

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7097  
**COMPANY NAME** : TA WIN HOLDINGS BERHAD  
**FINANCIAL YEAR** : 31ST DECEMBER, 2017

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### **Practice 1.1**

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible to ensure long term success and delivering of sustainable value to its stakeholders through its leadership and management of the Group's businesses. For the foregoing, the Board set the strategic direction of the Group while exercising oversight on day-to-day management and operations delegated to the Managing Director and 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 set the appropriate tone at the top, providing leadership and managing good governance and practices through out the Group.</p> <p>To ensure the effective discharge of its functions and responsibilities, the Board delegated specific powers of the Board to the relevant Board Committees, namely the Audit, Nomination and Remuneration Committee to oversee the Company's affairs, in accordance with their respective Terms of Reference ("TOR"). All matters deliberated in the Board Committees are required to be reported to the Board for endorsement and/or approval. As such, the direction and control of the Group is held firmly within the Board.</p> <p>To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group, the Board has collectively discussed on the Group's business plans and strategies, both short term, medium and long term through active discussions with the key management to ensure is support long term success and delivery of sustainable value.</p> <p>The Board together with senior management have established various policies and procedures which provide guidance for proper standards of conduct and sound and prudent practices to be carried out or performed in the respective areas and circumstances in order to propagate and preserve the core values of the Group and further</p>

promote good corporate governance culture in the Group. These values are disseminated to employees and continuously reinforced throughout their tenure with the Group. These policies and procedures are periodically reviewed to ensure it is relevant and effective.

The Board reviewed and deliberated the financial projection, financial results and detailed information relating to the running of the Group's operation presented by the key management staff at the Board meetings held during the financial year. The Board scrutinised the management proposals taking into consideration the long term business and finance of the Group. The Board was updated on the progress of the approved management proposals.

The Board reviews overall performance of the management from time to time and provides leadership within a framework of prudent and effective controls which enable risks to be appropriately assessed and managed.

Notwithstanding that, the Board is also involved in any matters that have significant impact on the Group's business, including, and not limited to, issues within objects and strategies, operations, finances and human capital.

Through the Risk Management Committee, the Board oversees the risk management framework of the Group. The Risk Management Committee advises the Audit Committee and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the Group. The Risk Management Committee assists the Board in overseeing the adherence of established risk appetite/tolerance at the Risk Management Framework. There is an on-going process in place for the Risk Management Committee to identify, evaluate and manage the significant risks. The processes, findings and actions taken by the management are regularly reviewed by the Board. The Board's responsibilities for the Group's system of internal controls cover not only financial aspects of the business but also operational, regulatory compliance as well as risk management matters. Details pertaining to the Company's internal control system and the review of its effectiveness are set out in the Statement on Risk Management and Internal Control in the Annual Report.

The Board is assisted by the Nomination Committee with the responsibility on the matter in relation to the succession planning of Directors and key management staff in order to maintain an appropriate balance of skills on the Board and to ensure continuity of the operations and management of the Group.

The Board values the dialogue with shareholders and appreciates the keen interest shown by shareholders on the Group's performance. The Board adopted a shareholder communication policy, which sets out the standards and the requirements of the Company in relation to

	communicating with its shareholders.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board.</p> <p>Mr. Chen, Hsi-Tao, the founder of the Company who has extensive experience and knowledge in the enamelled copper wire/rod industry has enhanced his role as the Chairman of the Board. He successfully led the Group over the past 20 years and transformed the Group into a leader in in the enamelled cooper wire/rod industries in the Asian Region. He :</p> <ul style="list-style-type: none"><li>a) provides leadership for the Board so that the Board can perform its responsibilities effectively;</li><li>b) in consultation with the management and company secretary, set the Board agenda for each Board meeting;</li><li>c) managed the interface between the Board and management and facilitated the flow of information between the management and the Board and ensured that the Board members receive complete and accurate information in a timely manner;</li><li>d) led the Board meetings and discussion;</li><li>e) encouraged active participation and allowed dissention views to be freely expressed;</li><li>f) chaired the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") of the Company;</li><li>g) led the Board in establishing and monitoring good corporate governance practices in the Company;</li><li>h) ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</li></ul> <p>The roles and responsibilities of the Chairman of the Board is set out in the Board Charter, which is available on the Group's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p> <p>On 23 November 2017, Mr. Chen, Hsi-Tao re-designated as the Deputy Chairman of the Company while Dato' Yeo Boon Leong, JP was appointed as the Chairman of the Company to preside over meetings of Directors and to ensure the smooth functioning of the Board in the interest of good governance whenever Mr. Chen, Hsi-Tao is abroad.</p>

