HWGB

豪華雲頂集團

HO WAH GENTING BERHAD
(272923-H)

ANNUAL REPORT 2012

VISION STATEMENT

"Customer Oriented, Quality Assurance and Price Competitiveness"

We aim to be a globally recognized supplier of raw materials, semi finished and finished products.

MISSION STATEMENT

Our focus is:

Our **Customers** : To provide quality products and services that fully meet their requirements and expectations. To develop new and innovative products to improve their competitivenes within their markets.

Our **Employees** : To provide a safe working environment that encourages trust, commitment and personal development and involvement.

Our **Stockholders** : To manage the business profitably for continuation and growth of the Company.

Our **Environment** : To respond pro-actively to environmental issues as a part of our business approach in the production process especially to adopt the practices of using the most environmental friendly, ecological and cost effective extraction method.

Our **Community** : To promote good spirit of corporate citizenship culture and contribute towards fulfillment of social responsibility.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting ("AGM") of the Company will be held at Westside, Rooms 3 and 4, Boulevard Hotel, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Tuesday, 28 May 2013 at 11:00 a.m. for the following businesses:

AGENDA
As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon. Resolution 1

2. To approve the payment of Directors' Fees of RM116,400 for the financial year ended 31 December 2012. Resolution 2

3. To re-elect Mr. Lim Wee Kiat who retires pursuant to Article 99 of the Company's Articles of Association. Resolution 3

4. To re-elect the following Directors retiring pursuant to Article 106 of the Company's Articles of Association:
   4.1 Mr. Lim Ooi Hong Resolution 4
   4.2 Ms. Elaine Tan Ai Lin Resolution 5

5. To re-appoint Messrs Russell Bedford LC & Company as Auditors and to authorize the Board of Directors to fix their remuneration. Resolution 6

As Special Business
To consider and if thought fit, to pass the following resolutions:

6. **Ordinary Resolution** Resolution 7

   Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 ("the Act")
   "**THAT** subject to the Act, the Articles of Association of the Company, approval from Bursa Malaysia Securities Berhad and other relevant authorities, where such approval is necessary, authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Act, to issue and allot shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit, provided always that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **Ordinary Resolution** Resolution 8

   Retention of Independent Non-Executive Director
   "**THAT** Mr. Wong Tuck Jeong be retained as Independent Non-Executive Director of the Company pursuant to the Malaysian Code of Corporate Governance 2012."

8. **Re-appointment of Director pursuant to Section 129(6) of the Companies Act, 1965 ("the Act")** Resolution 9
   "**THAT** Dato' Mohd Shahar Bin Abdul Hamid who retires pursuant to Section 129(6) of the Act, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

9. To transact any other business of which due notice shall have been given in accordance with the Act.

By Order of the Board

Coral Hong Kim Heong
(MAICSA 7019696)
Company Secretary

Kuala Lumpur
Date: 30 April 2013

Notice of Annual General Meeting (cont'd)

Notes:

1. Members Entitled To Attend: only members whose names appear in the Record of Depositors as at 20 May 2013 shall be entitled to attend the meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. 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. A proxy appointed to attend and vote shall have the same rights as the member to speak at the meeting.

3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds.

4. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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 Accounts it holds.

5. Where a member or the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoint two (2) or more proxies, the appointment shall be invalid unless the member / authorized nominee / exempt authorized nominee specifies the proportions of shareholdings to be represented by each proxy.

6. The instrument appointing a proxy must be deposited at the registered office of the Company not less than forty eight (48) hours before the time appointed for the meeting.

7. In the case of a corporate member, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

8. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

Explanatory Notes on Special Business:

9. The proposed Resolution No. 7, if passed, will give the Directors of the Company the continuing authority to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

   On 2 April 2013, the Company had announced its proposal to undertake a private placement exercise ("Proposal") to place such number of new ordinary shares not exceeding 10% of its issued share capital to unrelated private investors pursuant to the mandate granted to the Directors at the last AGM. As at the latest practicable date, 18 April 2013, the Company is still in the midst of implementing the Proposal. As such, no new shares in the Company have been issued pursuant to the mandate granted at the last AGM.

   Kindly refer to the Company's subsequent announcement(s) for further developments in relation to the Proposal.

   The renewal of mandate pursuant to Section 132D of the Act, 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, which the Directors deem necessary and feasible.

