11. DIRECTORS'REPORT

(Prepared for inclusion in this Prospectus)

Registered Office:
Graha Maju (Bangunan PKNM),
Tingkat 10-Lot 1A,
Jalan Graha Maju,
75300 Melaka

Date:22 June 2000

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

Dear Sir/Madam,

On behalf of the Directors of Ta Win Holdings Berhad ("TWHB"), I report after due inquiry that during the period from 31 December 1999 (being the date to which the last audited accounts of the Company and its subsidiary companies ("the Group") have been made up) to 22 June 2000 (being a date not earlier than fourteen (14) days before the issue of this Prospectus) that:-

(a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;

(b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the business and operations or the value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) there are no contingent liabilities which have arisen by reason of any guarantees given by the Group; and

(e) save as disclosed in the Proforma Consolidated Balance Sheets in Section 10.6 of this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited accounts of the Group.

Yours faithfully,
For and on behalf of the Board of Directors of
TA WIN HOLDINGS BERHAD

CHEN HSI TAO
Chairman and Managing Director

Acountants' Report
(Prepared for inclusion in this Prospectus)

ARTHUR ANDERSEN

Arthur Andersen & Co
Public Accountants

Graha Maju Bangunan PKNM
Tingkat 10 Lot 1
Jalan Graha Maju
75300 Melaka
Malaysia

Tel 606 2831399
Fax 606 2841799

Date : 23 JUNE, 2000

The Board of Directors
TA WIN HOLDINGS BERHAD
Graha Maju (Bangunan PKNM)
Tingkat 10 – Lot 1A
Jalan Graha Maju
75300 Melaka

Dear Sirs,

This report has been prepared for inclusion in the Prospectus to be dated 28 June, 2000 in connection with the Public Issue of 6,000,000 new ordinary shares of RM1.00 each in TA WIN HOLDINGS BERHAD (hereinafter referred to as "TWHB" or "the Company") at an issue price of RM1.50 per share and the listing and quotation of the entire issued and fully paid-up share capital of TWHB comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

A. GENERAL INFORMATION

1. Incorporation

TWHB was incorporated on 7 March, 1994 as a public company under the name of Sinmah Holdings Berhad. On 15 November, 1994, the Company changed its name to Medan Perdana Berhad and assumed its present name on 27 June, 1998.

2. Principal activities

The principal activities of the Company are investment holding and provision of management services.

3. Restructuring and flotation scheme

In conjunction with the listing and quotation of the entire issued and paid-up share capital of the Company on the Second Board of the KLSE, the Company undertook the following restructuring scheme :-

(i) acquisition of the entire issued and paid-up share capital of Ta Win Industries (M) Sdn. Bhd. ('TA WIN") for a purchase consideration of RM35,623,092 based on the audited net tangible assets as at 31 December, 1998 after incorporation of revaluation surplus of RM4,905,666 to be satisfied by the issuance of 30,081,998 new ordinary shares of RM1 each in the Company at an issue price of approximately RM1.18 per share;

(ii) acquisition of the entire issued and paid-up share capital of Twin Industrial (H.K.) Company Limited ("TWIN") comprising 10,000 ordinary shares of HK$1.00 each for a cash consideration of RM1 which is a nominal amount after taking into consideration the audited negative net tangible assets as at 31 December, 1998.

(iii) rights issue of 3,918,000 new ordinary shares of RM1 at an issue price of RM1.50 per share on the basis of approximately 100 new ordinary shares for every existing 768 ordinary shares held based on the issued and paid-up ordinary shares of 30,082,000 of RM1.00 each.

(iv) public issue of 6,000,000 new ordinary shares of RM1 each in TWHB at an issue price of RM1.50 per share.

4. **Share capital**

The authorised share capital of the Company is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each.