	The Board is of the view that the appointment of Dato' Yeo Boon Leong, JP is to uphold the succession plan of the Company.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and Managing Director are held by two different individuals. The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management, while the Managing Director focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions and policies.</p> <p>Mr. Chen, Hung-Lin is responsible to the Board for the overall management and profit performance of the Group, including day to day operation and administration within the framework of the Group's policies, reserved powers and routine reporting requirements. He may delegate aspects of his authority and power but remains accountable to the Board for the Group's performance.</p> <p>The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual can influence or dominate the Board's decision.</p> <p>The respective duties and responsibilities of the Chairman and the Group Managing Director are contained in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Ms. Teo Soon Mei and Ms. Chua Siew Yin both were secretaries of the Company during financial year ended 31 December 2017. They resigned as Company Secretaries of the Company on 23 February 2018 and Mr. Ho Meng Chan and Ms. Wu Siew Hong were appointed as the Company Secretaries of the Company in place thereof. All of them are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. Ms. Teo, Ms Chua and Ms. Wu are Associate member of the Malaysian Association of Institute of Chartered Secretaries and Administrators and Mr. Ho is a member of Malaysian Association of Companies Secretaries.</p> <p>The Company Secretaries support the Board and the relevant Committee to ensure the effective functioning in accordance with their terms of reference ("TOR") and best practices, and in managing the corporate governance framework of the Company. The Companies Secretaries also advise Directors on their fiduciary and statutory duties, as well as compliances with the Companies Act, 2016, the Main Market Listing Requirements ("MMLR"), the Company's Memorandum and Articles of Association (Constitution), the Malaysian Code on Corporate Governance ("the Code"), Board adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.</p> <p>At least one Company Secretary attended the Board and Board Committee Meetings held during financial year 2017 and ensured that the meetings are properly convened and that accurate and adequate records of the proceedings of meetings and decisions made are properly kept. The Company Secretaries highlighted or brought attention to the Board on the matters that require follow-up and update from the management. The Company Secretaries also worked closely with the management to ensure timely flow of information to the Board.</p> <p>The Board is also updated on the Directors' Circular Resolutions passed and Directors' dealings pursuant to Chapter 14 of MMLR at every scheduled Board meetings during the year.</p> <p>Ms. Teo Soon Mei attended the Twenty Third Annual General Meeting</p>

	<p>("AGM") held during the financial year 2017 and managed the processes of the AGM and ensure orderly proceeding, including the conduct of the poll taken on all resolutions tabling at the meetings.</p> <p>For financial year ended 31 December 2017, the Company Secretaries have attended relevant training and professional development programmes in order to upskill themselves and keep abreast with the latest development in the relevant regulations.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Directors have the right to access all information pertaining to the Group for the purpose of discharging their duties. The Directors may interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operation or business concerns.</p> <p>Every Director has unhindered access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. In addition, the Directors may seek independent professional advice at the Company's expense, as they individually or collectively consider necessary, to fulfill their responsibilities and permit independent judgment in decision making.</p> <p>All Directors receive appropriate and timely information to facilitate decision-making and thus enable them to discharge their duties and responsibilities effectively. Notices of ordinary meetings are sent to the Directors at least five (5) business days in advance. A full 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 have sufficient time to peruse the board papers and to seek any clarification or further details that may be required from the management, the Company or independent advisers.</p> <p>Key management staff and external advisers are invited to attend Board or Board Committees Meetings to provide additional insights and professional opinion and clarification on specific agenda items. At the Board Meetings, respective Chairman of the Board Committees will report, advise and recommend to the Board, salient views and conclusions of their respective agendas. Minutes of the Board Committees are circulated for the Board's information.</p> <p>The deliberations and conclusions of issue discussed in the Board meetings are duly recorded in the Board minutes. The decision made at the Board meetings are also communicated to Management on a timely manner to ensure appropriate execution. The Company Secretaries will also follow up on the status of actions taken with reference to the previous minutes of meeting for updating the Board. Action item would stay as matters arising in the minutes of meeting</p>

