WE WONG ENGINEERING CORPORATION BERHAD
(409959-W)

COURAGEOUS . INNOVATIVE . AGILE . LIMITLESS

Annual Report 2012

the way WE are
WE build tomorrow

WE view

...ourselves as a diversified corporate entity that creates value, wealth and technological advancement for our Customers, Employees, Shareholders, Suppliers and the Community in general wherever we operate locally, regionally and globally.

WE want

...to be the best in all businesses we are in.

the way WE are

WE build tomorrow

We are **Courageous...**
In undertaking new business ventures and persevering in facing challenges.

WE are **Innovative...**
In creating opportunities for performance and value enhancement through innovation.

WE are **Agile...**
In responding to dynamic environments and adapting to best deliver our promise of quality.

WE are **Limitless...**
In scaling new heights and going beyond expectations.

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Nyatoh Room, Level 2, Sunway Hotel Seberang Jaya, 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Butterworth, Penang on Thursday, 25 April 2013 at 11.00 am for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 October 2012 together with the Reports of Directors and Auditors thereon. **Please refer to Note 1**

2. To approve the payment of Directors' Fees totaling RM165,000 for the financial year ended 31 October 2012. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring pursuant to Article 82 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (i) Mr Wong Kam Hooi **Ordinary Resolution 2**
   (ii) Dato' Haji Man bin Mat **Ordinary Resolution 3**

4. To re-appoint Messrs KPMG as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

5. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

   a. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965
   "THAT, subject always to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the approvals of the relevant government/ regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." **Ordinary Resolution 5**

b. Proposed renewal of authority to buy-back its own shares by the Company

Ordinary Resolution 6

"THAT subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up capital through the Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:-

i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("WEC Shares");
ii) the amount of fund to be allocated by the Company for the purpose of purchasing the WEC Shares shall not exceed the aggregate of the retained profits and share premium account of RM4,074,139 and RM11,568,727 respectively of the Company as at 31 October 2012;
iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:-
    a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
    b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities;
iv) upon completion of the purchase(s) of the WEC Shares by the Company, the Directors of the Company be hereby authorised to deal with the WEC Shares in the following manner:-
    a) to cancel the WEC Shares so purchased; or
    b) to retain the WEC Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or
    c) to retain part of the WEC Shares so purchased as treasury shares and cancel the remainder; or
    d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of WEC shares."

c. **Proposed amendments to Articles of Association**
"That the Proposed Amendments to the Company's Articles of Association as set out in Appendix A, be and are hereby approved and THAT the Directors and Secretary be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Company's Articles of Association" **Special Resolution 1**

6. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)
ONG TZE-EN (MAICSA 7026537)
LAU YOKE LENG (MAICSA 7034778)
Joint Company Secretaries

Penang, 3 April 2013

Notes:

Appointment of Proxy

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.*

2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.*

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

   An exempt authorised nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.*

Notice of Annual General Meeting (cont'd)

5. *For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden,42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*

6. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 60(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 19 April 2013 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting* or appoint proxy *to attend and/or vote in his/her behalf.*

Explanatory Notes on Ordinary Business:

1. *Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.*

Explanatory Notes on Special Businesses:

1. *The Ordinary Resolution 5, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.*

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 19 April 2012 and which will lapse at the conclusion of the Sixteenth Annual General Meeting.

   The renewed General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

2. *The Ordinary Resolution 6, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.*

3. *The Special Resolution 1, if passed, will amend the Articles of Association of the Company in line with the amendments prescribed under the Listing Requirements.*

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. *No individual is seeking election as a Director at the forthcoming Sixteenth Annual General Meeting of the Company.*

Additional Compliance Information

The following information is presented in compliance with the Listing Requirement of Bursa Malaysia Securities Berhad:

Share Buy-Back

During the financial year, all the shares purchased by the Company were retained as treasury shares. None of the shares were resold or cancelled during the financial year. The details of shares bought back during the financial year are set out as below:-

Month	Number of Shares Bought Back/ (Disposed)	Highest Price (RM)	Lowest Price (RM)	Weighted Average Price (RM)	Consideration Paid/(Received) (RM)
Apr-12	50,000	0.26	0.26	0.26	13,094.90
Total	50,000	–	–	–	13,904.90

Options, Warrants or Convertible Securities
No options, warrants or convertible securities were issued/ exercised during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")
During the financial year, the Company did not support any ADR or GDR program.

Imposition of Sanctions and Penalties
There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

Non- Audit Fees
Non-Audit fee totalling RM6,900 were paid during the financial year.

Material Contracts
There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders.

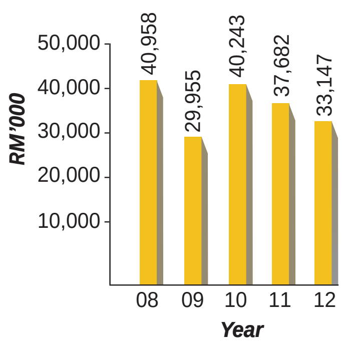
Corporate Information

Board of Directors	
Chairman & Chief Executive Officer	**Dato' Wong Kem Woh**
Executive Director	**Wong Kem Chew**
Executive Director	**Chang Joo Huat**
Non-Independent & Non-Executive Director	**Wong Kam Hooi**
Independent & Non-Executive Director	**Lim Gin Chuan**
Independent & Non-Executive Director	**Dato' Haji Man Bin Mat**
Senior Independent & Non-Executive Director	**Tang Yin Kham**
Company Secretaries:	Tai Yit Chan (MAICSA 7009143) Ong Tze-En (MAICSA 7026537) Lau Yoke Leng (MAICSA 7034778)
Registered Office:	Suite 2-1, 2nd Floor Menara Penang Garden 42A Jalan Ahmad Shah 10050 Penang Tel: 04-2294390 Fax: 04-2265860
Business Address:	Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1) 09000 Kulim, Kedah Tel: 04-4271788 Fax: 04-4271799 E-mail: info@wec.com.my Web-site: www.wec.com.my
Registrar:	Agriteum Share Registration Services Sdn Bhd 2nd Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Penang. Tel: 04-2282321 Fax: 04-2272391
Auditors:	KPMG, Penang Chartered Accountants
Principal Bankers:	CIMB Bank Berhad Malayan Banking Berhad United Overseas Bank (Malaysia) Berhad Hong Leong Bank Berhad
Stock Exchange Listing:	Main Market of Bursa Malaysia Securities Berhad
Legal Form and Domicile:	Public Limited Company Incorporated and domiciled in Malaysia

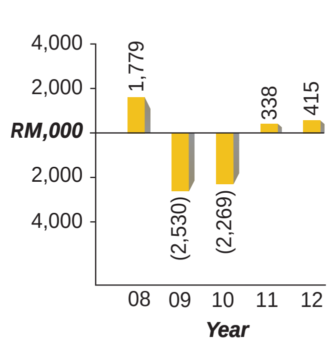
Financial Highlights

	Oct-31	2008	2009	2010	2011	2012
Operating Revenue	RM'000	40,958	29,955	40,243	37,682	33,147
Profit Before Tax	RM'000	1,779	(2,530)	(2,269)	338	415
Profit After Tax	RM'000	1,599	(2,962)	(2,452)	205	370
Profit Attributable to Shareholders	RM'000	1,448	(3,071)	(2,643)	141	292
Paid-up Capital	RM'000	45,844	45,844	45,844	45,844	45,844
Total Equity Attributable to Equity Holders	RM'000	70,779	66,365	62,782	62,915	63,496
Total Assets	RM'000	80,615	74,213	72,988	70,366	74,253
Total Liabilities	RM'000	9,236	7,140	9,307	6,488	10,757
Total Equity & Liabilities	RM'000	80,615	74,213	72,988	70,366	74,253
Cash & Cash Equivalents (CCE)	RM'000	11,652	11,244	2,902	9,743	8,517
Basic (Loss)/Earnings per Share	SEN	1.61	(3.42)	(2.94)	0.16	0.33
NAV per Share	RM	0.79	0.74	0.70	0.70	0.71
Net Dividend per Share	SEN	1.50	1.50	1.00	-	-
Profit Margin Before Tax	%	4%	-8%	-6%	1%	1%
Return on Equity (ROE)	%	2%	-5%	-4%	0%	0%
Return on Assets (ROA)	%	2%	-4%	-4%	0%	0%
CCE to Total Assets	%	14%	15%	4%	14%	11%
Total Liabilities/(Total Equity & Liabilities)	%	11%	10%	13%	9%	14%

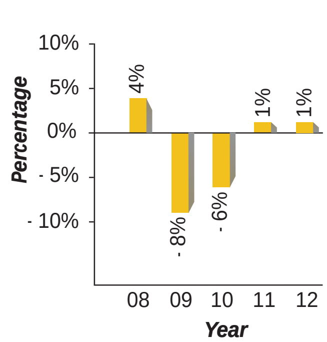
Operating Revenue



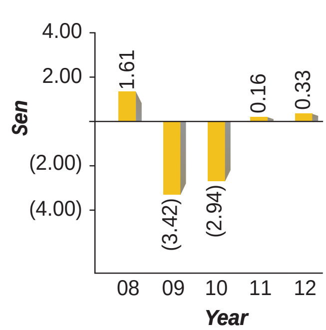
Profit Before Tax



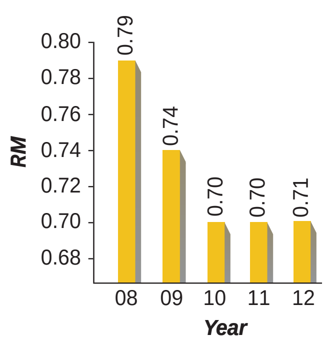
Profit Margin Before Tax



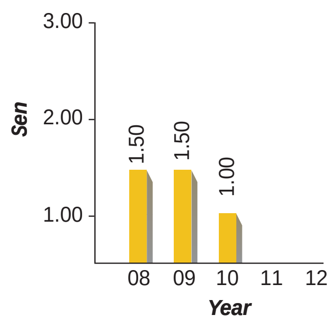
Basic (Loss)/Earnings Per share



NAV Per Share



Net Dividend Per Share



Profile of Directors

The Board of Directors of Wong Engineering Corporation Berhad ("WEC") comprises a Chairman & Chief Executive Officer, two Executive Directors, one Non-Independent and Non-Executive Director and three Independent and Non-Executive Directors. A profile of each of the Directors of the Company is described below.

Dato' Wong Kem Woh, DIMP, PJK
Chairman & Chief Executive Officer

Dato' Wong Kem Woh, Malaysian, aged 60, joined the Board of WEC on 11 November 1997 and was appointed as Chairman. He is a member of the Remuneration Committee and Risk Management Committee of WEC.

Dato' Wong is a Diploma graduate in Technology (Building) from Kolej Tunku Abdul Rahman and has served in various capacities in housing development and manufacturing. He is one of the founders of WEC Group of companies ("WEC Group").

He also sits on the board of several other private limited companies. He is currently a Director of the Penang Chinese Chamber of Commerce.

He attended all five Board Meetings held during the financial year ended 31 October 2012.

He is the brother of Mr. Wong Kem Chew and Mr. Wong Kam Hooi, who are the directors of WEC.

Mr. Wong Kem Chew
Executive Director

Mr. Wong Kem Chew, Malaysian, aged 63, joined the Board of WEC on 11 November 1997 and was appointed as an Executive Director.

Mr.Wong Kem Chew is a businessman and has been involved in the development of WEC Group since it was formed in 1982. He has 45 years of working experience in the mechanical engineering sector. Currently he is responsible for the management of the Group's production and maintaining the high precision quality of the Group.

He also sits on the board of several other private limited companies.

He attended all five Board Meetings held during the financial year ended 31 October 2012.

He is the brother of Dato' Wong Kem Woh and Mr. Wong Kam Hooi, who are the directors of WEC.

Profile of Directors (cont'd)

Mr. Chang Joo Huat
Executive Director

Mr. Chang Joo Huat, aged 48, joined the Board of WEC on 1 October 2010 and was appointed as an Executive Director.

Mr. Chang Joo Huat holds a Master in Business Administration from the Southern Pacific University, Malaysia; a Bachelor degree in Engineering (Mechanical System) from University of Putra Malaysia and a Diploma in Engineering (Mechanical) from University of Technology, Malaysia. Mr. Chang had started his career as an Assistant Engineer at Matsushita Electric Motor, Singapore in 1987; he has accumulated 26 years of experience in manufacturing industry, specializing in automation, research & development and project engineering. He was appointed as a Director of the subsidiary of the Company on 1 August 1996 and promoted to Group's Technical Director on 1 November 2004.

