received from our international customers in USD are used to make payment to suppliers in USD without having to convert the currency.

Raw material price risks

The Group utilises a significant amount of raw materials including copper rods, copper cathodes, and recycled copper in the manufacturing of copper rods, wires, and cables. Since copper is a commodity, the cost is subjected to fluctuation in global market 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 risk, as mentioned in the operational review section above, Ta Win uses back-to-back arrangements between us and our suppliers and customers, as well as hedging facilities with our banks.

Competition risk

The Group faces stiff competition from existing competitors and new entrants. Any stiff competition may impact the Group's market share, revenue, and profitability. 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 2018 and 2019 have been difficult years, involving a major turnaround effort to set up the Group for continued sustainable success in its existing markets as well as new markets. All of this hard work will pay off starting 2020, when our efforts will start to cascade into improvements in financial results.

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 hope that our relationships will continue to flourish for many years to come.

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

Finally, I would like to thank the 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.

DATO' SRI NGU TIENG UNG, JP
Executive Director

INTRODUCTION

The Group is in the business of manufacturing copper rods, wires, and cables. 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: 18 months period ended 30 June 2019 (January 2018 to June 2019)

Coverage

The scope of reporting covers the manufacturing site that is 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 regularly reviews 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, over 60% 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 reviewed 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 efforts to conduct appropriate evaluation and assess the background information of the potential suppliers. The Group constantly monitors the performance of the suppliers - quotations from various suppliers are obtained to ensure the competitiveness of the pricing. Suppliers failing to fulfil the requirements on product and services quality may cause the Group to remove the them from approved supplier list.

ENVIRONMENT

The Group recognises the need and importance of environmental conservation. The Group believes 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 reduce the consumption of electricity by increasing production during non-peak hours where the tariff is lower. We reduced 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.

ENVIRONMENT (CONTINUED)

Furthermore, we have discontinued the enamelled wire business not only for economic reasons, but also for environmental reasons. Without enamelled wire production, our factory no longer uses its chimneys and hence air pollution is eliminated.

The Group is committed to implementing a culture of safety and health. This helps 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 are collected and sent for recycling, and then used again in our production since it is now more versatile and able to use recycled copper.

The Group ensures strict compliance with all environmental regulations and laws such as, matters concerning the Akta Kualiti Alam Sekeliling (1974) (Malaysia). We are now in the process of obtaining the ISO 14001, the Environmental Management System certification.

SOCIAL

The Group recognises that human capital is the main impetus towards achieving its goals. The management carries 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 Health 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.

The Board of Ta Win Holdings Berhad recognises the importance of good Corporate Governance and is committed to uphold and implement a high standard of Corporate Governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board is pleased to present this Statement which outlines the key aspects of how the Group has applied the principles and best practices of the Malaysian Code of Corporate Governance 2017 ("the Code") for the financial period ended 30 June 2019. The detailed application for each practice as set out in the Code is disclosed in the Corporate Governance Report (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 Objectives and Goals

1.1 Board's Roles and Responsibilities

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 sets the strategic direction of the Group while exercising oversight on day-to-day management and operation delegated to Executive Directors and the Senior Management to ensure that the conduct of the business of the Group is in compliance with relevant laws, practices, standards and guidelines applicable to the Group. The Board sets the appropriate tone at the top, providing leadership and managing good governance and practices throughout the Group.

To ensure orderly and effective discharge of the Board's function and responsibilities, the Board has in place an internal governance model for the Group where specific powers of the Board are delegated to the relevant Board Committees and the Senior Management. The respective Chairman of the Board Committees will report to the Board on key issues deliberated by the Board Committees in order to develop effective communication.

Internal Governance Model

Board of Directors	**Board Committees**	**Executive Directors & Senior Management**	**Risk Management Committee**
- Leadership and oversight	1. Audit Committee 2. Nomination Committee 3. Remuneration Committee - Entrusted by the Board with specific responsibilities to oversee the Group's affairs	- Day to day operations and management decisions	- Managing Risks

1.2 The Chairman

Dato' Yeo Boon Leong, JP, the Non-Executive Chairman of the Company is responsible for the leadership, effectiveness, conduct and governance of the Board.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I BOARD RESPONSIBILITIES (CONTINUED)

1.0 Board Leadership on Objectives and Goals (continued)

1.3 Chairman and Chief Executive Officer ("CEO")

The position of Chairman and CEO are distinct and separate. This segregation ensures there is a balance of power and authority so that no one individual can influence or dominate the Board's decision.

The Chairman is responsible for the achievement of the Group's strategic vision and also leading the Board in its collective oversight of management, while the CEO focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions and policies.

Currently, the Group is without a CEO. However, the Executive Directors collectively have assumed the role of CEO.

Appointment of CEO will be made when a suitable candidate is identified.

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

Every Director has unhindered access to the advice and dedicated support services of the Company Secretaries as well as to all information within the Group.

A set of Board papers on the matters to be deliberated are made available to Directors prior to each Board Meeting to enable the Directors to obtain further information.

The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting. Minutes of each Board meeting are circulated to all Directors in advance for their perusal prior to confirmation of these minutes at the commencement of the Board Meeting. The Directors are allowed to make comments before the minutes were tabled for confirmation as a correct record of the proceedings.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

I BOARD RESPONSIBILITIES (CONTINUED)

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 also outlines the matters and decisions reserved for the Board. It serves as a reference and primary induction literature providing insights to prospective Board members and senior management. In addition, it would assist the Board in the assessment of its own performance and that of its individual Directors.

On 29 November 2018, the Board reviewed its Board Charter and acknowledged that necessary updates on the Board Charter are required in order to be in line with the practices recommended by the Code and the changes in the Board's composition. On 27 February 2019, the Board approved the amendments made to the Board Charter. The Board Charter is available at the Company's website at www.ta-win.com.

3.0 Good business Conduct and Corporate Culture

3.1 Code of Conduct and Ethics

The Group has in place a Code of Conduct and Ethics which sets 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, protection of assets, corruption and money laundering.

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.

On 27 February 2019, the Board reviewed and approved the amendments made to the Code of Conduct and Ethics.

The Code of Conduct and Ethics is available at the Company's website at www.ta-win.com.

3.2 Whistle Blowing Policy

The Group has in place a Whistle Blowing Policy to provide an avenue for all employees of the Group and the 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 sets out the steps the Company will take in respect of the report received from the employees and members of the public with the strict enforcement of this policy. It will reduce the risk to the Group's reputation from fraudulent acts.

On 27 February 2019, the Board reviewed and approved the amendments made to the Whistle Blowing Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(continued)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II BOARD COMPOSITION

4.0 Board's objectivity

4.1 Composition of the Board

The changes of composition of the Board during the financial period end 30 June 2019 are as follows:-

Date	Director	Appointment/ Resignation / Retirement
22 February 2018	Datin Azreen Binti Abu Noh	Appointed as Independent Non-Executive Director
22 February 2018	Dato' Paduka Dr. Thomas Hii King Hiong	Appointed as Independent Non-Executive Director
22 February 2018	Huang, Ching-Fan	Resigned as Independent Non-Executive Director
22 February 2018	Wu, Ying-Ju	Resigned as Independent Non-Executive Director
23 February 2018	Dr. Aliyah Binti Dato' Hj. Baharuddin Marji	Resigned as Independent Non-Executive Director
2 April 2018	Dato' Chin Swee Chong	Resigned as Non-Independent Executive Director
20 April 2018	Tan Poo Chuan	Re-designated as Non-Independent Executive Director
3 May 2018	Mohd Khasan Bin Ahmad	Resigned as Independent Non-Executive Director
29 June 2018	Chen, Hung-Lin	Resigned as Managing Director
29 June 2018	Lai Kian Huat	Retired as Independent Non-Executive Director
2 August 2018	Yao Kee Boon	Appointed as Independent Non-Executive Director
14 August 2018	Chen, Hsi-Tao	Resigned as Deputy Chairman, Non-Independent Non-Executive Director
9 November 2018	Dato' Sri Ngu Tieng Ung, JP	Appointed as Non-Independent Executive Director

The number of Independent Directors at the beginning and at the end of the financial period ended 30 June 2019 are as follows:

	1.1.2018	30.6.2019
Number of independent Directors	5	3
Number of Board Members	10	6
Percentage of Independent Director	50%	50%

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II BOARD COMPOSITION (CONTINUED)

4.0 Board's objectivity (continued)

4.1 Composition of the Board (continued)

The current Board of Directors are as follows :-

Directors	Directorate
Dato' Yeo Boon Leong, JP	Chairman, Non-Independent Non-Executive Director
Dato' Sri Ngu Tieng Ung, JP *- appointed on 9 November 2018*	Non-Independent Executive Director
Tan Poo Chuan	Non-Independent Executive Director
Datin Azreen Binti Abu Noh *- appointed on 22 February 2018*	Independent Non-Executive Director
Dato' Paduka Dr. Thomas Hii King Hiong *- appointed on 22 February 2018*	Independent Non-Executive Director
Yao Kee Boon *- appointed on 2 August 2018*	Independent Non-Executive Director

4.2 Tenure of Independent Director

No Independent Director is currently serving beyond nine (9) years.

However, if the Board intends to retain an independent director beyond nine (9) years and twelve (12) years, it will justify and seek annual shareholders approval appropriately.

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 importance of fostering diversity to enhance effectiveness of the Board and Senior Management. Having a range of diverse dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.

Nomination Committee is responsible to identify and select potential candidate(s) and to make recommendations to the Board for the appointment of Director(s) based on a set of selection criteria in order to ensure the Board has the right mix of skill to meet its objectives.

The Executive Directors are responsible for selection and appointment of candidates for Senior Management position based on selection criteria which best matches the requirements of the open position.

All appointments and employment are based on objective criteria including (but not limited to) diversity in skills, experience, age, cultural background and gender.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

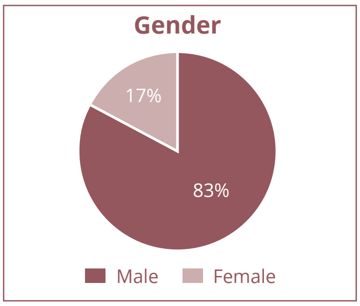
II BOARD COMPOSITION (CONTINUED)

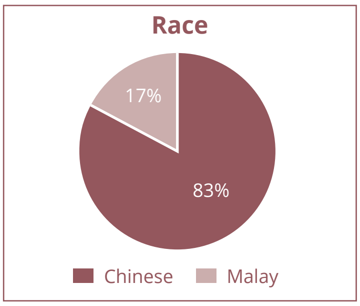
4.0 Board's objectivity (continued)

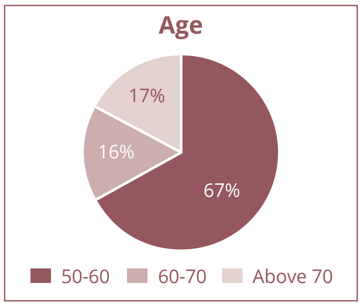
4.4 Diverse Board and Senior Management Team (continued)

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.

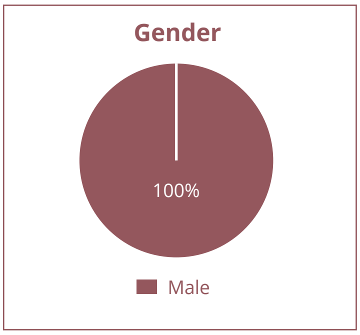
Gender, Ethnicity and Age diversity in the Board

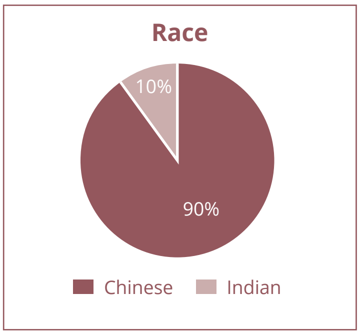


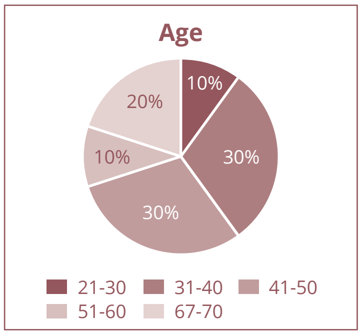




Gender, Ethnicity and Age diversity in the Senior Management







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 Board and Senior Management level.

The Board has in year 2015, set its target to obtain 25% woman in the Board. In view of the changes in Board composition during the financial period ended 30 June 2019, the female representation has been increased from 10% to 17% as at 30 June 2019 as compared to the female representation at the end of the last financial year ended 31 December 2017.

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.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II BOARD COMPOSITION (CONTINUED)

4.0 Board's objectivity (continued)

4.6 New candidates for Board Appointment

The Company has in place its procedures and criteria for appointment of new directors. Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, management, major shareholders or external parties including the Company's contacts in related industries.

The Company has sourced for the most suitable candidates from various sources such as recommendation of the existing Board and referrals from external sources to fill the casual vacancy arising from the resignation of En. Mohd Khasan Bin Ahmad. Mr. Yao Kee Boon was appointed as the Independent Non-Executive Director upon evaluation by the Board.

4.7 Nomination Committee

Presently, the Nomination Committee is chaired by Mr. Yao Kee Boon in place of En. Mohd Khasan Bin Ahmad, who resigned as Director of the Company on 3 May 2018.

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

1. Mr. Yao Kee Boon (Chairman, Independent Non-Executive Director)
2. Datin Azreen Binti Abu Noh (Independent Non-Executive Director)

The Chairman had led the annual review of Board effectiveness and ensured 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.

During financial period ended 30 June 2019, the Company Secretaries assisted in the preparation of documents and facilitation the annual evaluation.

The evaluation process was led by Chairman of the Nomination Committee with the assistance of the Company Secretaries. Each Director participated in the evaluation by answering a set of questionnaire.