10. The proposed Resolution No. 8, if passed, will retain Mr. Wong Tuck Jeong as Independent Non-Executive Director of the Company.

    Mr. Wong Tuck Jeong was appointed an Independent Director of the Company since 21 June 2001 and has, therefore served for more than 9 years. Pursuant to the Malaysian Code of Corporate Governance 2012, the Board of Directors had assessed the status of independence of Mr. Wong Tuck Jeong and agreed that he has been and can continue to bring independent and objective judgment to Board deliberations and decisions. Therefore, the Board of Directors (save for Mr. Wong Tuck Jeong) recommends to the shareholders for approval, the resolution to retain Mr. Wong Tuck Jeong as Independent Director. The profile of Mr. Wong Tuck Jeong is set out in the Annual Report 2012.

11. The proposed Resolution No. 9, if passed, will re-appoint Dato' Mohd Shahar Bin Abdul Hamid, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next AGM, pursuant to Section 129(6) of the Act. The proposed Resolution shall take effect if passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or, by proxy.

Corporate Information

Board of Directors

Datuk William Teo Tiew
Group Executive Chairman

Mr. Lim Ooi Hong
Managing Director/
Chief Executive Officer

Mr. Chien, Chao-Chuan
Executive Director

Mr. Lim Wee Kiat
Executive Director

Dato' Mohd Shahar Bin Abdul Hamid
Senior Independent Non-Executive Director

Mr. Tee Lay Peng
Independent Non-Executive Director

Mr. Wong Tuck Jeong
Independent Non-Executive Director

Ms. Elaine Tan Ai Lin
Independent Non-Executive Director

Group President

Dato' Lim Hui Boon

Audit Committee

Mr. Tee Lay Peng *(Chairman)*
Independent Non-Executive Director

Dato' Mohd Shahar Bin Abdul Hamid
Senior Independent Non-Executive Director

Mr. Wong Tuck Jeong
Independent Non-Executive Director

Ms. Elaine Tan Ai Lin
Independent Non-Executive Director

Nomination and Remuneration Committee

Dato' Mohd Shahar Bin Abdul Hamid
(Chairman)
Senior Independent Non-Executive Director

Mr. Tee Lay Peng
Independent Non-Executive Director

Mr. Wong Tuck Jeong
Independent Non-Executive Director

Ms. Elaine Tan Ai Lin
Independent Non-Executive Director

Encik Adanan Bin Baharum
Adviser

Employees' Share Option Scheme Committee

Datuk William Teo Tiew
Group Executive Chairman

Mr. Song Kok Seng
Vice President of Operations - PT. Ho Wah Genting

Encik Adanan Bin Baharum
Director of Ho Wah Genting Trading Sdn Bhd

Company Secretary

Ms. Coral Hong Kim Heong

Registered Office

Wisma Ho Wah Genting
No. 35, Jalan Maharajalela
50150 Kuala Lumpur
Tel No. : 603 2143 8811
Fax No. : 603 2141 7477
e-mail : hwgbcorp@hwgenting.com.my
website : www.hwgenting.com.my

Subsidiary/Associate Companies' Website

www.hwgwirecable.com.my
www.hwgholidays.com
www.hwgenting-mm2h.com

Auditors

Messrs Russell Bedford LC & Company
Chartered Accountants
10th Floor, Bangunan Yee Seng
15, Jalan Raja Chulan
50200 Kuala Lumpur
Tel No. : 603 2031 8223
Fax No. : 603 2031 4223

Registrar (share and warrant)

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel No. : 603 7841 8000
Fax No. : 603 7841 8151/52

Principal Bankers

Export-Import Bank of Malaysia Berhad

RHB Bank Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

PT. Bank Negara Indonesia (Persero) Tbk.