He attended all five Board Meetings held during the financial year ended 31 October 2012.

He does not have any family relationship with any director and/ or major shareholder of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

Mr. Wong Kam Hooi
Non-Independent and Non-Executive Director

Mr. Wong Kam Hooi, Malaysian, aged 65, joined the Board of WEC on 11 November 1997. He was re-designated as a Non-Independent and Non-Executive Director on 29 September 2004.

Mr. Wong Kam Hooi is a businessman and one of the founders of WEC Group. He has been involved in the mechanical engineering sector for approximately 40 years.

He also sits on the board of several other private limited companies.

He attended all five Board Meetings held during the financial year ended 31 October 20012.

He is the elder brother of Dato' Wong Kem Woh and Mr. Wong Kem Chew, who are the directors of WEC.

Dato' Haji Man Bin Mat, DMM, AMN, BKM, PJK
Independent and Non-Executive Director

Dato' Haji Man Bin Mat, Malaysian, aged 63, joined the Board of WEC on 9 April 1999. He is a Member of the Audit Committee and Nominating Committee of WEC.

Dato' Haji Man Bin Mat is a BBA degree holder graduated from Ohio State University, USA in 1977. He is a businessman with more than 34 years of working exposure in both public and private sector.

He also sits on the boards of Aktif Lifestyle Corporation Berhad and other private limited companies.

He attended all five Board Meetings held during the financial year ended 31 October 2012.

He does not have any family relationship with any director and / or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

Profile of Directors (cont'd)

Ms. Tang Yin Kham
Senior Independent and Non-Executive Director

Ms. Tang Yin Kham, Malaysia, aged 61, joined the Board of WEC and appointed as a Senior Independent and Non-Executive Director on 28 December 2001. She is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee.

Ms. Tang is a partner of a Chartered Accountants firm in Malaysia and has 36 years of exposure in the public accounting sector. She is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, United Kingdom and the Chartered Tax Institute of Malaysia and a member of the Financial Planning Association of Malaysia.

She also sits on the board of Rex Industries Berhad, Eonmetall Group Berhad and several private limited companies.

She attended all five Board Meetings held during the financial year ended 31 October 2012.

She does not have any family relationship with any director and / or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

Mr. Lim Gin Chuan
Independent and Non-Executive Director

Mr. Lim Gin Chuan, Malaysian, aged 49, joined the Board of WEC on 11 November 1997. He is the Chariman of Nominating Committee and a member of the Audit Committee and Remuneration Committee.

Mr. Lim Gin Chuan holds the degrees of Bachelor of Economics and Bachelor of Law from Monash University, Melbourne, Australia. He is a lawyer specializing in conveyancing, banking and company law. Currently, he is a partner of Messrs. Syarikat Ng & Anuar.

He also sits on the board of The Store Corporation Berhad and several private limited companies. He had attended 4/5 Board Meetings held during the financial year ended 31 October 2012.

He does not have any family relationship with any director and / or major shareholder of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

*Notes:
1. *None of the Director of WEC has had any convictions for any offences other than traffic offences within the past ten years.*
2. *Other than disclosed in the financial statements, there is no other conflict of interest that the directors have with the Group.*
3. *There were no material contracts entered into by the Group involving directors and major shareholders of WEC.*

Chairman's Statement

Dear Valued Shareholders,

Thank you for your continued support and confidence in us. This year marks a momentous milestone for the Wong Engineering Group of Companies, as its major subsidiary, Wong Engineering Industries Sdn Bhd (WEI) turned 30 in October 2012. The founders of WEI are still here.

Reflecting back on the past 30 years, we certainly had enjoyed some good years as well as persevered through some challenging times. But all in all, it is an extremely rewarding history that brought us here to where we stand proud today. It is our very own core values that determined our achievements and successes. It is the way we are, for we build tomorrow with determination, courage and innovation.

On behalf of the Board of Directors of Wong Engineering Corporation Berhad, I'm pleased to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 October 2012.

Financial performance

For the financial year ended October 2012, the Group recorded an increased pre-tax profit of RM415,000 compared to previous year at RM338,000. Despite extremely competitive environment and the European crisis which took a toll on us with lower revenue recorded for this year, the Group continued to improve on gross and operating profit margin through better cost management controls. I'm pleased to announce that the basic earnings per share for this year doubled to 0.32 sen compared to 0.16 sen in 2011.

During the year, the Group acquired new machineries and equipment replacing some that are obsolete and also enhancing our technological capabilities with an aggregate cost of RM7.8 million, representing an increase of RM5 million from RM2.9 million in 2011. Of this, RM1.7 million was paid by our internal cash resources and the balance through bank and financial institution.

Operations review

Operationally, the purchase of new machinery is expected to boost technological capabilities to command us better margins and market opportunities for both the fabrication/stamping and machining division. While there were no major breakthroughs in the Oil & Gas segment yet, the Group is constantly working towards a sustainable market segment which complements our industry portfolio and balance.

In addition, the Group has also installed a new powder coating line to complement the finishing process of our products. As the fabrication and stamping division continues to face margin pressures on subdued demand and higher raw material costs, the newly completed powder coating line is expected to supplement the out-sourcing activities and should bring better quality and pricing competitiveness. Moreover, this finishing line will also further integrate our supply chain vertically to add value to our products.

Following last year's consolidation and strengthening of internal processes and controls, the Group has gained further customers' confidence and thus we are seeing a steady increase in new products being added in our "book to order" system. We are confident of higher demands for our products once the European Union crisis is over before the end of year 2013.

Business Outlook

The Group expects the operating environment to remain very challenging and competitive due to weak global sentiments, escalating production costs and effects arising from implementing of minimum wage rate in Malaysia. Given the mixed outlook, the Group endeavours to continue its efforts to strengthen and improve controls over procurement, manufacturing and marketing functions to maintain our price competitiveness and enhance our responsiveness to market needs.

To minimise the impact of global economic uncertainty, the Group will continue to seek for business growth and opportunities in new markets to diversify and expand its revenue streams and profits. The Group is also committed to good corporate governance and internal controls to ensure that our corporate objectives are met and shareholders' value safe guarded.

Words of Appreciation

On behalf of the Board, I would like to express my sincere gratitude and appreciation to all our valued customers, suppliers, financiers, business associates, Government authorities and shareholders for your unwavering support and confidence.

I would also like to extend my sincere gratitude and appreciation to my fellow Directors for their invaluable guidance and contributions throughout the years as well as record my appreciation to our dedicated management and employees for their excellent spirit of teamwork towards realising the Company's objectives and expectations.

Last but not least, let us be mindful and determined to constantly improve our performance in hope to welcome many more decades of success to come.

Dato' Wong Kem Woh
Chairman & Chief Executive Officer

1 March 2013

Corporate Structure

Wong Engineering Corporation Berhad

- **Environmental & Health Products**
  - 100% — **WEC Marketing Sdn Bhd**
  - 100% — **Wong Engineering Metals (M) Sdn Bhd**
- **Manufacturing**
  - 100% — **Wong Engineering Electronics (M) Sdn Bhd**
    Precision Metal Turned Parts
  - 100% — **Wong Engineering Industries Sdn Bhd**
    Precision Sheet Metal & Assembly
    - 100% — **Wong Exerion Precision Technology Sdn Bhd**
      Precision Technology in Welded Frames

Statement on Corporate Social Responsibility

Wong Engineering Corporation Berhad ("WE") is a responsible corporate citizen and we aspire to operate our business in an ethical manner where we will respect and enhance the value of our environment, community, employees, customers, suppliers and all other stakeholders wherever we operate.

We shall communicate and inculcate a culture of Corporate Social Responsibility ("CSR") in our employee and our stakeholders on the 4 main areas that we are operating in: the workplace; the marketplace; the community and the environment.

The Workplace

We recognise that our employees are important assets with regards to the growth of the business and in maintaining a harmonious working environment. We take good care of the welfare of our employees and employ them under fair and equitable terms and we are committed to ensure fairness in career opportunity, and give priority to the safety and well-being of our employees in the workplace. In regards to the occupational safety and health (OSHA), the company has established a "Safety and Health Policy" and set up the Safety Committee and an Emergency Response Team to meet the safety standards of OSHA. In the financial year 2012, the Group organised numerous activities to build esprit de corps of the employees and create a harmonious working environment such as organizing in-house training, festive celebration, annual dinner, appreciation token for the best exam result of employees' children for UPSR, PMR and SPM, etc.

The Marketplace

The Group believes that effective CSR can deliver benefits to our business and, in turn, to our customers and vendors:-

- By inculcating integrity and professionalism in procurement and supply chain management and to comply with a standard procedure in qualification of vendors.

- By continuously upgrading the technical skills of the supplier quality team to ensure consistency in achieving quality levels beyond customers expectations.

- By adhering to the International Organization for Standardization (ISO) requirements in relation to our Quality Management System.

- By adhering to the occupational safety and health requirements at international standard to assure the safety of the workers and uninterrupted supply of our products to our customers.

- By practicing good Corporate Governance and accountability.

The Community

We recognize our responsibilities as a good neighbour in the community where we work and live in and also to be an active partner in the community service. As part of the community where WE is located, WE is a member of Kulim Industrial Tenants'Association ("KITA") whose vision is to make "Kulim, the ideal community to live and work in". WE is also a member of the KHTP Human Resource Sub-Committee to look after the welfare and safety of employee/ employer in the Industrial Park. During the year, WE had organised and participated in community service and social activities i.e. blood donation campaign, community recycling exercise, KITA Hi-Tech Fun Walk, gotong-royong program, etc.

During the year, the Group has made financial contributions and other benefits in kind to governmental agency annual events for development and promotion of sports and recreation, and to community at large of various non-profitable organizations, school and individuals.

The Environment

We are highly conscious of the global warming and climatic changes in the global environment due to industrial activities. In this respect, the Group is ISO 14001 certified to ensure that the Group complies with the global requirement in eliminating the usage of hazardous substance and mitigate the climatic or environmental changes through environmental management.

We are adopting and complying with the requirements of using environmental friendly products in relation to Chlorofluorocarbon (CFC) compliance and Restriction of Hazardous Substances (ROHS) compliance with the ultimate aim of safeguarding our environment.

We have our own waste treatment plant for our plating line and we ensure compliances with the waste management requirements.

Audit Committee Report

Members

The present members of the Audit Committee (the "Committee") comprise:

Chairman :	Tang Yin Kham	*Senior Independent and Non-Executive Director*
Members :	Lim Gin Chuan	*Independent and Non-Executive Director*
	Dato'Haji Man Bin Mat	*Independent and Non-Executive Director*

Terms of Reference

The Committee was established on 11 November 1997 to act as a Committee of the Board of Directors, with the terms of reference as set on pages 18 to 20 of the Annual Report therein.

Meetings

During the financial year under review, the Committee held five (5) meetings with all the members of the Committee in attendance as follows:

	Attendance
Tang Yin Kham	5/5
Lim Gin Chuan	4/5
Dato' Haji Man Bin Mat	5/5

Summary of Activities during the financial year

The Committee carried out its duties in accordance with its terms of reference during the year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditor's scope of work and audit plans.
- Reviewed with the external auditors the results of audit, the audit report and the management letter, including management's response.
- Consideration and recommendation to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 17 to the financial statements.
- Reviewed the unaudited quarterly financial results, annual report and the audited financial statements of the Company with management, the Board and external auditor prior to their release to the Bursa Malaysia Securities Berhad ("Bursa Securities"). The review was to ensure the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Company considering the requirements of Companies Act, 1965, the Financial Reporting Standards ("FRS"), Bursa Securities and any other statutory authorities.
- Reviewed the related party transactions.
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group which included enhancement and further investment in existing products and services offered, cost rationalization measures and human resource development.
- Reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services.
- Reviewed the internal audit plan.

STATEMENT ON EMPLOYEE'S SHARE OPTION SCHEME ("ESOS") BY THE COMMITTEE
The ESOS has expired on 10 October 2006.

INTERNAL AUDIT FUNCTION

The Group has appointed an independent professional firm to carry out internal audits.