	<p>until they are resolved. Minutes of each Board meeting were circulated to all Directors in advance for their perusal prior to confirmation of these minutes at the commencement of the Board Meeting. The Directors were allowed to make comments before the minutes were tabled for confirmation as a correct record of the proceedings.</p> <p>To facilitate the Directors' time planning, the ordinary meetings of the Company are scheduled in advance before the end of each financial year.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter which sets out the roles, composition, responsibilities, operations and processes of the Board and Board Committees. Its also outlines the issues and decisions reserved for the Board. The purpose of the Board Charter is to clearly outline the structure of the Board and to define the role of the Board as a whole through identification of a schedule of powers reserved solely for the Board of Directors.</p> <p>Key matters of the Company reserved for the Board's approval include:-</p> <ul style="list-style-type: none"><li>a) Financial Results and statements and Annual Report;</li><li>b) Material acquisitions and disposition of assets;</li><li>c) Dividend declaration &amp; distribution;</li><li>d) Issue of shares, options, equity instruments and other securities and redemption of shares;</li><li>e) Establishment of committees, appointment and dismissal of members;</li><li>f) Establishment policies and procedures;</li><li>g) Appointment and removal of Director;</li><li>h) Appointment and removal of Secretary;</li><li>i) Remuneration of Directors.</li></ul> <p>The Board Charter is available on the Company website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p> <p>The Board reviews its charter annually to ensure it remains consistent with the Board's objective and responsibilities. On 24 August 2017, the Board reviewed its Board Charter and acknowledged that necessary updates are required in order to be in line with the practices recommended by the Code. The updated Board Charter will be tabled at the Board Meeting for endorsement.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is committed to provide a safe, supportive and productive work environment. The Group has in place a Code of Conduct which set out the rules or standard for all who participating in the Group and represent themselves outside the Group. The aims are to ensure that all employees, officers and Directors conduct business honesty and ethically. This help the Company maintain a reputation for honesty, fairness, respect, responsibility, integrity and trust. Principles for short terms advantages are not compromised and the Group strives to adhere to high standards of integrity at all time.</p> <p>The Code of Conduct covers amongst 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 &amp; regulations, health &amp; safety and protection of assets.</p> <p>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.</p> <p>The Board reviews the Code of Conduct regularly to ensure that it continues to remain relevant and appropriate.</p> <p>The Code is accessible on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Group has in place a whistleblowing policy to provide an avenue for all employees of the Group and members of the public to voice their grievances and raise concerns through an established channel without fear of reprisal of any improper conduct and irregularities such as :-</p> <ul style="list-style-type: none"><li>-unethical behaviour</li><li>-malpractices</li><li>-fraud and corruption</li><li>-abuse of power</li><li>-conflict of interest</li><li>-illegal acts</li><li>-failure to comply with any regulatory requirements</li><li>-damage to environment</li><li>-misuse of company's property or fraud</li></ul> <p>The policy also set out the steps the Company will take in respect of the report received from the employees and members of the public with the strict enforcement of this policy. It will reduce the risk to the Group's reputation from fraudulent acts.</p> <p>The Board together with Management review the Whistle Blowing Policy periodically to ensure that it continues to remain appropriate and effective.</p> <p>The Whistleblowing Policy is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>
<b>Explanation for departure</b> :	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied																				
<b>Explanation on application of the practice</b>	:	<p>On 23 November 2017, three (3) new Directors were appointed. Dato' Yeo Boon Leong, JP and Dato' Chin Swee Chong were appointed as the Non-Independent Non-Executive Directors of the Company while Mr. Lai Kian Huat was appointed as the Independent Non-Executive Director of the Company. The three Alternate Directors, namely Chen Yu, Kuei-Feng, Chen, Hung-Ping and Lau Po Cheng were revoked as Alternate Directors.</p> <p>On 5 December 2017, Dato' Chin Swee Chong was re-designated as Executive Director of the Company. Mr. Tan Poo Chuan was appointed as Non-Independent Non-Executive Director of the Company while Mr. Yeoh Chin Kiang was resigned as the Executive Director of the Company.</p> <p>As such, at least half of the Board members are Independent Directors for the financial year ended 31 December 2017 :-</p> <table border="1"><thead><tr><th></th><th>1.1.2017</th><th>23.11.2017</th><th>5.12.2017</th><th>31.12.2017</th></tr></thead><tbody><tr><td>Number of independent Directors</td><td>4</td><td>5</td><td>5</td><td>5</td></tr><tr><td>Number of Board Members exclude Alternate Directors</td><td>7</td><td>10</td><td>10</td><td>10</td></tr><tr><td>Percentage of Independent Director</td><td>57%</td><td>56%</td><td>50%</td><td>50%</td></tr></tbody></table>		1.1.2017	23.11.2017	5.12.2017	31.12.2017	Number of independent Directors	4	5	5	5	Number of Board Members exclude Alternate Directors	7	10	10	10	Percentage of Independent Director	57%	56%	50%	50%
	1.1.2017	23.11.2017	5.12.2017	31.12.2017																		
Number of independent Directors	4	5	5	5																		
Number of Board Members exclude Alternate Directors	7	10	10	10																		
Percentage of Independent Director	57%	56%	50%	50%																		

	The current Board of Directors are as follows :-	
	Directors	Directorate
	Dato' Yeo Boon Leong <i>-appointed on 23 November 2017</i>	Chairman, Non-Independent Non-Executive Director
	Chen, Hsi-Tao	Deputy Chairman, Non-Independent Non-Executive Director
	Chen, Hung-Lin	Managing Director
	Mohd Khasan Bin Ahmad	Independent Non-Executive Director
	Lai Kian Huat <i>-appointed on 23 November 2017</i>	Independent Non-Executive Director
	Tan Poo Chuan <i>-appointed on 5 December 2017</i>	Non-Independent Executive Director
	Datin Azreen Binti Abu Noh <i>-appointed on 22 February 2018</i>	Independent Non-Executive Director
	Dato' Paduka Dr. Hii King Hiong <i>-appointed on 22 February 2018</i>	Independent Non-Executive Director
	Note : Dato' Chin Swee Chong resigned on 2 April 2018	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Both Encik Mohd Khasan Bin Ahmad and Dr. Aliyah Binto Dato' Hj. Baharuddin Marji (resigned on 23 February 2018) have each served the Board more than 12 years in financial year 2017. The Company has sought annual shareholders' approval at the AGM for both of them to continue to serve as Independent Director of the Board. The latest shareholders' approval was obtained at the last AGM held on 25 May 2017.</p> <p>As the two-tier voting has yet to be operationalized by the Company, the Board recommends that a single tier shareholders' approval be sought at the upcoming AGM for Encik Mohd Khasan Bin Ahmad to continue to act as Independent Director. Notwithstanding his extended tenure, the Nomination committee and the Board are satisfied that he is demonstrably independent and his length of service on the Board for 16 years do not in any way impair his independent status or interfere with the objective judgement or his ability to act in best interest of the Company.</p> <p>Shareholders' voting rights are enshrined under Company's Constitution, which states that every shareholder has one vote for every share he holds and resolutions and 75% of votes for special resolutions.</p> <p>Before the Company is able to proceed with the two-tier process, the Company will need to review its Constitution before proposing any amendments to accommodate the unique feature prescribed by the Code as the prescription is variation to usual notation of shareholders' voting rights and passing of resolutions.</p> <p>In accordance to MMLR, the Company has until 31 December 2019 to</p>