Details of changes in the issued and paid-up share capital of TWHB since incorporation are as follows :-

Date of Allotment	**No. of Ordinary shares of RM1 each**	**Consideration**	**Cumulative total paid-up share capital RM**
7.3.1994	2	Subscribers' share	2
5.4.2000	30,081,998	Issued as consideration for the acquisition of TA WIN	30,082,000
23.6.2000	3,918,000	Rights issue	34,000,000

5. **Subsidiaries**

The information on the subsidiaries, all of which are private limited companies are as follows :

(i) **TA WIN**

TA WIN was incorporated on 12 February, 1990 as a private limited company in Malaysia. The authorised and issued share capital of TA WIN as at the date of this report is RM8,000,000 divided into 8,000,000 ordinary shares of RM1 each.

The principal activity of TA WIN is the manufacture of enamelled wires.

(ii) **TWIN**

TWIN was incorporated on 21 July,1989 as a private limited company in Hong Kong. The authorised and issued share capital of TWIN as at the date of this report is HK$10,000 divided into 10,000 shares of HK$1 each.

TWIN is principally a trading company and serves as TA WIN's regional marketing and sales office for exports to Hong Kong, the People's Republic of China and Taiwan.

B. ACCOUNTS AND AUDITORS

We were appointed as auditors of TWHB with effect from the financial period ended 31 December, 1997 and TA WIN with effect from the financial year ended 31 December, 1996.

The said accounts were reported on by us without any qualification.

The accounts of TWHB and TA WIN prior to our appointment as auditors were audited by another firms of public accountants and the reports under review were not subject to any qualification.

The accounts of TWIN for the financial year ended 31 December, 1997 and 1998 were audited by an affiliate company of Arthur Andersen & Co. in Hong Kong and their reports under review were not subject to any qualification.

The accounts of TWIN for the financial year ended 31 March, 1995 to 1997 were audited by another firm of certified public accountants in Hong Kong and their reports under review were subject to the following qualifications:

(a) Year Ended 31 March, 1995

(i) The financial statements were prepared on a going concern basis as TWIN has net liabilities of HK$619,111 and accumulated losses of HK$629,111. The continuation of the business as a going concern was dependent on TWIN maintaining future profitable operations and continuing financial support from its directors.

(ii) The auditors were unable to obtain sufficient evidence that the amount due by a director amounting to HK$668,611 which were long outstanding are recoverable.

(b) Year Ended 31 March, 1996

The auditors were unable to obtain sufficient evidence that the amount due by a director amounting to HK$872,916 which were long outstanding are recoverable.

C. SUMMARISED PROFIT AND LOSS ACCOUNTS

We set out below the proforma consolidated financial results of TWHB and its subsidiaries ("the Group") for the past five financial years ended 31 December, 1995 to 1999 based on their audited accounts. The proforma consolidated results are provided for illustrative purposes only, based on the assumption that the Group had been in existence throughout the financial years under review.

	←Financial year ended 31December→				
	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 depreciation, interest and taxation	6,830	6,944	8,471	10,291	11,244
Interest expense	(475)	(619)	(861)	(1,226)	(733)
Depreciation	(1,616)	(2,244)	(2,312)	(2,689)	(3,172)
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
Number of ordinary shares of RM 1.00 each assumed to be in issue ('000)	34,000	34,000	34,000	34,000	34,000
Gross earnings per share (sen)	13.21	11.91	15.58	18.75	21.59
Net earnings per share (sen)	13.19	11.89	15.54	18.75	19.64

Notes :

(1) TWHB's results are not included in the proforma consolidated results as it was incorporated on 7 March, 1994 and is currently dormant.

(2) The exceptional items reflected in TWIN's audited accounts represent:

	Year ended 31December	
	1995	1996
	RM'000	RM'000
Provision for bad and doubtful debts on trade debtors	-	(491)
Compensation income from a supplier, Goalwin Industrial Co. Ltd. in respect of defective goods	-	460
Bad debts written off	(248)	-
	(248)	(31)

(3) The results of TWIN for the financial years ended 31 March, 1995 to 1997 have been time apportioned in order to be coterminous with the financial year end of the proposed group.

(4) The accounts of TWIN are denominated in HK$. In preparing this report, we have used an exchange rate of RM0.33 : HK$1 for the financial years ended 31 March, 1995 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. The exchange difference arising on translation are taken to reserves.

(5) 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.

(6) 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.

(7) TWHB has not paid or declared any dividends since the date of incorporation.