The evaluation process was based on self and peer assessments whereby the Directors assessed each other and themselves, the Board as a whole and the performance of each Board Committee. The results of all assessments and comments were collated and summarised by the Company Secretaries and were deliberated at the Nomination Committee meeting and thereafter the Nomination Committee's Chairman reported the results and deliberation to the Board.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II BOARD COMPOSITION (CONTINUED)

5.0 Overall Board Effectiveness (continued)

5.1 Annual Evaluation (continued)

Activities of the Nomination Committee

During the financial year period ended 30 June 2019, the Nomination Committee met thrice and carried out the following mentioned activities, in accordance with its TOR and in compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"):-

a) assessed and recommended the appointment of Directors to the Board and Board Committees.
b) assessed the size and composition of the Board, board balance and contribution of each Director and the effective of the Board Committees.
c) 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.
d) 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.
e) conducted an evaluation and assessment o the compliance status of the Company in respect of the Code.
f) assessed the training needs for Directors.
g) reviewed the succession planning programme.

Time Commitment

The meeting dates where the Board and Board Committees met during the financial period ended 30 June 2019 are as follows:-

Board meeting	Audit Committee Meeting	Nomination Committee meeting	Remuneration committee meeting
22 February 2018	22 February 2018	22 February 2018	20 April 2018
20 April 2018	20 April 2018	28 September 2018	29 May 2019
25 May 2018	25 May 2018	29 May 2019	
14 August 2018	14 August 2018		
29 November 2018	29 November 2018		
27 February 2019	27 February 2019		
29 May 2019	29 May 2019		

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II BOARD COMPOSITION (CONTINUED)

5.0 Overall Board Effectiveness (continued)

5.1 Annual Evaluation (continued)

Time Commitment (continued)

During the financial period ended 30 June 2019, the attendance records of Board and Board Committees meetings are as follows:-

Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Dato' Yeo Boon Leong, JP *Appointed as member of Remuneration Committee on 22 February 2018*	7/7	–	–	2/2
Tan Poo Chuan *Appointed as member of Nomination Committee on 22 February 2018 and ceased as member of Nomination Committee on 20 April 2018*	7/7	–	0/0	–
Datin Azreen Binti Abu Noh *Appointed as Director, Chairman of Remuneration Committee and member of Nomination Committee on 22 February 2018* *Appointed as member of Audit Committee on 2 August 2018*	6/7	4/4	2/2	2/2
Dato' Paduka Dr. Thomas Hii King Hiong *Appointed as Director and member of Audit Committee on 22 February 2018* *Re-designated as Chairman of Audit Committee and appointed as member of Remuneration Committee on 2 August 2018*	7/7	6/6	–	1/1
Yao Kee Boon *Appointed as Director, member of Audit Committee and Chairman of Nomination Committee on 2 August 2018*	4/4	4/4	2/2	–

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II BOARD COMPOSITION (CONTINUED)

5.0 Overall Board Effectiveness (continued)

5.1 Annual Evaluation (continued)

Time Commitment (continued)

During the financial period ended 30 June 2019, the attendance records of Board and Board Committees meetings are as follows:- (continued)

Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Dato' Sri Ngu Tieng Ung, JP *Appointed as Director on 9 November 2018*	3/3	–	–	–
Chen, Hsi-Tao *Stood down as member of Remuneration Committee on 22 February 2018* *Resigned as Director on 14 August 2018*	2/4	–	–	0/0
Chen, Hung-Lin *Resigned as Director on 29 June 2018*	3/3	–	–	–
Lai Kian Huat *Appointed as member of Audit Committee on 22 February 2018* *Retired as Director and ceased to be member of Audit Committee on 29 June 2018*	3/3	2/2	–	–
Mohd Khasan Bin Ahmad *Resigned as Director and ceased to be member of Audit, Nomination and Remuneration Committee on 3 May 2018*	2/2	2/2	1/1	1/1
Dato' Chin Swee Chong *Resigned as Director on 2 April 2018*	1/1	–	–	–

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II BOARD COMPOSITION (CONTINUED)

5.0 Overall Board Effectiveness (continued)

5.1 Annual Evaluation (continued)

Time Commitment (continued)

During the financial period ended 30 June 2019, the attendance records of Board and Board Committees meetings are as follows:- (continued)

Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji *Stood down as member of Audit, Nomination and Remuneration Committee on 22 February 2018* *Resigned as Director on 23 February 2018*	1/1	1/1	1/1	0/0
Huang, Ching-Fan *Resigned as Director on 22 February 2018*	0/1	–	–	–
Wu, Ying-Ju *Resigned as Director and ceased to be member of Audit and Nomination Committee on 22 February 2018*	0/1	0/1	0/1	–

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 (5) 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.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

II BOARD COMPOSITION (CONTINUED)

5.0 Overall Board Effectiveness (continued)

5.1 Annual Evaluation (continued)

Directors' Training

During financial period ended 30 June 2019, the seminars, courses, workshops, programmes and talks attended by the present Directors, amongst others, including the following :-

Name of Directors	Course attended	Date of seminar
Tan Poo Chuan	Mandatory Accreditation Training Programme for Directors of Public Listed Companies ("MAP") organised by The Iclif Leadership and Governance Centre ("Iclif")	23-24 July 2018
Dato' Paduka Dr. Thomas Hii King Hiong	MAP organised by Iclif	23-24 July 2018
Datin Azreen Binti Abu Noh	MAP organised by Iclif Cyber Security in the Boardroom - Acceleration from Acceptance to Action organised by Deloitte	3-4 September 2018 27 June 2019
Yao Kee Boon	MAP organised by Iclif	12-13 November 2019

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.

Save for the above disclosures, the rest of the Directors although did not attend any official training during the financial period under review, enhanced 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.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III REMUNERATION

6.0 Level and Composition of Remuneration

6.1 Remuneration policy

The Board has in place a set of policies and procedures for remuneration of Directors and Senior Management. The objective of Remuneration Policy of the Company is to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Group. The remuneration of Executive Directors and Senior Management comprises basic salary, allowances, bonuses and other customary benefits as appropriate. In the case of the Non-Executive Directors, a basic fee as ordinary remuneration and meeting allowances will be paid.

The Executive Directors play no part in deciding their own remuneration. It is the ultimate responsibility of the Board to approve the remuneration package of Executive Directors. The Directors' Fee payable and other benefits payable to Directors are subject to the members' approval at the Annual General Meeting ("AGM") in accordance with Section 230(1) of the Companies Act 2016.

On 27 February 2019, the Board reviewed and adopted the new Remuneration Policy and Procedures for Directors and Senior Management to ensure it is relevant and appropriate in the current structure of the Group. The Remuneration Policy and Procedures for Directors and Senior Management is available on the Company's website at www.ta-win.com.

6.2 Remuneration Committee

A Remuneration Committee was established by the Board comprising of Non-Executive Directors, a majority of whom are Independent Directors.

The present membership of Remuneration Committee is as follows:-

1) Datin Azreen Binti Abu Noh (Chairman, Independent Non-Executive Director)
2) Dato' Paduka Dr. Thomas Hii King Hiong (Independent Non-Executive Director)
3) Dato' Yeo Boon Leong, JP (Non-Independent Non-Executive Director)

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 is commensurate with that of 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 the Committee.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III REMUNERATION (CONTINUED)

7.0 Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration

Details of Directors' remuneration of the Company and of the Group for the financial period ended 30th June 2019 are as follows:

Company

Description	Salaries (RM)	Bonuses (RM)	Fees (RM)	Other Remuneration (RM)	Total (RM)
Executive Directors					
Dato' Sri Ngu Tieng Ung, JP	–	–	–	3,500.00	3,500.00
Tan Poo Chuan	–	–	–	7,700.00	7,700.00
Chen Hung-Lin*	–	–	–	3,500.00	3,500.00
Dato' Chin Swee Chong*	–	–	50,000.00	1,400.00	51,400.00
Non-Executive Directors					
Dato' Yeo Boon Leong, JP	–	–	114,346.15	9,500.00	123,846.15
Dato' Paduka Dr. Thomas Hii King Hiong	–	–	65,000.00	13,400.00	78,400.00
Datin Azreen Binti Abu Noh	–	–	65,000.00	11,200.00	76,200.00
Yao Kee Boon	–	–	43,870.97	7,700.00	51,570.97
Chen, Hsi-Tao*	–	–	15,000.00	7,000.00	22,000.00
Lai Kian Huat*	–	–	26,564.38	3,500.00	30,064.38
Mohd Khasan Bin Ahmad*	–	–	16,387.10	2,100.00	18,487.10
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji*	–	–	7,285.71	–	7,285.71
Huang, Ching-Fan*	–	–	7,142.86	–	7,142.86
Wu, Ying-Ju*	–	–	7,142.86	–	7,142.86
Total	–	–	417,740.03	70,500.00	488,240.03

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III REMUNERATION (CONTINUED)

7.0 Remuneration of Directors and Senior Management (continued)

7.1 Details of Directors' Remuneration (continued)

Details of Directors' remuneration of the Company and of the Group for the financial period ended 30th June 2019 are as follows: (continued)

Group

Description	Salaries (RM)	Bonuses (RM)	Fees (RM)	Other Remuneration (RM)	Total (RM)
Executive Directors					
Dato' Sri Ngu Tieng Ung, JP	510,000.00	–	–	3,500.00	543,500.00
Tan Poo Chuan	510,000.00	30,000.00	–	7,700.00	547,700.00
Chen Hung-Lin*	159,443.75	50,000.00	–	3,500.00	212,943.75
Dato' Chin Swee Chong*	–	–	50,000.00	1,400.00	51,400.00
Non-Executive Directors					
Dato' Yeo Boon Leong, JP	–	–	114,346.15	9,500.00	123,846.15
Dato' Paduka Dr. Thomas Hii King Hiong	–	–	65,000.00	13,400.00	78,400.00
Datin Azreen Binti Abu Noh	–	–	65,000.00	11,200.00	76,200.00
Yao Kee Boon	–	–	43,870.97	7,700.00	51,570.97
Chen, Hsi-Tao*	–	–	15,000.00	7,000.00	22,000.00
Lai Kian Huat*	–	–	26,564.38	3,500.00	30,064.38
Mohd Khasan Bin Ahmad*	–	–	16,387.10	2,100.00	18,487.10
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji*	–	–	7,285.71	–	7,285.71
Huang, Ching-Fan*	–	–	7,142.86	–	7,142.86
Wu, Ying-Ju*	–	–	7,142.86	–	7,142.86
Total	1,179,443.75	110,000.00	417,740.03	70,500.00	1,777,683.78

* *ceased as Directors of the Company during financial year ended 30 June 2019*

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

III REMUNERATION (CONTINUED)

7.0 Remuneration of Directors and Senior Management (continued)

7.2 Remuneration of Top Five Senior Management

The top five (5) Senior Management's remuneration for the financial period ended 30 June 2019 is as follows :-

Range of Remuneration (RM)	Top Five Senior Management
250,000-500,000	1
200,000-250,000	1
150,000-200,000	2
100,000-150,000	1
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 COMMITTEE

8.0 Effective and Independent Audit Committee

8.1 Audit Committee Composition and Chairman

The present Chairman of the Audit Committee is Dato' Paduka Dr. Thomas Hii King Hiong. He was re-designated as Chairman of Audit Committee on 2 August 2018. The former Chairman of Audit Committee was En. Mohd Khasan Bin Ahmad, who resigned as Director on 3 May 2018. The Chairman of the Board is Dato' Yeo Boon Leong, JP.

Having the positions of Board Chairman and Audit Committee Chairman assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.

The Chairman of the Audit Committee is responsible to ensure the overall effectiveness and independence of the Audit Committee. The roles and responsibilities of the Committee as well as the rights are set out in the Terms of Reference of Audit Committee, which is published on the Company's website.

Details of activities carried out by the Audit Committee during the financial period ended 30 June 2019 are set out in the Audit Committee Report.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

I AUDIT COMMITTEE (CONTINUED)

8.0 Effective and Independent Audit Committee (continued)

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

As a measure to safeguard the independence and objectivity of the audit process, the Company has incorporated a policy stipulation that governs the appointment of a former key audit partner to the Audit Committee.

The policy, which is codified in the Audit Committee's Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two (2) years before he can be considered for appointment as an Audit Committee member.

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 Company'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.

0n 29 November 2018, the Audit Committee and the Board reviewed the said policies and procedures and thereafter on 27 February 2019, the Board reviewed and adopted the new policies and procedures upon recommendation of the Audit Committee.

8.4 The Audit Committee comprises solely Independent Directors

The Audit Committee consists of three (3) Independent Non-Executive 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 the financial reporting process. Both former and present Chairman of the Audit Committee, En. Mohd Khasan Bin Ahmad and Dato' Paduka Dr. Thomas Hii King Hiong are members of Malaysian Institute of Accountants (MIA). They possess 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.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.0 Effective Risk Management and Internal Control Framework

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9.2 Risk Management and Internal Control

The Board affirms its overall responsibility for maintaining a sound internal control system and risk management as well as reviewing the 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 is made up of senior management staff and Executive Director.

The Risk Management has clear written Terms of Reference and the Board receives reports of its proceedings and deliberations. 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

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&
10.2 Internal Audit Function

The Group's internal audit function is outsourced to a professional service firm, Messrs Ivan Law & Co., to provide the Audit Committee with an independent assessment on the adequacy and effectiveness of the Group's system of internal controls.

During the financial period ended 30 June 2019, the outsourced internal audit function carried out audits in accordance with the risk-based internal audit plan reviewed and approved by the Audit Committee. The results of their review presented in the Internal Audit Report, which include a summary of internal audit findings and management's responses, were discussed with Senior Management and subsequently presented to the Audit Committee. Follow up visits were also conducted by Internal Auditors to ensure that management's action plans in respect of the matters highlighted in the internal audit reports have been adequately addressed. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

To ensure effectiveness of the Group Internal Audit function, the Audit Committee assessed the following in respect of internal audit amongst others, the terms of engagements, scope of work, Company's financial budget, Internal Audit Reports and quality of deliverables:-

a) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
b) the internal audit plan, processes, the results of the internal audit assessment, processes or undertakings and whether or not appropriate action is taken on the recommendations of the internal audit function.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

10.0 Effective governance, risk management and internal control (continued)

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&
10.2 Internal Audit Function (continued)

The engagement partner of the outsourced internal audit function, Mr. Ivan Law, has diverse professional experience in internal audits, risk management and corporate governance advisory and possess relevant qualification.

