

1. SUMMARY OF INFORMATION

The summary of information set out below is derived from and should be read in conjunction with the full text of this Prospectus.

1.1 Ownership And Management

The Directors of TWHB who are responsible for the overall management of the Group include Mr Chen Hsi Tao, Mdm Chen-Yu Kuei Feng and Mr Yeoh Chin Kiang. They are responsible for the overall business development and formulation of the Group's strategic plans and policies. Mr Chen Hsi Tao and Mdm Chen-Yu Kuei Feng have a direct shareholding of 19,874,998 shares and 2,125,000 shares in TWHB respectively (constituting 49.7% and 5.3% of the enlarged issued and paid-up share capital of TWHB after the Public Issue).

The management team of the Group comprises individuals with experience and expertise in their respective fields including production and operation, marketing, finance, management information system, quality assurance and human resource management. Details of the management team are set out under Section 8.7.1 and 8.7.2 of this Prospectus.

The TWHB Group's core operations, under Ta Win, was founded in 1990 by Mr Chen Hsi Tao from Taiwan. Prior to his investment in Malaysia, Mr Chen has had over 30 years of experience in the manufacturing of enamelled copper wire in Taiwan. Mr Chen was first introduced to Malaysia in 1989 during a trade delegation to Taiwan led by the former Chief Minister of Melaka, Tan Sri Abdul Rahim Tamby Chik, in an effort to promote foreign direct investment into the country.

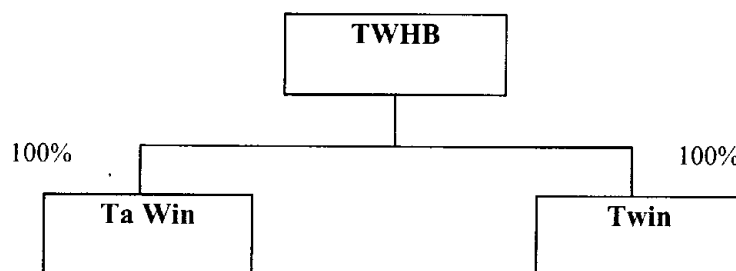
1.2 History and Business

TWHB was incorporated in Malaysia under the Companies Act, 1965 on 7 March 1994 under the name Sinmah Holdings Berhad. Subsequently on 15 November 1994, the Company changed its name to Medan Perdana Berhad. The Company assumed its present name on 27 June 1998.

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	Issued and paid-up capital	Equity Interest (%)	Principal Activities
Ta Win	12 February 1990, Malaysia	8,000,000 ordinary shares of RM1.00 each	100.00	Manufacturing and sale of enamelled copper wire to overseas markets, Licensed Manufacturing Warehouses and local customers.
Twin	21 July 1989, Hong Kong, SAR	10,000 ordinary shares of HK\$1.00 each	100.00	Marketing and sale of enamelled copper wire to overseas markets.

The corporate structure of the TWHB Group is as follows:-



1. SUMMARY OF INFORMATION (Cont'd)**1.3 Financial Highlights**

The following table sets out a summary of the proforma consolidated financial results of the TWHB Group for the five (5) financial years ended 31 December 1999. The proforma consolidated results are provided for illustrative purposes only based on the assumption that the current structure of the Group had been in existence throughout the periods under review. The audited accounts for the five (5) financial years ended 31 December 1999 are extracted from the Accountants' Report set out under Section 12 and should be read in conjunction with the notes and assumptions thereto.

	<-----Financial years ended 31 December----->				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Turnover	40,048	33,605	44,600	53,868	63,744
Profit before taxation	4,739	4,081	5,298	6,376	7,339
Exceptional items ("EI")	(248)	(31)	-	-	-
Profit before taxation after EI	4,491	4,050	5,298	6,376	7,339
Taxation	(7)	(8)	(15)	-	(663)
Profit after taxation	4,484	4,042	5,283	6,376	6,676
No of ordinary shares assumed to be in issue ('000 shares)	34,000	34,000	34,000	34,000	34,000
Gross EPS (sen)	13.21	11.91	15.58	18.75	21.59
Net EPS (sen)	13.19	11.89	15.54	18.75	19.64

Notes:-

- TWHB's results are not included in the proforma consolidated results as it was incorporated on 7 March 1994 and is currently dormant.*
- Save for the following, there were no exceptional and extraordinary items in respect of the above periods and years under review. Exceptional items relate to the following:-*

	<i>Financial year ended</i>	
	<i>1995 RM'000</i>	<i>1996 RM'000</i>
<i>Provision for bad and doubtful debts</i>	-	(491)
<i>Compensation income from a supplier in respect of defective goods</i>	-	460
<i>Bad debts written off</i>	(248)	-
	(248)	(31)

- Twin's financial years ended on 31 March 1994 to 1997. In order to reflect the proforma account of the proposed group, the results of Twin for the financial years ended 31 March 1994 to 1997 have been time-apportioned in order to be coterminous with the financial year end of the group.*
- The accounts of Twin are denominated in HK\$. For purposes of this report, the Reporting Accountants have used an exchange rate of RM0.33:HK\$1 for the financial years ended 31 March 1994 to 1997, RM0.46:HK\$1 for the financial period ended 31 December 1997 and RM0.48:HK\$1 for the financial years ended 31 December 1998 and 1999. Changes in the basis of the exchange rate were due to fluctuation in the currency. The exchange differences arising on translation are taken to reserves.*
- Due to a global reduction in prices of copper wires (raw materials for the Group) based on rates quoted by the London Metal Exchange, the benefit of this reduction had been passed on to customers which resulted in a decrease in turnover in 1996. The price of copper wires had recovered gradually to the previous price levels causing a parallel increase in turnover in 1997.*
- The gross earnings per share has been calculated based on the profit before taxation divided by the issued and paid-up share capital of 34,000,000 ordinary shares, prior to the Public Issue.*
- The net earnings per share has been calculated based on the profit after taxation divided by the issued and paid-up share capital of 34,000,000 ordinary shares, prior to the Public Issue.*
- TWHB has not paid or declared any dividends since the date of incorporation.*

1. SUMMARY OF INFORMATION (Cont'd)

1.4 Principal Statistics Relating To The Issue

The following statistics relating to the Issue are derived from the full text of this Prospectus and should be read in conjunction with the text.