TA WIN

	Financial year ended 31 December				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	36,470	32,257	44,108	52,452	61,775
Profit before depreciation, interest and taxation	6,680	7,440	8,587	10,414	11,137
Interest expense	(432)	(597)	(774)	(1,127)	(624)
Depreciation	(1,608)	(2,236)	(2,297)	(2,669)	(3,153)
Profit before taxation	4,640	4,607	5,516	6,618	7,360
Taxation	(7)	(8)	(15)	-	(663)
Profit after taxation	4,633	4,599	5,501	6,618	6,697
Weighted average number of issued and paid up share capital ('000 shares)	8,000	8,000	8,000	8,000	8,000
Gross earnings per share (sen)	58.00	57.59	68.95	82.73	92.00
Net earnings per share (sen)	57.91	57.49	68.76	82.73	83.71

(1) There were no extraordinary items in all the financial years under review.

(2) The taxation charge for 1995, 1996 and 1997 relates to rental income which was separately assessed. The taxation charge for 1999 relates to deferred taxation.

There was no taxation charge on business income for all the financial years under review mainly due to the utilisation of Investment Tax Allowance granted under the Promotion of Investments Act, 1986 and unutilised capital allowances.

(3) The gross earnings per share has been calculated based on the profit before taxation divided by the weighted average number of issued and paid-up share capital of the respective years.

(4) The net earnings per share has been calculated based on the profit after taxation divided by the weighted average number of issued and paid-up share capital of the respective years.

(5) Turnover for 1996 decreased due to the global reduction in prices of copper wires (raw materials) based on rates quoted by the London Metal of Exchange. The benefit of this reduction was passed on to the customers which resulted in decrease in selling price and turnover. Despite the decrease in selling price, profit before taxation remained comparable to last year due to the following :

(i) the percentage of reduction in price of raw materials was higher than the percentage of reduction in selling price to customers,

(ii) during the year, there was also an increase in demand for small diameter wires ranging from 0.048mm to 0.20mm which have a higher profit margin and would otherwise be more expensive previously if not for the reduction in price of copper wires,

(iii) achievement of economies of scale as the machines purchased previously were operating within their economic efficiency levels.

(6) Turnover for 1997 increased due to the following :

(i) recovery of the price of copper wires to the previous price levels,
(ii) increased orders from TWIN with the establishment of sales office in Shenzhen, China,
(iii) increased demand from existing customers.

TWIN

	Financial year ended 31 March			Financial period ended 31 December	Financial year ended 31 December	
	1995	1996	1997	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	14,206	16,396	10,961	19,840	20,390	25,104
Profit/(loss) before depreciation, interest and taxation	26	242	(517)	7	40	(53)
Interest expense	(34)	(47)	(50)	(75)	(98)	(108)
Depreciation	(8)	(8)	(9)	(13)	(21)	(19)
(Loss)/profit before taxation	(16)	187	(576)	(81)	(79)	(180)
Exceptional Items (EI)	-	(248)	(31)	-	-	-
Loss before taxation but after EI	(16)	(61)	(607)	(81)	(79)	(180)
Taxation	-	-	-	-	-	-
Loss after taxation and EI	(16)	(61)	(607)	(81)	(79)	(180)
Weighted average number of issued and paid up share capital ('000 shares)	10	10	10	10	10	10
Gross loss per share (RM)	1.60	6.10	60.70	8.10	7.90	18.00
Net loss per share (RM)	1.60	6.10	60.70	8.10	7.90	18.00

(1) The exceptional items represent:

	Year ended 31 March 1996 RM'000	1997 RM'000
Provision for bad and doubtful debts on trade debtors	-	(491)
Compensation income from a supplier, Goalwin Industrial Co Ltd in respect of defective goods	-	460
Bad debts written off	(248)	-
	(248)	(31)

(2) The accounts of TWIN are denominated in HK$. In preparing this report, we have used an exchange rate of RM0.33 : HK$1 for the financial years ended 31 March, 1995 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. The exchange difference arising on translation are taken to reserves.

(3) Turnover for the financial year ended 31 March, 1997 declined due to reduction in selling price as a result of global reduction in price of copper wires.