The internal audit staff on the engagement 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 internal audit was conducted using a risk-based approach and was guided by a recognised framework.

PRINCIPLE C INTEGRITY 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, Extraordinary General Meeting ("EGM") and the Company'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 Twenty Fourth AGM of the Company was held on 29 June 2018 while the Notice of Twenty Fourth AGM of the Company was issued on 30 April 2018. Almost two months Notice of the AGM was given which was well in advance of the 21-days requirement under the Companies Act 2016 and MMLR.

The Notice of Twenty Fourth AGM provided further explanation beyond the minimum content stipulated in the MMLR for the resolutions proposed along with the background information and reports or recommendation that were relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

II CONDUCT OF GENERAL MEETINGS (CONTINUED)

12.0 Encourage Shareholders Participation at General Meeting (continued)

12.2 Attendance of Directors at General Meetings

Save for En. Mohd Khasan Bin Ahmad who resigned as Director on 3 May 2018, the respective Board's members had attended the following general meetings held during the financial period ended 30 June 2019 :-

Date	Meeting
27 February 2018	EGM
29 June 2018	Twenty Fourth AGM
26 March 2019	EGM

En. Mohd Khasan Bin Ahmad extended his apologies to the shareholders for not attending Company's EGM held on 27 February 2018.

12.3 Leverage Technology to facilitate voting and remote shareholders participation

Shareholders are provided with sufficient notices of general meetings and accompanying explanatory material such as notes, circular and Annual Report in order for the shareholders 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 Company's website and in the Company's Annual Report.

The Company's Twenty Fourth AGM and EGM on 27 February 2018 were 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's EGM on 26 March 2019 was held at the factory of Ta Win Industries (M) Sdn. Bhd., a subsidiary of the Company, situated in Melaka with the intention to create a sense of "family" to its shareholders and to allow its shareholders to have more understanding of the Group's businesses by leading them to visit the factory after the meeting.

The Company has less than four thousand (4,000) shareholders (inclusion of preference shareholders) as such, while all practical efforts are taken to ensure that shareholders' ability to participate at general meetings, considering the cost involved, it is not economically justifiable to enable voting in absentia or remote shareholders' participation at general meetings. Nonetheless, with the advent technology, the appointed proxies may communicate with shareholders instantaneously on matters deliberated at all general meetings.

However, the Company will explore on the leverage of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs and EGMs of the Company where circumstances permit.

This Corporate Governance Overview Statement was approved by the Board of Directors on 22 October 2019.

1) Utilisation of Proceeds

a) Private Placement

During the financial period ended 30 June 2019, the Company has undertaken a private placement which was completed on 29 November 2018 where 7,237,630 new ordinary shares had been issued at an issue price of RM0.457 per placement share. The Private Placement raised a gross proceed of RM3,307,596.91.

The status of utilisation of proceeds raised from the Private Placement as at 30 September 2019 is as follows:-

Purpose	Approved Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Estimated time Frame for utilization of proceeds from date of listing of the Placement Shares
Working Capital	3,289	3,289	–	Within 12 months
Defrayment of expenses in relation to the proposed placement	19	19		Within one month
Total	**3,308**	**3,308**	**–**	

b) Rights Issue

During the financial period ended 30 June 2019, the Company has undertaken the Renounceable Rights Issue of 238,841,790 new ordinary shares in the Company ("Right Shares") and 477,683,580 Irredeemable Convertible Preference Shares ("ICPS") in the Company together with 159,227,860 free detachable Warrants ("Warrants") which was completed on 13 August 2019.

The status of utilisation of proceeds raised from the Rights Shares and ICPS as at 30 September 2019 are as follows:-

Purpose	Approved Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Estimated time Frame for utilization of proceeds from date of listing of the Rights Shares and ICPS
Working Capital	34,576	28,576	6,000	Within 12 months
Estimated expenses for the Proposal	1,250	1,250	–	Immediate
Total	**35,826**	**29,826**	**6,000**	

2) Non-Audit Fees

The amount of non-audit fees paid or payable to the External Auditors or a firm or corporation affiliated to the Auditors' firm for the financial period ended 30 June 2019 are as follows:-

Particular	Company (RM)	Group (RM)
Non-Audit Fees paid or payable to External Auditor	3,000	3,000
- *review of the Statement on Risk Management and Internal Control* - *Reporting Accountant for Company's Corporate Exercises*	36,090	36,090
Non-Audit Fees paid or payable to a firm or corporation affiliated to the Auditors' firm	–	–
Total	**39,090**	**39,090**

3) Employee Share Option Scheme ("ESOS")

At the Extraordinary General Meeting of the Company held on 27 February 2018, the shareholders of the Company approved the establishment of a five (5) years ESOS. The effective date of implementation of ESOS was on 13 April 2018 and the said ESOS will expire on 12 April 2023. The said ESOS is the only employee share scheme in existence during the financial period ended 30 June 2019. The ESOS is administered by the ESOS Committee and governed by the By-Laws. The members of ESOS Committee are as follows:-

1) Mr. Tan Poo Chuan (Non-Independent Executive Director)
2) Datin Azreen Binti Abu Noh (Independent Non-Executive Director)
3) Mr. Yeoh Chin Kiang (Managing Director of Ta Win Industries (M) Sdn. Bhd.)
4) Ms. Wai Kow Moy (Account and Admin Executive)

During the financial period ended 30 June 2019, the following options were offered to eligible employees and Directors of the Group :-

Date of offer	No of Options Offered	Price of Option
26 April 2018	9,322,000	RM0.505
22 May 2018	6,040,000	RM0.485

The total number of options granted, exercised and outstanding under the ESOS since its commencement up to 30 June 2019 are as set out in the table below:-

Category	No of Option Allocated	No of Options Granted as at 30 June 2019	No. of Options Exercised	No of forfeited/ lapsed	No. of options outstanding
Eligible Employees	8,007,000	3,364,000	3,364,000	–	–
Senior Management	2,495,000	1,876,000	1,876,000	–	–
Executive Director	3,800,000	1,900,000	1,900,000	–	–
Non-Executive Director	1,060,000	950,000	950,000	–	–
Total	**15,362,000**	**8,090,000**	**8,090,000**	**–**	**–**

Non-Executive Director	No of Option Allocated	No of Options Granted as at 30 June 2019	No. of Options Exercised	No of forfeited/ lapsed	No. of options outstanding
Dato' Yeo Boon Leong, JP	950,000	950,000	950,000	–	–
Mohd Khasan Bin Ahmad*	100,000	–	–	–	–
Lai Kian Huat @	10,000	–	–	–	–
Total	**1,060,000**	**950,000**	**950,000**	**–**	**–**

* *resigned on 3 May 2018*
@ *retired on 29 June 2018*

The percentage of options applicable to the Directors and Senior Management under ESOS are as follows:-

Directors and Senior Management	During the financial period ended 30 June 2019	Since commencement of the ESOS up to 30 June 2019
Aggregate maximum allocation	47.88%	47.88%
Actual granted and accepted	58.42%	58.42%

4) Material Contracts

The Company and its subsidiaries do not have any material contracts involving the interests of Directors and major shareholders either subsisting at the end of the financial period or entered into since end of the previous financial year.

5) Recurrent Related Party Transaction of 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.

6) Workforce Diversity

The Company did not discriminate staff based on age, gender, physical disability, race or religion. Diversity enriched the work environment. The experience and perspectives of staff 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 30 June 2019 were as follows:-

Gender/ Age Group	Below 21				21 - 30				31 - 40				41 - 55				Above 55				Total Workforce
Races	M	C	I	F	M	C	I	F	M	C	I	F	M	C	I	F	M	C	I	F	
		1		2	4	6	1	24	1	7	1	17	4	16	1	2		7			94

Category	Full Time Employment												
	Malaysian									Foreign National			Total
	Degree			Diploma / Technical			Others			Degree	Diploma / Technical	Others	
	M	C	I	M	C	I	M	C	I				
Board of Directors	1	10								3			14
Managerial staff		5	1	2	13			2	1	1		6	31
Technical staff		1		2			3						6
Operators												36	36
Clerical staff	1			1			4						7

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the following Audit Committee Report and its activities for the financial period ended 30 June 2019.

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

COMPOSITION OF COMMITTEE

The present members of the Audit Committee are as follows:-

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

Members
Datin Azreen Binti Abu Noh *(Independent Non-Executive Director)*
Yao Kee Boon *(Independent Non-Executive Director)*

The composition of the Audit Committee meets the requirement of paragraph 15.09 (1)(a) and (b) and 15.10 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

Dato' Paduka Dr. Thomas Hii King Hiong is a member of Malaysian Institute of Accountants and fulfills the requirement of paragraph 15.09 (1)(c)(i) of the MMLR.

The Board has entrusted the Nomination Committee to review the terms of office of the Audit Committee members and the performance of the Audit Committee and its members through an annual evaluation. The Board is satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee.

The Terms of Reference of the Audit Committee has been reviewed and amended on 27 February 2019 to ensure it remains relevant. The Terms of Reference of Audit Committee is available for reference on the Company's website at www.ta-win.com.

During the financial period ended 30 June 2019, the Chairman of the Audit Committee had engaged on a continuous basis with the management, Internal Auditors and the External Auditors, in order to keep abreast of matters and issues affecting the Group.

The Company Secretary acts as the secretary to the Audit Committee.

ATTENDANCE

There were seven (7) meetings of the Audit Committee held during the financial period ended 30 June 2019, which were attended by the Audit Committee members as follows :-

Member	Description	No. of Meetings Attended	Percentage (%)
Dato' Paduka Dr. Thomas Hii King Hiong *(Appointed as member on 22 February 2018; re-designated as Chairman on 2 August 2018)*	Chairman / Independent Non-Executive Director	6/6	100
Datin Azreen Binti Abu Noh *(Appointed as member on 2 August 2018)*	Member / Independent Non-Executive Director	4/4	100
Yao Kee Boon *(Appointed as member on 2 August 2018)*	Member / Independent Non-Executive Director	4/4	100
Mohd Khasan Bin Ahmad *(Resigned on 3 May 2018)*	Chairman / Independent Non-Executive Director	2/2	100
Lai Kian Huat *(Appointed as member on 22 February 2018; retired on 29 June 2018)*	Member / Independent Non-Executive Director	2/2	100
Dr. Aliyah Binti Dato' Hj. Baharuddin Marji *(stood down as member on 22 February 2018)*	Member / Independent Non-Executive Director	1/1	100
Wu, Ying-Ju *(Resigned on 22 February 2018)*	Member / Independent Non-Executive Director	0/1	0

The Audit Committee meetings were convened with proper notices and agenda. The Chairman of the Audit Committee reported the key issues discussed at each meeting to the Board. The management was invited to all Audit Committee meetings to facilitate direct communication and to provide clarification on audit issues and the Group's operations.

All deliberations during the Audit Committee meetings were duly minuted. Minutes of the Audit Committee meetings were tabled for confirmation at every succeeding Audit Committee meeting and the Minutes were distributed to each Board member for their notation.

SUMMARY OF WORK

The work carried out by the Audit Committee during the financial period ended 30 June 2019 include the following :-

Financial Reporting

Reviewed the unaudited quarterly reports on consolidated results and financial statements to ensure that the financial reporting and disclosure requirements of the relevant authorities have been complied with, focusing particularly on :-

- the going concern assumption;
- compliance with accounting standards and regulatory requirements;
- any changes in accounting policies and practices;
- significant issues and unusual event; and
- significant adjustment arising from the audit; if any

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with the management and External Auditors on the salient accounting and audit issues, significant risks and audit focus areas, any deficiency on internal control, reasonableness of significant judgements, amendments to the reporting standards and other legal requirements.

External Audit

(a) Reviewed, evaluated and approved Messrs Ecovis Malaysia PLT's Audit Planning Memorandum for the financial period ending 30 June 2019. The statutory responsibilities of the Auditors, audit approach, areas of audit emphasis, engagement team, timing of audit, accounting standards updates and other updates amongst others were discussed and brought to the attention of Audit Committee;

(b) Reviewed the Audit Review Memorandum presented by the External Auditors which serves to provide the Audit Committee a status update of the key findings and issues arising from the audit. A summary of key findings was presented to the Audit Committee;

(c) Reviewed with the External Auditors the approved accounting standards applicable to the financial statements of the Group;

(d) Reviewed the annual audited financial statements of the Company and the Group prior to the submission to the Board for approval;

(e) Reviewed and discussed the audit and accounting matters highlighted by the External Auditors and recommendations made by them and the management's responses;

(f) Reviewed and assessed the independence and performance of the External Auditors;

(g) Assessed the fee chargeable by the auditors to ensure that the policies governing the provision of non-audit fees are observed; and

(h) Conducted independent meeting (without the presence of Management) with the External Auditors.

SUMMARY OF WORK (CONTINUED)

Internal Audit

(a) Reviewed the letter of engagement of Messrs Ivan Law & Co. as Internal Auditors of the Group;

(b) Reviewed and approved the Internal Audit Plan to ensure that the scope and coverage of the internal audit on the Group's operations is adequate and that all the risk areas are audited by Internal Auditors;

(c) Reviewed and deliberated internal audit reports containing approaches of internal audit reviews, findings, the recommendation action plans and the management's response and the status of implementation of the action plans; and

(d) Reviewed the effectiveness of internal audit processes as well as 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.

Other activities

(a) Reviewed the related party transactions entered by the Company or its subsidiaries to ensure that the related party transactions are in the best interest of the Company, fair, reasonable and on normal commercial terms and are not detrimental to the interest of the non-interested shareholders of the Company;

(b) Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report;

(c) Reviewed the Audit Committee Report for inclusion in the Annual Report:

(d) Reviewed the allocation of Options under Employee Share Option Scheme to ensure that it had been carried out according to the criteria and procedures as contained in the By-Laws;

(e) Reviewed the Terms of References of Audit Committee and proposed amendment to the Terms of References to ensure it is in line with the updated provisions of MMLR and the principles and best practices of the Malaysian Code of Corporate Governance 2017;

(f) Reviewed the Policies and Procedures to access the Suitability and Independence of External Auditors; and

(g) Reviewed the proposed corporate exercises.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to Messrs Ivan Law & Co. as Internal Auditors of the Group to assist the Audit Committee in discharging its duties and responsibility more effectively. Messrs Ivan Law & Co. acted independently and with due professional care and presented the Internal Audit Reports on the findings and recommendations to the Audit Committee.