	<p>amend its Constitution to be aligned with Companies Act 2016 and the recent MMLR amendments which was released in 29 November 2017.</p> <p>The Company has taken a stance that it will recommend for the amendments of the Company's Constitution at the AGM of the Company in 2019. The Board will review the enabling provisions for the unique feature prescribed by MCCG before proposing any amendments to its Constitution.</p> <p>In the interim, a single tier shareholder approval will be sought for the retention of long-serving Independent Director.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board acknowledges the important of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.</p> <p>Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>However, the Group adheres to the practice of non-discrimination of any form throughout the Group. The Group is an equal opportunity employer and all appointments and employment are based on objective criteria, merit, skills and experience, and is not driven by age, cultural background or gender.</p> <p>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.</p> <p>The Nomination Committee is responsible to lead the process for nomination of new Board appointments and making necessary recommendations.</p> <p>In making its recommendations to the Board, the Nomination Committee considers and assess the suitability of a new appointment based on the following criteria :-</p> <ul style="list-style-type: none"><li>-Character</li><li>-Experience</li><li>-integrity</li><li>-Competence</li><li>-Time to effectively discharge his role</li><li>-Expertise, skills and knowledge</li><li>-Independent status</li><li>-Professionalism</li><li>-Related party and disclosure of interest</li><li>-Training and</li><li>-Any other factors which may affect the judgement of the candidate to act in the best interest of the Company</li></ul> <p>During the financial year ended 31 December 2017, the Nomination</p>

	Committee met, and upon deliberation agreed to recommend to the Board on the appointment of Dato' Yeo Boon Leong, JP, Dato' Chin Swee Chong, Mr. Lai Kian Huat and Mr. Tan Poo Chuan as Directors of the Company based on the set of criteria mentioned above. The Nomination Committee also examined the implication to the board composition and the compliance status on the relevant Practices of the Code.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is judicious of the gender diversity recommendation promoted by the Code in order to offer greater depth and breadth for discussions and constructive debates in senior management level.</p> <p>The Board has in year 2015, set its target to obtain 25% woman in the Board. However, at the end of financial year 2017, the female representation has been reduced from 14% to 10% due to appointment of new board members.</p> <p>In the process of selecting and evaluating candidates for the Board, the Nomination Committee has taken into consideration the overall composition of the Board and the combination skills of existing Directors as well as diversity in terms of gender, age and ethnicity. The ultimate goal is to ensure that the Board as a whole has the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.</p> <p>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.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of new Board members during the financial year ended 31 December 2017, were nominated as follows :-</p> <ul style="list-style-type: none"><li>a) Dato' Yeo Boon Leong, JP and Dato' Chin Swee Chong, both appointed as Directors of the Company on 23 November 2017, were nominated by the substantial shareholder, Pioneer Conglomerate Sdn. Bhd.</li><li>b) Mr. Lai Kian Huat, appointed as Director of the Company on 23 November, 2017, was nominated by Mr. Huang, Ching-Fan who aged 70 and who had intention to retire.</li><li>c) Mr. Tan Poo Chuan, appointed on 5 December 2017, was nominated by the substantial shareholder, Tenggara Kapital Sdn. Bhd.</li></ul> <p>The Board is aware of the recommendation to use variety of approaches and sources inclusive utilization of independent sources to identify a suitably qualified candidate for future appointment of Board member.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.7