(i) SHARE CAPITAL

	RM
Authorised:-	
50,000,000 ordinary shares of RM1.00 each	<u>50,000,000</u>
Issued and fully paid-up as at the date of this prospectus:-	
34,000,000 ordinary shares of RM1.00 each	34,000,000
To be issued pursuant to the Public Issue:-	
6,000,000 new ordinary shares of RM1.00 each	<u>6,000,000</u>
	<u>40,000,000</u>
Issue price per ordinary share	1.50

(ii) PROFORMA CONSOLIDATED NTA*

Proforma consolidated NTA based on audited accounts as at 31 December 1999 after the Restructuring Scheme <i>(after deducting estimated listing expenses of RM1.5 million)</i> (RM'000)	53,698
Proforma consolidated NTA per ordinary share <i>(based on the enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each)</i> (RM)	1.34

Note:-

- * The proforma consolidated NTA is based on the proforma consolidated balance sheets as set out in Section 10.6 of this Prospectus.

1. SUMMARY OF INFORMATION (Cont'd)**(iii) CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2000**

	RM'000
Consolidated profit before taxation	8,468
Taxation	(356)
Consolidated profit after taxation	<u>8,112</u>
Enlarged number of ordinary shares in issue ('000)	40,000
Gross EPS (sen)	21.17
Net EPS (sen)	20.28
Gross PE multiple based on the issue price of RM1.50 per ordinary share (times)	7.09
Net PE multiple based on the issue price of RM1.50 per ordinary share (times)	7.40

(iv) DIVIDEND FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2000

Gross dividend per share (sen)	2.50
Net dividend per share (tax exempt) (sen)	2.50
Gross dividend yield based on the issue price of RM1.50 per ordinary share (%)	1.67
Net dividend yield based on the issue price of RM1.50 per ordinary share (%)	1.67
Net dividend cover (times)	8.11

2. CORPORATE INFORMATION***BOARD OF DIRECTORS***

Name	Address	Occupation	Nationality
Chen Hsi Tao (Chairman and Managing Director)	Lot 63-68 Alor Gajah Industrial Estate 78000 Melaka	Company Director	Taiwanese
Chen-Yu Kuei Feng (Executive Director)	Lot 63-68 Alor Gajah Industrial Estate 78000 Melaka	Company Director	Taiwanese
Yeoh Chin Kiang (Executive Director)	No1 Jalan Sri Wangsa, Taman Sri Wangsa, Batu Berendam, 75350 Melaka	Company Director	Malaysian
Aliyah binti Baharuddin Marji (Non-Executive Director)	No 16 Lorong Utara 46200 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Datuk Ng Peng Hong @ Ng Peng Hay (Independent Non-Executive Director)	No 536E, Taman Kagum Kampung Lapan 75250 Melaka	Company Director	Malaysian
Yahya bin Abbas (Independent Non-Executive Director)	52, Jalan SS18/1A 47500 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Chen Hung Lin (Alternate Director to Chen-Yu Kuei Feng)	Lot 63-68 Alor Gajah Industrial Estate 78000 Melaka	Alternate Director/ Management Executive	Taiwanese

AUDIT COMMITTEE

Name	Designation	Directorship
Yahya bin Abbas	Chairman	Independent Non-Executive Director
Datuk Ng Peng Hong @ Ng Peng Hay	Member	Independent Non-Executive Director
Chen Hsi Tao	Member	Chairman and Managing Director

2. CORPORATE INFORMATION (Cont'd)

- COMPANY SECRETARY** : Chua Siew Chuan
(MAICSA 0777689)
No.6, Jalan SS14/8E
Subang Jaya
47500 Petaling Jaya
Selangor
- Teo Soon Mei
(MAICSA 7018590)
No.9, Jalan Oz 17,
Ozana Impian
75450 Bukit Katil
Melaka
- REGISTERED OFFICE** : Graha Maju (Bangunan PKNM)
Tingkat 10-Lot 1A
Jalan Graha Maju
75300 Melaka
- REGISTRAR** : Securities Services (Holdings) Sdn Bhd (36869-T)
Level 22, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
- PRINCIPAL BANKERS** : Hong Leong Bank Berhad (97141-X)
345, Jalan Ong Kim Wee
75300 Melaka
- Perwira Affin Bank Berhad (25046-T)
Bukit Baru Branch
No. 7 & 8, Jalan DR1
Taman Delima Raya
75760 Melaka
- HSBC Bank Malaysia Berhad (127776-V)
777, Jalan Hang Tuah
75300 Melaka
- Malayan Banking Berhad (3813-K)
114-114A, Graha Peladang
Jalan Hang Tuah
75300 Melaka
- SOLICITORS** : Chee Siah Le Kee & Partners
Advocates & Solicitors
No. 105, Taman Melaka Raya
75000 Melaka
Malaysia
- AUDITORS AND
REPORTING ACCOUNTANTS** : Arthur Andersen & Co.
Public Accountants
Graha Maju (Bangunan PKNM)
Tingkat 10 - Lot 1
Jalan Graha Maju
75300 Melaka

2. CORPORATE INFORMATION (Cont'd)

- VALUERS** : Colliers Jordan Lee & Jaafar (M'cca) Sdn Bhd
(136815-K)
No. 669 & 669A
Taman Melaka Raya
75000 Melaka.
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- ADVISER AND MANAGING
UNDERWRITER** : Perdana Merchant Bankers Berhad (169955-T)
11th Floor, Wisma Genting
28, Jalan Sultan Ismail
50250 Kuala Lumpur
- UNDERWRITERS** : Perdana Merchant Bankers Berhad (169955-T)
11th Floor, Wisma Genting
28, Jalan Sultan Ismail
50250 Kuala Lumpur
- : HLG Securities Sdn Bhd (12855-D)
21st Floor, Wisma HLA
Jalan Raja Chulan
50200 Kuala Lumpur
- : Perwira Affin Merchant Bank Berhad (9999-V)
27th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur
- LISTING SOUGHT** : Second Board of the Kuala Lumpur Stock Exchange

3. INVESTMENT CONSIDERATIONS

Prior to making an investment decision, potential investors should carefully consider, in light of their own financial circumstances and objectives, all of the information in this Prospectus including but not limited to the following investment considerations:-

(i) No prior market for TWHB shares

Prior to this Public Issue, there has been no market for TWHB's shares. Consequently, there can be no assurance that an active market for TWHB's shares will develop upon its listing on the Second Board of the KLSE or if developed, that such a market will be sustained. The issue price of RM1.50 per ordinary share for the Public Issue Shares has been determined after taking into consideration a number of factors, including but not limited to the Group's financial history, operating conditions, its prospects and the prospects for the industry in which the Group operates, the management of the Group, the market prices for shares of companies engaged in businesses similar to that of the Group and the prevailing market conditions. There can be no assurance that the Issue Price will correspond to the price at which TWHB's shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for TWHB's shares will develop or, if developed, that such market will be sustained.