The internal audit reviews were conducted using a risk-based approach and were guided by a recognised framework. The internal audit reviews involved walkthrough of the process and procedures, discussion with key staff, review documentations as well as observation of the current practices. The Internal Auditors also reviewed and considered the six broad control components ie. Control Activities, Segregation of Duties, Authorization, Access to Assets, Assets Accountability and Recording in the respective functional areas.

The Audit Committee has full and direct access to the outsourced Internal Auditors, reviews its internal audit plan and reports on audits performed, and monitors its performance. The Audit Committee also reviews the adequacy of the scope, functions, competency and resources of outsourced internal audit functions from time to time.

AUDIT COMMITTEE REPORT
(continued)

INTERNAL AUDIT FUNCTION (CONTINUED)

In respect of the financial period ended 30 June 2019, the Internal Auditors had carried out internal audit reviews on Ta Win Industries (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, which involved the following functional areas :

1) Manufacturing and Production Cycle:

- Production planning
- Resources planning (man, method, machine and materials)
- Job order and production
- Production output monitoring
- Rework and/or reject

2) Human Resources Cycle:

- Recruitment process
- Probation and confirmation
- Termination and resignation
- Payroll processing
- Leave administration
- Staff and workers training
- Staff evaluation process
- Compensation and benefits
- HR Policy

They also had carried out follow-up audit visits to review the implementation status of management's action plans that were reported in the previous Internal Audit Reports.

The audit findings and recommendations for improvement and the status of implementation status of management's action plans were presented at the Audit Committee meetings.

The fees incurred in maintaining the outsourced internal audit function for the financial period ended 30 June 2019 amounted to RM20,550.00.

This report is made in accordance with a resolution of the Board of Directors on 22 October 2019.

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

BOARD RESPONSIBILITY

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

The Board recognises the reviewing of the Group's system of internal control that involves a concerted and continuing process where the system is designed to manage rather than eliminate the risks of failures in order to achieve all business goals and objectives. However, in pursuing this objective, the Group's internal control system is designed to only provide a reasonable and not absolute assurance against material misstatement, operational failure, fraud or loss. The concept of reasonable assurance recognises that the cost of control procedures shall not exceed the expected benefits. Furthermore, because of changing business environment, the effectiveness of an internal control system may vary over time. The rationale of implementing the internal control system is to assist the Group in achieving its corporate objectives within 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 Executive Directors, Chief Operating Officer, and Finance Manager that the Company's risk management and internal control system is operating adequately and effectively in all material aspects concerned.

The Board is assisted by the Risk Management Committee in reviewing and assessing the risk governance framework and the risk management processes of the Group with respect to 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 assigned these responsibilities to the key management including the Executive Directors, Chief Operating Officer, and Finance Manager, who will provide the Board with an annual report on the adequacy and efficacy of the Group's risk management and internal control process in all material aspects, based on the Group's risk management template. Upon taking the appropriate steps to resolve the risks, the management shall inform and bring to the Board's attention on a continuous basis an adjustment to the risks or emerging risks.

RISK MANAGEMENT

The Board and Management recognise that effective risk management is an integral part of business management practice. The Board also acknowledges that all areas of the Group's activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which allows the Group to identify, evaluate and manage risks within defined risk parameters in order to achieve the Group's business objectives. The Board will continue to identify, assess and manage a 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, the 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 Executive Directors and the overall management team with the day-to-day running of the business. The Executive Directors and the rest of the management team would receive timely performance and profitability information through monthly and weekly reports consisting of quantitative and qualitative trends and analyses.

The Executive Directors have a crucial role to play in communicating with the management the Board's requirements of an internal control process. This is accomplished by frequent engagement in business operations and their participation at numerous scheduled meetings of the Management Committee. The Management Committee, which includes department heads, meets weekly to discuss production, operational, sales and human resources issues. These meetings represent the platform through which the activities of the Group are monitored to ensure that any critical issues are identified and resolved on time. The Executive Directors track the progress of these issues through regular management meetings and minutes of the Management Committee updates.

The Board monitors the Group's performance, operations, and business development through Board papers which are tabled at quarterly meetings. In addition, the Executive Directors 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, a 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 programs 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

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. The results of these audits were reported to the Executive Directors.

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 period ended 30 June 2019. 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 22 October 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY
in respect of Audited Financial Statements

The Directors are responsible to ensure that the financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the financial year then ended.

In preparing these financial statements for the period ended 30 June 2019, the Directors have:

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

This Statement is made in accordance with a resolution of the Board of Directors on 22 October 2019.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period from 1 January 2018 to 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The Company temporarily ceased to charge management fees to subsidiaries in line with supporting their improvement in financial performance. The Company will re-instate management fees once it determines that the financial performance of the subsidiaries has stabilized. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Company has been changed from 31 December to 30 June. Consequently, the current accounting period is from 1 January 2018 to 30 June 2019.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the period		
Attributable to: -		
Owners of the Company	1,156	(2,103)
Non-controlling interests	(268)	–
	888	(2,103)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period 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 period.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company issued:

i) 3,900,000 new ordinary shares pursuant to Employee Share Option Scheme ("ESOS") at an exercise price of RM0.505 per ordinary share;

ii) 4,190,000 new ordinary shares pursuant to ESOS at an exercise price of RM0.485 per ordinary share;

iii) 7,237,630 new ordinary shares at an issue price of RM0.457 per ordinary share via a private placement.

All the new ordinary shares that were issued rank pari passu in all respects with the existing shares of the Company.

There was no issue of debentures by the Company during the financial period.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's Employee Share Option Scheme ("ESOS") is governed by the By-Laws which was approved by the shareholders on 27 February 2018 and is administered by the ESOS Committee which is appointed by the Board of Directors, in accordance with the By-Laws of ESOS. The effective date for the implementation of the ESOS was 13 April 2018 and shall be in force for a period of 5 years.

During the financial period, the Company granted 15,362,000 options under the ESOS to eligible employees and directors of the Company and/or its eligible subsidiary companies. The details of the options granted and its vesting conditions during the financial period and the number of options outstanding at the end of the financial period are disclosed in Note 10 to the financial statements.

DIRECTORS

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

Dato' Yeo Boon Leong, JP	
Tan Poo Chuan	
Dato' Sri Ngu Tieng Ung, JP	(appointed on 9.11.2018)
Yao Kee Boon	(appointed on 2.8.2018)
Dato' Paduka Dr. Hii King Hiong	(appointed on 22.2.2018)
Datin Azreen Binti Abu Noh	(appointed on 22.2.2018)
Chen, Hsi-Tao	(resigned on 14.8.2018)
Chen, Hung-Lin	(resigned on 29.6.2018)
Lai Kian Huat	(retired on 29.6.2018)
Mohd Khasan Bin Ahmad	(resigned on 3.5.2018)
Dato' Chin Swee Chong	(resigned on 2.4.2018)
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)

DIRECTORS (CONTINUED)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial period up to the date of this report are: -

Tan Poo Chuan	
Dato' Sri Ngu Tieng Ung, JP	
Wong Ah Piaw	(appointed on 2.5.2019)
Wong Chen Feng	(appointed on 2.5.2019)
Stanislav Zabolotsky	(appointed on 1.4.2019)
Tan, YongTao	(appointed on 1.4.2019)
Lam Wing Fu	(appointed on 31.10.2018)
Dato' Yeo Boon Leong, JP	(appointed on 25.7.2018)
Yeoh Chin Kiang	(appointed on 15.1.2018)
Chin Swee Chong	(resigned on 22.4.2019)
Chen, Hsi-Tao	(resigned on 20.8.2018)
Chen, Hung-Lin	(resigned on 29.6.2018)
Chen-Yu, Kuei-Feng	(resigned on 21.3.2018)
Chen, Hung-Ping	(resigned on 21.3.2018)
Lao Po Cheng	(resigned on 21.3.2018)

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 or a related corporation 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 period, nor at any time during that financial period, 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 period in the shares and options over shares of the Company and its related corporation during the financial period are as follows: -

	<------------------- Number of ordinary shares			------------------->
	As at 1.1.2018	**Acquired**	**Disposed**	**As at 30.6.2019**
Company				
Direct interest				
Dato' Yeo Boon Leong, JP	–	2,450,000	(950,000)	1,500,000
Tan Poo Chuan	–	950,000	(950,000)	–
Dato' Sri Ngu Tieng Ung, JP	–	950,000	(950,000)	–
Indirect interest (+)				
Tan Poo Chuan	–	20,000	–	20,000

(+) By virtue of his child's direct shareholding

DIRECTORS' INTERESTS (CONTINUED)

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 period in the shares and options over shares of the Company and its related corporation during the financial period are as follows: - (continued)

	<------------------- Number of ordinary shares			------------------>
	As at 1.1.2018	**Acquired**	**Disposed**	**As at 30.6.2019**
Company				
Deemed interest (#)				
Dato' Yeo Boon Leong, JP	15,430,000	–	(15,430,000)	–
Tan Poo Chuan	15,430,000	–	(15,430,000)	–
Deemed interest (^)				
Dato' Yeo Boon Leong, JP	5,150,000	2,850,000	–	8,000,000
Tan Poo Chuan	5,150,000	2,850,000	–	8,000,000

(#) Held through Pioneer Conglomerate Sdn. Bhd.
(^) Held through Tenggara Kapital Sdn. Bhd.

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 period.

The movements of the options over the unissued ordinary shares in the Company granted under the ESOS to the Directors in office at the end of the financial period are as follows:

	<---------- Number of options over ordinary shares			--------->
	As at 1.1.2018	**Granted and accepted**	**Exercised**	**As at 30.6.2019**
Dato' Yeo Boon Leong, JP	–	950,000	(950,000)	–
Tan Poo Chuan	–	950,000	(950,000)	–
Dato' Sri Ngu Tieng Ung, JP	–	950,000	(950,000)	–

INDEMNITY AND INSURANCE COST

The directors and officers of the Group and of the Company are covered by Directors and Officers Liability Insurance ("D&O") for any liability incurred in the discharges of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of D&O insurance effected for the directors and officers of the Group was RM3,000,000. The insurance premium for the D&O insurance paid during the financial period amounted to RM11,500. Other than as disclosed, no other indemnity has been given to or insurance effected for the directors or officers of the Group or of the Company during the financial period.

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

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 20 to the financial statements.

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 allowance for doubtful debts and have satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

   (ii) to ensure that any current assets which were unlikely to 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) it necessary to write off any bad debts or to providing of allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and

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

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

(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 period which will or may substantially affect the ability of the Group or 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 period 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 period in which this report is made.

SUBSEQUENT EVENTS

The events subsequent to the reporting date are as disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, **ECOVIS MALAYSIA PLT** *(formerly known as ECOVIS AHL PLT)*, have expressed their willingness to accept re-appointment.

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

DATO' SRI NGU TIENG UNG, JP

TAN POO CHUAN

KUALA LUMPUR

Date: 22 October 2019

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

We, **DATO' SRI NGU TIENG UNG, JP** 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 71 to 134 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 30 June 2019 and of their financial performance and cash flows for the financial period from 1 January 2018 to 30 June 2019.

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

DATO' SRI NGU TIENG UNG, JP

TAN POO CHUAN

KUALA LUMPUR

Date: 22 October 2019

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act, 2016

I, **DATO' SRI NGU TIENG UNG, JP**, 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 71 to 134, 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)
DATO' SRI NGU TIENG UNG, JP at Kuala Lumpur in)
the Federal Territory on 22 October 2019)

DATO' SRI NGU TIENG UNG, JP

Before me,

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
to the members of TA WIN HOLDINGS BERHAD (Incorporated in Malaysia)

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 30 June 2019 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 financial period from 1 January 2018 to 30 June 2019, 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 30 June 2019, and of their financial performance and their cash flows for the financial period from 1 January 2018 to 30 June 2019 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 financial period. We have determined that there are no key audit matters to communicate in our report on financial statements of the Company. The key audit matter for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of inventories Inventories represent approximately 18% of the consolidated total assets as at 30 June 2019. 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.	Our audit procedures included testing the internal controls over the inventories as well as 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 period. In addition, we performed a recalculation of the major inventory balances at the period end. We reviewed client's basis for pricing inventories and work-in-progress and determine that basis used is consistent with 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 the carrying amount of the inventories to transacted sales subsequent to the reporting period in order to determine their net realisable value. We noticed that there is indication of impairment and the impairment loss are taken up in the financial statements of the subsidiary and consolidated financial statements. Thus, the inventories are written down to its net realisable value. We also considered the disclosure of inventories to be appropriate for purpose for the consolidated financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

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 MALAYSIA PLT
AF 001825
Chartered Accountants

KHOR KENG LIEH
02733/07/2021 J
Chartered Accountant

JOHOR BAHRU

Date: 22 October 2019

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2019

	Note	Group 30.6.2019 RM'000	Group 31.12.2017 RM'000	Company 30.6.2019 RM'000	Company 31.12.2017 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	44,999	20,699	337	128
Investment property	4	–	1,600	–	–
Investment in subsidiaries	5	–	–	100,832	93,782
		44,999	22,299	101,169	93,910
CURRENT ASSETS					
Inventories	6	32,728	31,065	–	–
Trade and other receivables	7	63,626	58,101	809	116
Amount due by subsidiaries	8	–	–	6,161	3
Current tax assets		–	253	–	253
Cash and bank balances	9	36,380	10,970	77	100
		132,734	100,389	7,047	472
TOTAL ASSETS		177,733	122,688	108,216	94,382
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	10	73,725	66,084	73,725	66,084
Reserves	11	12,808	3,921	–	–
(Accumulated losses)/ Retained profits		(1,562)	(2,718)	13,795	15,898
		84,971	67,287	87,520	81,982
Non-controlling interests		2,182	–	–	–
TOTAL EQUITY		87,153	67,287	87,520	81,982

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

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2019 (continued)