The Nominating Committee is chaired by an Independent Director or a Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee is chaired by En. Mohd Khasan Bin Ahmad.</p> <p>The members of Nomination Committee is made up entirely of Non-Executive Directors with a majority of Independent Directors, whose present membership is :-</p> <ol style="list-style-type: none"><li>1. En. Mohd Khasan Bin Ahmad (Chairman, Independent Non-Executive Director)</li><li>2. Dr. Aliyah Binti Dato' Hj. Baharuddin Marji* (Independent Non-Executive Director)</li><li>3. Wu, Ying-Ju @ (Independent Non-Executive Director)</li><li>4. Datin Azreen Binti Abu Noh# (Independent Non-Executive Director)</li><li>3. Mr. Tan Poo Chuan &amp; (Non-Independent -Executive Director)</li></ol> <p>* stood down as member of Nomination Committee on 22 February 2018 @ resigned as Director on 22 February 2018 # appointed as member of Nomination Committee on 22 February 2018 &amp; appointed as member of Nomination Committee on 22 February 2018 and ceased as member of Nomination Committee on 20 April 2018</p> <p>The chairman had led the annual review of Board effectiveness and ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.</p> <p>The TOR of the Nomination Committee is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance.</p> <p>The Companies Secretaries assist in the preparation of documents for the annual evaluation and facilitates the evaluation which includes self and peer evaluations.</p> <p>The evaluation process is led by Chairman of the Nomination Committee ("NC") and the Company Secretaries. Each Director conducts the evaluation by answering a set of questionnaires.</p> <p>The evaluation process was based on self and peer assessments whereby the Directors assessed each other and themselves, the Board as whole and the performance of each Board Committee. The criteria and outcome of the assessment were properly documented.</p> <p>Based on the annual assessment carried out on 23 November 2017, the following were concluded :-</p> <ol style="list-style-type: none"><li>1) The NC was satisfied with the board make-up and adequate</li><li>2) The NC was satisfactorily with the annual assessment on independence status of the Independent Directors of the Company</li><li>3) The NC was satisfied with the board balance and the size of non-executive participation</li><li>4) The NC was satisfactorily with the composition and the performance of the Board Committees including Audit, the Remuneration and the Nomination</li><li>5) The Directors' evaluation made applicable to all the members of the Board of Directors including the four Independent Non-Executive Directors of the Company. The NC was of the opinion that the Directors of the Company possessed the required mix skills, experience, character, integrity, competence and time to effectively discharge his role as the Director of the Company</li><li>6) The NC are satisfactorily with the performance of the Board a whole for the financial year ending 31 December 2017.</li></ol>

	<p>During the financial year, the NC also reviewed the training needs of Directors and further recommended that every Director of the Company must attend at least one training program in a financial year. The NC was satisfied that the succession planning programme is in place which inter alia includes the procedure for appointing, training, fixing of compensation and where appropriate, replacing senior management and other human capital development and management matters with the aims that human capital and resources of the Company and its subsidiaries being managed objectively and to help fast-track the successors' feminization with the job requirements and ensure that transfer and retention of knowledge amongst identified second liners within the Group in the eventual of retirement, resignation or prolonged absence of a key employee replacement of Directors and Senior Management of the Company.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company via the Remuneration Committee established a Remuneration Policy and Framework for its Directors and senior management with the aim for :-</p> <ul style="list-style-type: none"><li>i) Attracting and retaining key personnel of requisite quality that increase productivity and profitability in the long run;</li><li>ii) Motivating and creating incentives for directors to perform at their best;</li><li>ii) Focusing attention on the achievement of desired goals and objective</li></ul> <p>The remuneration packages for Executive Directors and senior management are structured to link rewards to corporate and individual performance. For Non-Executive Directors, the levels of remuneration are based on the experience and level of responsibilities.</p> <p>The Executive Directors shall abstain from discussing their own remuneration. The remuneration of Non-Executive Directors is determined by the Board as a whole. The individual Director shall abstain from discussion and decision of his/her remuneration.</p> <p>The fees and any benefits payable to the Directors shall from time to time be approved by the shareholders in general meeting in accordance with Section 230 of the Companies Act 2016.</p> <p>The Company's Remuneration Policy and Framework is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A Remuneration Committee has been established by the Board comprising non-executive Directors with a majority of them are independent Directors.</p> <p>The members of Remuneration Committee are :-</p> <ol style="list-style-type: none"><li>1) Chen, Hsi-Tao* (Chairman, Non-Independent Non-Executive Director)</li><li>2) En. Mohd Khasan Bin Ahmad (Independent Non-Executive Director)</li><li>3) Dr. Aliyah Binti Dato' Hj. Baharuddin Marji *(Independent Non-Executive Director)</li></ol> <ol style="list-style-type: none"><li>1) Datin Azreen Binti Abu Noh<sup>@</sup> (Chairman, Independent Non-Executive Director)</li><li>2) Dato' Yeo Boon Leong<sup>&amp;</sup> (Non-Independent Non-Executive Director)</li></ol> <p>* stood down as member of Remuneration Committee on 22 February 2018</p> <p><sup>@</sup> appointed as chairman of Remuneration Committee on 22 February 2018</p> <p><sup>&amp;</sup> appointed as member of Remuneration Committee on 22 February 2018</p> <p>Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director and senior management to ensure that their remuneration should commensurate with their responsibilities and commitment.</p> <p>The Chairman of the Committee may request for a meeting as and</p>