(4) There was no taxation charge for all the financial period/years under review as TWIN was in a tax loss position.

D. DIVIDENDS

The Company and its subsidiaries have not paid or declared any dividends since their respective dates of incorporation.

E. SUMMARISED BALANCE SHEETS

The audited balance sheets of the Company and its subsidiaries based on their respective financial year/period ends are summarised as follows :-

The Company

	←As at 30 June		→	←As at 31 December		→
	1995	1996	1997	1997	1998	1999
	RM	RM	RM	RM	RM	RM
CURRENT ASSETS	2	2	2	2	2	2
CURRENT LIABILITIES	(22,994)	(24,194)	(25,394)	(26,374)	(50,644)	(52,539)
NET CURRENT LIABILITIES	(22,992)	(24,192)	(25,392)	(26,372)	(50,642)	(52,537)
INTANGIBLE ASSETS	22,994	24,194	25,394	26,374	50,644	52,539
	2	2	2	2	2	2
SHAREHOLDERS' FUND						
Share Capital	2	2	2	2	2	2
Net Tangible Liabilities Per Ordinary Share (RM)	(11,496)	(12,096)	(12,696)	(13,186)	(25,321)	(26,269)

TA WIN

	As at 31 December					
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS						
Cash and bank balances	734	1,989	959	1,254	1,809	1,362
Trade debtors	8,182	11,192	9,754	18,169	16,545	18,322
Stocks	2,079	3,934	4,829	4,678	4,324	10,025
Due from a director	-	-	-	273	-	-
Other debtors, deposits and prepayments	118	76	311	1,027	414	1,330
	11,113	17,191	15,853	25,401	23,092	31,039
CURRENT LIABILITIES						
Short term borrowings	5,135	8,331	6,184	9,871	10,448	9,663
Term loan	-	-	-	-	39	48
Trade creditors	6,264	12,902	7,651	6,840	1,210	2,629
Other creditors and accruals	115	166	160	289	524	579
Hire purchase creditors	-	39	33	19	-	1,026
Due to a director	542	484	46	-	1,900	1,944
Taxation	6	6	8	13	4	8
	12,062	21,928	14,082	17,032	14,125	15,897
NET CURRENT (LIABILITIES)/ ASSETS	(949)	(4,737)	1,771	8,369	8,967	15,142
FIXED ASSETS	11,027	18,783	17,058	16,013	22,055	24,042
HIRE PURCHASE CREDITORS	-	(47)	(19)	-	-	(855)
TERM LOANS	(712)	-	(212)	(283)	(305)	(252)
DEFERRED TAXATION	-	-	-	-	-	(663)
	9,366	13,999	18,598	24,099	30,717	37,414
REPRESENTED BY :						
Share capital	8,000	8,000	8,000	8,000	8,000	8,000
Retained profits	1,366	5,999	10,598	16,099	22,717	29,414
	9,366	13,999	18,598	24,099	30,717	37,414
Net Tangible Assets Per Ordinary Share (RM)	1.17	1.75	2.32	3.01	3.84	4.68

TWIN

	As at 31 March			As at 31 December			
	1994	1995	1996	1997	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS							
Cash and bank balances	185	290	167	40	200	324	312
Trade debtors	1,493	3,047	3,103	1,644	3,853	3,188	5,346
Bills receivables	13	190	104	55	369	117	141
Stocks	451	417	635	1,449	1,599	2,186	2,019
Due from a director	152	221	288	-	134	284	-
Other debtors, deposits and prepayments	2	2	2	1,174	4,163	2,832	176
	2,296	4,167	4,299	4,362	10,318	8,931	7,994
CURRENT LIABILITIES							
Bills payable	2,035	3,997	3,620	4,569	10,003	10,267	9,492
Sundry creditors and accruals	13	6	18	41	128	113	163
Due to related companies	430	388	942	633	1,508	-	-
Taxation	15	-	-	-	-	-	-
	2,493	4,391	4,580	5,243	11,639	10,380	9,655
NET CURRENT LIABILITIES	(197)	(224)	(281)	(881)	(1,321)	(1,449)	(1,659)
FIXED ASSETS	9	20	16	9	24	18	-
OTHER INVESTMENT	-	-	-	-	-	-	48
	(188)	(204)	(265)	(872)	(1,297)	(1,431)	(1,611)
REPRESENTED BY :							
Share capital (10,000 shares)	3	3	3	3	3	3	3
Exchange Reserve	-	-	-	-	(344)	(399)	(399)
Accumulated Losses	(191)	(207)	(268)	(875)	(956)	(1,035)	(1,215)
	(188)	(204)	(265)	(872)	(1,297)	(1,431)	(1,611)
Net Tangible Liabilities Per Ordinary Share (RM)	18.8	20.4	26.5	87.2	129.7	143.1	161.1