	Note	Group 30.6.2019 RM'000	Group 31.12.2017 RM'000	Company 30.6.2019 RM'000	Company 31.12.2017 RM'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	4,927	2,422	–	–
Hire purchase payables	13	339	13	–	–
		5,266	2,435	–	–
CURRENT LIABILITIES					
Trade and other payables	14	2,834	5,350	188	42
Amount due to directors	15	936	172	–	172
Amount due to subsidiaries	8	–	–	20,449	12,186
Loans and borrowings	16	80,523	47,105	–	–
Hire purchase payables	13	86	67	–	–
Current tax liabilities		935	272	59	–
		85,314	52,966	20,696	12,400
TOTAL LIABILITIES		90,580	55,401	20,696	12,400
TOTAL EQUITY AND LIABILITIES		177,733	122,688	108,216	94,382

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period from 1 January 2018 to 30 June 2019

		Group		Company	
	Note	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
REVENUE	17	563,130	401,516	65	281
COST OF SALES		(563,401)	(396,043)	–	–
GROSS (LOSS)/PROFIT		(271)	5,473	65	281
ADD: OTHER INCOME	18	20,869	6,074	–	–
LESS: DISTRIBUTION EXPENSES		(2,606)	(1,520)	–	–
LESS: ADMINISTRATIVE EXPENSES		(9,400)	(4,135)	(2,024)	(509)
LESS: OTHER OPERATING EXPENSES		(1,718)	–	–	–
PROFIT/(LOSS) FROM OPERATIONS		6,874	5,892	(1,959)	(228)
LESS: FINANCE COSTS	19	(4,890)	(2,208)	(144)	–
PROFIT/(LOSS) BEFORE TAX	20	1,984	3,684	(2,103)	(228)
INCOME TAX EXPENSE	21	(1,096)	(934)	–	–
PROFIT/(LOSS) FOR THE PERIOD/YEAR		888	2,750	(2,103)	(228)
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation surplus of property		8,899	–	–	–
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		(12)	–	–	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD/YEAR, NET OF TAX		8,887	–	–	–
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD/YEAR		9,775	2,750	(2,103)	(228)

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period from 1 January 2018 to 30 June 2019 (continued)

	Note	Group		Company	
		Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		1,156	2,750	(2,103)	(228)
Non-controlling interests		(268)	–	–	–
		888	2,750	(2,103)	(228)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:					
Owners of the Company		10,043	2,750	(2,103)	(228)
Non-controlling interests		(268)	–	–	–
		9,775	2,750	(2,103)	(228)
BASIC EARNINGS PER ORDINARY SHARE (SEN)	22	1.45	4.28		

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

STATEMENTS OF CHANGES IN EQUITY
for the period ended 30 June 2019

Group	Share capital (Note 10) RM'000	Share premium (Note 11) RM'000	Translation reserve (Note 11) RM'000	Revaluation reserve (Note 11) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<---- *Attributable to owners of the Company* ----							
	<---- *Non-distributable* ---->				*Distributable*			
At 1 January 2017	64,286	1,798	(448)	4,320	(5,468)	64,488	–	64,488
Profit for the year	–	–	–	–	2,750	2,750	–	2,750
<u>Other comprehensive income:</u> Foreign currency translation differences for foreign operations	–	–	49	–	–	49	–	49
Total comprehensive income for the year	–	–	49	–	2,750	2,799	–	2,799
Transition to no-par value regime	1,798	(1,798)	–	–	–	–	–	–
At 31 December 2017	66,084	–	(399)	4,320	(2,718)	67,287	–	67,287

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

STATEMENTS OF CHANGES IN EQUITY
for the period ended 30 June 2019 (continued)

Group	Share capital (Note 10) RM'000	Share premium (Note 11) RM'000	Translation reserve (Note 11) RM'000	Revaluation reserve (Note 11) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<---- Attributable to owners of the Company					---->		
	<---- Non-distributable			---->	Distributable			
At 31 December 2017	66,084	–	(399)	4,320	(2,718)	67,287	–	67,287
Profit for the period	–	–	–	–	1,156	1,156	(268)	888
Other comprehensive income:								
Foreign currency translation differences for foreign operations	–	–	(12)	–	–	(12)	–	(12)
Revaluation surplus of property	–	–	–	8,899	–	8,899	–	8,899
Total comprehensive income for the period	–	–	(12)	8,899	1,156	10,043	(268)	9,775
Contributions by and distributions to owner of the Company								
Issue of ordinary shares:								
- Share options exercised	4,002	–	–	–	–	4,002	–	4,002
- Special issue	3,307	–	–	–	–	3,307	–	3,307
- Share-based payment expenses	332	–	–	–	–	332	–	332
	7,641	–	–	–	–	7,641	–	7,641
Arising from business combination	–	–	–	–	–	–	2,450	2,450
Total transactions with owners of the Company	7,641	–	–	–	–	7,641	2,450	10,091
At 30 June 2019	73,725	–	(411)	13,219	(1,562)	84,971	2,182	87,153

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

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 2017	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
Loss/Total comprehensive expense for the period	–	–	(2,103)	(2,103)
Issue of ordinary shares:				
- Share options exercised	4,002	–	–	4,002
- Special issue	3,307	–	–	3,307
- Share-based payment expenses	332	–	–	332
At 30 June 2019	73,725	–	13,795	87,520

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

STATEMENTS OF CASH FLOWS
for the period ended 30 June 2019

	Group		Company	
	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	1,984	3,684	(2,103)	(228)
Adjustments for: -				
Depreciation of property, plant and equipment	1,308	816	123	–
Impairment loss on inventories	733	–	–	–
Interest expenses	4,890	2,208	144	–
Loss on fair value of derivative	838	–	–	–
Share-based payment expenses	332	–	–	–
Fair value adjustment of investment property	–	(100)	–	–
Gain on disposal of investment property	(300)	–	–	–
Gain on disposal of property, plant and equipment	(8,723)	(23)	–	–
Unrealised loss/(gain) on foreign exchange	124	(898)	–	–
Interest income	(354)	(16)	–	–
Rental income	(119)	–	–	–
Operating profit/(loss) before changes in working capital	713	5,671	(1,836)	(228)
Decrease/(Increase) in working capital				
Inventories	(2,396)	24,439	–	–
Trade and other receivables	5,059	(20,875)	(693)	(106)
Trade and other payables	(3,365)	3,468	146	(1)
Cash generated from/(used in) operations	11	12,703	(2,383)	(335)
Interest paid	(4,890)	(2,208)	(144)	–
Interest received	354	16	–	–
Tax (paid)/refunded	(334)	(246)	312	(6)
Net cash (used in)/from operating activities	(4,859)	10,265	(2,215)	(341)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries	–	–	(7,050)	–
Purchase of property, plant and equipment (Note 24)	(13,836)	(5,771)	(332)	(128)
Proceeds from disposal of property, plant and equipment	209	23	–	–
Placement of pledged fixed deposit	(13,051)	(110)	–	–
Rental received	119	–	–	–
Net cash used in investing activities	(26,559)	(5,858)	(7,382)	(128)

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

	Group		Company	
	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares	7,309	–	7,309	–
Proceeds from issuance of ordinary shares to non-controlling interests	2,450	–	–	–
Amount due by/(to) subsidiaries	–	–	2,437	500
Amount due to directors	764	45	(172)	45
Drawdown of loans and borrowings	416,085	–	–	–
Repayment of loans and borrowings	(382,667)	(8,800)	–	–
Repayment of hire purchase financing	(155)	(68)	–	–
Net cash from/(used in) financing activities	43,786	(8,823)	9,574	545
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,368	(4,416)	(23)	76
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	6,857	11,264	100	24
Effects of exchange rate changes on the balance of cash held in foreign currencies	(9)	9	–	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	19,216	6,857	77	100
Cash and cash equivalents (Note 9(b))	19,216	6,857	77	100

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 Company temporarily ceased to provide management services during the financial period. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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 30 June 2019 and for the financial period from 1 January 2018 to 30 June 2019 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 22 October 2019.

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 of 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 2019

MFRS 16, Leases
IC Interpretation 23, Uncertainty over Income Tax Treatment
Amendments to MFRS 3, Business Combinations (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
Amendments to MFRS 11, Joint Arrangements (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 112, Income Taxes (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123, Borrowing Costs (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3, Business Combinations – Definition of Business
Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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 Group and the Company upon their first adoption.

(c) Changes in accounting policies

The Group and the Company has adopted MFRS 9 Financial Instruments with a date of initial application of 1 January 2018. The requirements of MFRS 9 represent a significant change from MFRS 139 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of MFRS 9, the Group and the Company adopted consequential amendments to MFRS 101 *Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI). Previously, the Company's approach was to include the impairment of trade receivables in other expenses. Additionally, the Group and the Company adopted consequential amendments to MFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but generally have not been applied to comparative information.

(i) Classification of financial assets and financial liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. MFRS 9 eliminates the previous MFRS 139 categories of held to maturity, loans and receivables and available for sale. Under MFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

(i) Classification of financial assets and financial liabilities (continued)

For an explanation of how the Group and the Company classifies and measures financial assets and accounts of related gains and losses under MFRS 9, referred to the Note 2 (f)(ii).

The adoption of MFRS 9 has not had a significant effect on the Group's and the Company's accounting policies for financial liabilities.

(ii) Impairment of financial assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under MFRS 9, credit losses are recognized earlier than under MFRS 139.

The Group and the Company has adopted MFRS 15 *Revenue from Contracts Customers* with a date of initial application of 1 January 2018. MFRS 15 establishes a single comprehensive model for revenue recognition and superseded the current revenue recognition guidance and other related interpretations. 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.

Adoption of the MFRS 9 and MFRS 15 do not have financial impact to the financial statements of the Group and of the Company. The comparative financial statements for the prior period ended 30 June 2019, and the opening statement of financial position have not been restated.

(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(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 a financial asset depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(vi) Associates

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

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

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

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

When the Group's interest in an associate decrease 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(vii) Joint arrangements (continued)

- **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.

- **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 ventures.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(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.

(e) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transaction and balances

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, 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 equity instruments where they are measured at fair value thought other comprehensive income or a financial instrument designated as a cash flow hedge, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currencies (continued)

(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.

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 of joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(f) Financial instruments

As permitted by MFRS 9, Financial instruments, the Group and the Company have elected not to restate the comparatives.

(i) Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and the Company becomes a party to the contractual provisions for the instrument.

Current financial year

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

Previous financial year

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

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

(ii) Classification and subsequent measurement

Financial assets: Classification

Current financial year

On initial recognition, a financial asset is classified as measured at:

(a) amortised cost;
(b) fair value through other comprehensive income (FVOCI) – debt investment;
(c) fair value through other comprehensive income (FVOCI) – equity investment; or
(d) fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group or the Company change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as FVTPL.

A debt investment is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as FVTPL.

An equity investment is measured at FVOCI if it is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on investment-by-investment basis.

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Subsequent measurement and gains and losses

(a) Financial assets at amortised cost

These financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

(c) Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(d) Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividend are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject for impairment assessment.

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Previous financial year (continued)

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows: (continued)

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

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 were not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

(d) Available-for-sale financial assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial liabilities: Classification and subsequent measurement and gains or losses

Current financial year

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss. For financial liabilities categorised as FVTPL upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability credit risk would create or enlarge an accounting mismatch.

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were 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) 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 that do not have a quoted price in an active market for identical instruments whose fair values otherwise 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(iii) Derecognition

The Group and the Company derecognise a financial asset or a part of it when, and only when, the contractual rights to the cash flows from the financial asset expire or 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.

The Group and the Company derecognise a financial liability or a part of it when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(g) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount or which a property could be exchanged between knowledgeably, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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 - 20
Motor vehicles	20
Renovation	10

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

(h) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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.

(l) Contract assets and liabilities

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments*.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(m) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognizes incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Costs to fulfill a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. When the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) Impairment

As permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

Financial instruments and contract assets

Current financial year

The Group and the Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability – weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in the profit or loss and the allowance account is recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment (continued)

Financial instruments and contract assets (continued)

Current financial year (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) were assessed at each reporting date whether there was 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, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was 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.

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, contract assets, lease receivables, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment (continued)

Financial instruments and contract assets (continued)

Other assets (continued)

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 a cash-generating unit or a 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 (groups 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 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.

(p) Equity instruments

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

(i) Issue expenses

Costs 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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.

(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.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(r) Provisions

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 pre-tax 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue and other income

Revenue is measured at the fair value of consideration received or receivable in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service.

The Group or the Company recognises revenue from contracts with customers at a point in time unless one of the following over time criteria is met:

(i) Does not create an asset with an alternative use to the Group or the Company and has an enforceable right to payment for performance completed to date; or
(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(iii) Provides benefits that the customer simultaneously receives and consumes as the Group or the Company performs.

(a) Revenue from contracts with customers

(i) Sales of manufactured goods

The Group recognises revenue when customers obtain control of manufactured goods when they take possession of the goods. Invoices are generated and revenue is recognised at that point in time.

For contracts that permit the customer to return an item, under MFRS 15 revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific type of goods. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognised.

(ii) Management fees

Management fees are recognised at a point in time when services are rendered.

(b) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue and other income (continued)

(c) 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.

(d) 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.

(t) Borrowing costs

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

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

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

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

(u) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) 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.

(x) 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 executive director which is the decision maker 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.

(y) 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.

(z) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Fair value measurement (continued)

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.

(aa) 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.