The Internal Audit function has been discharging its duties in monitoring the effectiveness of the existing internal control systems of the Group. The independent internal audit function and activities were carried out according to the annual internal audit plan and schedule, which had been approved by the Audit Committee. The objectives of internal audit are to assess the adequacy and integrity of the system of internal control and to ensure that the Group's policies and procedures are complied with.

It is the responsibility of the internal audits to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year, the internal audit function presented one report to the Audit Committee covering various business cycles. The internal auditors also followed up on audit recommendations of prior audits.

The Internal Audit Function is elaborated further in the statement on Internal Control in pages 33 to 34 of this Annual Report.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities.

- Assess the Group's process relating to its risks and control environment;
- Oversee financial reporting; and
- Evaluate the internal and external audit process.

2. Composition

The Board shall elect and appoint Committee members from amongst their numbers, comprising not fewer than three (3) Directors. All members of the audit committee shall be Non-Executive Directors of the Company and financial literate.

The Board shall at all times ensure that at least one (1) member of the Committee fulfils the Bursa Securities requirements as prescribed in paragraph 15.09 (1C):

(i) Must be a member of the Malaysian Institute of Accountants ("MIA"); or
(ii) If he or she is not a member of MIA, he or she must have at least three (3) years of working experience and:-

(a) He or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

(b) He or she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accounts Act 1976; or

(iii) Fulfils such other requirements as prescribed or approved by Bursa Securities.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may require to fill the vacancy.

The Chairman of the Committee shall be an Independent and Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of each of its members at least once (1) every three (3) years.

3. Duties and Responsibilities

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

(a) Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan.
(b) Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
(c) Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
(d) Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.
(e) Review the assistance given by the Group's office to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
(f) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
(g) Review the appointment and performance of external auditors, the audit fee and any question on resignation or dismissal before making recommendations to the Board.
(h) Review the budget and staffing of the internal audit department.
(i) Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/ or external auditors' evaluation of the said systems.
(j) Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
(k) Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on :
- Changes in or implementation of major accounting policy changes;
- Significant or unusual events;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

(l) Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Listing Requirements of Bursa Securities and other legislative and reporting requirements.
(m) Review any related party transaction and conflict of interest situation that may arise within the work performed in fulfilling the Committee's primary responsibilities.

(n) To do the following, in relation to the internal audit function:
- Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review the internal audit programme an results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- Review any appraisal or assessment

(o) Any other activities, as authorised by the Board.

4. Authority

In carrying out its duties and responsibilities, the Committee shall have the following rights:

(a) Explicit authority to investigate any matter within its terms of reference;
(b) Adequate resources which are required to perform its duties;
(c) Full and unrestricted access to any information pertaining to the Company and of any other companies within the Group;
(d) Direct communication channels with external and internal auditors;
(e) Obtain external independent professional advice and to invite external parties with relevant experience to attend the Committee meeting for advice;
(f) Discretion to invite other Directors and/ or employees of the Company to attend any particular Committee meeting to discuss specific issues; and
(g) Convene meetings with external and internal auditors, excluding the attendance of the other Directors and employees of the Company whenever deemed necessary.

5. Quorum and Committee's Procedures

The Committee shall meet not less than four (4) times per financial year and as many times as the Committee deemed necessary. The external auditors may request a meeting if considered necessary.

The quorum for meetings of the Committee shall be two members who are Independent and Non-Executive Directors.

The Committee may require a representative of the external auditors to attend any of its meetings as it determines.

The Executive Secretary shall be the secretary of the Committee. The secretary shall ensure that reasonable notices of meetings be given to members of the Committee and shall circulate the minutes of meetings of the Committee to all members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarizing the Committee's activities during the year and the related significant results and findings.

The Committee shall meet at least annually with the management and, at least once every year with the Head of Internal Audit and External Auditors in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board. The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

This report is issued in accordance with a resolution of the Directors dated 27 March, 2013.

Statement on Corporate Governance

The Board of Directors ("the Board") recognises the importance of adopting high standards of corporate governance within the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The Board views the corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

The Board is fully committed to maintaining high standard of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and 2 of the Malaysian Code on Corporate Governance 2007 (the "Code") respectively. As such, the Board has adopted the substance behind corporate governance prescription and not merely the form.

The Board wishes to disclose hereunder the manner in which the Group has applied the principles of Corporate Governance and the extent of compliance with the best practices of the Code.

Principles Statement
The following statement sets out how the Company has applied the principles in Part 1 of the Code.

A. Directors

Board Responsibilities

The Group acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board assumes overall responsibility for strategic direction, corporate governance, risk management, investments made by the Group and overseeing the proper conduct of business.

The roles and functions of the Board, as well as the differing roles of Executive Directors and Non-Executive Directors, are clearly prescribed in the Board Charter of WEC adopted on 25 February 2003.

Board Composition and Balance

The Board as at 31 October 2012 comprised of seven (7) members; three (3) Executive Directors, one (1) Non-Independent Non-Executive Director, one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors.

The current composition of the Board is in compliance with the Listing Requirements whereby more than one-third (1/3) of its Board members are independent. The composition of the Board comprises a blend of competency and business experience which is essential to achieve a balanced Board to deliver clear leadership and supply constructive decision-making.

A brief description of the background of each director is presented under the Profile of Directors on pages 9 to 11 of this Annual Report. The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations. This mix of skill is vital for a successful operation of the Group. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent and Non-Executive Directors brings forth objective and independent judgment to the decision making of the Board in order to provide an efficient check and balance to the Executive Directors.

The roles of the Chairman & Chief Executive Officer are currently not separated. The Chief Executive Officer is primarily responsible for the orderly conduct and the workings of the Group assisted by a management team comprising of two Executive Directors and three Senior Managers in the day-to-day running of the business and implementation of Board policies and decisions.

The presence of Independent and Non-Executive Directors is essential as they provide unbiased and independent views, advice and judgment as well as to safeguard the interest of other interested parties such as minority shareholders. Furthermore, Tang Yin Kham is the Senior Independent Non-Executive Director to whom concerns may be conveyed. Hence, the Board is satisfied with the current Board composition that fairly reflects the interests of all shareholders in the Company.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings for particular matters convened as and when necessary. During the financial year ended 31 October 2012, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, its investment plan and strategic decision and the business plan and direction of the Group. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting.

The agenda for each Board meeting and papers relating to the agenda items are disseminated to all Directors at least five (5) days before the meeting to provide sufficient time for the Directors to review the Board papers and seek clarifications, if any. All proceedings from the Board meetings are recorded by way of minutes and signed by the Chairman of the meeting.

The record of attendance at the meetings of the Board of Directors for the financial year ended 31 October 2012 is as follows:-

Name of Directors	Number of Board Meetings Attended
(a) Dato' Wong Kem Woh	5 / 5
(b) Wong Kem Chew	5 / 5
(c) Wong Kam Hooi	5 / 5
(d) Chang Joo Huat	5 / 5
(e) Dato' Haji Man Bin Mat	5 / 5
(f) Lim Gin Chuan	4 / 5
(g) Tang Yin Kham	5 / 5

Board and Management Committees

The Board of Directors delegates certain responsibilities to the Committees as follow:-

Board Committee	Key functions
Audit Committee	Explained on pages 17 to 20 of the Annual Report
Nominating Committee	Explained on page 23 of the Annual Report
Remuneration Committee	Explained on page 24 of the Annual Report

Management Committee	Key Functions
Corporate Social Responsibilities Committee	Explained on pages 15 to 16 of the Annual Report
Risk Management Committee	To perform risk supervision, review risk profiles and organizational performance of the company and group

All Committees have written terms of reference and operating procedures, and the Board receives reports of their proceedings and deliberations. The Chairman of the various Committees will report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting. These committees are formed to enhance business and operational efficiency as well as efficacy.

Supply of Information

The Chairman undertakes primary responsibility for organizing information necessary for the Board to deal with the agenda and in ensuring that all Directors have full and timely access to the information relevant to matters that will be deliberated at the Board meetings. The Directors are furnished with the relevant agenda and Board papers in sufficient time prior to the Board meetings to appreciate issues to be deliberated at Board Meetings and expedite the decision making process. The Board papers include reports on the Group's financial, operational and corporate developments. Every Director also has unhindered access to the advice and services of the Company Secretaries. The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board while the terms of appointment permit their removal and appointment only by the Board as a whole.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports and annual financial statements, prior to releasing them to Bursa Securities. The Board as a whole will determine, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Company's expense.

Appointments to the Board

Nominating Committee

The Nominating Committee consists of the following members:-

Chairman	:	Lim Gin Chuan	*(Independent and Non-Executive Director)*
Members	:	Dato' Haji Man Bin Mat	*(Independent and Non-Executive Director)*
		Tang Yin Kham	*(Senior Independent and Non-Executive Director)*

The objective of the Nominating Committee is to assist the Board in the selection process for new appointments to the Board in ensuring the effectiveness of the Board as a whole as well as appointments of Senior Management personnel and on overall policies concerning human resource planning and development. The Committee is to assess annually the contribution of each individual Director, including Non-Executive Directors, as well as the Chief Executive Officer in discharging his/her duties in the most conscientious manner. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are documented in the minutes of meeting.

The Nomination Committee meeting was held on 26 September 2012 and all the members attended the meeting. The committee has reviewed and assessed the Board as a whole and contribution of each individual director including Independent and Non-Executive Directors. The Committee concurred that the performance of all the Directors had been satisfactory and the composition of the Board is satisfactory comprising Directors of good caliber and with experience in all relevant fields. All Directors projected good attendance and good participation / contribution with their own respective skills at Board Meetings.

Directors' Training

The Board acknowledges the importance of continuous learning and development for its members where Directors are encouraged to review their own training needs on a regular basis, to keep abreast of regulatory updates and the changes and developments of business trends in the manufacturing industry. The Board, through the Nominating Committee, recruits only individuals of good calibre, knowledge and experience to fulfill the duties of a Director appropriately.

The Directors on their own also attended CEP Programmes in 2012 organized by Inland Revenue Department, MAICSA, Federation of Manufacturers of Malaysia and private training consultants. They will continue to attend relevant training programmes including the CEP to update their knowledge and skills.

Re-Election

The Articles of Association provide that at the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, one third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one third shall retire from the office. An election of Directors shall take place each year and all the Directors shall retire from the office at least once in every three (3) years but shall be eligible for re-election. The Directors to retire each year are those who have been longest in the office since their appointment or re-appointment. This provides an opportunity for the shareholders to renew their mandates.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

The Company Secretaries will ensure that all necessary information is obtained, as well as all legal and regulatory obligations are met before the re-appointments are made.

B. Directors' Remuneration

Remuneration Committee
The Remuneration Committee consists of the following members:-

Chairman	:	Tang Yin Kham	*(Senior Independent and Non-Executive Director)*
Members	:	Dato' Wong Kem Woh	*(Chairman & Chief Executive Officer)*
		Lim Gin Chuan	*(Independent and Non-Executive Director)*

The Remuneration Committee is responsible for recommending to the Board the remuneration framework and remuneration package for Executive Directors.

None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors with the Directors concerned abstaining from deliberations and voting on decision in respect of his or her individual remuneration.

The policy practiced on remuneration of Directors by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages.

The remuneration of Directors is structured based on their responsibilities and contribution to the Group.

Details of Directors' Remuneration

The aggregate remuneration paid or payable for the financial year under review to all Directors of the Company by the Group is categorized into appropriate components for the financial year as follows:-

Type of Remuneration	Executive Directors RM	Non-Executive Directors RM
Fees	60,000	201,000
Salaries	721,159	-
Other emoluments*	122,060	6,018
Total	**903,219**	**207,018**

*Other emoluments comprise bonuses, incentives, provisions for leave and allowances

The number of Directors of the Company who served during the financial year and whose total remuneration for the Group falls within the respective bands is as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM100,001 to RM150,000	-	1
RM200,001 to RM250,000	1	-
RM300,001 to RM350,000	2	-
Total	**3**	**4**

C. Shareholders

The Company recognizes the importance of being accountable to its shareholders and does this through the Annual Report, Annual General Meetings (AGM) and Extraordinary General Meetings. The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders a complete and clear picture of the Group's performance and position as possible. It has also been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty one (21) days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general.

In addition, the Company makes various announcements through the Bursa Securities, in particular the timely release of the quarterly results within two months from the close of a particular financial quarter. The Group's quarterly and interim reports, announcements and annual reports can be downloaded from Bursa Securities's website (www.bursamalaysia.com) and Wong Engineering Corporation Berhad's website (www.wec.com.my) to ensure shareholders are well-informed about the Group's performance and operations.