(ii) Business risks

The TWHB Group is subject to certain risks inherent in the enamelled copper wire manufacturing industry. These include, inter alia, labour and raw materials shortages, increases in the costs of labour and raw materials, change in technology and competition from existing and new players.

The TWHB Group seeks to limit its business risks through investments in automated machinery and training of staff in the usage of automated machinery. As at 1999, the TWHB Group has invested approximately RM29 million in a highly automated manufacturing plant in order to mitigate the labour shortage. The TWHB Group will also undertake expansion into upstream activities to manufacture 8.0 mm copper rod, its primary raw material. Secondary raw materials include varnish.

Despite the above, no assurance can be given that any change of these factors will not have a material adverse effect on the Group's business.

(iii) Foreign currency exposure

The TWHB Group is subject to foreign currency fluctuations through the import of raw materials and export of finished goods.

For the financial year ended 31 December 1999, approximately 57.07% of the total sales of the Group are directly exported, of which approximately 33.63% are denominated in US Dollars. On the other hand, imports account for approximately 63.11% of the total raw materials and packaging costs. Ta Win also deals with local suppliers which provide quotations in RM, based on prices quoted in the London Metal Exchange in US Dollars. As a result, the quotations provided by the local suppliers do not help to reduce exposure to foreign currency fluctuation. Nevertheless, provided that the RM continues to be pegged to the US Dollars and the Group's sales continue to be largely denominated in US Dollars, the Group's exposure to foreign currency risk will be minimal.

However, there is no assurance that future exchange fluctuations will not have any adverse impact on the Group.

3. INVESTMENT CONSIDERATIONS (Cont'd)

(iv) Competition

The Group faces competition from both local and foreign manufacturers. Some competitors are engaged solely in the specialised manufacturing of enamelled copper wire while others are wire and cable manufacturers at large with enamelled copper wire being one of their products. However, natural barriers to entry exist in that competitors will find it difficult to gain the trust of the customers the Group enjoys. Enamelled copper wires are internal components and customers who use these components normally conduct intensive and lengthy quality control processes before they will utilise such components and endorse them with their own brand names. The Group currently services multi-national corporations which demand high quality standards. Competitors will find it difficult to penetrate this segment of the industry as it is relatively specialised and smaller scale as compared to the cable manufacturers.

(v) Dependence on key personnel

TWHB believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. The loss of any key members in the Group may adversely affect the Group's ability to maintain its competitive edge. However, every effort is made to groom the younger members of the management team to ensure the availability of management resources for assured continuity and succession. The Group's future success will also depend upon its ability to attract and retain skilled personnel.

(vi) Profit forecasts

The profit forecasts are based on assumptions which are deemed reasonable by the Directors of TWHB at this point in time. Since the profit forecasts are based on subjective judgements and are inherently uncertain, there can be no assurance that the forecasts contained herein will be realised. The actual results may be materially different from those forecasted. Investors must read and understand the assumptions and uncertainties underlying the profit forecasts.

(vii) Disclosure of forward-looking statements

This Prospectus contains forward-looking statements, i.e. those other than statements of historical facts. Although the Group believes that the expectations reflected in such future statements are reasonable at this point in time, there can be no assurance that such expectations will prove to be correct. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performance and plans to be materially different from those anticipated.

(viii) Political, economic, regulatory and environmental considerations

Adverse developments in the political and economic conditions in Malaysia and countries where the TWHB Group has business dealings could materially and adversely affect the financial prospects of the Group. Other uncertainties include risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in interest rates, methods of taxation and currency exchange controls.

(ix) Control by substantial shareholders

The Company has three principal substantial shareholders, namely Mr. Chen Hsi Tao, Cik Aliyah binti Baharuddin Marji and Encik Baharuddin bin Mohd Ali, who will control a total of approximately 67.70% equity interest in the Company after the Public Issue. As a result, it is likely that the said substantial shareholders will be able to effectively control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

3. INVESTMENT CONSIDERATIONS (Cont'd)

(x) The Year 2000 (Y2K) bug

As at the date of this Prospectus, the Y2K bug had no impact on the business operations and financial performance of the TWHB Group as the Group had taken steps toward ensuring that its internal information systems are Y2K compliant. The Y2K bug also had no impact on the operations of the share registrar of the Company, Securities Services (Holdings) Sdn Bhd.

4. INTRODUCTION

This Prospectus is dated 28 June 2000.

A copy of this Prospectus has been lodged with and registered by the Registrar of Companies, Malaysia, who takes no responsibility for its contents.

Approval has been obtained from the SC in respect of the flotation scheme of TWHB on 4 February 2000 and 29 May 2000, as detailed in Section 8.2 of this Prospectus. Approval-in-principle has been obtained from the KLSE on 20 June 2000 for admission to the Official List of the Second Board of the KLSE and for permission to deal in and quotation of the entire issued and fully paid-up ordinary shares of RM1.00 in TWHB, including the Issue Shares which are the subject of this Prospectus. These ordinary shares of TWHB will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after the receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Pursuant to Section 14 (1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39 (1) (j) of the Companies Act, 1965, the KLSE has prescribed TWHB as a CDS security. In consequence thereof, the Public Issue Shares will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

An applicant who presently has a CDS Account, should state his/her CDS Account number in the space provided in the Application Form. Where an applicant does not presently have a CDS Account, he/she should state in the Application Form his/her preferred ADA Code.

The SC and KLSE assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of TWHB or of its ordinary shares.

The approval of the SC shall not be taken to indicate that the SC recommends the Public Issue. Investors are advised to make their own independent assessment of TWHB and should rely on their own evaluation to assess the merits and risks of any investment.

No person is authorised to give any information or to make any representation not contained herein in connection with the Issue and if given or made, such information or representation must not be relied upon as having been authorised by TWHB. Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus shall, under any circumstances and at any time, constitute a representation or create any implication that there has been no change in the affairs of TWHB or the Group since the date hereof.

The distribution of this Prospectus and the sale of the Issue Shares in certain other jurisdictions outside Malaysia may be restricted by law. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer or invitation to buy any Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in any doubt of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser.

5. SHARE CAPITAL

	RM
<i>Authorised:-</i>	
50,000,000 ordinary shares of RM1.00 each	<u>50,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus:-</i>	
34,000,000 ordinary shares of RM1.00 each	34,000,000
<i>To be issued pursuant to the Public Issue: -</i>	
6,000,000 new ordinary shares of RM1.00 each	<u>6,000,000</u>
	<u>40,000,000</u>
<i>Issue price per ordinary share</i>	1.50

The Issue Price of RM1.50 per ordinary share is payable in full on application.