The Hong Kong and Shanghai Banking Corporation Ltd. (Batam Branch, Indonesia)

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Sector : Industrial Products

Securities		Stock Name	Stock Code
Share	:	HWGB	9601
Warrant B *(2010-2015)*	:	HWGB-WB	9601WB
Warrant C *(2011-2016)*	:	HWGB-WC	9601WC

Place and date of Incorporation and Domicile

Incorporated in Malaysia on 12 August 1993

Group Corporate Structure

豪華雲頂集團

HO WAH GENTING BERHAD

Investment holding and provision of management services

- **100%** **HO WAH GENTING TRADING SDN BHD**
  Trading of wires and cables
- **100%** **HO WAH GENTING KINTRON SDN BHD**
  Providing services to various industries including wire and cable assemblies and installations, lighting assemblies, the wholesaling of electrical goods, the distribution of electrical parts and electrical components
  Branch office - Taipei, Taiwan
  - **10%** **PT. HO WAH GENTING** (held 90% directly by Ho Wah Genting Berhad)
- **90%** **PT. HO WAH GENTING**
  (Incorporated in Batam, Riau, Indonesia)
  Manufacturing of wires and cables, moulded power supply cord sets and cable assemblies for electrical and electronic devices and equipment
- **100%** **HWG MANAGEMENT SERVICES SDN BHD**
  Ceased Operation
- **100%** **HO WAH GENTING (LABUAN) LTD**
  (Incorporated in Federal Territory of Labuan)
  Dormant
- **100%** **HWG MINERALS SDN BHD**
  Investment Holding
  - **100%** **HWG COPPER MINING SDN BHD**
    Dormant
- **51%** **HWG TIN MINING SDN BHD**
  Tin Mining and its related activities
- **51%** **HWG CONSORTIUM SDN BHD**
  Promoting Green Technology products (LED and solid state lightings)
- **40%** **HO WAH GENTING POIPET RESORTS SDN BHD**
  Travel agent and tour coaches charterer

Corporate Calendar

19 JANUARY 2012

- Proposed private placement of up to 48,725,300 new ordinary shares of RM0.20 each in the Company ("Placement Shares") to independent third party investors ("Private Placement").

20 JANUARY 2012

- Additional listing of 246,300 new ordinary shares from Employees Share Option Scheme ("ESOS") exercised.

2 FEBRUARY 2012

- Listing application for the Placement Shares to be issued pursuant to the Private Placement.

17 FEBRUARY 2012

- Additional listing of 77,600 new ordinary shares from ESOS exercised.

- Obtained Bursa Malaysia Securities Berhad ("Bursa")'s approval for the listing and quotation of Placement Shares to be issued pursuant to Private Placement on the Main Market of Bursa.

28 FEBRUARY 2012

- Fixing of the issue price for the Placement Shares to be issued pursuant to the Private Placement at RM0.365 per Placement Share.

7 MARCH 2012

- Listing of 48,725,300 Placement Shares and completion of the Private Placement.

21 MARCH 2012

- Additional listing of 341,200 new ordinary shares from ESOS exercised.

17 APRIL 2012

- Additional listing of 40,000 new ordinary shares from ESOS exercised.

27 APRIL 2012

- Notice of 19th Annual General Meeting to be held on 23 May 2012.

17 MAY 2012

- Additional listing of 52,400 new ordinary shares from ESOS exercised.

23 MAY 2012

- Outcome of 19th Annual General Meeting.

21 JUNE 2012

- Additional listing of 50,000 new ordinary shares from ESOS exercised.

26 JUNE 2012

- Incorporation of 51% owned new subsidiary, HWG Consortium Sdn Bhd ("HWG Consortium") on 26 June 2012 with total issued and paid-up capital of RM100,000.00.

27 JUNE 2012

HWG Consortium, entered into following Project Management Agreements ("PMA"):

i) PMA between HWG Consortium and Wawasan Majujuta Sdn Bhd appointing HWG Consortium as the sole and exclusive project manager for the manufacture, supply, installation, maintenance and finance of the energy efficient LED (light emitting diodes) lightings and related green technologies.

ii) PMA between HWG Consortium and Optima Tenaga Letrik Sdn Bhd appointing HWG Consortium as the sole and exclusive project manager for the supply, installation, maintenance and finance of the patented low carbon energy efficiency refrigeration technology from Australia known as Hi-Freeze OFR (Frictionless oil-vapor free refrigerant oil) Technology for air conditioning systems.

18 JULY 2012

- Additional listing of 275,100 new ordinary shares from ESOS exercised.

Corporate Calendar (cont'd)





30 AUGUST 2012

- Resignation of Mr. Tan Nyap Keong @ Tony Tan as Chairman and Independent Non-Executive Director. He also relinquished as Chairman of Nomination and Remuneration Committee and as member of Audit Committee.
- Appointment of Dato' Mohd Shahar Bin Abdul Hamid as Chairman of Nomination and Remuneration Committee.
- Appointment of Mr. Lim Ooi Hong as Managing Director.
- Re-designation of Mr. Teo Tiew as Executive Chairman.