3. PROPERTY, PLANT AND EQUIPMENT

	As at 1.1.2018 RM'000	Additions RM'000	Revaluation RM'000	Disposals/ Written off RM'000	Reclassification RM'000	As at 30.6.2019 RM'000
Group						
30.6.2019						
At valuation						
Leasehold land	4,092	–	2,083	–	–	6,175
Buildings	13,485	1,169	9,475	–	–	24,129
	17,577	1,169	11,558	–	–	30,304
At cost						
Plant and machinery	53,829	607	–	(31,461)	5,480	28,455
Furniture and equipment	1,317	166	–	–	–	1,483
Motor vehicles	2,342	845	–	(671)	–	2,516
Renovation	123	296	–	–	–	419
Capital-in-progress	5,365	11,253	–	–	(5,480)	11,138
	80,553	14,336	11,558	(32,132)	–	74,315

	As at 1.1.2018 RM'000	Charge for the period RM'000	Revaluation RM'000	Disposals/ Written off RM'000	Reclassification RM'000	As at 30.6.2019 RM'000
Group						
30.6.2019						
Accumulated depreciation						
Leasehold land	861	93	–	–	(259)	695
Buildings	2,915	461	–	–	259	3,635
Plant and machinery	52,765	361	–	(31,175)	–	21,951
Furniture and equipment	1,227	41	–	–	–	1,268
Motor vehicles	2,086	239	–	(671)	–	1,654
Renovation	–	113	–	–	–	113
	59,854	1,308	–	(31,846)	–	29,316

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	As at 1.1.2017 RM'000	Additions RM'000	Revaluation RM'000	Disposals/ Written off RM'000	Reclassification RM'000	As at 31.12.2017 RM'000
Group						
31.12.2017						
At valuation						
Leasehold land	4,092	–	–	–	–	4,092
Buildings	13,475	10	–	–	–	13,485
	17,567	10	–	–	–	17,577
At cost						
Plant and machinery	61,388	111	–	(7,670)	–	53,829
Furniture and equipment	1,335	15	–	(33)	–	1,317
Motor vehicles	2,327	147	–	(132)	–	2,342
Renovation	–	123	–	–	–	123
Capital-in-progress	–	5,365	–	–	–	5,365
	82,617	5,771	–	(7,835)	–	80,553

	As at 1.1.2017 RM'000	Charge for the year RM'000	Revaluation RM'000	Disposals/ Written off RM'000	Reclassification RM'000	As at 31.12.2017 RM'000
Group						
31.12.2017						
Accumulated depreciation						
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

	30.6.2019 RM'000	31.12.2017 RM'000
Net carrying amount		
Leasehold land	5,480	3,231
Buildings	20,494	10,570
Plant and machinery	6,504	1,064
Furniture and equipment	215	90
Motor vehicles	862	256
Renovation	306	123
Capital-in-progress	11,138	5,365
	44,999	20,699

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	As at 1.1.2018 RM'000	Additions RM'000	As at 30.6.2019 RM'000
Company			
30.6.2019			
At cost			
Furniture and equipment	5	36	41
Renovation	123	296	419
	128	332	460

	As at 1.1.2018 RM'000	Charge for the period RM'000	As at 30.6.2019 RM'000
Company			
30.6.2019			
Accumulated depreciation			
Furniture and equipment	–	10	10
Renovation	–	113	113
	–	123	123

	As at 1.1.2017 RM'000	Additions RM'000	As at 31.12.2017 RM'000
Company			
31.12.2017			
At cost			
Furniture and equipment	–	5	5
Renovation	–	123	123
	–	128	128

	30.6.2019 RM'000	31.12.2017 RM'000
Net carrying amount		
Furniture and equipment	31	5
Renovation	306	123
	337	128

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of land and buildings

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

	Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Leasehold land	981	994
Buildings	4,936	3,926
	5,917	4,920

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
5 July 2018	Factory	25,500

Security

Certain leasehold land and buildings of subsidiaries with carrying amount of RM25,580,827 (31.12.2017: RM13,391,771) are charged to banks as security for banking facilities granted to the subsidiary.

Asset held under finance lease

Certain motor vehicles with carrying amount of RM433,333 (31.12.2017: RM93,947) are held under finance lease arrangements.

4. INVESTMENT PROPERTY

	Group	
	30.6.2019 RM'000	31.12.2017 RM'000
At fair value		
At beginning of the period/year	1,600	1,500
Fair value adjustments	–	100
Disposal	(1,600)	–
At end of the period/year	–	1,600

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

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

	Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Rental income	69	69
Direct operating expenses - income generating investment property	(3)	(2)

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(z) to the financial statements.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	30.6.2019 RM'000	31.12.2017 RM'000
At cost: -		
Unquoted shares	113,541	106,491
Less: Impairment loss	(12,709)	(12,709)
	100,832	93,782

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: -

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 30.6.2019	Effective ownership interest 31.12.2017
Ta Win Industries (M) Sdn Bhd ("TWI")	Malaysia	Manufacturing of enamelled copper wires and copper rods	100%	100%
Twin Industrial (H.K.) Company Limited *	Hong Kong	Trading of enamelled copper wires and copper rods	100%	100%
TWH Energy Sdn Bhd ^	Malaysia	Trading of oil and gas	100%	100%
Ta Win Manufacturing Sdn Bhd ^	Malaysia	Manufacturing of enamelled copper wires and bare copper wire	100%	–
Ta Win Copper Sdn Bhd	Malaysia	Manufacturing of copper wires, copper rods and dealing in all kinds of copper products	65%	–
Cyprium Capital Sdn Bhd #^	Malaysia	Investment holdings and venture capital for metal and copper related products and industries, manufacturing and trading of non-ferrous metals including copper power cable and other copper	100%	–
Held through subsidiary:				
Cyprium Wire Technology Sdn Bhd #^	Malaysia	Manufacturing wire and/or cable products, using electron bean irradiation technology	100%	–

* Not audited by member firms of Ecovis International.
\# The audited financial statements are not available and the management's financial statements were used in the preparation of the consolidated financial statements.
^ The subsidiaries remained dormant during the financial period.

6. INVENTORIES

	Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Raw materials	13,122	17,032
Work-in-progress	14,889	4,532
Finished goods	2,276	7,532
Consumables	1,952	1,969
Spare parts	489	–
	32,728	31,065
Recognised in profit or loss:		
Inventories recognised as cost of sales	563,401	396,043
Write-down to net realisable value	733	–

The write-down are included in other operating expenses.

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Trade receivables	39,639	44,575	–	–
Asset receivables	10,700	–	–	–
Sundry receivables	10,120	4,670	30	–
Sundry deposits	237	148	87	108
Prepayments	2,922	79	692	8
Advance payment to supplier	–	8,629	–	–
	23,979	13,526	809	116
Derivatives at fair value through profit or loss	8	–	–	–
	63,626	58,101	809	116

Credit terms of trade payables range from 1 to 3 months (2017: 1 to 2 months)

Certain trade receivables of a subsidiary with carrying amount of RM10,378,897 (31.12.2017: Nil) are charged to banks as security for banking facilities granted to the subsidiary.

8. AMOUNT DUE BY/(TO) SUBSIDIARIES

These are unsecured, interest-free and repayable on demand.

9. CASH AND BANK BALANCES

	Group		Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Deposits placed with licensed banks	24,164	4,113	–	–
Bank balances and cash	12,216	6,857	77	100
	36,380	10,970	77	100

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

(b) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Deposits placed with licensed bank	24,164	4,113	–	–
Bank balances and cash	12,216	6,857	77	100
	36,380	10,970	77	100
Less: Deposits pledged to licensed bank	(17,164)	(4,113)	–	–
Cash and cash equivalents	19,216	6,857	77	100

(c) The reconciliation of liabilities arising from financing activities are as follows:

Group	Amount due to directors RM'000	Loans and borrowings RM'000	Hire purchase payables RM'000	Total RM'000
At 1 January 2017	127	56,437	148	56,712
Cash flows:				
Repayment	45	(8,800)	(68)	(8,823)
Non-cash changes:				
Unrealised loss on foreign exchange	–	(532)	–	(532)
At 31 December 2017	172	47,105	80	47,357
Cash flows:				
Advances and drawdown	764	416,085	–	416,849
Repayment	–	(382,667)	(155)	(382,822)
Non-cash changes:				
Addition	–	–	500	500
At 30 June 2019	936	80,523	425	81,884

9. CASH AND BANK BALANCES (CONTINUED)

(c) The reconciliation of liabilities arising from financing activities are as follows: (continued)

Company	Amount due to directors RM'000	Amount due by/(to) subsidiaries RM'000	Total RM'000
At 1 January 2017	127	11,683	11,810
Cash flows:			
Advances	45	500	545
At 31 December 2017	172	12,183	12,355
Cash flows:			
Advances	–	2,437	2,437
Repayment	(172)	–	(172)
Non-cash changes:			
Share-based payment expenses	–	(332)	(332)
At 30 June 2019	–	14,288	14,288

10. SHARE CAPITAL

	Group/Company			
	30.6.2019		31.12.2017	
	Number ('000)	RM'000	Number ('000)	RM'000
Ordinary shares: -				
Issued and fully paid				
At 1 January	64,286	66,084	64,286	64,286
Issued for cash under ESOS	8,090	4,002	–	–
Issued for cash under private placement	7,238	3,307	–	–
Share-based payment expenses	–	332	–	–
Transition to no-par value regime	–	–	–	1,798
At 30 June/31 December	79,614	73,725	64,286	66,084

During the financial period, the Company issued:

i) 3,900,000 new ordinary shares pursuant to Employee Share Option Scheme ("ESOS") at an exercise price of RM0.505 per ordinary share;

ii) 4,190,000 new ordinary shares pursuant to ESOS at an exercise price of RM0.485 per ordinary share;

iii) 7,237,630 new ordinary shares at an issue price of RM0.457 per ordinary share via a private placement.

All the new ordinary shares that were issued rank pari passu in all respects with the existing shares of the Company.

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.

10. SHARE CAPITAL (CONTINUED)

Employee Share Option Scheme ("ESOS")

The Company's Employee Share Option Scheme ("ESOS") is governed by the By-Laws which was approved by the shareholders on 27 February 2018 and is administered by the ESOS Committee which is appointed by the Board of Directors, in accordance with the By-Laws of ESOS. The effective date for the implementation of the ESOS was 13 April 2018 and shall be in force for a period of 5 years.

The main features of the scheme as follows:

The maximum number of new ordinary shares which may be made available under the ESOS at the point in time when an ESOS award is offered shall not be exceed fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company.

The aggregate number of options that may be offered and allocated to the eligible employees and directors of the Group ("Eligible Persons") shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the designation, length of service and work performance of the Eligible Person, and such other factors that the ESOS Committee may deem relevant, subject to the following conditions:

(i) the total number of new ordinary shares to be offered and issued under the ESOS shall not exceed the amount abovementioned; and

(ii) the Board and senior management do not participate in the deliberation or discussion of their own allocation of the options; and

(iii) not more than 10% of the proposed allocation of the options under the ESOS to be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company, excluding treasury shares, if any; and

(iv) not more than 50% of the proposed allocation of the options under the ESOS shall be allocated, in aggregate, to the Directors and senior management of the Group,

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Main Market Listing Requirements or any other requirements of the relevant authorities as amended from time to time.

On 26 April 2018, the Company offered a total of 9,322,000 share options at an option price of RM0.505 to the Eligible Persons of the Group in accordance with the By-Laws of the ESOS, out of which 3,900,000 share options were accepted. On the day granted, 2,871,000 share options are exercised whereas the balance of 1,029,000 share options exercised on 23 May 2018.

On 22 May 2018, the Company offered additional 6,040,000 share options to the Eligible Persons of the Group and the option price of RM0.505 was subsequently adjusted to RM0.485 in accordance with By-Laws of the ESOS, out of which 4,190,000 share options were accepted by the Eligible Persons and fully exercised on 23 May 2018.

The movement during the financial period in the number of shares and share options in which the Eligible Persons of the Group and the Company are entitled to are as follows:

Description	At 1.1.2018 '000	Granted '000	Exercised '000	Lapsed '000	At 30.06.2019 '000
Offer 1	–	3,900	3,900	–	–
Offer 2	–	4,190	4,190	–	–

11. RESERVES

	Group		Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Non-distributable				
Share premium				
At beginning of the year	–	1,798	–	1,798
Transition to no-par value regime	–	(1,798)	–	(1,798)
At end of the year	–	–	–	–
Reserves				
Foreign currency translation reserve	(411)	(399)	–	–
Revaluation reserve	13,219	4,320	–	–
	12,808	3,921	–	–
	12,808	3,921	–	–

(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	
	30.6.2019 RM'000	31.12.2017 RM'000
At beginning of the year	4,320	4,320
Revaluation of property	11,558	–
Tax expense (Note 12)	(2,659)	–
At end of the year	13,219	4,320

(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	
	30.6.2019 RM'000	31.12.2017 RM'000
At beginning of the period/year	2,422	2,124
Recognised in other comphensive income (Note 11)	2,659	–
Recognised in profit or loss (Note 21)	(154)	298
At end of the period/year	4,927	2,422
Represented by:		
Deferred tax assets	(76)	(14)
Deferred tax liabilities	5,003	2,436
	4,927	2,422

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

Group Deferred tax assets	Unrealised profits on inventories RM'000	Unutilised tax losses RM'000	Foreign exchange RM'000	Total RM'000
At 1 January 2017	–	(276)	–	(276)
Recognised in profit or loss	–	276	(14)	262
At 31 December 2017	–	–	(14)	(14)
Recognised in profit or loss	(41)	–	(21)	(62)
At 30 June 2019	(41)	–	(35)	(76)

Group Deferred tax liabilities	Accelerated capital allowance RM'000	Revaluation surplus and fair value RM'000	Total RM'000
At 1 January 2017	216	2,184	2,400
Recognised in profit or loss	31	5	36
At 31 December 2017	247	2,189	2,436
Recognised in other comprehensive income	–	2,659	2,659
Recognised in profit or loss	(35)	(57)	(92)
At 30 June 2019	212	4,791	5,003

13. HIRE PURCHASE PAYABLES

	Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Non-current	339	13
Current	86	67
	425	80

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
30.6.2019			
Less than one year	118	(32)	86
Between one and five years	384	(45)	339
	502	(77)	425
31.12.2017			
Less than one year	75	(8)	67
Between one and five years	14	(1)	13
	89	(9)	80

14. TRADE AND OTHER PAYABLES

	Group		Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Trade payables	118	426	–	–
Other payables				
Sundry payables	1,824	4,388	–	–
Accruals	654	536	188	42
Contract liabilities	238	–	–	–
	2,716	4,924	188	42
	2,834	5,350	188	42

Credit terms of trade payables are within 1 month (2017: 1 month)

Contract liabilities represent deposit received from customer, which revenue is recognised at point in time at which the performance obligations are satisfied. The revenue will be recognised within 12 months of the end of the reporting period.