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each. The Issue Shares will rank pari passu in all respects with the other existing issued and fully paid-up ordinary shares of RM1.00 of the Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of the ordinary shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and in respect of the whole of any surplus in the event of the liquidation of the Company.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share held. A proxy may but need not be a member of the Company.

6. PARTICULARS OF THE ISSUE

6.1 Opening And Closing of Application Lists

The Application Lists for the Public Issue will open at 10:00 am on 17 July 2000 and will remain open until 8:00 pm on the same day or such further periods as the Directors of TWHB in their absolute discretion may decide.

6.2 Details Of The Public Issue

The Public Issue is an invitation by the Company to the eligible employees and business associates of the TWHB Group and the Malaysian investing public, to apply for the Public Issue at an issue price of RM1.50 per share, payable in full upon applications, based on the terms and conditions set out in this Prospectus.

The Public Issue, as approved by SC vide its letter dated 29 May 2000, shall be subject to the terms and conditions of this Prospectus and shall upon acceptance be allocated in the following manner:-

(i) *Eligible employees and business associates*

2,000,000 Issue Shares have been reserved for eligible employees and business associates of the TWHB Group.

(ii) *Malaysian Investing Public*

4,000,000 Issue Shares will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, co-operatives, societies and institutions.

In the event that any of the shares under paragraph (i) above is not taken up by the eligible employees and business associates of the TWHB Group, such number of unsubscribed shares will be made available for application by the Malaysian public. Any ordinary shares not subscribed for will be fully underwritten.

The Issue Shares made available to the Malaysian Public as stipulated in paragraph (ii) above have been fully underwritten by the Managing Underwriter and Underwriters as set out in Section 2.0 of this Prospectus.

6.3 Purposes Of The Public Issue

The purposes of the Issue are as follows:-

- (i) To provide an opportunity for the Malaysian public, eligible employees and business associates of the TWHB Group to participate in the equity and continuing growth of the Group;
- (ii) To enable the Company to enhance Bumiputra equity participation in the Company so as to comply with the aspirations of the National Development Policy;
- (iii) To provide TWHB easier access to the capital market to fund the Group's future expansion and growth; and
- (iv) To obtain a listing of and quotation for TWHB's entire enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

6. PARTICULARS OF THE ISSUE (Cont'd)

6.4 Basis Of Arriving At The Issue Price

The Issue Price of RM1.50 per share was arrived at based on various factors after taking into account the following:-

- (i) The Group's financial and operating history and conditions as outlined in Section 8 of this prospectus;
- (ii) The Malaysian and the world economy, the prospects of the enamelled copper wire manufacturing industry and the electronic and electrical manufacturing sectors that it supports and the future plans of the Group;
- (iii) The forecast net PE Multiple of 7.40 times based on the forecast net EPS of 20.28 sen computed based on the enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each;
- (iv) The proforma consolidated NTA per share of RM1.34 based on audited accounts as at 31 December 1999; and
- (v) The forecast net dividend yield of 1.67%.

6.5 Proceeds Of The Rights Issue And Public Issue

The gross proceeds from the Rights Issue of RM5,877,000 and Public Issue of RM9,000,000 amounting to a total of RM14,877,000 will accrue entirely to TWHB. The total gross proceeds of RM14,877,000 have been approved by the SC on 4 February 2000 and 29 May 2000 to be utilised in the following manner:-

		Note	RM'000
(a)	Repayment of hire-purchase	1	800
(b)	Purchase of machinery	2	12,000
(c)	Working capital	3	577
(d)	Estimated listing expenses		1,500
	TOTAL		14,877

Notes:-

1. RM0.80 million from the total proceeds will be utilised for the repayment of the balance of the Group's hire-purchase facility. The facility, totalling RM2.05 million, is estimated to retain a balance of approximately RM1.37 million as at 30 June 2000, being the estimated date of repayment. Approximately RM0.60 million has been pre-paid, leaving a balance of approximately RM0.80 million to be repaid. The repayment is expected to result in total interest savings for the Group amounting to approximately RM24,000 for the financial year ending 31 December 2000.

The RM2.05 million facility was used to finance the acquisitions of machinery as described below:-

Quantity	Description	Maximum capacity (MT)	Current Usage	Amount RM'000
1 Unit	New Chuang Shen CS-HE 2000MN/TA-5 Horizontal-Type Enamelling Machine Control Panel c/w New Chuang Shen CS-HE 2000MN Horizontal-Type Enamelling Machine Oven	1,000	Full	570
2 Units	New Chuang Shen CS-TA15HH Horizontal-Type Enamelling Machine Spooler c/w New Chuang Shen CS-HE 2800MN Horizontal-Type Enamelling Machine Oven	1,000	Full	1,140
2 Units	New Saikawa-Chuang Shen Wire Drawing Machine Model:M-22	360	Full	228
1 Unit	New Gotech Tensile Tester, Model:GT-7001-MCS, S/N:8800408	-	-	76
1 Unit	New Gotech Dielectric Withstanding Tester, Model:GT-7058-B, S/N:8800409	-	-	38
				2,052

6. PARTICULARS OF THE ISSUE (Cont'd)

2. *Part of the proceeds will go towards financing the purchase of a new upstream line and two coating lines by Ta Win in year 2000 costing approximately RM12 million. The details of the proposed equipment to be purchased are as follows:-*

(i)

<i>Type of machine</i>	: <i>Continue copper rod line, including cathode charging machine, induction melting furnace, melting transferring equipment, withdrawal machine, coiling machine and auxiliary controls, together with ancillary equipment such as generators, cooling towers, access ramps and control room.</i>
<i>Cost</i>	: <i>RM8,300,000</i>
<i>Function</i>	: <i>Processing of 8.0 mm copper rod</i>
<i>Production capacity</i>	: <i>12,000MT per annum</i>

(ii)

<i>Type of machinery</i>	: <i>Two coating lines</i>
<i>Cost</i>	: <i>RM3,700,000</i>
<i>Function</i>	: <i>Coating wires</i>
<i>Production capacity</i>	: <i>2,200 MT per annum</i>

- 3 *TWHB will utilise approximately RM577,000 for its working capital to finance the day-to-day operations of the Group.*

All expenses and fees incidental to the Public Issue and listing of and quotation for the entire issued and paid-up share capital of TWHB on the Second Board of the KLSE estimated at RM1,500,000 shall be borne by the Company.