24 SEPTEMBER 2012

- Acquisition of 51% equity interest in Myled Opto Technology Sdn Bhd for cash consideration of RM1,000,000.00.

24 OCTOBER 2012

- Change of Company Secretary.

2 NOVEMBER 2012

- Disposal of 51% equity interest in Myled Opto Technology Sdn Bhd to reverse the acquisition by disposing the entire 51% equity interest back to the original vendors of Myled Opto Technology Sdn Bhd at the same cash consideration of RM1,000,000.00.

21 NOVEMBER 2012

- Additional listing of 26,000 new ordinary shares from ESOS exercised.

28 DECEMBER 2012

- Disposal of 60% equity interest in subsidiary, Ho Wah Genting Poipet Casino Resorts Co., Ltd.

2 JANUARY 2013

- Appointment of Ms. Elaine Tan Ai Lin as Independent Non-Executive Director.

17 JANUARY 2013

- Additional listing of 197,300 new ordinary shares from ESOS exercised.

20 MARCH 2013

- Appointment of Ms. Elaine Tan Ai Lin as a member of Audit Committee and a member of Nomination and Remuneration Committee.

FINANCIAL CALENDAR FOR FINANCIAL YEAR 2012

22 MAY 2012

- Unaudited consolidated results for the 1st quarter ended 31 March 2012.

28 AUGUST 2012

- Unaudited consolidated results for the 2nd quarter ended 30 June 2012.

27 NOVEMBER 2012

- Unaudited consolidated results for the 3rd quarter ended 30 September 2012.

26 FEBRUARY 2013

- Unaudited consolidated results for the 4th quarter ended 31 December 2012.

Board of Directors and Group President

Mr. Lim Ooi Hong
Managing Director/
Chief Executive Officer

Dato' Lim Hui Boon
Group
President

Datuk William Teo Tiew
Group Executive
Chairman

Mr. Chien, Chao-Chuan
Executive
Director

Mr. Lim Wee Kiat
Executive
Director

Dato' Mohd Shahar Bin Abdul Hamid
Senior Independent
Non-Executive
Director

Mr. Tee Lay Peng
Independent
Non-Executive
Director

Mr. Wong Tuck Jeong
Independent
Non-Executive
Director

Ms. Elaine Tan Ai Lin
Independent
Non-Executive
Director

Profile of Board of Directors

Datuk William Teo Tiew
Group Executive Chairman

Datuk William Teo Tiew, Malaysian, aged 53, was the first Director of the Company since incorporation on 12 August 1993 and he is presently the Group Executive Chairman of the Company. He is also a member of Employees' Share Option Scheme Committee.

He is a fellow of the Chartered Association of Certified Accountants since 1984 and a member of the Malaysian Institute of Accountants since 9 April 1987. He joined Ho Wah Genting Group Sdn Bhd ("HWGG") in 1990 as Group Accountant and Corporate Planner in charge of HWGG's financial affairs, investment, corporate planning and overall management. He has no directorship in other public companies.

He began his career in auditing with Messrs Robert Teo, Kuan & Co, a public accounting firm with his last held position as Audit Manager, where he gained many years of experience in auditing a portfolio of clients ranging from manufacturing, trading, investment holding, property development, engineering and transportation.

On 14 October 2012, Tuan Yang Terutama Yang di-Pertua Negeri Melaka conferred on him the Darjah Pangkuan Seri Melaka (D.P.S.M.) which carries the title of "Datuk".

Datuk William Teo holds 103,000 ordinary shares, and a total of 50,492 warrants in the Company. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has never been convicted for any offences within the past ten years.

Mr. Lim Ooi Hong
Managing Director/Chief Executive Officer

Mr. Lim Ooi Hong, a Malaysian aged 36, was appointed as the Managing Director/Chief Executive Officer of the Company on 30 August 2012. He obtained his Bachelor Degree in Business (Business Administration) from RMIT University, Australia.

Currently, he is the Executive Director and Vice Chairman of CVM Minerals Limited ("CVM"), a public company listed on the Stock Exchange of Hong Kong Limited and he oversees the company's construction and operation of the magnesium smelter situated in Perak, Malaysia. Prior to his present appointment, he was the Group Chief Executive Officer of CVM from 1 June 2011 to 7 August 2012. He has no directorship in other public companies.