15. AMOUNT DUE TO DIRECTORS

This is unsecured, interest-free and repayable on demand.

16. LOANS AND BORROWINGS

	Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Current		
Secured		
- Import loan	–	15,405
- Bankers acceptance	58,131	31,700
- Export credit financing	14,089	–
- Recourse financing	8,303	–
	80,523	47,105

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 trade receivables as referred to in Note 7;
(c) pledged of fixed deposit as referred to in Note 9;
(d) corporate guarantee by the Company.

17. REVENUE

	Group		Company	
	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
Revenue from contract with customers	563,130	401,516	65	281

Disaggregation of the revenue from contract with customers:

	Group		Company	
	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
Major goods and services				
Sale of goods	563,130	401,516	–	–
Management fee	–	–	65	281
	563,130	401,516	65	281

17. REVENUE (CONTINUED)

Disaggregation of the revenue from contract with customers: (continued)

	Group		Company	
	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
Major products and service line				
Enamelled wire	51,044	64,908	–	–
Copper rod	501,692	333,766	–	–
Others	10,394	2,842	–	–
Management fee	–	–	65	281
	563,130	401,516	65	281

18. OTHER INCOME

	Group	
	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
Interest income	354	16
Rental income	119	98
Gain on disposal of consumables	7,370	–
Gain on disposal of property, plant and equipment	8,723	23
Gain on disposal of investment property	300	–
Gain on foreign exchange		
- Realised	3,702	4,800
- Unrealised	23	898
Income for processing fee	139	28
Miscellaneous	139	211
	20,869	6,074

19. FINANCE COSTS

	Group		Company	
	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Bank borrowings	4,867	2,200	–	–
- Hire purchase	23	8	–	–
- Inter-company loan	–	–	144	–
	4,890	2,208	144	–

20. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000	Period ended 30.6.2019 RM'000	Year ended 31.12.2017 RM'000
Profit/(Loss) before tax are stated after charging/(crediting): -				
Auditors' remuneration				
- current year	108	75	53	35
- other services	28	3	28	–
Depreciation of property, plant and equipment	1,308	816	123	–
Executive directors' remuneration:				
- directors of the Company	1,406	465	5	–
- directors of subsidiaries	474	268	–	–
Non-executive directors' fees	418	172	418	172
Fair value loss on derivative	838	–	–	–
Impairment loss on inventories	733	–	–	–
Unrealised loss on foreign exchange	147	–	–	–
Rental of premises	388	11	327	–
Staff costs (excludes directors' remuneration):				
- wages, salaries and others	5,932	3,366	295	–
- contribution to state plans	400	241	19	
- shared-based payment expenses	332	–	–	–
- other personnel costs	267	125	2	–

21. INCOME TAX EXPENSE

	Group Period ended 30.6.2019 RM'000	Group Year ended 31.12.2017 RM'000	Company Period ended 30.6.2019 RM'000	Company Year ended 31.12.2017 RM'000
Recognised in profit or loss: -				
Malaysian income tax: -				
- current year	1,250	640	–	–
- underprovision in prior years	–	(4)	–	–
	1,250	636	–	–
Deferred tax expense: -				
Origination and reversal of temporary differences	(154)	298	–	–
Total income tax expense	1,096	934	–	–
Reconciliation of tax expense: -				
Profit/(Loss) before tax	1,984	3,684	(2,103)	(228)
Income tax calculated using Malaysian tax rate of 24%	476	885	(505)	(55)
Non-deductible expenses	620	236	505	55
Different tax rates in other jurisdictions	–	14	–	–
Tax savings arising from utilisation of previously unrecognised unutilised tax losses	–	(201)	–	–
Tax expense for the period/year	1,096	934	–	–

22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	30.6.2019	**31.12.2017**
Profit attributable to ordinary shareholders (RM'000)	1,156	2,750
Weighted average number of ordinary shares (in thousand) at 30 June/31 December	79,614	64,286
Basic earnings per ordinary share (sen)	1.45	4.28

Diluted earnings per ordinary share

There are no dilutive potential ordinary shares.

23. OPERATING SEGMENTS

No segment information is presented as the Group's activities are predominantly in the manufacturing of copper wire, copper rods and other copper products which conducted in Malaysia.

(a) Geographical information

Segment revenue is based on geographical location from which the sale transactions originated.

	30.6.2019 RM'000	**31.12.2017 RM'000**
Malaysia	361,858	301,860
India	114,888	31,400
Others	86,384	68,256
	563,130	401,516

(b) Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	30.6.2019 RM'000	**31.12.2017 RM'000**
Customer A	94,712	108,932
Customer B	126,387	31,400

24. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Additions during the year (Note 3)	14,336	5,771	332	128
Financed by hire purchase agreement	(500)	–	–	–
	13,836	5,771	332	128

25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

30 June 2019

(i) Financial assets measured at fair value through profit or loss ('FVTPL');
(ii) Financial assets measured at amortised cost ('FAAC')
(iii) Financial liabilities measured at amortised cost ('FLAC')

31 December 2017

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

	Group			Company	
	Carrying amount RM'000	FVTPL RM'000	FAAC/ (FLAC) RM'000	Carrying amount RM'000	FAAC/ (FLAC) RM'000
30 June 2019					
Financial assets					
Trade receivables	39,639	–	39,639	–	–
Other receivables, exclude prepayments	21,065	8	21,057	117	117
Amount due by subsidiaries	–	–	–	6,161	6,161
Cash and bank balances	36,380	–	36,380	77	77
	97,084	8	97,076	6,355	6,355
Financial liabilities					
Trade payables	118	–	118	–	–
Other payables, exclude contract liabilities	2,478	–	2,478	188	188
Amount due to directors	936	–	936	–	–
Amount due to subsidiaries	–	–	–	20,449	20,449
Loans and borrowings	80,523	–	80,523	–	–
Hire purchase payables	425	–	425	–	–
	84,480	–	84,480	20,637	20,637

25. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

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

	Group			Company	
	Carrying amount RM'000	FVTPL 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
	68,992	–	68,992	185	185
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)	–	–
	(52,707)	–	(52,707)	(12,400)	(12,400)

(b) Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

25. FINANCIAL INSTRUMENTS (CONTINUED)

(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 the individual characteristics of 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. There are no significant changes as compared to prior periods.

(i) Trade 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 sales limits are established for each customer and any sales exceeding those limits require approval from the management.

At each reporting date, the Group or the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities. There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

Approximately 38% (31.12.2017: 35%) of the Group's product sales was from two customers in Malaysia and India and approximately 35% (31.12.2017: 28%) of the Group's accounts receivable was from these customers. The Group determines concentration of risk by monitoring its trade receivable individually on an ongoing basis.

Expected credit loss assessment for customers

The Group uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

The Group provides lifetime expected loss for all trade receivables. Expected loss rate are incorporated historical credit loss experience and forecast of economic conditions.

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

(i) Trade Receivables (continued)

Expected credit loss assessment for customers (continued)

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables: -

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
30.6.2019			
Current (Not past due)	11,143	–	11,143
Past due 0 to 1 month	17,765	–	17,765
Past due 1 to 2 months	6,201	–	6,201
Past due more than 2 months	4,530	–	4,530
	39,639	–	39,639

The trade receivables are substantially arising from active corporate clients with long business relationship with the Group, in which the amounts are deemed to be recoverable, with low probability of default.

Comparative information under MFRS 139, Financial Instruments: Recognition Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
31.12.2017				
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	–	–	–	–
	44,575	–	–	44,575

Trade receivables that are past due but not impaired – 31 December 2017

The Group has trade receivables amounting to RM608,000 that are past due at the reporting date but not impaired.

(ii) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. 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 on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. These banks and financial institutions have low credit risk. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

(iii) Other receivables

Credit risk on other receivables are mainly arising from sundry debtors and deposits receivables. The Group monitors the repayment on an individual basis.

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.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

(iv) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides secured and unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis by using internal information available.

Exposure to credit risk

The maximum exposure to credit risk is the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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.

(v) Inter-company loans and advances

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

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 and the Company did not recognise any allowance for impairment loss.

(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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk (continued)

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.

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000
Group					
30.6.2019					
Non-derivative financial liabilities					
Trade payables	118	–	118	118	–
Other payables	2,478	–	2,478	2,478	–
Amount due to directors	936	–	936	936	–
Bankers acceptance	58,131	7.23%	58,131	58,131	–
Export credit financing	14,089	4.55%	14,089	14,089	–
Recourse financing	8,303	6.95%	8,303	8,303	–
Hire purchase payables	425	6.80%	502	118	384
	84,480		84,557	84,173	384
31.12.2017					
Non-derivative financial liabilities					
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
	52,707		52,716	52,702	14
Company					
30.6.2019					
Non-derivative financial liabilities					
Other payables	188	–	188	188	–
Amount due to subsidiaries	20,449	–	20,449	20,449	–
	20,637		20,637	20,637	–
31.12.2017					
Non-derivative financial liabilities					
Other payables	42	–	42	42	–
Amount due to directors	172	–	172	172	–
Amount due to a subsidiary	12,186	–	12,186	12,186	–
	12,400		12,400	12,400	–

25. FINANCIAL INSTRUMENTS (CONTINUED)

(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*	
	30.6.2019 RM'000	**31.12.2017 RM'000**
Functional currency of Group entities		
Trade and other receivables	23,071	17,020
Cash and bank balances	9,395	5,309
Trade and other payables	(169)	(2,985)
Loans and borrowings	–	(15,405)
Net exposure	32,297	3,939

Currency risk sensitivity analysis

A 10% (31.12.2017: 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 RM3,229,700 (31.12.2017: RM393,900). 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% (31.12.2017: 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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market risk (continued)

(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	
	30.6.2019 RM'000	**31.12.2017 RM'000**	**30.6.2019 RM'000**	**31.12.2017 RM'000**
Fixed rate instruments				
Financial assets	24,164	4,113	–	–
Financial liabilities	(425)	(80)	–	–
	23,739	4,033	–	–
Floating rate instruments				
Financial liabilities	(80,523)	(47,105)	–	–

Interest rate risk sensitivity analysis

- ***Fair value sensitivity analysis for fixed rate instruments***

  The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group 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 or decreased pre-tax profit or loss by RM805,000 (30.6.2019: RM471,000).

(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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

(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.

The carrying amount of the non-current portion of term loans that carry floating interest rates approximate their fair value as they are re-priced to market interest rates on or near the reporting date. The carrying amount of long-term deposits and hire purchase payables that carry fixed interest rates approximate their fair values as the impact of discounting is not material.

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 gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios were as follows:

	Group		Company	
	30.6.2019 RM'000	**31.12.2017 RM'000**	**30.6.2019 RM'000**	**31.12.2017 RM'000**
Trade and other payables, exclude contract liabilities	2,596	5,350	188	42
Amount due to directors	936	172	–	172
Amount due to subsidiaries	–	–	20,449	12,186
Loans and borrowings	80,523	47,105	–	–
Hire purchase payables	425	80	–	–
Less: Cash and bank balances	(36,380)	(10,970)	(77)	(100)
Net debt	48,100	41,737	20,560	12,300
Total equity	87,153	67,287	87,520	81,982
Capital and net debt	135,253	109,024	108,080	94,282
Gearing ratio	36%	38%	19%	13%

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

The Group is required to maintain gearing ratio of no more than 1.5 times to comply with a bank covenant, falling which, the bank may call an event of default. The Group has not breached this covenant.

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	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
A. Subsidiary				
Management fee from a subsidiary	–	–	65	281
B. Key management personnel				
Rental paid to certain directors	26	86	–	–
Directors' remuneration	2,298	905	418	172

28. COMPARATIVE FIGURES

The financial year end of the Company has been changed from 31 December to 30 June. Accordingly, comparative figures are not comparable.

29. SUBSEQUENT EVENTS

a) Corporate Exercises

On 11 January 2019, the Board of Directors of the Company has:

(i) proposed renounceable rights issue of 238,841,790 new ordinary shares ("Rights Shares") and 477,683,580 Irredeemable Convertible Preference Shares ("ICPS") together with 159,227,757 free detachable warrants on the basis of 3 Rights Shares and 6 ICPS together with 2 warrants attached for every one existing share held on an entitlement date;

(ii) proposed amendments to the Company's Constitution.

On 21 February 2019, 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 26 March 2019.

On 13 August 2019, the Board has announced that the corporate exercise has been completed following the listing of and quotation for 238,841,790 Right Shares, 477,683,580 ICPS and 159,227,757 warrants on the Main Market of Bursa Securities.

b) Purchase of plant and machineries

On 6 September 2019, the board of a subsidiary of the Company has approved the acquisition of plant and machineries at total consideration of USD2,646,900 (approximately RM11,169,918).

c) Allotment of ordinary shares in subsidiary

On 23 September 2019, a wholly-owned subsidiary of the Company, Cyprium Capital Sdn Bhd allotted 2,399,999 ordinary shares in its subsidiary, Cyprium Wire Technology Sdn Bhd in cash, reducing its ownership from 100% to 80%.