F. STATEMENT OF ASSETS AND LIABILITIES

The following statement of assets and liabilities of the Proforma Group has been prepared based on the audited balance sheets of the Company, TA WIN, and TWIN as at 31 December, 1999 and on the assumption that the acquisitions of subsidiaries had been effected as at 31 December, 1999.

	Note	The Company RM	Proforma Group RM'000
CURRENT ASSETS			
Cash and bank balances		2	8,275
Debtors	2	-	15,093
Stocks	3	-	11,717
		2	35,085
CURRENT LIABILITIES			
Short term borrowings	4	-	9,663
Creditors	5	52,539	4,498
Due to a director	6	-	1,944
Taxation		-	8
		52,539	16,113
NET CURRENT (LIABILITIES)/ASSETS		(52,537)	18,972
FIXED ASSETS	7	-	28,948
OTHER INVESTMENT		-	48
GOODWILL ARISING FROM CONSOLIDATION		-	1,431
INTANGIBLE ASSETS		52,539	53
HIRE PURCHASE CREDITORS	9	-	(855)
TERM LOAN	10	-	(252)
DEFERRED TAXATION	11	-	(663)
		2	47,682
SHAREHOLDERS' FUNDS			
Share capital	12	2	34,000
Reserves	15	-	13,682
		2	47,682
Net Tangible (Liabilities)/Assets Per Ordinary Share (RM)		(26,268.50)	1.36

G. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention modified by the revaluation of land and buildings and comply with applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired during the year which meet the conditions for merger accounting (as set out in Malaysian Accounting Standard No. 2) are accounted for under the said method. If the conditions for merger accounting are not met, the subsidiaries are consolidated on the acquisition method of accounting where the difference between the fair value of the net assets of subsidiaries acquired and the cost of investment is retained in the consolidated balance sheet as goodwill arising on consolidation. Goodwill is not amortised.

Under the merger method of accounting, the results of subsidiaries for the entire period have been included without any adjustment in respect of that part of year prior to the merger. The difference between the carrying value of the investment in the Company (nominal value of shares issued by the Company as consideration) and the nominal value of shares acquired represents merger reserve which is set off against reserves of the Group.

Related company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

(c) Currency Conversion and Translation

Transactions in foreign currencies during the period are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the profit and loss account.

In translating the accounts of foreign subsidiaries into Ringgit Malaysia, the following procedures are adopted :

(a) assets and liabilities are translated at the closing rate;

(b) income and expense items are translated at the average rate for the period;

(c) all resulting exchange differences are taken to exchange equalisation reserve.

(d) **Fixed Assets and Depreciation**

Fixed assets are stated at cost or valuation less accumulated depreciation. Freehold land is not depreciated and leasehold land is depreciated over the period of the lease. Depreciation of other fixed assets is provided on the straight line basis calculated to write off the cost of each asset over its estimated useful life.

The principal annual rates of depreciation are:-

Long term leasehold land	Over 99 years
Factory buildings	2%
Motor vehicles	20%
Plant and machinery, tools and equipment	10%
Office equipment, furniture and fittings and air conditioner	10%

(f) **Intangible Assets**

Intangible assets represent the cost of preliminary and pre-operating expenses stated at cost and will be amortised over 5 years when the Company commences operations.

(g) **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost of finished goods and work-in-progress include raw materials, direct labour and production overheads.