D. Accountability and Audit

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of the results to shareholders as well as the Chairman's Statement and Review of Operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reportings.

Directors' Responsibility Statement in respect of the preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as is reasonably opened to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of Internal Controls

The Board acknowledged its responsibility for the Group's system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The Statement on Internal Control furnished on pages 33 to 34 of the Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 18 to 20 of the Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 17 of the Annual Report.

Compliance Statement

Save as disclosed below, the Group has substantially complied with all the best practices of the Code throughout the financial year:

- The roles of the Chairman & Chief Executive Officer are not separated as the Board is of the opinion that the check and balance of power is undertaken by the strong presence of Independent and Non-Executive Directors who form more than 40% in number of the Directors. Moreover, it is the practice of the Chairman to encourage participation by all the Directors in the deliberation of issues that concern the Group hence the joint roles of the Chairman & Chief Executive Officer are mitigated. The Chief Executive Officer is also assisted by a capable management team in discharging his duties.

- Although there is no formal schedule on matters specifically reserved to the Board for decision, it is the practice for the Board to deliberate on all significant matters that affect the Group. Such matters being those that concern capital expenditure, announcements to the Bursa Securities and policy issues.

This statement is issued in accordance with a resolution of the Directors dated 27 March 2013.

Statement of Proposed Renewal of Authority to Purchase Its Own Shares

1. INTRODUCTION

1.1. Renewal of Authority For Wong Engineering Corporation Berhad ("WEC" or "the Company") To Purchase Its Own Shares

At the Company's last Annual General Meeting held on 19 April 2012, the Board of Directors had obtained shareholders' approval for the Directors to purchase shares on Bursa Malaysia Securities Berhad ("Bursa Securities") not exceeding ten (10%) per centum of the issued and fully paid-up share capital of the Company.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with Bursa Securities Listing Requirements governing share buy-back by listed companies, lapses at the conclusion on the forthcoming Annual General Meeting ("AGM") unless a new mandate is obtained from shareholders to authorise Directors of the Company to purchase its own shares.

It is the intention of WEC to renew the authority to purchase its own shares in the aggregate up to ten (10%) per centum of its issued and paid-up share capital and the ten (10%) per centum shall always take into account any shares bought back and retained as treasury shares in accordance with Section 67A of the Companies Act, 1965 and the requirements of Bursa Securities and/ or any other relevant authorities ("Proposed Share Buy-Back" or "the Proposal"). Consequently, on 27 March 2013, the Company announced that the Board of Directors proposes to seek a fresh mandate from the shareholders for the Company to purchase its own shares on Bursa Securities through its appointed stockbroker previously approved by Bursa Securities. Such authority, if so approved, commences immediately upon obtaining the shareholders' approval in this forthcoming AGM until the conclusion of the next AGM ("Proposed Authorised Period"). As at 27 March 2013 the issued and paid-up share capital of the Company is RM45,844,000 comprising 91,688,000 ordinary shares of RM0.50 each which is inclusive of 1,935,000 treasury shares held by the Company.

Upon purchase by the Company of its own shares, the purchased shares will be retained as treasury shares. The Company would have the opportunity to distribute those shares as share dividends, thus benefiting the shareholders. The treasury shares may also be resold on the open market of Bursa Securities at a price higher than the purchase price, thereby realizing a potential gain for WEC without affecting the Company's issued and paid-up share capital.

1.2. Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Share Buy-Back and to seek your approval for the ordinary resolution which is to give effect to the Proposed Share Buy-Back to be tabled at the forthcoming AGM. A notice of the AGM together with the Proxy Form are set out in pages 2, 3, 4, 5 and 97 respectively.

2. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

The Directors of the Company are of the opinion that empowering the Company to undertake the Proposed Share Buy-Back is in response to the government's call to help stabilize the stock market and in the best interest of the Company. It is to be carried out when the share price is transacted at level which does not reflect the potential earning capability of the Group. The Proposed Share Buy-Back is expected to have the effect of stabilising the supply and demand as well as the price of the shares of the Company on Bursa Securities which may in turn have a favourable impact on the share price of the Company.

3. EVALUATION OF THE PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

3.1. Advantages

The potential advantages of the Proposed Share Buy-Back are as follows:-

- Allows the Company to take preventive measures against excessive speculation in particular, when the Company's shares are undervalued;
- Allows the Company more flexibility in fine-tuning its capital structure;
- To stabilise a downward trend of the market price of the Company's shares;
- Treasury shares can be treated as long term investments. It makes business sense to invest in our own Company as the Board of Directors are confident of WEC's future prospects and performance in the long term;
- Resale of treasury shares at prices higher than the purchase prices when the market price picks up will be realized and as a result increase the working capital and net assets of the Company; and
- In the event that the treasury shares are distributed as dividend by the Company, it may then serve to reward the shareholders of the Company.

3.2. Disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:-

- The purchase can only be made out of distributable reserves, resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders; and
- The purchases of existing shares involve cash outflow from the Company which may otherwise be retained in the business to generate further profits.

4. PARTICULARS OF THE PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

Funding

The Proposed Share Buy-Back will allow the Directors to purchase WEC's shares at any time within the Proposed Authorised Period. The proposed purchase by the Company of its own shares must be made wholly out of its retained profits and/ or the share premium account. There are no restrictions on the types of funds which can be utilized so long as the buy-back is backed by an equivalent amount of retained profits and/ or the share premium. Based on the audited financial statements as at 31 October 2012, the Company's retained profits and share premium are RM4,074,139 and RM11,568,727 respectively.

The Proposed Share Buy-Back shall be financed from internally generated funds and/ or bank borrowings. The amount of bank borrowings to be used for the Proposed Share Buy-Back would depend on the prevailing interest rates and the repayment capabilities.

5. EFFECTS OF PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

5.1. Share Capital

There will be no effect on the current issued and paid-up share capital of WEC if the shares so purchased are retained in treasury but the rights attaching to the treasury shares as to voting, dividends and participation in other distribution or otherwise will be suspended. While the WEC's shares purchased remain as treasury shares, the Companies Act 1965 prohibits the taking into account of such shares in calculating the number or percentage of shares in the Company for any purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings and the result of votes on resolutions.

5.2. Net Assets ("NA")

The Proposed Share Buy-Back is likely to reduce the NA per share of the Company and the Group if the purchase price exceeds the audited NA per share of the Group at the time of purchase and will increase the NA per share of the Group of the purchase price is less than the audited NA per shares of the Company and the Group at the time of purchase.

For shares bought back which are kept as treasury shares, upon resale of such shares, the NA of the Group will increase assuming that a gain has been realized. The quantum of the increase in NA will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

5.3. Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which is dependent on actual number of shares bought back and actual purchase prices of the WEC's shares. However, in the opinion of the Directors, the Proposed Shares Buy-Back whether cancelled or kept as treasury is not expected to have a significant effect on the working capital of the Company.

5.4. Earnings

The effect of the Proposed Share Buy-Back on the earnings of the Group will depend on the actual purchase prices of WEC's shares, the number of shares purchased and the effective funding cost of the purchases. Generally, a lesser share capital subsequent to the cancellation of the shares bought-back or either kept as treasury shares will have a positive impact, all else being equal, on the Group's Earnings Per Share ("EPS").

6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR WEC TO PURCHASE ITS OWN SHARES

6.1 Public Shareholding Spread

WEC's public shareholding spread and the public shareholders as at 28 February 2013 being the latest practicable date is approximately (49.24% and 2,047) respectively. The public shareholding spread is expected to be reduced to (44.79%) assuming the Proposed Share Buy-Back is implemented in full with the purchase from the market.

6.2 Malaysian Code On Take-Overs And Mergers 2010 ("the Code")

The Proposed Share Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares), may result in a substantial shareholder and/ or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provision under Practice Note 9 of the Code.

6.3 Purchase of Shares

The purchases of shares made during the financial year ended 31 October 2012 are set out in page 6 under the heading of "Share Buy-Back".

6.4 Resale/ Cancellation of Treasury Shares

There was no resale/ cancellation of treasury shares during the period from 19 April 2012 (upon approval by shareholders obtained in the Fifteenth AGM held on 19 April 2012) until the latest practicable date.

7 DIRECTORS', SUBSTANTIAL SHAREHOLDERS, PERSONS CONNECTED WITH DIRECTORS'AND SUBSTANTIAL SHAREHOLDERS'INTEREST

None of the Directors, Substantial Shareholders, persons connected with Directors and Substantial Shareholders have any interest, direct or indirect, in the Proposed Share Buy-Back and resale of treasury shares of the Company.

8 DIRECTORS'RECOMMENDATION

The Directors, having considered all aspects of the Proposed Share Buy-Back, are of the opinion that the Proposed Share buy-Back is in the best interest of the Group. Accordingly, they recommended that you vote in favour of the ordinary resolution for the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

9 BURSA SECURITIES

Bursa Securities has not perused this statement prior to its issuance. Bursa Securities takes no responsibility for the contents of this statement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this statement.

This statement is issued in accordance with a resolution of the Directors dated 27 March 2013.

Appendix A

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of Wong Engineering Corporation Berhad are proposed to be amended in the following manner (for which differences are highlighted in bold), to be in compliance with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad:-

Article No.	Existing Articles	Amended Article
To add Article 2.(1)	WORDS / MEANINGS (New definition) (New definition) (New definition)	WORDS / MEANINGS Exempt Autorised Nominees — An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act. Share Issuance Scheme — means a scheme involving a new issuance of shares to the employees. Omnibus Accounts — Omnibus Account means securities Account in which ordinary shares are held in the Company for multiple beneficial owners in one Securities Account.
To Amend Article 5(v)	**Allotment of shares** Every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such issue of shares or options unless:- (a) the members in general meeting have approved of the specific allotment to be made to such Director; and (b) he holds office in the Company in an executive capacity Provided Always that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities.	**Allotment of shares** Every issue of shares or options to employees and/or Directors of the Company and any participation in Share Issuance Scheme by Directors shall be approved by the members in general meeting and no employees and/or Director shall participate in such issue of shares or options unless:- (a) the members in general meeting have approved of the specific allotment to be made to such Director; and (b) he holds office in the Company in an executive capacity Provided Always that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities.
To Amend Article 62	**Notice that proxy is allowed** In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy need not also be a member.	**Notice that proxy is allowed** In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint up to 2 proxies to attend and vote at a meeting of the Company, or at a meeting of any class of the members of the Company instead of him, and that a proxy need not also be a member.

Appendix A (cont'd)

Article No.	Existing Articles	Amended Article
To Amend Article 76	**Instrument appointing a proxy to be writing** The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	**Instrument appointing a proxy to be writing** The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority up to two proxies to attend at the same meeting to demand or join in demanding a poll. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote on a show of hands and only one (1) of those proxies is entitled to vote on a show of hands. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.
To Amend Article 76A	**Authorised Nominee** Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds which ordinary shares of the company standing to the credit to the said securities account.	**Authorised Nominee** Where a member of the Company is an authorised nominees as defined under the Central Depositories Act, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit to the said securities account.
To Add Article 76B	**Exempt Authorised Nominees** (New provision)	**Exempt Authorised Nominees** Where the Member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
To Add Article 76C	**Right of proxy to speak** (New provision)	**Right of proxy to speak** A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.

Statement on Internal Control

Introduction

The Board is pleased to present herewith the Statement on Internal Control ("Statement") which outlines the nature and scope of internal controls of the Group during the financial year ended 31 October 2012. This Statement is prepared pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia.

Board Responsibility

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of these systems.

However, in view of the limitations underlying any system of internal controls which covers financial, operational, compliance controls and risk management procedures, the system is designed mainly to manage, rather than to eliminate risks that may impede the achievement of the Group's objectives. Accordingly, it can only provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

Following the publication of the Statement on Internal Control: Guidance for Directors of Public Listed Companies (the "Internal Control Guidance"), the Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group.

Risk Management Framework

The Board regards risk management as an integral part of its business operations. The Risk Management Unit (RMU), whose members were made up of managers from different subsidiaries and departments, has identified the critical risks that were faced by the Group. The critical risks identified were brought to the attention of the Risk Management Committee (RMC) during risk management meetings for deliberation and decision.

The members of the RMC comprise the Chairman and Chief Executive Officer and top management who have been appointed by the Board of Directors.