Mr. Lim is deemed interested in the securities of the Company and its subsidiaries through Kintron Holding Sdn Bhd by virtue of Section 6A(4)(c) of the Companies Act, 1965. He is the son of Dato' Lim Hui Boon, the Group President of the Company, and the brother of Mr. Lim Wee Kiat, an Executive Director and a substantial shareholder of the Company. He does not have any conflict of interest with the Company and he has never been convicted for any offences within the past ten years.

Profile of Board of Directors (cont'd)

Mr. Chien, Chao-Chuan
Executive Director

Mr. Chien, Chao-Chuan, Taiwanese, aged 54, was appointed an Executive Director of the Company on 2 October 2000. Mr. Chien graduated from University of Chinese Culture, Taiwan in 1981 where he majored in Financial Law.

He served as a Purchasing Manager with Woods Wire Products Inc. (U.S.A.) in Taiwan from 1984 to 1986 and left for KAB Enterprise Ltd, Taiwan, a trading company dealing in electrical materials and products as a Sales Manager prior to joining the Company. He has more than 27 years of experience in international marketing and manufacturing of moulded power supply cord sets and cable assemblies.

Mr. Chien is one of the founding Director of Ho Wah Genting Kintron Sdn Bhd since its inception on 30 September 1989. He is in charge of international sales, marketing, research and development and engineering matters of PT. Ho Wah Genting. He has no directorship in other public companies.

Mr. Chien holds 100,000 ordinary shares in the Company. He has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has never been convicted for any offences within the past ten years.

Mr. Lim Wee Kiat
Executive Director

Mr. Lim Wee Kiat, Malaysian, aged 33, was appointed an Executive Director of the Company on 25 June 2010. He holds a Bachelor of Science (Honours) in Computing and Information Systems from University of Nottingham, Nottingham, United Kingdom in 2003. He obtained a Postgraduate Certificate in Network Computing from University of Monash, Victoria, Melbourne in 2005. He also holds an Advance Diploma in Information Technology from Royal Melbourne Institute of Technology, Victoria, Melbourne in 2001.

He is presently an Executive Director of HWG Tin Mining Sdn Bhd, a subsidiary of the Company, and oversees the overall tin mining project.

Prior to joining the Group, he has over 6 years of experience in the Information Technology sector with his last position as System Engineer.

Mr. Lim Wee Kiat is presently an Independent Non-Executive Director of Connectcounty Holdings Berhad. He has no directorship in other public companies.

Mr. Lim Wee Kiat is deemed interested in the securities of the Company and its subsidiaries through Kintron Holding Sdn Bhd by virtue of Section 6A(4)(c) of the Companies Act, 1965.

He is the son of Dato' Lim Hui Boon, the Group President of the Company. He is a brother of Mr. Lim Ooi Hong, the Managing Director/ Chief Executive Officer and a substantial shareholder of the Company. He does not have any conflict of interest with the Company.

He has never been convicted for any offences within the past ten years.

Dato' Mohd Shahar Bin Abdul Hamid
Senior Independent Non-Executive Director

Dato' Mohd Shahar Bin Abdul Hamid, Malaysian, aged 77, was appointed an Independent Non-Executive Director of the Company on 3 March 2008. He is also a member of the Audit Committee, and chairman of the Nomination and Remuneration Committee of the Company. He is the Senior Independent Director to whom concerns may be conveyed.

He obtained Grade 1 for his Senior Cambridge Examinations in 1954. He took up General Engineering Courses under the Training within Industry programme in the United Kingdom, funded by Shell Malaysia scholarship.

Dato' Mohd Shahar served Shell Malaysia Trading Sdn Bhd in various senior positions from October 1960 to 1971.

In September 1971, Dato' Mohd Shahar was invited to serve as Managing Director of Pernas Trading Sdn Bhd. In the years from 1971 to 1974, he was appointed the Deputy Leader of the First Malaysian Trade Delegations (Direct Trade) to China (The Canton Trade Fair) held twice a year in April and October. Thereafter, he was appointed the Leader for the Delegation for four consecutive trips. In 1974, he was appointed as the Managing Director of Pernas Edar Sdn Bhd.

In 1977, he was invited to serve as Managing Director of Gula Negeri Sembilan Sdn Bhd to carry out Project Reappraisal following which he ventured into housing development and fertilizer processing businesses.