	<p>when deemed necessary. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of Committee.</p> <p>The TOR of the Remuneration Committee is available on the Company's website at <a href="http://www.ta-win.com">www.ta-win.com</a>.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual Directors are set out in page 38 of the Annual Report 2017.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>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.</p> <p>The Board also believes that the non-disclosure of the said information will not affect the interest of its shareholders.</p> <p>As an alternative to the recommended practice, the Board has disclosed the remuneration of its top five (5) senior management personnel in the band of RM50,000 in page 39 of the Annual Report 2017.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit Committee is En. Mohd Khasan Bin Ahmad, who is an Independent Non-Executive Director while the Chairman of the Board is Dato' Yeo Boon Leong, JP.</p> <p>Having the positions of Board Chairman and Audit Chairman assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.</p> <p>En. Mohd Khasan Bin Ahmad is responsible to ensure the overall effectiveness and independence of the Audit Committee. The role and responsibilities of the Committee as well as the rights are set of in the TOR, which is published on the Group's website.</p> <p>En. Mohd Khasan Bin Ahmad is a member of the Malaysian Institute of Accountants (MIA), who possess a sound financial understanding and experience equips him with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit Committee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has yet to adopt this policy during financial year 2017, however, the Company did not consider a former audit partner as a candidate for appointment to the Audit Committee.	
		The Board took cognizant of this policy and will adopt the measure as explained below.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company will adopt this policy and revise the TOR of Audit Committee to observe the cooling-off period before a former key audit partner is appointed as a member of Audit Committee.	
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The policies and procedures to assess the suitability, objectivity and independence of the external auditors are in place.</p> <p>To maintain a transparent and formal relationship with the Company's External Auditors, the Audit Committee reviews the appointment, performance, independence of the External Auditors annually in accordance to the established policies and procedures of the Company. The Company's policies and procedures to assess the suitability and independence of external auditors will be reviewed from time to time to ensure that it continues to remain relevant and appropriate. The last review was carried out on 23 November 2017.</p> <p>The Audit Committee has conducted the annual assessment on the External Auditors and was of the opinion that Messrs Ecovis AHL PLT has adequate in number vis-à-vis the extent and complexity of external audit coverage after taking into consideration the following factors :-</p> <ul style="list-style-type: none"><li>i) their staff 's academic or professional accreditation</li><li>ii) the past experience of the firm and their staff</li><li>iii) their reasonably strong interpersonal skills in discussing with audited personnel and writing reports</li><li>iv) ability to provide recommendations that are practical for implementation</li><li>v) no litigation case against the firm</li></ul> <p>The Audit Committee reviewed the overall comprehensive external audit plan, the audit approaches, the timelines and quality of deliverables and the competency, capability and adequacy of the resources to achieve the scope outlined in the audit plan.</p> <p>The Company has adopted the following evaluation process of the External Auditors of the Company :</p> <ul style="list-style-type: none"><li>a) The Audit committee will review and evaluate the External Auditors based on the above criteria set</li><li>b) Seeking confirmation form the External Auditors for willingness to seek for re-appointment</li></ul>

	<p>c) Evaluation and findings from the Audit Committee will be presented to the Board for deliberation.</p> <p>Non-audit services to the Group was possible according to the following circumstances:-</p> <ol style="list-style-type: none"> <li>1. The External Auditors maintain their independent form their audit client</li> <li>2. Statutory laws permit the provision of specified non-audit services to a listed company audit client</li> <li>3. Value of the service outweigh the threats to auditor independence</li> <li>4. The conditions or limitations imposed on the provision of the service satisfactorily reduce the threat to independence</li> <li>5. It is a regulatory service</li> </ol> <p>The Audit Committee assessed the fee chargeable by the auditors to ensure that the policies governing the provision of non-audit fees are observed.</p> <p>External Auditors provided a written assurance confirming that they have been independent throughout during an audit engagement in accordance with the terms of all relevant professional and regulatory requirement.</p> <p>The Audit Committee met with the External Auditors twice in the financial year 2017 without the presence of the Executive Director and management. The External Auditors were encouraged to raise with the Audit Committee any matters deemed to be important to bring to the Audit Committee's attention.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee consists of three (3) Non-Executive Directors with all of them being Independent Directors.</p> <ol style="list-style-type: none"><li>1) En. Mohd Khasan Bin Ahmad (Chairman, Independent Non-Executive Director)</li><li>2) Dr. Aliyah Binti Dato' Hj. Baharuddin Marj<sup>#</sup> (Independent Non-Executive Director)</li><li>3) Wu, Ying-ju<sup>@</sup> (Independent Non-Executive Director)</li><li>4) Lai Kian Huat* (Independent Non-Executive Director)</li><li>5) Dato' Paduka Dr. Hii King Hiong* (Independent Non-Executive Director)</li></ol> <p><sup>#</sup> stood down as member of Audit Committee on 22 February 2018 <sup>@</sup> resigned as Director on 22 February 2018 <sup>*</sup> appointed as member of Audit Committee on 22 February 2018</p>