In addition to the reporting by the RMU, risks that were identified during the course of the internal audit were also reported to the RMC.

Internal Audit Function

The Group's internal audit function, which is outsourced to a firm of professionals, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. To ensure independence from Management, the internal auditor has direct reporting lines to the Audit Committee.

The Audit Plan is approved by the Audit Committee and audit reports and the status of the audit plan are presented to the Audit Committee. Audits are carried out on a risk based approach, in cognisance with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the senior management and the Board. Significant findings and recommendations for improvements are highlighted to the Audit Committee, with periodic followup and reviews of action plans.

During the financial year under review, two cycles of internal audit were being carried out for Wong Engineering Corporation Berhad. The costs incurred for the internal audit function for the financial year ended 31 October 2012 amounted to approximately RM16,753.

Other Risk And Control Processes

Apart from risk management and internal audit, the Board has initiated the following processes to provide assurance to the Board on the proper conduct of the Group's business operations:

- A process of hierarchical reporting has been established to ensure appropriate segregation of duties and to provide for proper documentation and an auditable trail of accountability.
- Quarterly Board and Audit Committee meetings are carried out to assess the overall performance and internal controls of the Group.
- The professionalism and competency of staff are being emphasized through continuous training and regular performance evaluation.
- Regular operation and management meetings were held to discuss the financial and operational matters to ensure proper control in all facets.
- The Group uses the SAP system in its operations and financial reporting. The control features embedded in the system enhance the control environment of the Group.

Weaknesses In Internal Controls That Result In Material Losses

All in all, the Board remains committed and resilient towards establishing a robust system of internal control and is of the opinion that there were no material losses incurred during the year resulting from weaknesses in internal control. Management continues to take measures to strengthen the control environment.

This statement is issued in accordance with the resolution of the Directors dated 27 March 2013.

Conclusion

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditor has reviewed this statement for inclusion in the Annual Report of the Group for the year ended 31 October 2012 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Directors' Report for the year ended 31 October 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 October 2012.

Principal activities

The Company is an investment holding company, whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit/(Loss) for the year attributable to:		
Owners of the Company	291,691	(116,998)
Non-controlling interests	78,661	-
	370,352	(116,998)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

Dividend

No dividend was paid since the end of the previous financial year and the Directors do not recommend any final dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Wong Kem Woh	-	Chairman & Chief Executive Officer
Wong Kem Chew	-	Executive Director
Chang Joo Huat	-	Executive Director
Wong Kam Hooi		
Lim Gin Chuan		
Dato' Haji Man Bin Mat		
Tang Yin Kham		

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouse and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM0.50 each			
	At 1.11.2011	Bought	(Sold)	At 31.10.2012
Dato' Wong Kem Woh				
Interests in the Company:				
- own	1,202,992	-	-	1,202,992
Deemed interests in the Company:				
- own	38,734,998	590,000	-	39,324,998
- others *	592,000	-	-	592,000

* Datin Choong Ewe May is the spouse of Dato' Wong Kem Woh. In accordance with section 134(12)(c) of the Companies Act, 1965, the interests of Datin Choong Ewe May in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Dato' Wong Kem Woh also.

	Number of ordinary shares of RM0.50 each			
	At 1.11.2011	Bought	(Sold)	At 31.10.2012
Wong Kem Chew				
Interests in the Company:				
- own	1,064,666	-	-	1,064,666
Deemed interests in the Company:				
- own	38,734,998	590,000	-	39,324,998
- others **	1,026,500	-	-	1,026,500

** Madam Tan Guek Huwa is the spouse of Mr. Wong Kem Chew. In accordance with section 134(12)(c) of the Companies Act, 1965, the interests of Madam Tan Guek Huwa in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Mr. Wong Kem Chew also.

	Number of ordinary shares of RM0.50 each			
	At 1.11.2011	Bought	(Sold)	At 31.10.2012
Wong Kam Hooi				
Interests in the Company:				
- own	1,158,664	-	-	1,158,664
Deemed interests in the Company:				
- own	38,734,998	590,000	-	39,324,998
- others ***	636,900	50,000	-	686,900

*** Madam Tan Hong Yok and Mr. Wong Seik Pin are the spouse and son of Mr. Wong Kam Hooi respectively. In accordance with section 134(12)(c) of the Companies Act, 1965, the interests of Madam Tan Hong Yok and Mr. Wong Seik Pin in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interest of Mr. Wong Kam Hooi also.

Directors' interests in shares (cont'd)

	Number of ordinary shares of RM0.50 each			
	At 1.11.2011	Bought	(Sold)	At 31.10.2012
Chang Joo Huat				
Interests in the Company:				
- own	60,000	-	-	60,000

	Number of ordinary shares of RM1.00 each			
	At 1.11.2011	Bought	(Sold)	At 31.10.2012
Deemed interests in a subsidiary:				
Wong Exerion Precision Technology Sdn. Bhd.				
- Dato' Wong Kem Woh	510,000	490,000	-	1,000,000
- Wong Kem Chew	510,000	490,000	-	1,000,000
- Wong Kam Hooi	510,000	490,000	-	1,000,000

None of the other Directors holding office at 31 October 2012 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than professional fees payable to firms in which certain Directors have substantial financial interests.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Shares buy-back

At the Annual General Meeting held on 19 April 2012, the shareholders had approved a resolution for the Company to purchase its own shares.

During the financial year, the Company re-purchased 50,000 of its ordinary shares of RM0.50 each. The relevant details of the shares buy-back are disclosed in Note 9 to the financial statements.

Other statutory information

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 October 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

The details of such event are disclosed in Note 25 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Dato' Wong Kem Woh

Wong Kem Chew

Penang,
Date: 30 January 2013

Consolidated Statement of Financial Position
as at 31 October 2012

	Note	31.10.2012 RM	31.10.2011 RM
Assets			
Property, plant and equipment	3	48,453,877	44,919,510
Total non-current assets		48,453,877	44,919,510
Inventories	5	10,724,605	9,590,567
Trade and other receivables	6	6,103,996	5,722,949
Current tax assets		453,473	390,329
Cash and cash equivalents	7	8,516,678	9,742,800
Total current assets		25,798,752	25,446,645
Total assets		74,252,629	70,366,155
Equity			
Share capital	8	45,844,000	45,844,000
Reserves	9	17,651,770	17,071,148
Total equity attributable to owners of the Company		63,495,770	62,915,148
Non-controlling interests		-	963,365
Total equity		63,495,770	63,878,513
Liabilities			
Loans and borrowings	10	3,015,448	479,021
Deferred tax liabilities	11	97,719	87,110
Total non-current liabilities		3,113,167	566,131
Loans and borrowings	10	2,403,217	742,214
Trade and other payables	12	5,240,475	5,179,297
Total current liabilities		7,643,692	5,921,511
Total liabilities		10,756,859	6,487,642
Total equity and liabilities		74,252,629	70,366,155

The notes on pages 49 to 90 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 October 2012

	Note	2012 RM	2011 RM
Continuing operations			
Revenue	13	33,146,933	37,681,722
Cost of sales		(26,884,972)	(31,570,564)
Gross profit		6,261,961	6,111,158
Administrative expenses		(6,187,037)	(6,668,212)
Other expenses		(54,991)	(251,402)
Other income		669,387	1,238,682
Operating profit	14	689,320	430,226
Finance costs	16	(274,815)	(91,946)
Profit before tax		414,505	338,280
Income tax expense	17	(44,153)	(133,615)
Profit for the year		370,352	204,665
Profit for the year representing total comprehensive income for the year attributable to:			
Owners of the Company		291,691	140,607
Non-controlling interests		78,661	64,058
		370,352	204,665
Basic earnings per ordinary share (sen)	18	0.32	0.16

The notes on pages 49 to 90 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 October 2012

		Attributable to the shareholders of the Company						
		Non-distributable			Distributable			
	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
At 1 November 2010		45,844,000	11,568,727	(888,963)	6,257,994	62,781,758	899,307	63,681,065
Profit for the year representing total comprehensive income for the year		-	-	-	140,607	140,607	64,058	204,665
Treasury shares acquired representing total transactions with owners of the Company	9	-	-	(7,217)	-	(7,217)	-	(7,217)
At 31 October 2011/ 1 November 2011		45,844,000	11,568,727	(896,180)	6,398,601	62,915,148	963,365	63,878,513
Profit for the year representing total comprehensive income for the year		-	-	-	291,691	291,691	78,661	370,352
Treasury shares acquired	9	-	-	(13,095)	-	(13,095)	-	(13,095)
Changes in ownership interests in a subsidiary		-	-	-	302,026	302,026	(1,042,026)	(740,000)
Total transactions with owners of the Company		-	-	(13,095)	302,026	288,931	(1,042,026)	(753,095)
At 31 October 2012		45,844,000	11,568,727	(909,275)	6,992,318	63,495,770	-	63,495,770

The notes on pages 49 to 90 are an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 October 2012

	Note	2012 RM	2011 RM
Cash flows from operating activities			
Profit before tax from continuing operations		414,505	338,280
Adjustments for:			
Depreciation of property, plant and equipment	3	4,268,774	4,223,015
Plant and equipment written off		-	1,350
Interest expense		274,815	91,946
Interest income		(177,426)	(140,851)
Gain on disposal of plant and equipment		(287,900)	(949,372)
Operating profit before changes in working capital		4,492,768	3,564,368
Change in inventories		(1,134,038)	1,843,769
Change in trade and other receivables		(381,047)	5,648,377
Change in trade and other payables		61,178	(3,276,882)
Cash generated from operations		3,038,861	7,779,632
Income tax paid		(96,688)	(261,466)
Net cash from operating activities		2,942,173	7,518,166

The notes on pages 49 to 90 are an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 October 2012 (cont'd)

	Note	2012 RM	2011 RM
Cash flows from investing activities			
Acquisition of plant and equipment	A	(1,740,659)	(1,711,083)
Proceeds from disposal of plant and equipment		287,900	1,743,276
Interest received		177,426	140,851
Purchase of investment in a subsidiary from non-controlling interest		(740,000)	-
Net cash (used in)/from investing activities		(2,015,333)	173,044
Cash flows from financing activities			
Repayment of term loan		-	(112,310)
Repayment of finance lease liabilities		(1,865,052)	(639,219)
Repurchase of treasury shares	9	(13,095)	(7,217)
Interest paid		(274,815)	(91,946)
Net cash used in financing activities		(2,152,962)	(850,692)
Net (decrease)/increase in cash and cash equivalents		(1,226,122)	6,840,518
Cash and cash equivalents at 1 November	7	9,742,800	2,902,282
Cash and cash equivalents at 31 October	B	8,516,678	9,742,800

Notes

A. *Acquisition of plant and equipment*

During the financial year, the Group acquired plant and equipment with an aggregate cost of RM7,803,141 (2011 : RM2,904,083) of which RM1,740,659 (2011 : RM1,711,083) was paid by cash. The balance of RM6,062,482 (2011 : RM1,193,000) was acquired by means of finance lease.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated statement of cash flows comprise the consolidated statement of financial position amounts as shown in Note 7 to the financial statements.

The notes on pages 49 to 90 are an integral part of these financial statements.

Statement of Financial Position
as at 31 October 2012

	Note	2012 RM	2011 RM
Assets			
Investment in subsidiaries	4	22,702,447	22,702,447
Total non-current asset		22,702,447	22,702,447
Trade and other receivables	6	37,973,440	38,097,783
Current tax assets		64,247	64,247
Cash and cash equivalents	7	25,368	38,578
Total current assets		38,063,055	38,200,608
Total assets		60,765,502	60,903,055
Equity			
Share capital	8	45,844,000	45,844,000
Reserves	9	14,733,591	14,863,684
Total equity		60,577,591	60,707,684
Liabilities			
Trade and other payables	12	187,911	195,371
Total current liabilities		187,911	195,371
Total equity and liabilities		60,765,502	60,903,055

The notes on pages 49 to 90 are an integral part of these financial statements.