Dato' Mohd Shahar previously held positions as Independent Director of Antah Sdn Bhd which was subsequently listed on Bursa Malaysia Securities Berhad in 1984 under the name Antah Holdings Berhad of which he also acts as Audit Committee Chairman in 1994 until Sino Hua-An International Berhad ("Hua-An") took over the listing status of Antah Holdings Berhad in March 2007. He was appointed as Independent Non-Executive Director and Audit Committee Chairman of Hua-An. He has no directorship in other public companies.

He is one of the founding members of Lembaga Pemegang Amanah Yayasan Negeri Sembilan until December 2006 and a Trustee of Tuanku Ja'afar Educational Trust.

Dato' Mohd Shahar has been conferred the Darjah Paduka Tuanku Jaafar (D.P.T.J.) which carries the honourable title of "Dato", Darjah Setia Negeri Sembilan (D.S.N.), and Pingat Jasa Kebaktian (P.J.K.) by DYMM Yang di-Pertuan Besar Negeri Sembilan. He was conferred the Kesatria Mangku Negara (K.M.N.) by his Majesty the Yang di-Pertuan Agong.

Dato' Mohd Shahar has no shareholdings whether direct or indirect in the Company and its subsidiaries. He has no family relationship with any Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has never been convicted for any offences within the past ten years.

Profile of Board of Directors (cont'd)

Mr. Tee Lay Peng
Independent Non-Executive Director

Mr. Tee Lay Peng, Malaysian, aged 52, was appointed an Independent Non-Executive Director of the Company on 11 December 2007. He is the Chairman of the Audit Committee, and a member of the Nomination and Remuneration Committee of the Company.

Mr. Tee is a member of The Malaysian Institute of Certified Public Accountants since 1987 and a registered member of the Malaysian Institute of Accountants since 1988. He is also a Certified Financial Planner registered with the Financial Planning Association of Malaysia since 2003. Mr. Tee holds a Master of Business Administration from the University of Hull, London, United Kingdom.

He was formerly an Independent Non-Executive Director of DPS Resources Berhad and also the Chairman of its Audit Committee and Risk Management Committee. He has more than 19 years of extensive experience in the fields of finance, accounting, auditing and management consultancy. In 1995, he set-up his own consulting firm providing financial and management advisory services. He also holds position as financial controller/corporate advisor in various non-listed companies. In 2010, he was appointed as the corporate advisor of an oil and gas company and subsequently appointed as Chief Executive Officer until now. During his tenure, he was tasked with the "turnaround" corporate exercise. He has no directorship in other public companies.

Mr. Tee has no shareholding whether direct or indirect in the Company and its subsidiaries. He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has never been convicted for any offences within the past ten years.

Profile of Board of Directors (cont'd)

Mr. Wong Tuck Jeong
Independent Non-Executive Director

Mr. Wong Tuck Jeong, Malaysian, aged 53, was appointed an Independent Non-Executive Director of the Company on 21 June 2001. He is also a member of the Audit Committee, and Nomination and Remuneration Committee of the Company.

Mr. Wong graduated with a Second Class (Honours) L.L.B. Degree from University of Southampton, England in 1984. He was a Barrister-at-Law in England and was called to the English Bar at Inner Temple, London in 1985.

He had chambered with Messrs Chua Brothers, Azzat and Xavier and was called to the Malaysian Bar in November 1986. He was a legal assistant with Messrs A.K. Lee & Co. from 1986 to 1988 before setting-up his own practice, Messrs Tuck Jeong & Lee in 1988. He has over 25 years of extensive experience in conveyance and litigation.

Mr. Wong has no directorship in other public companies and has no shareholding whether direct or indirect in the Company and its subsidiaries. He has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

He has never been convicted for any offences within the past ten years.

Ms. Elaine Tan Ai Lin
Independent Non-Executive Director

Ms. Elaine Tan Ai Lin, Malaysian, aged 36, was appointed an Independent Non-Executive Director of the Company on 2 January 2013. She is also a member of the Audit Committee, and Nomination and Remuneration Committee of the Company.

She holds a Bachelor of Laws from the University of Wales, Cardiff, United Kingdom. She was called to the Malaysian Bar in 2001. She chambered and practiced in several firms prior to joining Messrs Tan, Goh & Associates as a partner in 2011. She has over 11 years of experience practicing as an advocate and solicitor specializing in corporate finance, mergers and acquisitions and other corporate and commercial matters.