(h) **Deferred Taxation**

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(i) **Hire Purchase**

Assets held under hire purchase are treated as if they had been purchased at cost at the commencement of the hire purchase agreements. These cost are included under fixed assets and depreciation is provided accordingly. The corresponding obligations under hire purchases are included under liabilities. The finance charges of installments payable are charged to the profit and loss account over the period of the hire purchase agreements.

(j) **Investments**

Investments are stated at cost less provision for any permanent diminution in value.

2. **DEBTORS**

	Proforma Group RM'000
Trade debtors	13,605
Less : Provision for doubtful debts	(96)
	13,509
Other debtors, deposits and prepayments	1,584
	15,093

3. **STOCKS**

	Proforma Group RM'000
Raw materials	2,366
Work-in-progress	1,411
Finished goods	7,940
	11,717

4. **SHORT TERM BORROWINGS**

	Proforma Group RM'000
Export Credit Refinancing	9,663

The short term borrowings bear interest of between 2.5% to 7.7% per annum and are secured against:

(a) Legal charges over certain land and buildings of a subsidiary.
(b) Debenture covering fixed and floating charges over the assets of a subsidiary.
(c) Joint and several guarantee by the directors of a subsidiary.

5. CREDITORS

	The Company RM'000	Proforma Group RM'000
Trade creditors	-	2,430
Due to a company in which the directors of the subsidiaries have interests	-	199
		2,629
Hire purchase creditors (Note 9)	-	1,026
Term loans (Note 10)	-	48
Other creditors and accruals	53	795
	53	4,498

6. DUE TO A DIRECTOR

The amount due to a director is unsecured, interest free and has no fixed terms of repayment.

7. FIXED ASSETS

Proforma Group

	At Valuation	←————	At Cost	————→	
	** Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery, tools and equipment RM'000	*Other assets RM'000	Total RM'000
Valuation/Cost	9,786	1,269	31,578	839	43,472
Accumulated depreciation	98	561	13,468	397	14,524
Net book value	9,688	708	18,110	442	28,948

* Other assets comprise office equipment, furniture, fixtures, air conditioners and renovation.

** The details of land and buildings at valuation are as follows:

	Long term leasehold land and buildings RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
Valuation	892	1,270	7,624	9,786
Accumulated depreciation	11	7	80	98
Net book value	881	1,263	7,544	9,688

Certain fixed assets of the Group have been pledged to financial institutions for term loan and banking facilities obtained by the Group.

Plant and machinery with net book value of RM2,017,800 are acquired under hire purchase.

Details of independent professional valuation of properties owned by a subsidiary are as follows:

Year of valuation	Description of property	Amount RM'000	Basis of valuation
1999	Land and buildings in Alor Gajah	8,890	Open market value
	Hostel in Alor Gajah	456	Open market value
	Shoplot in Melaka	440	Open market value
		9,786	

Had the properties reflected at valuation be stated at cost, their net book values would have been as follows:

	1999 RM'000
Long term leasehold land and buildings	657
Long term leasehold land	595
Buildings	3,637
	4,889

9. **HIRE PURCHASE CREDITORS**

	Proforma Group RM'000
Hire purchase payments due:	
Within one year	1,088
Within two to five years	906
	1,994
Interest in suspense	(113)
	1,881
Repayment due within 12 months included in creditors	(1,026)
	855

10. **TERM LOAN**

	Proforma Group RM'000
Term loan repayable by 84 equal monthly instalments commencing January, 1999	300
Repayments due within 12 months included in creditors	(48)
	252

The term loan bears interest of between 9.0% to 9.4% per annum and is secured by way of fixed charges over certain buildings of a subsidiary.

11. **DEFERRED TAXATION**

Proforma Group

The deferred taxation provided in the accounts is mainly in respect of timing differences between depreciation and corresponding capital allowances.

Deferred taxation is not provided on the surplus arising from the revaluation of the land and building as it is not the intention of the directors to dispose of these properties.

12. **SHARE CAPITAL**

	The Company RM'000	Proforma Group RM'000
Ordinary shares of RM1.00 each		
Authorised	50,000	50,000
Issued and fully paid-up	*	34,000

* RM2.