ANALYSIS OF SHAREHOLDINGS
as at 7 October 2019

ORDINARY SHARES

Issued Share Capital	:	357,391,320 shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share
Number of Shareholders	:	2,405

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	33	1.37	1,444	0.00
100 - 1,000	150	6.24	110,940	0.03
1,001 - 10,000	829	34.47	3,992,427	1.12
10,001 - 100,000	1,001	41.62	44,120,280	12.35
100,001 to less than 5% of issued shares	390	16.22	244,501,932	68.41
5% and above of issued shares	2	0.08	64,664,297	18.09
	2,405	100.00	357,391,320	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	6,693,600	1.87	35,713,777 (a)	9.99
2.	DATO' SRI NGU TIENG UNG, JP	–	–	42,451,977 (b)	11.88
3.	TAN POO CHUAN	–	–	42,201.977 (c)	11.81

(a) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (35,713,777 shares).*

(b) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (35,713,777 shares), Heritage Winners Sdn. Bhd. (6,408,200 shares) and Timur Enterprise Sdn. Bhd. (330,000 shares).*

(c) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (35,713,777 shares), Heritage Winners Sdn. Bhd. (6,408,200 shares) and deemed interest by virtue of interest held by his son, Tan Kang Shu (80,000 shares).*

ANALYSIS OF SHAREHOLDINGS
(continued)

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

No.	Name of Substantial Shareholder	No. of Shares Held (Direct)	%	No. of Shares Held (Indirect)	%
1.	TRIAD CAPITAL SDN. BHD.	35,713,777	9.99	–	–
2.	AMPOL ACCESSORIES SDN. BHD.	28,950,520	8.10	–	–
3.	DATO' YEO BOON LEONG , JP	6,693,600	1.87	35,713,777 (a)	9.99
4.	DATO' SRI NGU TIENG UNG, JP	–	–	42,451,977 (b)	11.88
5.	TAN POO CHUAN	–	–	42,201.977 (c)	11.81
6.	PANG CHONG YONG	–	–	28,950,520 (d)	8.10

(a) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (35,713,777 shares).*

(b) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (35,713,777 shares), Heritage Winners Sdn. Bhd. (6,408,200 shares) and Timur Enterprise Sdn. Bhd. (330,000 shares).*

(c) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (35,713,777 shares), Heritage Winners Sdn. Bhd. (6,408,200 shares) and deemed interest by virtue of interest held by his son, Tan Kang Shu (80,000 shares).*

(d) *Deemed interest by virtue of his interest via Ampol Accessories Sdn. Bhd. (28,950,520 shares).*

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	Shareholdings	%
1.	TRIAD CAPITAL SDN. BHD.	35,713,777	9.99
2.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. TIMES FINE CHEMICAL SDN. BHD. FOR AMPOL ACCESSORIES SDN. BHD.	28,950,520	8.10
3.	JP APEX NOMINEES (TEMPATAN) SDN. BHD. ACE CREDIT (M) SDN. BHD. FOR PIONEER CONGLOMERATE SDN. BHD.	15,430,000	4.32
4.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	8,000,000	2.24
5.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. CHANG THIAN POH	7,040,100	1.97
6.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. HERITAGE WINNERS SDN. BHD.	6,408,200	1.79
7.	CHEN, HSI-TAO	6,037,792	1.69
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG KOK SEONG (M55015)	5,620,000	1.57
9.	WANG SU YONG	5,400,100	1.51
10.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SOON HUI (E-SJA)	5,164,800	1.45
11.	CHEN, HSI-TAO	4,617,600	1.29
12.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEO BOON LEONG (MARGIN)	4,500,000	1.26
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PETER TAN SWEE PENG (MY2822)	4,000,000	1.12
14.	YEO BOON LEONG	4,000,000	1.12
15.	HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH ENG THYE	3,366,000	0.94

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS (CONTINUED)

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

No.	Name	Shareholdings	%
16.	HUAM HONG PING	3,240,000	0.91
17.	CHONG SOON HENG	3,000,000	0.84
18.	LIM TIEN SZE	2,901,700	0.81
19.	NGUI GIONG TECK	2,737,700	0.77
20.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TING BEE TOO	2,600,000	0.73
21.	CHANG SENG GUAN	2,400,000	0.67
22.	CHIN CHIN SEONG	2,300,000	0.64
23.	YEOH CHIN KIANG	2,037,700	0.57
24.	CHONG CHING YEE	2,000,000	0.56
25.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM TIEN SZE (MY2447)	1,912,900	0.54
26.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SURINDER SINGH A/L SHINGARA SINGH (MARGIN)	1,899,600	0.53
27.	SHARMALA DEVI A/P V THURAIRATNAM	1,800,000	0.50
28.	SHARMALA DEVI A/P V THURAIRATNAM	1,750,000	0.49
29.	CHEN, HUNG-PING	1,688,220	0.47
30.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BEH CHAN PIN	1,500,000	0.42
		178,016,709	49.81

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES HOLDINGS
as at 7 October 2019

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Issued Share Capital	:	438,747,980 ICPS
Class of Shares	:	ICPS
Voting Rights	:	The holders of ICPS are not entitled to any voting right except in circumstances set out in the Company's Articles of Association
Number of ICPS Holders	:	999

DISTRIBUTION TABLE ACCORDING TO THE NUMBER OF ICPS HELD IN RESPECT OF ISSUED HOLDINGS

Size of Holdings	No. of ICPS Holders	%	No. of ICPS Held	%
1 - 99	0	0.00	0	0.00
100 - 1,000	9	0.90	3,568	0.00
1,001 - 10,000	92	9.21	710,478	0.16
10,001 - 100,000	452	45.25	22,068,012	5.03
100,001 to less than 5% of issued holdings	444	44.44	321,612,588	73.30
5% and above of issued holdings	2	0.20	94,353,334	21.51
	999	100.00	438,747,980	100.00

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of ICPS Held (Direct)	%	No. of ICPS Held (Indirect)	%
1.	DATO' YEO BOON LEONG, JP	10,387,200	2.367	50,927,554 (a)	11.61
2.	DATO' SRI NGU TIENG UNG, JP	–	–	64,238,954 (b)	14.64
3.	TAN POO CHUAN	–	–	63,863,954 (C)	14.56

(a) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (50,927,554 ICPS).*

(b) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (50,927,554 ICPS), Heritage Winners Sdn. Bhd. (12,816,400 ICPS) and Timur Enterprise Sdn. Bhd. (495,000 ICPS).*

(c) *Deemed interest by virtue of his interest via Triad Capital Sdn. Bhd. (50,927,554 ICPS), Heritage Winners Sdn. Bhd. (12,816,400 ICPS) and deemed interest by virtue of interest held by his son, Tan Kang Shu (120,000 ICPS).*

THIRTY (30) LARGEST ICPS HOLDERS

(Per Record of Depositors)

No.	Name	Shareholdings	%
1.	TRIAD CAPITAL SDN. BHD.	50,927,554	11.61
2.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. TIMES FINE CHEMICAL SDN. BHD. FOR AMPOL ACCESSORIES SDN. BHD.	43,425,780	9.90
3.	WANG SU YONG	13,600,000	3.10
4.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. HERITAGE WINNERS SDN. BHD.	12,816,400	2.92
5.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. CHANG THIAN POH	10,928,200	2.49
6.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SOON HUI (E-SJA)	7,747,200	1.77
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PETER TAN SWEE PENG (MY2822)	7,000,000	1.60
8.	CHONG CHING YEE	6,687,400	1.52
9.	LIM TIEN SZE	6,656,400	1.52
10.	CHEN, HSI-TAO	6,042,488	1.38
11.	HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH ENG THYE	5,932,000	1.35
12.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	4,750,200	1.08
13.	HUAM HONG PING	4,500,000	1.03
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOH TECK WAH (8090542)	4,191,600	0.96
15.	YEOH CHIN KIANG	4,075,400	0.93
16.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN ING KIONG	4,000,000	0.91
17.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SIU WAH (REM 181-MARGIN)	3,386,200	0.77
18.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SURINDER SINGH A/L SHINGARA SINGH (MARGIN)	3,049,400	0.70
19.	NG KOK WENG	3,000,000	0.68
20.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BEH CHAN PIN	2,900,000	0.66
21.	NG CHIAN TIN	2,700,000	0.62
22.	WONG TACK SENG	2,700,000	0.62
23.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SER TOH CHON CHIEN (E-BPT)	2,600,000	0.59
24.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN YAN NEO	2,588,000	0.59
25.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PETER TAN SWEE PENG (MY3179)	2,200,000	0.50
26.	CHIA LEE LEE	2,060,000	0.47
27.	TOH EAN HAI	2,016,000	0.46
28.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN XIAOLING	2,000,000	0.46
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG WAI YUAN (MY0867)	2,000,000	0.46
30.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG WEE KHIANG	2,000,000	0.46
		228,480,222	52.08

ANALYSIS OF WARRANTS HOLDINGS
as at 7 October 2019

WARRANTS 2019/2022

Class of Shares	:	Warrants 2019/2022 ("WA")
Number of warrants not exercised	:	159,227,757 WA
Number of Warrants Holders	:	588

DISTRIBUTION TABLE ACCORDING TO THE NUMBER OF WARRANTS HELD IN RESPECT OF ISSUED HOLDINGS

Size of Holdings	No. of Warrant Holders	%	No. of Warrant Held	%
1 - 99	47	7.99	2,504	0.00
100 - 1,000	14	2.38	7,335	0.00
1,001 - 10,000	190	32.31	1,016,427	0.64
10,001 - 100,000	246	41.84	9,575,211	6.01
100,001 to less than 5% of issued holdings	87	14.80	47,218,321	29.65
5% and above of issued holdings	4	0.68	101,407,959	63.69
	588	100.00	159,227,757	100.00

THIRTY (30) LARGEST WARRANTS HOLDERS
(Per Record of Depositors)

No.	Name	Warrant Holdings	%
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	43,697,266	27.44
2.	SEIK THYE KONG	32,565,433	20.45
3.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. TIMES FINE CHEMICAL SDN. BHD. FOR AMPOL ACCESSORIES SDN. BHD.	14,475,260	9.09
4.	CHONG TOH WEE	10,670,000	6.70
5.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	7,120,000	4.47
6.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. HERITAGE WINNERS SDN. BHD.	4,272,133	2.68
7.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. CHANG THIAN POH	3,642,733	2.29
8.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN SOON HUI (E-SJA)	2,582,400	1.62
9.	HUAM HONG PING	2,160,000	1.36
10.	CHEN, HSI-TAO	1,563,196	0.98
11.	EE KIM CHENG	1,300,000	0.82
12.	WONG KOI WAH	1,086,600	0.68
13.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SURINDER SINGH A/L SHINGARA SINGH (MARGIN)	1,016,466	0.64
14.	CHONG KEIN FUA	1,000,000	0.63
15.	RONNIE SIM HUA KIANG	1,000,000	0.63

THIRTY (30) LARGEST WARRANTS HOLDERS (CONTINUED)
(Per Record of Depositors)

No.	Name	Warrant Holdings	%
16.	WONG YOON TIAM	1,000,000	0.63
17.	JIA HONGMEI	890,000	0.56
18.	YONG SIEW NGEE	845,933	0.53
19.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KOK SIAN	757,000	0.48
20.	LEE SOOK FAN	600,000	0.38
21.	YEOH KEAN BENG	553,533	0.35
22.	TAN ZHANPENG	550,000	0.35
23.	LIM KIM SOW	533,333	0.33
24.	LIM SEEH ENG	533,333	0.33
25.	TEO GIM CHOON	533,333	0.33
26.	ONG CHONG GEE	500,000	0.31
27.	SEE EAN SENG	460,000	0.29
28.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR OH BENG NGO (E-SJA)	458,000	0.29
29.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ABDUL RAZAK FAIZ BIN SULAIMAN	400,000	0.29
30.	SHARMALA DEVI A/P V THURAIRATNAM	400,000	0.25
	TOTAL	137,165,952	86.14

LIST OF GROUP PROPERTIES

Location	Tenure/Expiry Date	*Existing Use	Age of Building (year/ month)	Land area (m^2)/Built-up area) (m^2)	Carrying Amount @ 30.06.2019 RM ('000)	Year of Valuation
Lot Nos. 7699 to 7706 (Formerly known as 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 Nos. 7699 to 7706 (Formerly known as PT 1234 to 1237), leaving unexpired terms of about 70 years 99 years leasehold expiring on 25/6/2089 or Lot PT 1287 to 1290 leaving unexpired terms of about 70 years	*Industrial land, factory building & office	15,16,19,22 years (4 factories)	31,794/ (17,920)	25,580	2018
PT 1513 & 1516, Mukim of Kelemak, Alor Gajah, Melaka	99 years leasehold expiring on 24/9/2091, leaving unexpired terms of about 72 years	*Apartments	21 years	N/A/(728)	393	2015

Note :

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

PROXY FORM

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

CDS account no.	No. 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 Fifth Annual General Meeting of the Company to be held at Ta Win Industries (M) Sdn. Bhd., Lot 63-68, Jalan Industri 21, Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka on Thursday, 28 November 2019 at 9.00 a.m. and at any adjournment thereof.

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

Item	Agenda		
1.	To receive the audited Financial Statements for the period ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.		
		FOR	**AGAINST**
2.	Ordinary Resolution 1 - To approve the payment of Directors' Fees of RM600,000.00.		
3.	Ordinary Resolution 2 - To approve the payment of Directors' benefits (excluding Directors' Fees) to the Directors up to an amount of RM200,000.00.		
4.	Ordinary Resolution 3 - To re-elect Mr. Yao Kee Boon as Director.		
5.	Ordinary Resolution 4 - To re-elect Dato' Sri Ngu Tieng Ung, JP as Director.		
6.	Ordinary Resolution 5 - To re-elect Dato' Yeo Boon Leong, JP as Director.		
7.	Ordinary Resolution 6 - To re-appoint Ecovis Malaysia PLT (formerly known as Ecovis AHL PLT) (LLP 0003185-LCA & AF 001825) as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
8.	Ordinary Resolution 7 - To empower the Directors of the Company to issue shares pursuant to Sections 75 & 76 of the Companies Act 2016.		
9.	Special Resolution 1 - To adopt new Constitution of the Company.		

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 .... , 2019.

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NOTES:

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote instead of his/her behalf. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
2. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney duly authorised in writing, and in the case of a corporation, shall either be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
3. Where a member of a Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority duly authorised in writing or if such appointor is a Corporation, under its common seal or under the hand of an officer or attorney of the Corporation duly authorised, shall be deposited at the registered office at 308, Block A (3rd Floor), Kelana Business Centre, 97, Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
6. Depositors who appear in the Record of Depositors as at 22 November 2019 shall be regarded as member of the Company entitled to attend the Twenty Fifth Annual General Meeting or appoint a proxy or proxies to attend and vote on his/her behalf.

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AFFIX
STAMP

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
Selangor Darul Ehsan

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

Unit 26-11 & 26-12, Level 26, Q Sentral
Jalan Stesen Sentral 2, 50470 Kuala Lumpur
Tel : (603) 2276 6522 I **Fax :** (603) 2276 6511
www.ta-win.com