6.6 Brokerage And Underwriting Commission

Brokerage is payable by the Company at the rate of 1.0% of the Issue of RM1.50 per ordinary share in respect of successful applications which bear the stamp of Perdana Bankers, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Managing Underwriter and Underwriters as mentioned in Section 2.0 this Prospectus have agreed to underwrite the 4,000,000 Public Issue Shares which are available for application by the Malaysian public. The Managing Underwriter has further agreed to underwrite any Public Issue Shares reserved but which are not taken up by the eligible employees and business associates of the TWHB Group. Underwriting commission is payable by the Company at the rate of 1.75% of the issue price of RM1.50 per Issue Share.

7. MORATORIUM ON THE SALE OF SHARES

The SC in approving the flotation of TWHB on the Second Board of the KLSE has imposed a moratorium on the disposal of shares by the major shareholders/promoters of TWHB.

Certain major shareholders/promoters of TWHB will not be allowed to sell, transfer or assign their shareholdings in TWHB amounting in aggregate to 18,000,000 shares, representing 45% of the enlarged issued and paid-up share capital of TWHB within one (1) year from the date of admission of TWHB to the official list of the Second Board of the KLSE.

Thereafter, in every subsequent year, each of the aforesaid major shareholders/promoters is permitted to sell, transfer or assign up to a maximum of one-third (on a straight line basis) of their respective shareholdings under the moratorium.

The shareholders and number of shares held by each of them to be placed under the moratorium as imposed by the SC and KLSE are as follows:-

Shareholders	No. of shares held after the Public Issue	% of enlarged share capital	No. of shares placed under moratorium	% of enlarged share capital
Chen Hsi Tao	19,874,998	49.7	16,261,363	40.7
Chen-Yu Kuei Feng	2,125,000	5.3	1,738,637	4.3
	21,999,998	55.0	18,000,000	45.0

The restriction is specifically endorsed on the share certificates representing the respective shareholdings of Chen Hsi Tao and Chen-Yu Kuei Feng which are under moratorium to ensure that the Company's registrar shall not register any transfer not in compliance with the restriction imposed by the SC. The restriction has been fully accepted by Chen Hsi Tao and Chen-Yu Kuei Feng.

The endorsement to be affixed on the share certificates of the moratorium shares are as follow:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the SC ("the Moratorium Period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

In compliance with Section 10.12 of the SC's Policies and Guidelines on Issue/Offer of Securities, Chen Hsi Tao and Chen-Yu Kuei Feng have given undertakings to the SC on 9 June 2000 that they will not sell, assign or transfer their shareholdings from the date of admission of TWHB to the Official List of the Second Board of the KLSE to the expiry of the moratorium period imposed by the SC for the sale of TWHB shares.

8. INFORMATION ON TWHB

8.1 Incorporation

TWHB was incorporated in Malaysia under the Companies Act, 1965 on 7 March 1994 under the name Sinmah Holdings Berhad. Subsequently on 15 November 1994, the company changed its name to Medan Perdana Berhad. The Company assumed its present name on 27 June 1998.

The Company presently has an authorised share capital of RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each, of which 34,000,000 ordinary shares have been fully issued and paid-up or credited as fully paid-up.

TWHB is an investment holding and provision of management services company while its two (2) wholly-owned subsidiary companies are principally involved in the following business activities:

Company	Principal Activities
Ta Win	Manufacturing and sale of enamelled copper wire to overseas markets, Licensed Manufacturing Warehouses and local customers.
Twin	Marketing and sale of enamelled copper wire to overseas markets.

8.2 Restructuring Scheme

In conjunction with and as an integral part of the listing exercise of TWHB on the Second Board of the KLSE, the Company has implemented a restructuring exercise which was approved by the SC vide its letter dated 4 February 2000 and 29 May 2000, the FIC vide its letters dated 10 November 1999 and 26 November 1999, and MITI vide its letter dated 12 November 1999. The restructuring scheme comprised the following:-

(i) Revaluation of landed properties

Ta Win undertook a revaluation of its landed properties. Based on valuation reports prepared by an independent firm of valuers, Messrs Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd, the landed properties of Ta Win were restated to its open market value of RM9,786,000. The details of the valuation letter dated 15 June 2000 is set out in Section 13 of this Prospectus.

	Location	Date of valuation	Method of valuation	Open market value	NBVs at 31.12.98	NBV as at 31.12.99	Revaluation surplus based on 1998 NBV
				RM	RM	RM	RM
1.	Lot PT Nos 1234 to 1236 and 1287 to 1289, HS(M) 1345 to 1347 and 1340 to 1342, Mukim of Kelemak, District of Alor Gajah, State of Melaka	25 June 1999	Cost and Investment method	8,890,000	4,207,972	4,232,307	4,682,028
2.	Parcel Nos C#G-9, C#G-10, C#G-11, C#G-12, C#1-9, C#1-10, C#1-11, C#1-12 Ground and First Flrs, Block C and F#2-3 and F#2-4 Second Flr, Block F, Taman Mewah on Lot PT Nos 1513 and 1516, H. S. (D) 2552, 6818 Mukim of Kelemak, District of Alor Gajah, State of Melaka	9 July 1999	Comparison method	456,000	424,199	415,715	31,801
3.	Lot No. 101, H. S. (D) 21010, Town Area XXXIX (39), District Of Melaka Tengah, State of Melaka	20 August 1999	Cost and Investment method	440,000	248,163	241,522	191,837
	Total			9,786,000	4,880,334	4,889,544	4,905,666

The above revaluation resulted in a surplus of RM4,905,666 over the audited net book value of the landed properties as at 31 December 1998 of RM4,880,334. The said revaluation surplus will be

8. INFORMATION ON TWHB (Cont'd)

incorporated into the accounts of Ta Win for the financial year ending 31 December 2000. Details of the landed properties are set out in Section 8.6 of this Prospectus.

(ii) Acquisition Of Ta Win

On 27 June 1998 and 1 April 2000, TWHB entered into a sale and purchase agreement and a supplemental agreement respectively to acquire the entire issued and paid-up share capital of Ta Win comprising 8,000,000 ordinary shares of RM1.00 for a total consideration of RM35,623,092. The acquisition was satisfied by the issuance of 30,081,998 new ordinary shares of RM1.00 each in TWHB at an issue price of approximately RM1.18 per share. The acquisition of Ta Win was completed on 5 April 2000.