13. CAPITAL COMMITMENT

	Proforma Group RM'000
In respect of capital expenditure contracted but not provided for	323

14. TAX EXEMPT ACCOUNT WITH THE INLAND REVENUE BOARD

As at 31 December, 1999, subject to agreement with the Inland Revenue Board, the Group has tax exempt reserves available for distribution of tax exempt dividends amounting to approximately RM23.6 million.

15. RESERVES

		Proforma Group RM'000
(a)	Non-distributable	
	Revaluation surplus	4,906
	Set off against merger reserve	(4,906)
		-
	Share premium	1,959
		1,959
(b)	Distributable	
	Retained profits	28,899
	Set off against merger reserve	(17,176)
		11,723
	At 31 December, 1999	13,682

16. CURRENCY

All amounts are stated in Ringgit Malaysia (RM), unless otherwise stated.

H. PROFORMA NET TANGIBLE ASSETS COVER

Based on the statement of assets and liabilities of the Proforma Group as at 31 December, 1999, the proforma net tangible assets (NTA) per ordinary share after incorporating the adjustments for public issue and estimated cost of flotation will be as follows :

(i) Net Tangible Assets

	RM'000
NTA of the Proforma Group as at 31 December, 1999	46,198
Proceeds from public issue	9,000
	55,198
Less : Estimated cost of flotation	(1,500)
Proforma NTA	53,698

(ii) Share Capital

	Number of ordinary shares of RM1.00 each
At date of incorporation	2
Issued as consideration for the acquisition of TA WIN	30,081,998
	30,082,000
Add : Rights issue	3,918,000
Public issue	6,000,000
Enlarged issued and paid-up share capital	40,000,000
Proforma NTA per ordinary share of RM1.00 each (RM)	1.34

ARTHUR ANDERSEN

I. **AUDITED ACCOUNTS**

No audited accounts have been prepared in respect of any period subsequent to 31 December, 1999.

Yours faithfully,

ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants

BALA KRISHNAN A/L PONNIAH
No. 1394/7/01(J)
Partner of the Firm

Valuers' Letter
(Prepared for inclusion in this Prospectus)

COLLIERS
JORDAN LEE & JAAFAR

COLLIERS, JORDAN LEE
& JAAFAR (M'CCA) SDN. BHD.
(136815-K)
No. 669 & 669A,
Taman Melaka Raya,
75000 Melaka.
Tel No. 06-2835522 (3 lines)
Fax No. 06-2837635

VALUATION CERTIFICATE

Date : 22 June 2000

The Board of Directors
Ta Win Holdings Bhd
Graha Maju (Bangunan PKNM)
Tingkat 10, Lot 1A
Jalan Graha Maju
75300 Melaka

Dear Sirs

**VALUATION OF PROPERTIES
BELONGING TO TA WIN HOLDINGS BERHAD**

This Certificate has been prepared for inclusion in the Prospectus of Ta Win Holdings Berhad to be dated 28 June, 2000 relation to the public issue of 6,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per ordinary share.

In accordance with your instructions, we have assessed the Market Values of the landed properties set out below in conjunction with the listing of Ta Win Holdings Berhad on the Second Board of the Kuala Lumpur Stock Exchange.

We have valued the aforesaid properties on 25th June, 1999, 9th July, 1999 and 20th August, 1999, the details of which are set out in our valuation reports bearing reference nos. MK/SC98/326/1, MK/SC99/626 and MK/SC98/326/1 (1) respectively.

These valuation reports have been prepared in accordance with the requirements as set out in the Guidelines on Asset Valuation for submission to the Securities Commission and the Malaysian Valuation Standards as prescribed by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents • Project & Property Managers • Plant & Machinery Valuers • Auctioneers

Managing Director **JORDAN LEE**, KMN, Fism, Frics, Apeps, Irv, Msisv, Scv. Chairman **JAAFAR ISMAIL**, Fism, Frics. Director **LEE THIAM SING**, Mism.
THOO SING CHOON, Fsva, Irv, Aci.Arb, Fpcs, Areav. **P. TANGGA PERAGASAM**, Mism, Frics. **CHIN LAI SITT**, Fis (M), Frics, Irv, LLB. (Hons). **TH'NG KIM KOK**, Mism, Frics.