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the Audit Committee have the necessary skills to discharge its duties. All members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process. Whilst the Chairman of the Audit Committee, En. Mohd Khasan Bin Ahmad is a member of MIA. He possesses sufficient financial knowledge to provide satisfactory input on financial matters. The Committee members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the Audit Committee.</p> <p>The Company is committed to ensure that its Audit Committee members keep themselves abreast of relevant development in accounting and auditing standards, practise and rules. Besides attending the continuous professional development and training, the Audit Committee members obtained relevant developments in accounting and auditing standards, practices and rules from the briefing of the External Auditors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board affirms its overall responsibility for maintaining a sound internal control system and risk management and for reviewing its adequacy and integrity of the system.</p> <p>The internal controls covers financial, operational, environmental and compliance control, and risk management procedures. The Board embedding risk management framework in all aspect of the Group’s activities and approving the acceptable risk appetite after assessing whether the risk are managed within tolerable ranges.</p> <p>The Group has in place a risk management framework which outlines the Group’s risk management system, defines management’s responsibilities and sets the Group’s risk appetite and risk tolerance.</p> <p>The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have “Exceeding Risk Appetite” and those “Within Risk Appetite”. After identified the type of risk, suitable action plans will be developed and allocated to the right personal for implementation within the agreeable timeline.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Risk Management Committee assists the Board to fulfill its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group.</p> <p>The Risk Management Committee reviews and recommend and identifies key risk oversee the overall management of all risks and ensures that infrastructure, resources, processes and systems were in order.</p> <p>The salient terms of reference of the Risk Management Committee are as follows :-</p> <ul style="list-style-type: none"><li>-identifying, evaluating, reporting risks, implement of appropriate risk management systems and to monitor key business risks to safeguard shareholders' investment, the Company's assets and any matters within the terms of reference</li><li>-obtaining the resources required to perform its duties</li><li>-reporting periodically at least twice a year to the Audit Committee</li><li>-Providing direct communication channels with the External Auditors and Internal Auditors of the Company</li><li>-Conducting meeting with the External Auditors and Internal Auditors discussing their findings and recommendations based on reviews or reservations on any matters</li></ul> <p>-The primary responsibilities :-</p> <ul style="list-style-type: none"><li>a) formulating risk management framework</li><li>b) actively identifying risks</li><li>c) evaluating and reporting risks</li><li>d) implementing appropriate risk management systems</li><li>e) monitoring key business risks to safeguard shareholders' investment and the Company's assets</li></ul> <p>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.</p>

	<p>The Board is of the view that the risk management and internal control system in place during the financial year 2017 was sound and sufficient to safeguard the shareholder’s investment and the Group’s assets. The Board has on 23 November 2017 reviewed the follow-up report from the Risk Management Committee and noted that the Risk Management Committee has updated the risk profiles of the Group from time to time through a risks re-assessment exercises with the assistance of the internal auditors of the Company, if necessary.</p> <p>Further details of the Group’s risk management and internal control are disclosed in the Statement of Risk Management and Internal Control which has been reviewed by the External Auditors.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Internal Auditors act independently and report directly to the Audit Committee.</p> <p>The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The Internal Auditors' risk-based approach towards the planning and conduct of internal audit, are consistent with the Group's framework in designing, implementing and monitoring its internal control system.</p> <p>The principal responsibility of the Internal Audit is to undertake continuous testing, review and assessment on the effectiveness and efficiency of the Group's system of internal control and its compliance with the group policies and procedures over its business processes.</p> <p>The comprehensive report on the approaches of internal audit reviews, findings and the recommendation action plans are tabled for Audit Committee's review and endorsement. The status of implementation of the action plans are highlighted to the Audit Committee after Internal Auditors' follow up reviews. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.</p> <p>During financial year ended 2017, the 2 years based Internal Audit Plan setting out the internal audit work expected to be carried out for a period of two years, was tabled and approved by the Audit Committee after due consideration on the level of possible risks. The Audit Committee may authorise changes on the Audit Plan from time to time if the need arises.</p> <p>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 works, Company's financial budget, Internal Audit Reports and quality of deliverables :-</p> <p>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</p>