The total purchase consideration was fully satisfied by the allotment and issue of new ordinary shares of RM1.00 each in TWHB in the following manner:-

Vendor	Shareholding in Ta Win		New TWHB ordinary shares issued	
	No. of shares	%	No. of shares	%
Chen Hsi Tao	5,100,000	63.75	19,177,273	63.75
Chen-Yu Kuei Feng	500,000	6.25	1,880,125	6.25
Ahmad Nasaruddin bin Mansur	384,000	4.80	1,443,936	4.80
Aliyah binti Baharuddin Marji	368,000	4.60	1,383,772	4.60
Baharuddin bin Mohamed Ali	904,000	11.30	3,399,266	11.30
Kasummah bt Salleh	384,000	4.80	1,443,936	4.80
Datuk Nik Hussain bin Nik Ali	360,000	4.50	1,353,690	4.50
	8,000,000	100.00	30,081,998	100.00

The purchase consideration of RM35,623,092 was arrived at on a willing buyer-willing seller basis after taking into consideration the audited consolidated NTA of Ta Win as at 31 December 1998 of RM30,717,426, adjusted for the revaluation surplus of RM4,905,666 arising from the revaluation of its landed properties. The issue price of RM1.18 per TWHB share was arrived at after considering the retention of reserves required by the SC's guidelines.

The 30,081,998 new ordinary shares of RM1.00 each in TWHB were issued free from all charges, liens and encumbrances and rank pari passu in all respects with the existing ordinary shares of TWHB and carry all rights to receive in full dividends and other distributions declared and paid subsequent to the allotment thereof.

(iii) Acquisition Of Twin

On 27 June 1998, TWHB entered into a sale and purchase agreement with the vendors of Twin, namely Chen Hsi Tao and Chen-Yu Kuei Feng, to acquire the entire issued and paid-up share capital of Twin comprising 10,000 ordinary shares of HK\$1.00 for a nominal consideration of RM1.00 to be satisfied by cash in full. The acquisition of Twin was completed on 15 April 2000.

The purchase consideration of RM1.00 was arrived at on a willing buyer-willing seller basis after taking into consideration the negative audited NTA of Twin of HK\$2,982,176 (approximately RM1,431,000 assuming an exchange rate of HK\$100=RM48) as at 31 December 1998.

8. INFORMATION ON TWHB (Cont'd)

(iv) Rights Issue

TWHB also implemented a rights issue of 3,918,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per ordinary share on the basis of approximately 100 new ordinary shares for every 768 ordinary shares held after the Acquisitions. Pursuant to the Rights Issue, Mr Chen Hsi Tao has renounced his entitlement to 1,800,000 Rights Issue shares to Cik Aliyah Baharuddin Marji for her to subscribe to the additional Rights Issue shares at RM1.50 per share. The 3,918,000 new ordinary shares of RM1.00 each in TWHB were issued free from all charges, liens and encumbrances and rank pari passu in all respects with the existing ordinary shares of TWHB and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof. The Rights Issue was completed on 23 June 2000.

With the completion of the Rights Issue, the issued and paid-up share capital of TWHB was increased from RM30,082,000 comprising 30,082,000 ordinary shares of RM1.00 each to RM34,000,000 comprising 34,000,000 ordinary shares of RM1.00 each.

(v) Public Issue

TWHB will undertake a Public Issue of 6,000,000 new shares at an issue price of RM1.50 per share to the Malaysian public, eligible employees and business associates of TWHB, under the terms and conditions of this Prospectus.

Upon completion of the Public Issue, the issued and paid-up share capital of TWHB will increase from RM34,000,000 to RM40,000,000 ordinary shares of RM1.00 each in TWHB.

The utilisation of proceeds, as approved by SC vide its letter dated 29 May 2000, from the Rights Issue and Public Issue is detailed in Section 6.5 of this Prospectus.

(vi) Listing And Quotation

The listing of and quotation for the entire enlarged issued and paid-up share capital of RM40,000,000 comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE.

8.3 History And Business

The TWHB Group was founded in 1990 by Mr Chen Hsi Tao from Taiwan, who has over 30 years of experience in the enamelled copper wire business. Introduced to Malaysia by a trade delegation led by the former Chief Minister of Melaka, Tan Sri Abdul Rahim Tamby Chik, Mr Chen set up Ta Win on 12 February 1990, which in the same year commenced operations in the manufacturing of enamelled copper wire. The company enjoyed a five (5)-year 100% Investment Tax Allowance granted under the Promotion of Investment Act, 1986. Twin, on the other hand, had been set up earlier in Hong Kong as a trading company on 21 July 1989.

At the beginning, the Group's present manufacturing facilities, located at its factory site in Alor Gajah Industrial Estate, had an annual production capacity of 1,200 metric tonnes per annum and operated on three (3) eight-hour shifts per day. Over a span of 10 years, the Group's manufacturing facilities have expanded at its present factory site to include three (3) factories measuring a total of 9,000 square metres with 77 drawing lines, 34 coating lines, 2 twisting machines and an annual production output of 9,000 metric tonnes. Twin, on the other hand, served as the Group's regional marketing and sales office for the Group's export business to Hong Kong SAR and the Republic of China.

TWHB, incorporated on 7 March 1994, was initially dormant and subsequent to the acquisitions of Ta Win and Twin, is now an investment holding company.

8. INFORMATION ON TWHB (Cont'd)**(i) Principal Activities**

The principal activities of the Group comprise the manufacturing and marketing of enamelled copper wire which is commonly known as film coated magnet wire. Enamelled copper wire is a high-end electrical wire coated with varnish (glass-like substance found in the coating of metal for protection/insulation purpose) used for the winding of electric motors and appliances such as coil for motors and transformers for conductivity purpose. Coil-motors or transformers are essential components that form the 'heart' of major electrical and electronic appliances and equipment. The magnet wire manufactured by the Group comes in a wide range of specifications with different tensile strength, diameters (ranges from 0.03 mm to 4.00 mm) and thickness of enamel coating. The requirements of the customers have resulted in more than 100 possibilities of wire configurations within this range.

(ii) Products

The enamelled copper wire products manufactured by the Group are categorised into four major classes with different thickness of varnish coating. Each class of enamelled copper wire comes in a wide range of specifications in terms of tensile strength and diameters. The diameter of the enamelled copper wire ranges from 0.03 mm to 4.00 mm while the heat tolerance temperature ranges from 105°C to 220°C. The enamelled copper wire is further classified into four types - UEW, PEW, AIW and EIW, and graded from '0' - '3' (e.g. 0 UEW, 1 UEW, 2 UEW and 3 UEW) according to the thickness of the insulation varnish with '3' being the thinnest insulation. The finished enamelled copper wire is wound on bobbins with many different sizes or dimensions.