Statement of Comprehensive Income
for the year ended 31 October 2012

	Note	2012 RM	2011 RM
Continuing operations			
Revenue	13	168,800	152,000
Administrative expenses		(285,798)	(287,371)
Other income		-	2,726
Operating loss	14	(116,998)	(132,645)
Income tax expense	17	-	-
Loss for the year representing total comprehensive expense attributable to owners of the Company		(116,998)	(132,645)

The notes on pages 49 to 90 are an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 October 2012

	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM
		Attributable to the owners of the Company				
		Non-distributable			Distributable	
At 1 November 2010		45,844,000	11,568,727	(888,963)	4,323,782	60,847,546
Loss for the year representing total comprehensive expense for the year		-	-	-	(132,645)	(132,645)
Treasury shares acquired representing total transactions with owners of the Company	9	-	-	(7,217)	-	(7,217)
At 31 October 2011/1 November 2011		45,844,000	11,568,727	(896,180)	4,191,137	60,707,684
Loss for the year representing total comprehensive expense for the year		-	-	-	(116,998)	(116,998)
Treasury shares acquired representing total transactions with owners of the Company	9	-	-	(13,095)	-	(13,095)
At 31 October 2012		45,844,000	11,568,727	(909,275)	4,074,139	60,577,591

The notes on pages 49 to 90 are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 October 2012

	Note	2012 RM	2011 RM
Cash flows from operating activities			
Operating loss from continuing operation		(116,998)	(132,645)
Change in trade and other receivables		124,343	160,437
Change in trade and other payables		(7,460)	6,357
Net cash (used in)/from operating activities		(115)	34,149
Cash flows from financing activities			
Repurchase of treasury shares	9	(13,095)	(7,217)
Net cash used in financing activities		(13,095)	(7,217)
Net (decrease)/ increase in cash and cash equivalents		(13,210)	26,932
Cash and cash equivalents at 1 November		38,578	11,646
Cash and cash equivalents at 31 October	7	25,368	38,578

Note

Cash and cash equivalents included in the statement of cash flows comprise the statement of financial position amounts as shown in Note 7 to the financial statements.

The notes on pages 49 to 90 are an integral part of these financial statements.

Notes to the Financial Statements

Wong Engineering Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot 24, Jalan Hi-Tech 4
Kulim Hi-Tech Park (Phase 1)
09000 Kulim
Kedah Darul Aman

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 October 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 October 2012 do not include other entities.

The Company is principally engaged in investment holding activities while the other Group entities are principally engaged in manufacture of high precision metal stamped parts, sheet metals and turned metal components, trading, marketing and retailing of industrial and consumer products and design, manufacture and supply of complex welded frame structures, related modules and systems.

These financial statements were authorised for issue by the Board of Directors on 30 January 2013.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets
- Amendments to FRS 112, Income Taxes - Deferred Tax: Recovery of Underlying Assets

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7, Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Government Loans
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 101, Presentation of Financial Statement (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, Financial Instruments (2009)
- FRS 9, Financial Instruments (2010)
- Amendments to FRS 7, Financial Instruments : Disclosures - Mandatory Date of FRS 9 and Transition Disclosures

The Group's and the Company's financial statements for annual period beginning on 1 November 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1. **Basis of preparation** (cont'd)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. **Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations (cont'd)

Acquisitions on or after 1 November 2010

For acquisitions on or after 1 November 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 November 2006 and 1 November 2010

For acquisitions between 1 January 2006 and 1 November 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 November 2006

For acquisitions prior to 1 November 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transitions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

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

Non-monetary assets and liabilities denominated in foreign currencies are not translated at end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Significant accounting policies (cont'd)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(j)(i)).

2. **Significant accounting policies** (cont'd)

(c) **Financial instruments** (cont'd)

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land is stated at valuation. All other property, plant and equipment are measured at cost/valuation less accumulated depreciation and impairment losses.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain freehold land and buildings were revalued in November 1996 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. Significant accounting policies (cont'd)

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

(i) Recognition and measurement (cont'd)

The gains and losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and capitalised expenditure-in progress are not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment at the following principal annual rates:

	%
Buildings	2
Leasehold land	2
Plant and machinery	10
Furniture, fittings and office equipment	6.67 - 50
Motor vehicles	16

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

2. Significant accounting policies (cont'd)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for the property interest held under operating lease, the leased assets are not recognised in the statement of financial position.

Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Lease incentives received are recognised in profit or loss as an integral part or the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

2. Significant accounting policies (cont'd)

(f) Intangible assets (cont'd)

Research and development (cont'd)

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and accumulated impairment losses, if any. The capitalised development expenditure is amortised over 2 to 5 years.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of working-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(i) Financial assets (cont'd)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets except for inventories is reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. Significant accounting policies (cont'd)

(j) Equity instruments

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

(i) Issue expenses

Cost directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contribution to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. Significant accounting policies (cont'd)

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue recognition

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the right to receive payment is established.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

2. Significant accounting policies (cont'd)

(m) Revenue recognition (cont'd)

(v) Management fee income

Management fee income is recognised as it accrues, when the right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Borrowing costs

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

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

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

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

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (cont'd)

(o) Income tax (cont'd)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(p) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares (adjusted as above), for the effects of all dilutive potential ordinary shares, which comprise unexercised warrants and share options granted to employees, if any.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment – Group

	At valuation			At cost						
	Freehold land RM	Leasehold land RM	Buildings RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Valuation/Cost										
At 1 November 2010	1,315,000	5,070,000	3,185,000	192,364	31,468,409	59,200,809	10,037,662	2,424,018	58,320	112,951,582
Additions	-	-	-	-	-	679,400	1,267,835	672,848	284,000	2,904,083
Disposals	-	-	-	-	-	-	-	(551,583)	-	(551,583)
Written off	-	-	-	-	-	(11,557,751)	(7,373)	-	-	(11,565,124)
At 31 October 2011/ 1 November 2011	1,315,000	5,070,000	3,185,000	192,364	31,468,409	48,322,458	11,298,124	2,545,283	342,320	103,738,958
Additions	-	-	-	-	41,650	5,889,559	1,206,394	41,683	623,855	7,803,141
Disposals	-	-	-	-	-	(1,230,478)	-	(101,989)	-	(1,332,467)
At 31 October 2012	1,315,000	5,070,000	3,185,000	192,364	31,510,059	52,981,539	12,504,518	2,484,977	966,175	110,209,632

3. Property, plant and equipment – Group (cont'd)

	At valuation			At cost						
	Freehold land RM	Leasehold land RM	Buildings RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Accumulated depreciation and accumulated impairment losses										
At 1 November 2010:										
- Accumulated depreciation	-	1,175,930	889,982	37,677	7,946,961	48,309,814	6,061,390	1,938,250	-	66,360,004
- Accumulated impairment loss	-	-	-	-	-	351,786	-	-	-	351,786
	-	1,175,930	889,982	37,677	7,946,961	48,661,600	6,061,390	1,938,250	-	66,711,790
Depreciation for the year	-	84,500	63,700	3,206	744,629	2,290,389	784,637	251,954	-	4,223,015
Disposals	-	-	-	-	-	-	-	(551,583)	-	(551,583)
Written off	-	-	-	-	-	(11,557,751)	(6,023)	-	-	(11,563,774)
At 31 October 2011/ 1 November 2011:										
- Accumulated depreciation	-	1,260,430	953,682	40,883	8,691,590	39,042,452	6,840,004	1,638,621	-	58,467,662
- Accumulated impairment loss	-	-	-	-	-	351,786	-	-	-	351,786
	-	1,260,430	953,682	40,883	8,691,590	39,394,238	6,840,004	1,638,621	-	58,819,448
Depreciation for the year	-	84,500	63,700	3,206	688,911	2,429,189	743,838	255,430	-	4,268,774
Disposals	-	-	-	-	-	(1,230,478)	-	(101,989)	-	(1,332,467)
At 31 October 2012:										
- Accumulated depreciation	-	1,344,930	1,017,382	44,089	9,380,501	40,241,163	7,583,842	1,792,062	-	61,403,969
- Accumulated impairment loss	-	-	-	-	-	351,786	-	-	-	351,786
	-	1,344,930	1,017,382	44,089	9,380,501	40,592,949	7,583,842	1,792,062	-	61,755,755
Carrying amounts										
At 1 November 2010	1,315,000	3,894,070	2,295,018	154,687	23,521,448	10,539,209	3,976,272	485,768	58,320	46,239,792
At 31 October 2011/ 1 November 2011	1,315,000	3,809,570	2,231,318	151,481	22,776,819	8,928,220	4,458,120	906,662	342,320	44,919,510
At 31 October 2012	1,315,000	3,725,070	2,167,618	148,275	22,129,558	12,388,590	4,920,676	692,915	966,175	48,453,877

3. Property, plant and equipment - Group (cont'd)

3.1 Assets under finance lease

Included in the carrying amount of plant and machinery and motor vehicle are assets acquired under finance lease amounting to RM5,942,248 (2011: RM1,919,359).

3.2 Security

Property, plant and equipment of certain subsidiaries with a carrying amount of RM3,514,842 (2011: RM3,579,543) were charged to banks for bank facilities granted to the subsidiaries.

3.3 Revaluation

The revalued freehold land, leasehold land and buildings are shown at Directors' valuation based on a valuation exercise carried out in November 1996 by an independent firm of valuers based on an open market value basis as approved by the Securities Commission.

Subsequent additions are shown at cost while disposals are at valuation or at cost as appropriate.

Had the properties been carried at historical cost less accumulated depreciation, the carrying amount of the revalued properties that would have been included in the financial statements at the end of the financial year would be as follows:

	Cost RM	Accumulated depreciation RM	Carrying amounts RM
2012			
Freehold land	474,030	-	474,030
Buildings	2,567,598	821,632	1,745,966
Leasehold land	2,598,221	866,074	1,732,147
	5,639,849	1,687,706	3,952,143
2011			
Freehold land	474,030	-	474,030
Buildings	2,567,598	770,280	1,797,318
Leasehold land	2,598,221	814,103	1,784,118
	5,639,849	1,584,383	4,055,466

4. Investment in subsidiaries - Company

	2012 RM	2011 RM
Unquoted shares, at cost	28,130,743	28,130,743
Less: Accumulated impairment losses	(5,428,296)	(5,428,296)
	22,702,447	22,702,447

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective ownership interest 2012 %	Effective ownership interest 2011 %
Wong Engineering Industries Sdn. Bhd.	Manufacture of high precision metal stamped parts and sheet metals	100	100
Wong Engineering Electronics Sdn. Bhd.	Manufacture of high precision turned metal components	100	100
WEC Marketing Sdn. Bhd.	Trading, marketing and retailing of industrial and consumer products	100	100
Wong Engineering Metals (M) Sdn. Bhd.	Dormant	100	100
Subsidiary of Wong Engineering Industries Sdn. Bhd.			
Wong Exerion Precision Technology Sdn. Bhd.	Design, manufacture and supply of complex welded frame structures, related modules and systems	100	51

All the subsidiaries are incorporated in Malaysia.

5. Inventories - Group

	2012 RM	2011 RM
At cost:		
Raw materials	4,404,590	4,080,455
Work-in-progress	3,088,164	2,388,692
Manufactured inventories	2,807,079	2,702,060
	10,299,833	9,171,207
At net realisable value:		
Manufactured inventories	424,772	419,360
	10,724,605	9,590,567

6. Trade and other receivables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade				
Trade receivables	5,863,565	5,410,297	-	-
Non-trade				
Amount due from subsidiaries	-	-	37,972,440	38,093,450
Other receivables	98,772	212,524	-	-
Deposits	42,452	43,002	1,000	1,000
Prepayments	99,207	57,126	-	3,333
	240,431	312,652	37,973,440	38,097,783
	6,103,996	5,722,949	37,973,440	38,097,783

6.1 Amount due from subsidiaries

The non-trade amount due from subsidiaries are unsecured, interest-free and repayable on demand.

7. Cash and cash equivalents

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Short term deposits placed with licensed banks	6,100,000	7,350,000	-	-
Cash and bank balances	2,416,678	2,392,800	25,368	38,578
	8,516,678	9,742,800	25,368	38,578

8. Share capital

	Group and Company			
	Amount 2012 RM'000	Number of shares 2012 '000	Amount 2011 RM'000	Number of shares 2011 '000
Ordinary shares of RM0.50 each				
Authorised:	100,000	200,000	100,000	200,000
Issued and fully paid classified as equity instruments:	45,844	91,688	45,844	91,688

9. Reserves

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-distributable:					
Share premium		11,568,727	11,568,727	11,568,727	11,568,727
Treasury shares	9.1	(909,275)	(896,180)	(909,275)	(896,180)
Distributable:					
Retained earnings		6,992,318	6,398,601	4,074,139	4,191,137
		17,651,770	17,071,148	14,733,591	14,863,684

The movements of the above reserves are disclosed in the statement of changes in equity.