	<p>b) the internal audit program, processes, the results of the internal audit program, processes or undertakings and whether or not appropriate action is taken on the recommendations of the internal audit function.</p> <p>In developing the scope of the internal audit function, the Audit Committee was satisfied that –</p> <ul style="list-style-type: none"> <li>a. the person responsible for the internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;</li> <li>b. internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and</li> <li>c. the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</li> </ul> <p>The internal auditors had and would continue to keep abreast with developments in the profession, relevant industry and regulations.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has engaged a professional firm, Messrs Ivan Law &amp; Co (“ILC”) on 25 April 2017 to carry out the internal auditor function of the Group for the financial year ended 31 December 2017 in place of Messrs GovernanceAdvisory.com Sdn. Bhd. who two years term of appointment has been completed. The Audit Committee conducted a review and assessment of the suitability, qualifications, the competency of the ILC and the fee chargeable before recommending their appointment to the Board.</p> <p>Based on the written declaration of the audit personnel assigned to perform internal audit assignments for the Group, ILC confirmed that nothing has come to ILC attention to indicate that the internal audit personnel assigned had any relationships or conflicts of interest with the Group, which could impair their independence and objectivity for those internal audit assignments performed during the financial year ended 31 December 2017.</p> <p>The number of personnel deployed for the internal audit reviews ranges from 3 to 4 audit team members per visit including the engagement partner. The personnel in the audit reviews possess professional qualifications and/or a university degree.</p> <p>Mr Ivan Law, the partner of ILC has a diverse professional experience in internal audit, risk management and corporate governance advisory. Mr Ivan Law’s qualifications and membership with professional qualifications are as follows:</p> <p>(i) Member of Malaysian Institute of Accountants (ii) Member of Malaysian Institute of Certified Public Accountants</p> <p>The internal audit was conducted using a risk based approach and was guided by a recognised framework.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Shareholders' Communication Policy to enable effective communication with its shareholders and other stakeholders. The Board hopes that this will held in promoting effective communication and constrictive engagement between the board members and senior management with shareholders on the Company's performance and other matters affecting the shareholders' interest.</p> <p>The Board leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through:-</p> <ul style="list-style-type: none"><li>-AGM and EGM which shareholders are encouraged to attend and participate;</li><li>-Annual Reports which are available in CD, hardcopy and on Bursa and the Company's website;</li><li>-Audited Financial Statements which are available on Bursa and the Company's website;</li><li>-Quarterly Financial Reports which are available on Bursa and the Company's website;</li><li>-Emails either directly to the Company or through the share registrar or Company Secretary; and</li><li>- Disclosures and announcements as required by MMLR.</li></ul> <p>The Company via its website, <a href="http://www.ta-win.com">www.ta-win.com</a>, provides all relevant information on the Company, and it is accessible to the public. Its contain information concerning the operation of the Company, disclosures, announcements, policies adopted, Board charter, term of references of Board Committees as well as other corporate information.</p> <p>The Board regards that AGMs and EGMs are the primary forum for communication by the Company with its shareholders and for shareholders participation.</p> <p>Prior to the AGMs and EGMs, shareholders will be provided with the notices of meetings and accompanying explanatory material such as</p>

	<p>notes, Annual Report and/or Circular to enable shareholders to exercise their rights.</p> <p>During General Meetings, the chairman of Meeting will invite shareholders to raise questions pertaining to the Company's Financial Statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Management and External Auditors will be in attendance to respond to the shareholders' queries.</p> <p>In addition to the above, the Company will look into allocation of time during AGM for dialogue with shareholders to address the issue concerning the Group and to make arrangement for officers of the Company to present and handle other face-to-face enquires from shareholders.</p> <p>In maintaining the commitment to effective communication with shareholders and other stakeholders, the Company releases comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public, which also provides additional disclosure of information on a voluntary basis, where possible and applicable. The Board has put in place a Corporate Disclosure Policy for the purpose to raise awareness and provide guidance on the Company's disclosure requirement and practices and to provide guidance and structure in disseminating corporate information to the market in accordance with all applicable legal and regulatory requirements. All public announcements are electronically published and can be assessed at Bursa Securities' website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> or Company's website.</p> <p>The Annual Report which is prepared in accordance with the MMLR and the Code, communicates comprehensive information of the financial results and activities undertaken by the Group is consider as one of the main channels for communication between the Company and its stakeholders.</p> <p>Besides, shareholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Group's website.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	

<b>Timeframe</b>	:		
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**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 11.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	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 out weight the costs.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	Please provide an explanation on how the practice is being applied.
<b>Explanation for departure</b>	:	<p>The Notice of Twenty-Third AGM of the Company was issued on 28 April 2017 which was two days right after the Code came into effect ie. 26 April 2017. The Company was unable to comply with the recommendation of the Code as the arrangement for printing, advertisement of notice and despatch of Annual Reports had been done.</p> <p>However, the Notice of general meeting provides further explanation beyond the minimum content stipulated in the MMLR for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.</p> <p>In line with the recommendations of the Code, the Company is now giving all shareholders a notice of at least 28 days prior to all AGMs moving forward, starting with its Twenty-Fourth AGM to be held on 29 June 2018.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors have attended the Twenty-Third AGM held on 25 May 2017. This is aided by ensuring any general meeting is scheduled in advance to ensure full attendance of the Board.</p> <p>The Chairman encouraged shareholders' active participation during AGM by giving sufficient time to the floor during the question and answer session.</p> <p>The Chair of respective Committees are fully aware of their respective scope of responsibilities and they are prepared to address any question that the shareholders may raise that fall under the purview of the Committees.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Shareholders will be provided with the sufficient notices of general meetings and accompanying explanatory material such as notes, Annual Report and/or Circular to make arrangements to attend the general meetings and exercise their rights. Shareholders are encouraged to appoint proxy/proxies to vote on their behalf if they are unable to attend the meeting. The copies of the proxy forms are available in the Group's website.</p> <p>The Company's Twenty-Third AGM was held at Ramada Plaza Melaka, which is located in the heart of the historical city Melaka. This venue is easily accessible and it is familiar to most shareholders of the Company since past AGMs were held at the same venue.</p> <p>The Company has less than 2,000 shareholders as such, while all practical efforts are taken to ensure that shareholders' ability to participate at general meetings, considering that cost involved, it is not economically justifiable to enable voting in absentia or remote shareholders' participation at general meetings. Nonetheless, the appointed proxies may communicate with shareholders instantaneously on matters deliberated at all general meetings.</p> <p>The Board will consider to introduce electronic voting when the need arises.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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