The principal characteristics of the UEW, PEW, AIW and EIW wires are as follows:-

Class	Definition	Technical Characteristics	Uses
UEW	Polyurethane enamelled copper wire	Solderability Colouring Components with high voltage	Electric household appliances Toys Current transformers High frequency coils for transformers Coils for power source requirements
PEW	Polyester enamelled copper wire	Heat Resistant Resistance to abrasion and chemicals	Generators Standard motors Electric household appliances Toys Grinders, drills, saws, planers Current transformers High frequency coils for transformers Coils for power source requirements Coils for electro-magnetic switches Solenoid coils, coils for lighting fixtures

8. INFORMATION ON TWHB (Cont'd)

Class	Definition	Technical Characteristics	Uses
AIW	Polyester-Amide-Imide enamelled copper wire	Resistance to heat Resistance to abrasion Resistance to refrigerant R-12, R-22 Resistance to chemicals	Generators Standard motors Cold storages, coolers Grinders, drills, saws, planers Transformers for power distribution Vehicles Current transformers Coils for electro-magnetic switches Solenoid coils, coils for lighting fixtures
EIW	Polyester-Imide enamelled copper wire	Resistance to abrasion and softening Thermal shock Resistance to refrigerant R-12, R-22 Resistance to heat and chemicals Solderability	Generators Standard motors Cold storages, coolers Grinders, drills, saws, planers Transformers for power distribution Vehicles Current transformers Coils for electro-magnetic switches Solenoid coils, coils for lighting fixtures

Enamelled copper wire is the necessary input component for the coil-motors and transformers required in most of the electrical and electronics products as well as telecommunication appliances or equipment such as electric fan, refrigerator, air-condition, television, speaker, computers, electrical and electronic machinery and telecommunication products. In essence, the copper wires act as the 'blood vessels' of any electrical appliance, with its specific role depending on the size of the wires. Thicker wires are more likely to be used as conduits within the appliance itself, while finer wires will be utilised in sub-components.

Through the years, the Group has gained recognition for the quality of its products and quality management systems from local as well as overseas quality control bodies. These include the MS ISO 9002 by Standard and Industrial Research Institute of Malaysia ("SIRIM") and the Underwriters Laboratories ("UL") of the United States.

(iii) Market

The principal market and end users of magnet wire are the global manufacturers of electrical and electronics products/components. The majority of the Group's products are exported directly to China, Hong Kong, Taiwan and South-East Asia, with the balance being sold to the Licensed Manufacturing Warehouses and local manufacturers engaged in the manufacturing of electrical and electronic appliances and equipment or related components.

8. INFORMATION ON TWHB (Cont'd)

The sales mix of Ta Win in terms of its turnover for the past five (5) financial years is as follows:-

Sales	Financial years ended 31 December									
	1995		1996		1997		1998		1999	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct	22,645	62.1	20,481	63.5	29,868	67.7	34,871	66.5	35,254	57.1
Export	13,656	37.4	11,683	36.2	14,214	32.2	17,267	32.9	25,256	40.9
Local	168	0.5	93	0.3	26	0.1	314	0.6	1,265	2
Total	36,470	100.0	32,257	100.0	44,108	100.0	52,452	100.0	61,775	100.0

The sales breakdown of Ta Win by major product for the past five (5) financial years is as follows:-

Product	Financial years ended 31 December									
	1995		1996		1997		1998		1999	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
UEW	34,928	95.8	30,453	94.4	41,974	95.2	50,071	95.5	56,588	91.6
PEW	70	0.2	216	0.7	352	0.8	686	1.3	2,605	4.2
EIW	-	-	11	0.0	-	-	23	0.0	605	1.0
SCRAP	1,472	4.0	1,577	4.9	1,782	4.0	1,672	3.2	1,977	3.2
Total	36,470	100.0	32,257	100.0	44,108	100.0	52,452	100.0	61,775	100.0

The principal markets and demand for Ta Win's products for the past five (5) financial years ended 31 December 1999 are as follows:-

Principal Markets	Financial years ended 31 December									
	1995		1996		1997		1998		1999	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
China & Hong Kong	17,694	48.5	14,800	45.9	21,896	49.6	25,723	49.0	25,426	41.2
Taiwan	679	1.9	3,469	10.8	3,167	7.2	3,679	7.0	4,154	6.7
India	-	-	-	-	5	0.0	242	0.5	1,202	1.9
Ascan Countries	3,214	8.8	1,860	5.8	4,800	10.8	5,227	10.0	4,471	7.2
Others	14,883	40.8	12,128	37.6	14,240	32.3	17,581	33.5	26,522	42.9
Total	36,470	100.0	32,257	100.0	44,108	100.0	52,452	100.0	61,775	100.0

The Group's principal overseas customers include Goalwin Industrial Co Ltd (Taiwan), Todai Electric Ltd (Vietnam), Square Fund Industrial Ltd (Hong Kong), Eg Billion Co Ltd (China) and LMW customers such as Matsushita Electronic Motor Sdn Bhd, Sankyo Precision (M) Bhd and AMC Billion Electronic Sdn Bhd.

The Group's well-diversified market base reduces its dependence on any one particular market and enables it to reposition its business in the event of a major downturn in any one particular market.

(iv) **Brand Names**

The Group does not have any registered brand names but its products are utilised as components in finished goods carrying brand names such as National Panasonic and Sankyo.

8. INFORMATION ON TWHB (Cont'd)

(v) Manufacturing Facilities

The Group's core operation in the manufacturing of enamelled copper wire is conducted under its wholly-owned subsidiary, Ta Win. Its manufacturing facilities, as mentioned in Section 8.3 of this Prospectus, is located at Alor Gajah Industrial Estate, Melaka with three (3) factories measuring a total of 9,000 square metres and a three-storey office block measuring a total of 1,899 square metres. At present, the annual production output of the Group is 9,000 metric tonnes.

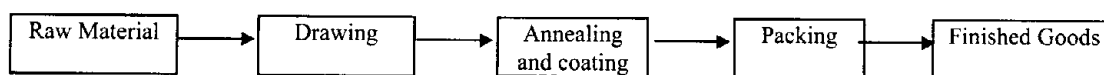
The current manufacturing facilities (inclusive of the new machines from Italy) of the Group consist of 77 drawing lines, 34 coating lines and 2 twisting machines as follows:-

Machine type	No. of lines	Maximum /Annual capacity (MT)	Current Output (MT)	Current operating capacity %	Technology
Drawing machines					
• Copper rod breakdown drawing from 8.00 mm to 2.60 mm diameter	1	12,000	10,000	83.30	Italy
• Intermediate drawing machine 2.60 mm to 1.00 mm diameter	8	8,000	7,000	87.50	Taiwan
• Fine drawing machine < 1.00 mm diameter	68	7,000	6,300	90.00	Taiwan
Total	77	15,000	13,300		
Coating machines					
• Horizontal coating <0.65 mm diameter	28	6,600	5,600	84.85	Taiwan
• Vertical coating 0.45 mm to 1.60 mm diameter	2	1,680	900	53.57	Taiwan
• Vertical coating 0.45 mm to 4.00 mm diameter	2	2,600	1,500	57.69	Italy
• Vertical coating 0.35 mm to 1.60 mm diameter	2	2,200	1,000	45.45	Taiwan
Total	34	13,080	9,000		
Twisting machines	2	24	5	20.83	Taiwan

The Group's main factory operates on three eight-hour shifts per day. The Group's primary product is the UEW-class of wire, which constitutes over 90% of total annual output.