9.1 Treasury shares

During the financial year, the Company re-purchased 50,000 of its issued share capital from the open market at an average price of RM0.26 per share. The total consideration paid was RM13,095. The re-purchased transactions were financed by internally generated funds. The shares re-purchased were retained as treasury shares.

9. Reserves (cont'd)

9.1 Treasury shares (cont'd)

	Group and Company			
	Amount 2012 RM	Number of shares 2012	Amount 2011 RM	Number of shares 2011
Balance at 1 November	896,180	1,885,000	888,963	1,853,000
Shares re-purchased	13,095	50,000	7,217	32,000
Balance at 31 October	909,275	1,935,000	896,180	1,885,000

As at 31 October 2012, the number of outstanding ordinary shares issued and fully paid are therefore 89,753,000 ordinary shares of RM0.50 each after offsetting the treasury shares of 1,935,000 against 91,688,000 issued and fully paid ordinary shares.

10. Loans and borrowings – Group

	2012 RM	2011 RM
Non-current:		
Finance lease liabilities	3,015,448	479,021
Current:		
Finance lease liabilities	2,403,217	742,214

10.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2012			2011		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than 1 year	2,684,333	281,116	2,403,217	798,714	56,500	742,214
Between 1 and 5 years	3,163,047	147,599	3,015,448	497,061	18,040	479,021
	5,847,380	428,715	5,418,665	1,295,775	74,540	1,221,235

11. Deferred tax liabilities - Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities after appropriate off setting are attributable to the following:

	2012 RM	2011 RM
Property, plant and equipment		
- Excess of capital allowance	2,511,442	2,646,257
- Revaluation	798,572	798,572
- Unabsorbed capital allowance carry-forwards	(745,019)	(1,350,176)
- Unabsorbed reinvestment allowance carry-forwards	(2,447,569)	(1,935,821)
Other items	(19,707)	(71,722)
Net deferred tax liabilities recognised	97,719	87,110

Unrecognised deferred tax assets

No deferred tax assets have been recognised for the following items:

	2012 RM	2011 RM
Property, plant and equipment		
- Deductible temporary difference	63,000	34,000
- Excess of capital allowances	(303,500)	(382,400)
- Unabsorbed business loss carry-forwards	448,600	321,000
- Unabsorbed reinvestment allowance carry-forwards	5,074,500	5,510,000
- Unabsorbed capital allowance carry-forwards	242,000	92,000
Other items	(98,800)	29,000
	5,425,800	5,603,600

The unutilised tax losses, unabsorbed capital allowance, unabsorbed reinvestment allowance and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

12. Trade and other payables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade				
Trade payables	3,369,871	3,324,990	-	-
Non-trade				
Other payables	840,565	767,358	5,068	7,896
Accruals	1,030,039	1,086,949	182,843	187,475
	1,870,604	1,854,307	187,911	195,371
	5,240,475	5,179,297	187,911	195,371

13. Revenue

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Sales of goods	33,146,933	37,681,722	-	-
Management fee from subsidiaries	-	-	168,800	152,000
	33,146,933	37,681,722	168,800	152,000

14. Operating profit/(loss)

Operating profit/(loss) is arrived at:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
After charging:				
Auditors' remuneration				
- Statutory audit				
- KPMG				
- current year	79,000	79,000	20,000	20,000
- prior year	-	18,496	-	3,504
- Others	6,000	6,000	-	-
Depreciation of property, plant and equipment (Note 3)	4,268,774	4,223,015	-	-

14. Operating profit/(loss) (cont'd)

Operating profit/(loss) is arrived:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
After charging:				
Plant and equipment written off	-	1,350	-	-
Directors' remuneration				
Directors of the Company				
- fees	261,000	145,000	165,000	145,000
- remuneration	849,237	920,829	3,800	7,000
Other Directors				
- remuneration	177,583	175,360	-	-
Rental of buildings	29,244	40,570	-	-
Professional fees paid to parties in which certain Directors have substantial financial interests	18,000	33,200	2,000	2,000
Loss on foreign exchange				
- realised	-	206,121	-	-
- unrealised	25,196	2,361	-	-
Inventories written down	9,152	-	-	-
Research and development expenses	2,387	30,958	-	-
and after crediting:				
Interest income	177,426	140,851	-	-
Gain on disposal of property, plant and equipment	287,900	949,372	-	-
Rental income on premises	47,880	58,880	-	-
Inventories written back	-	184,026	-	-
Reversal of allowance for inventories obsolescence	324,627	-	-	-
Reversal of impairment loss on trade receivables	8,838	-	-	-
Gain on foreign exchange				
- realised	115,610	-	-	-

15. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors:				
Fee	261,000	145,000	165,000	145,000
Remuneration	833,359	904,288	-	-
Other short term employees benefits (including estimated monetary value of benefits-in-kind)	15,878	16,541	3,800	7,000
Total short-term employee benefits	1,110,237	1,065,829	168,800	152,000
Other key management personnel:				
- short-term employee benefits (including estimated monetary value of benefits-in-kind)	177,583	175,360	-	-
	1,287,820	1,241,189	168,800	152,000

Other key management personnel comprises Directors of subsidiaries of the Group having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

16. Finance costs - Group

	2012 RM	2011 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:		
Bank overdrafts	1,167	975
Finance lease liabilities	273,648	89,622
Term loans	-	1,349
	274,815	91,946

17. Income tax expense

Recognised in profit or loss

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current tax expense				
- Current year	23,546	130,901	-	-
- Prior year	9,998	(13,152)	-	-
Total current tax recognised in profit or loss	33,544	117,749	-	-
Deferred tax expense				
- Origination/ (Reversal) of temporary differences	11,307	15,847	-	-
- Prior year	(698)	19	-	-
Total deferred tax recognised in profit or loss	10,609	15,866	-	-
Total tax expense	44,153	133,615	-	-

Reconciliation of effective tax expense

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Profit/(Loss) for the year	370,352	204,665	(116,998)	(132,645)
Total income tax expense	44,153	133,615	-	-
Profit/(Loss) excluding tax	414,505	338,280	(116,998)	(132,645)
Income tax calculated using Malaysian tax rate at 25%	103,626	84,570	(29,250)	(33,161)
Non-deductible expenses	185,296	239,453	22,461	25,051
Income not subject to tax	-	(224,843)	-	-
Deferred tax assets not recognised	(177,824)	97,741	6,789	8,110
Tax incentives	(76,245)	(52,784)	-	-
Others	-	2,611	-	-
	34,853	146,748	-	-
Under/ (over) provision in prior years	9,300	(13,133)	-	-
	44,153	133,615	-	-

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 October 2012 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

18. Earnings per share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 October 2012 was based on the profit attributable to ordinary shareholders of RM291,691 (2011 : RM140,607) and a weighted average number of ordinary shares outstanding, excluding treasury shares held by the Company, calculated as follows:

	2012 RM	2011 RM
Issued ordinary shares at beginning of year	89,803,000	89,835,000
Effect of share buy back	(50,000)	(32,000)
Weighted average number of ordinary shares	89,753,000	89,803,000

19. Employee information

	Group	
	2012 RM	2011 RM
Personnel expenses (including key management personnel)		
- wages, salaries and others	8,087,259	9,083,979
- contribution to Employees' Provident Fund	658,317	632,148
Charged to profit or loss	8,745,576	9,716,127

20. Operating segment

The Group has one operating segment comprises mainly including the manufacturing and sale of high precision metal stamped parts and high precision turned metal components. Accordingly, information by operating segment on the Group's operations as required by FRS 8 is not presented.

The Group's manufacturing activities are performed in Malaysia while sales and distribution activities are mainly performed at three principal geographical areas namely Asia, North and South America and Europe.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

20. Operating segment (cont'd)

	Asia Malaysia RM	Asia Outside Malaysia RM	Europe RM	North & South America RM	Others RM	Consolidated total RM
2012						
Revenue from external customers	18,437,544	10,622,833	806,671	2,365,038	914,847	33,146,933
Non-current assets	48,453,877	-	-	-	-	48,453,877
2011						
Revenue from external customers	22,511,080	11,995,114	1,893,535	519,728	762,265	37,681,722
Non-current assets	44,919,510	-	-	-	-	44,919,510

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	2012 RM	2011 RM
- Customer A	6,401,719	5,834,449
- Customer B	5,139,578	6,379,442
- Customer C	3,914,242	3,729,515
- Customer D	3,350,365	*
- Customer E	*	3,829,225

* The revenue for these customers does not equal or more than 10% of the Group's total revenue.

21. Financial instruments

21.1 Categories of financial instruments

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

(a) Loans and receivables (L&R); and
(b) Financial liabilities measured at amortised cost (FL).

2012	Carrying amount RM	L&R RM
Financial assets		
Group		
Trade and other receivables (exclude prepayments and deposits)	5,962,337	5,962,337
Cash and cash equivalents	8,516,678	8,516,678
	14,479,015	14,479,015
Company		
Trade and other receivables (exclude prepayments and deposits)	37,972,440	37,972,440
Cash and cash equivalents	25,368	25,368
	37,997,808	37,997,808

	Carrying amount RM	FL RM
Financial liabilities		
Group		
Loans and borrowings	5,418,665	5,418,665
Trade and other payables	5,240,475	5,240,475
	10,659,140	10,659,140
Company		
Trade and other payables	187,911	187,911

21. Financial instruments (cont'd)

21.1 Categories of financial instruments (cont'd)

2011	Carrying amount RM	L&R RM
Financial assets		
Group		
Trade and other receivables (exclude prepayments and deposits)	5,622,821	5,622,821
Cash and cash equivalents	9,742,800	9,742,800
	15,365,621	15,365,621
Company		
Trade and other receivables (exclude prepayments and deposits)	38,093,450	38,093,450
Cash and cash equivalents	38,578	38,578
	38,132,028	38,132,028

	Carrying amount RM	FL RM
Financial liabilities		
Group		
Loans and borrowings	1,221,235	1,221,235
Trade and other payables	5,179,297	5,179,297
	6,400,532	6,400,532
Company		
Trade and other payables	195,371	195,371

21.2 Net gains and losses arising from financial instruments

	2012 RM	2011 RM
Group		
Net gains/(losses) on:		
Loans and receivables	186,264	140,851
Financial liabilities measured at amortised cost	(274,815)	(91,946)

21. Financial instruments (cont'd)

21.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

21.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy and procedure in place for analysing the financial standing of its customers and approving credit limit granted to each customer. Trade receivables are monitored on an ongoing basis via management reporting procedures and reviewed on a monthly basis by the management.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2012 RM	2011 RM
Domestic	4,195,418	3,318,573
Asia	1,489,271	1,858,482
Others	178,876	233,242
	5,863,565	5,410,297

21. Financial instruments (cont'd)

21.4 Credit risk (cont'd)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables.

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross	Individual impairment	Net
2012	**RM**	**RM**	**RM**
Not past due	5,018,366	-	5,018,366
Past due 0 - 30 days	743,877	-	743,877
Past due 31 - 60 days	13,065	-	13,065
Past due 61 - 90 days	62,388	-	62,388
Past due more than 90 days	25,869	-	25,869
	5,863,565	-	5,863,565
2011			
Not past due	4,161,946	-	4,161,946
Past due 0 - 30 days	1,210,852	-	1,210,852
Past due 31 - 60 days	21,988	-	21,988
Past due 61 - 90 days	14,573	-	14,573
Past due more than 90 days	9,776	(8,838)	938
	5,419,135	(8,838)	5,410,297

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group	
	2012	**2011**
	RM	**RM**
At 1 November	8,838	8,838
Impairment loss reversed	(8,838)	-
At 31 October	-	8,838

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any receivables as of the end of the reporting period.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

21. Financial instruments (cont'd)

21.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM5,419,000 (2011: RM1,221,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries reqularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are repayable on demand.