Headquarter: Kuala Lumpur: Ground & Level 6, Block G North, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-2555811 (12 lines) Fax No: 03-2555843

Other Offices:
Selangor : 31, Jalan Kapar, 41400 Klang, Selangor Darul Ehsan. Tel: 03-3420860 (3 Lines) Fax: 03-3417888
N. Sembilan: 9A, Kompleks Negeri, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7638890 & 7638990 Fax No: 06-7637936
Perak : Suite 3 & 5, Tingkat Kedua, Labrooy House, Jalan Dato Sagor, 30000 Ipoh, Perak Darul Ridzuan. Tel: 05-2414826 (3 Lines) Fax No: 05-2556363
Johor : Suite 326, 3rd Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim. Tel: 07-2232299 Fax: 07-2245899
Pahang : 17, Jalan Gambut 2, 25000 Kuantan, Pahang Darul Makmur. Tel: 09-555588 Fax No: 09-5142146
Penang : Lot 2.01, 2nd Floor, Southern Bank Building, 21, Lebuh Pantai, 10300 Pulau Pinang. Tel: 04-2637749 & 2637750 Fax No: 04-2637644
Kuching . Lot 216 (2/F), Jalan Haji Taha, 93400 Kuching, Sarawak. Tel: 082-419200 & 419222 Fax No: 082-429315

Other Colliers Offices: Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas Argentina, Canada, Mexico, Venezuela and United States Of America.

COLLIERS
JORDAN LEE & JAAFAR

We have valued the properties listed below with titles free from all legal encumbrances, using the Comparison, Investments and Cost Methods of Valuation (as appropriate) and are of the opinion that the Market Values of these properties are as follows:

Properties held for owner occupation

Property/ Ref. No.	Date of Valuation	Tenure/ Approximate Age of Building	Land Area/ Gross Built-up Area (sq.m)	Existing Use/ Description	Market Value (RM)
H.S (M) 1345 to 1347 & 1340 to 1342, Lot P.T. Nos. 1234 to 1236 & 1287 to 1289, Mukim of Kelemak, District of Alor Gajah, State of Melaka **MK/SC98/326/1**	25-06-1999	P.T. Nos. 1287 to 1289 Leasehold 99 years, expiring on 25-06-2089 P.T. Nos. 1234 to 1236 Leasehold 99 years, expiring on 26-06-2089 1, 4 & 7 years	25,099.10 10,811.49	Industrial A block of 3-storey office, 3 blocks of single-storey factory buildings with a 2-storey office annexe and ancillary buildings.	8,890,000
Parcel Nos. C#G-10, C#G-11, C#G-12, C#1-9, C#1-10, C#1-11, C#1-12, Ground & First Floors, Block C and F#2-3, & F#2-4, Second Floor, Block F, Taman Mewah, On Parent Lot P.T. Nos. 1513 & 1516, H.S.(D) 2552 & 6818, Mukim of Kelemak, District of Alor Gajah, State of Melaka **MK/SC99/626**	09-07-1999	Leasehold 99 years, expiring on 24-09-2091 1 year	N/A 728.38	Building (Apartment) 2 units of 3-bedroom and 8 units of 2-bed-room apartments.	456,000

COLLIERS
JORDAN LEE • JAAFAR

Property/ Ref. No.	Date of Valuation	Tenure/ Approximate Age of Building	Land Area/ Gross Built-up Area (sq. m)	Existing Use/ Description	Market Value (RM)
H.S (D) 21010, Lot No. 101, Town Area XXXIX (39),	20-08-1999	Leasehold 99 years, expiring on 19-08-2075	148.65	Building (Shophouse)	440,000
District of Melaka Tengah, State of Melaka		About 19 years	375.33	An intermediate unit 3-storey shophouse.	

MK/SC98/326/1(1)

Yours faithfully
COLLIERS
JORDAN LEE & JAAFAR (M'CCA) SDN BHD

LEE THIAM SING MIS (M)
Registered Valuer (V-315)