8. INFORMATION ON TWHB (Cont'd)

Below is the production flow-chart for the Group's operations:-



The production of enamelled copper wire involves two main stages of production process:-

(a) ***Drawing***

At this stage, the primary raw material, bare copper rod/wire of 8.0mm / 2.6mm diameter is drawn to a smaller diameter of the required tensile strength in accordance to customers' specifications. The drawn wire is then wound onto spools at the end of the drawing line.

(b) ***Annealing and Coating***

The drawn wire will go through annealing process for softening purpose. This will make the copper wire soft and easily bent. Annealing is done at temperature between 600°C to 700°C with rapid cooling to prevent excessive oxidation of the surface. Then, the wire will be coated with varnish or enamel through the coating process. Lastly, the coated wire will be dried in an oven between 450°C to 550°C and wound onto bobbins.

All products manufactured by the Group must adhere to stringent quality control. Ta Win has implemented a Quality Management System which conducts quality control at all levels of the manufacturing process, from raw materials to finished goods. The Quality Management System adopted by Ta Win is as follows:-

(a) ***In-coming Material Quality Control***

All major raw materials are inspected before processing. Copper wire/rod is inspected against criteria such as diameter, conductivity and the results of elongation test before drawing. Other in-coming raw and packaging materials such as varnish, bobbin, carton boxes and liquid paraffin are checked based on the suppliers' test certificates or delivery orders.

(b) ***In-Process Quality Test***

In-process quality test is performed by quality test inspector after the drawing and coating process to ensure quality standard at each stage of the work-in-progress. After the drawing process, drawn copper wire is checked on the wire's diameter. After the coating process, quality test is performed on wire diameter, colour tone and appearance. Subsequently, the pin-hole test is carried out to ensure that the wire is fully insulated by the varnish, even after the elongation test.

(c) ***Finished Product Quality Assurance Test***

The finished products are inspected by laboratory personnel on the following aspects before packing:-

- wire diameter
- pin hole test
- tensile strength
- insulation voltage
- conductivity resistance
- appearance/tone

8. INFORMATION ON TWHB (Cont'd)

(vi) Sourcing of Raw Material

Copper rod/wire of 8.0mm/2.6mm diameter is the major raw material used in the production of magnet wire, accounting for approximately 76% to 80% of total production cost. The copper wire is easily available locally and abroad. Presently, the Group sources the copper wire from Metrod (OFHC) Sdn Bhd, Goalwin Industrial Co. Ltd of Taiwan, Daewoo Corporation Ltd, Alpha Industries Bhd, Paradym Resources Industries Sdn Bhd, Cosmal Manufacturing (M) Sdn Bhd, Kembla Wire & Rod and Hitachi Chemical Asia Pacific Pte Ltd. Mr Chen Hsi Tao is a substantial shareholder of Cosmal Manufacturing (M) Sdn Bhd, holding 41.67% of the issued and paid-up share capital of the company. However, the sales are done on an arms-length basis. The details of the purchase of raw materials from Cosmal Manufacturing (M) Sdn Bhd are set out in the table below.

As copper is a commodity, the prices of copper could be volatile. Currently, the Group has long term (one year renewable) supply contract with Metrod on a monthly supply basis. The price of copper wire under the long term contract is based on the average monthly market price of copper quoted by the London Metal Exchange ("LME"). Depending on the volatility of copper prices and delivery lead time of customers, the Group also enters into short term supply contracts with suppliers. The price of copper wire under the short term contracts is determined by the spot or forward prices quoted on the LME on the day when the purchase order is placed.

Other raw and packaging materials such as varnish, bobbins and carton boxes are also easily available. The Group obtains the supply of carton boxes and plastic bobbins from local suppliers while the supply of varnish is purchased from foreign sources. As at March 2000, Ta Win's purchase of raw and packaging materials from local and foreign suppliers amounted to RM7,780,000 and RM9,302,000 respectively, each constituted 45.55% and 54.45% of the total purchase of raw and packaging materials.

As Ta Win is a Licensed Manufacturing Warehouse, all imported raw materials by the company which are used to manufacture goods for export or to manufacture intermediate goods for both local consumption and export sales are exempted from import duty. Hence, the choice of suppliers is dependent on the product quality, payment terms and customer service provided. Over the years, Ta Win has established good business relationships with its suppliers and the Group in general does not face any constraints in the supply of raw materials. Set out below are the major suppliers of the Group and their contributions for the past five (5) years:-

Company	Raw Materials	% of Total Purchase									
		1995		1996		1997		1998		1999	
		RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Metrod (OFHC) Sdn Bhd, Malaysia	Copper wire/rod	25,348	87.23	12,204	54.47	21,355	66.08	21,116	57.35	12,982	25.82
Goalwin Industrial Co Ltd, Taiwan	Copper wire/rod and varnish	2,747	9.45	9,524	42.51	10,052	31.11	13,805	37.49	19,716	39.22
Daewoo Corporation Ltd, Korea	Copper wire/rod	-	-	-	-	-	-	410	1.11	7,520	14.96
Alpha Industries Bhd, Malaysia	Copper wire/rod	-	-	-	-	-	-	-	-	3,153	6.27
Paradym Resources Industries Sdn Bhd, Malaysia	Copper wire/rod	-	-	-	-	-	-	-	-	1,027	2.04
Cosmal Manufacturing (M) Sdn Bhd, Malaysia	Plastic bobbins	628	2.16	373	1.67	486	1.50	569	1.55	858	1.71
Kembla Wire & Rod, Australia	Copper rod	-	-	-	-	-	-	-	-	2,936	5.84
Hitachi Chemical Asia Pacific Pte Ltd, Singapore	Varnish	-	-	-	-	17	0.05	494	1.34	827	1.65
Nippon Mining Asia Ltd, Taiwan	Copper Cathode	-	-	-	-	-	-	-	-	685	1.36
Fimitol Schmierungstechnik, Germany	Lubricant	-	-	-	-	38	0.12	47	0.13	42	0.08
Local Suppliers	Other packing materials	337	1.16	302	1.35	367	1.14	378	1.03	525	1.05
TOTAL		29,060	100	22,403	100	32,315	100	36,819	100	50,271	100