21.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

21. Financial instruments (cont'd)

21.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Group 2012						
Non-derivative financial liabilities						
Trade and other payables	5,240,475	-	5,240,475	5,240,475	-	-
Finance lease liabilities	5,418,665	2.55% - 3.75%	5,847,380	2,684,333	2,297,566	865,481
	10,659,140		11,087,855	7,924,808	2,297,566	865,481
Company 2012						
Non-derivative financial liabilities						
Trade and other payables	187,911		187,911	187,911	-	-
Group 2011						
Non-derivative financial liabilities						
Trade and other payables	5,179,297	-	5,179,297	5,179,297	-	-
Finance lease liabilities	1,221,235	3.50% - 3.75%	1,295,775	798,714	434,549	62,512
	6,400,532		6,475,072	5,978,011	434,549	62,512
Company 2011						
Non-derivative financial liabilities						
Trade and other payables	195,371	-	195,371	195,371	-	-

21. Financial instruments (cont'd)

21.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial position or cash flows.

21.5.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchase that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily the U.S. Dollar (USD), European Dollar (EURO) and Singapore Dollar (SGD).

Risk management objective, policies and processes for managing the risk

Management has a foreign exchange policy and procedures in managing foreign exchange exposure for the Group with a set limit in respect of the sanctioned overnight limit and overall transactional exposure are kept to an acceptable limit.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD	EUR	SGD
2012	**RM**	**RM**	**RM**
Trade receivables	2,462,425	-	-
Trade payables	(288,469)	(53,919)	(1,827)
Net exposure	2,173,956	(53,919)	(1,827)
2011			
Trade receivables	2,672,662	-	-
Trade payables	(453,259)	(20,676)	(6,658)
Net exposure	2,219,403	(20,676)	(6,658)

Foreign currency risk arises from Group entities which have a RM functional currency.

21. Financial instruments (cont'd)

21.5 Market risk (cont'd)

21.5.1 Currency risk (cont'd)

A 5% strengthening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or (loss) RM
Group	
2012	
USD	(81,523)
EUR	2,022
SGD	68
2011	
USD	(83,228)
EUR	775
SGD	250

A 5% weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

21.5.2 Interest rate risk

The Group's fixed rate borrowings and short term deposits placed with licensed banks are exposed to a risk of change in their fair value due to change in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-earning financial assets are mainly short term in nature and are placed in repo.

21. Financial instruments (cont'd)

21.5 Market risk (cont'd)

21.5.2 Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-earning/interest bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2012	**2011**
	RM	**RM**
Fixed rate instruments		
Financial assets	6,100,000	7,350,000
Financial liabilities	(5,418,665)	(1,221,235)
	681,335	6,128,765

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

21.6 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The Directors believe that there is no significant difference between the fair value and the carrying amount of the financial lease liabilities.

The different level of fair value hierarchy for financial instruments carried at fair value are not material, hence the analysis is not material.

22. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidate shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

23. Capital commitment

	Group	
	2012 RM	2011 RM
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	425,000	3,213,000

24. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with the followings parties:

i) Subsidiaries of the Company as disclosed in Note 4 to the financial statements.

ii) Exerion Precision Technology Ulft B.V ("EPT") a former 49% shareholder of a subsidiary, Wong Exerion Precision Technology Sdn. Bhd.

iii) Wong Liu Tax Services (Butterworth) Sdn. Bhd. is a company in which Ms Tang Yin Kham has substantial financial interest.

iv) Syarikat Ng & Anuar is a firm in which Mr Lim Gin Chuan is a member.

v) Key management personnel are defined in above.

24. Related parties (cont'd)

Identity of related parties (cont'd)

24.1 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

i) Transactions with parties in which certain Directors have substantial financial interests or member of a firm:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Tax fee payable to Wong Liu Tax Services (Butterworth) Sdn. Bhd.	18,000	33,200	2,000	2,000

ii) Transactions with key management personnel

There were no transactions with management personnel other than as disclosed in Note 15 to the financial statements.

iii) The Group's transactions with EPT are as follows:

	2012 RM'000	2011 RM'000
Sales	-	1,608
Purchases	-	5

25. Significant event during the year

In September 2012, the Company's wholly-owned subsidiary, Wong Engineering Industries Sdn. Bhd. acquired an additional 49% interest in Wong Exerion Precision Technology Sdn. Bhd. for RM740,000 in cash thus, increasing its equity ownership from 51% to 100%. The carrying amount of Wong Exerion Precision Technology Sdn. Bhd.'s net assets in the Company's financial statements on the date of acquisition was RM1,042,026. The Company recognised a decrease in non-controlling interests of RM1,042,026 and an increase in retained earnings of RM302,026.

26. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 October, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2012	
	Group RM	**Company RM**
Total retained earnings of the Company and its subsidiaries:		
- realised	6,960,993	4,074,139
- unrealised	31,325	-
	6,992,318	4,074,139
Less: Consolidation adjustments	-	-
Total retained earnings	6,992,318	4,074,139

	2011	
	Group RM	**Company RM**
Total retained earnings of the Company and its subsidiaries:		
- realised	6,452,691	4,191,137
- unrealised	(54,090)	-
	6,398,601	4,191,137
Less: Consolidation adjustments	-	-
Total retained earnings	6,398,601	4,191,137

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised profits or Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 40 to 90 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 October 2012 and of their financial performance and cash flows for the financial year ended on that date.

In the opinion of the Directors, the information set out in Note 26 on page 90 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Dato' Wong Kem Woh

Wong Kem Chew

Penang,
Date: 30 January 2013

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Dato' Wong Kem Woh**, the Director primarily responsible for the financial management of Wong Engineering Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 90 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 30 January 2013.

Dato' Wong Kem Woh

Before me:

Goh Suan Bee (P125)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang

Independent Auditors' Report
to the members of Wong Engineering Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of Wong Engineering Corporation Berhad, which comprise the statements of financial position as at 31 October 2012 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 90.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 October 2012 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report

to the members of Wong Engineering Corporation Berhad (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 26 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of
Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/13 (J)
Chartered Accountant

Date: 30 January 2013
Penang

List of Group Properties

Location	Description	Land Area / Built-up Area	Tenure	Age of Building	Net Book Value RM'000	Date of Acquisition
H.S. (D) 3237 4766, Lorong Permatang Pauh, Off Jalan Permatang Pauh, 13400 Butterworth	Double Storey Semi-Detached Light Industrial (Factory)	4,523 sq.ft. / 5,949 sq. ft.	Freehold	34 years	455	13-11-96
H.S. (D) 1705 & 3238 4767, Lorong Permatang Pauh, Off Jalan Permatang Pauh, 13400 Butterworth	Four Storey Light Industrial (Office and Factory)	12,966 sq. ft. / 47,303 sq. ft.	Freehold	21 years	3,060	13-11-96
Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1), 09000 Kulim, Kedah Darul Aman.	Seven Units Of Industrial Factories And One Unit Of Office Block	7.759 acres / 245,483 sq. ft.	60 years lease expiring on 17.3.2056	14 years	25,290	Land: 05-12-96 Building: 14-01-99
1759-1769 Taman Mutiara 6 09700 Karangan Kulim, Kedah Darul Aman	11 Units Single Storey Terrace House	17,842 sq.ft	Freehold	9 years	560	19-12-01
4-12A Blk 8, 3-01 & 3-02 Blk 9, R/Pangsa Taman Bagan Jalan Bagan 13400 Butterworth	3 Units Flat	1,560 sq.ft	Freehold	21 years	83	13-11-96

Shareholdings Statistics as at 28 February 2013

AUTHORISED SHARE CAPITAL	:	RM100,000,000/= divided into 200,000,000 Ordinary Shares of RM0.50 each
ISSUED AND FULLY PAID-UP CAPITAL	:	RM45,844,000/= divided into 91,688,000 Ordinary Shares of RM0.50 each (including 1,935,000 treasury shares)
CLASS OF SHARE	:	Ordinary Shares of RM0.50 each
NO. OF SHAREHOLDER	:	2,059
VOTING RIGHT	:	One Vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	Total Holdings	% of Total Holdings
Less than 100	5	172	0.000
100 - 1,000	63	49,978	0.055
1,001 - 10,000	1,372	6,414,850	6.996
10,001 - 100,000	539	15,865,880	17.304
100,001 to less than 5% of issued shares	79	30,032,122	32.755
5% and above of issued shares	1	39,324,998	42.890
Total	2,059	91,688,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Name	No of shares Direct	% of Issued Capital	No of shares Deemed*	% of Issued Capital
1.	Dato' Wong Kem Woh	1,202,992	1.34	39,324,998	43.82
2.	Wong Kem Chew	1,064,666	1.19	39,324,998	43.82
3.	Wong Kam Hooi	1,158,664	1.29	39,324,998	43.82
4	Wong Engineering Holdings Sdn Bhd	39,324,998	43.82	-	-

* *Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Wong Engineering Holdings Sdn Bhd*

DIRECTORS' INTEREST IN THE SHARE CAPITAL

IN THE COMPANY

Name of Director	Direct Interest	%	Deemed Interest	%
Dato' Wong Kem Woh	1,202,992	1.34	39,916,998*	44.47
Wong Kem Chew	1,064,666	1.19	40,351,498*	45.00
Wong Kam Hooi	1,158,664	1.29	40,011,898*	44.60
Tang Yin Kham	-	-	-	-
Dato' Haji Man Bin Mat	-	-	-	-
Lim Gin Chuan	-	-	-	-
Chang Joo Huat	60,000	0.07	-	-

* *Deemed interest by virtue of Section 6A and Section 134 of the Companies Act, 1965 held through Wong Engineering Holdings Sdn Bhd and spouse and/or children respectively.*

THIRTY LARGEST SECURITIES HOLDERS AS AT 28 FEBRUARY 2013

	Name	No. of Shares	% of ShareS
1	WONG ENGINEERING HOLDINGS SDN BHD	39,324,998	43.815
2	JASON CHOONG JIN SUN	3,067,400	3.418
3	CH'NG SHAIU MEI	1,629,300	1.815
4	CHOONG CHENG IMM	1,512,600	1.685
5	WONG KEM CHEW	1,064,666	1.186
6	WONG KAM HOOI	1,064,664	1.186
7	WONG KEM WOH	1,062,674	1.184
8	HONG YEAM WAH	1,000,000	1.114
9	TAN PAK NANG	680,000	0.758
10	TAN HONG YOK	644,900	0.719
11	TAN GUEK HUWA	626,500	0.698
12	PM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM AH LAN (B)	606,900	0.676
13	CHOONG EWE MAY	592,000	0.660
14	TANG CHENG LIM	500,000	0.557
15	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN	466,100	0.519
16	JASON CHOONG JIN SUN	455,200	0.507
17	TAN TEONG HENG	420,000	0.468
18	TAN GUEK HUWA	400,000	0.446
19	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG CHEE KWONG (REM 825)	400,000	0.446
20	CHANG CHAI KIN	365,900	0.408
21	OOI CHIM YONG	363,300	0.405
22	GAN WEE PENG	351,000	0.391
23	TAN JIN TUAN	332,000	0.370
24	WONG KAM HOONG	320,000	0.357
25	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM AH LAN	302,900	0.337
26	WONG AH YONG	300,000	0.334
27	GOH KHEE PAU	300,000	0.334
28	LEE YU YONG @ LEE YUEN YING	284,700	0.317
29	NLE ELECTRICAL ENGINEERING SDN BHD	260,900	0.291
30	WONG SOO CHAI @ WONG CHICK WAI	258,700	0.288
	Total:	**58,957,302**	**65.689**

Proxy Form

I/We, ____
(Full Name in Block Letter)

NRIC No ____

of ____
(Address)

being a member/members of Wong Engineering Corporation Berhad, hereby appoint

____
(Full Name in Block Letter)

of ____
(Address)

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company, to be held at Nyatoh Room, Level 2, Sunway Hotel Seberang Jaya, 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Butterworth, Penang on Thursday, 25 April 2013 at 11.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1		
2.	Ordinary Resolution 2		
3.	Ordinary Resolution 3		
4.	Ordinary Resolution 4		
5.	Ordinary Resolution 5		
6.	Ordinary Resolution 6		
7.	Special Resolution 1		

(Please indicate with an "X" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain as he/she thinks fit).

In the case of more than one proxy is appointed, the proportions of my/our shareholding to be represented by my/our proxies are as follows:

First named proxy	%
Second named proxy	%
	100%

No. Of Shares Held

Signed this ______ day of __________________ 2013

____
Signature of Members

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
3. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 60(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 19 April 2012 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

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STAMP

The Joint Company Secretaries
WONG ENGINEERING CORPORATION BERHAD (409959-W)

Registered Office
Suite 2-1, 2nd Floor, Menara Penang Garden,
42A Jalan Sultan Ahmad Shah,
10050 Penang.

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