Ms. Elaine Tan does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company. She has no directorship in other public companies.

She has never been convicted for any offences within the past ten (10) years.

As she was only appointed on 2 January 2013, she did not attend any Board or Board Committee meetings held for the financial year ended 31 December 2012.

Note:
Details of the Directors' attendance at Board Meetings are set out in the Corporate Governance Statement of this Annual Report 2012.

Group Executive Chairman's Statement

"On behalf of the Board of Directors, I am pleased to present to you the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2012."

Datuk William Teo Tiew
Group Executive Chairman

Introduction

The Group's manufacturing division continued to face a competitive and demanding business environment, in particular the inflationary cost pressure brought on by rising wages and volatility in prices of copper and polyvinyl chloride ("PVC") resins, both of which are major raw material components for the manufacture of moulded power supply cord sets and wires and cables.

On the Group's tin mining division, a total of 221 metric tons of tin concentrates had been produced during the current financial year ended 31 December 2012 as compared to its preceding year's output of 62 metric tons of tin concentrates.

The tin mining division is continuing its exploration activities and top soil removal to reach the higher grade of tin ore deposits in order to increase its tin output.

Financial Performance and Review of Operations

In the financial year ended 31 December 2012, the Group recorded revenue of RM243.57 million and loss before taxation of RM34.14 million as compared to its preceding year's revenue of RM246.66 million and loss before taxation of RM10.72 million.

The Group's loss before taxation increased significantly for the current financial year ended 31 December 2012 due to impairment charge for its investment in quoted CVM Minerals Limited ("CVM") which amounted to RM21.16 million.

Group Executive Chairman's Statement (cont'd)

Included in the preceding year's loss before taxation of RM10.72 million was a gain of RM12.20 million on deemed disposal of its quoted associate, CVM as a result of dilution in the Company's equity stake in CVM from 29.53% as of 1 January 2011 to 21.18% on 19 April 2011 and also the Group's share of loss in CVM which amounted to RM6.32 million.

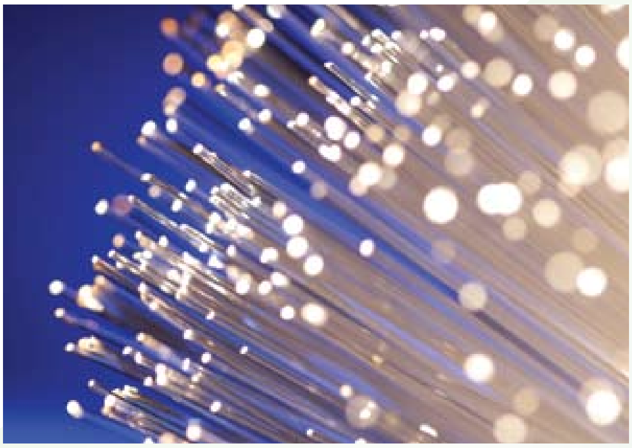
The Group's manufacturing division recorded an operating revenue of RM190.40 million and loss before taxation of RM5.37 million for the current financial year ended 31 December 2012 as compared to its preceding year's operating revenue of RM192.10 million and loss before taxation of RM4.91 million.

The weak consumer spending in the US due to decline in household income and high unemployment rates and a sluggish housing market had resulted in our manufacturing division recording a lower operating revenue. This coupled with the deterioration in margin, high trade financing costs and inflationary cost pressure further affected our bottom line and as a result, the manufacturing division recorded a higher loss for the current financial year ended 31 December 2012.

The Group's trading division posted operating revenue of RM45.01 million and profit before taxation of RM0.46 million for the current financial year ended 31 December 2012 as compared to its preceding year's operating revenue of RM51.86 million and profit before taxation of RM1.18 million.

Though our domestic economy continued with its growth performance, the property market began to soften due to our Central Bank's stricter guidelines on lending. Therefore, a decrease of 13% in operating revenue was recorded during the current financial year as compared to the preceding year's operating revenue and this together with the intense competition in the local market caused our trading division reporting a significantly lower profit before taxation for the current financial year ended 31 December 2012.

The Group's tin mining division recorded an operating revenue of RM7.51 million and loss before taxation of RM3.07 million for the current financial year ended 31 December 2012 as compared to its preceding year's operating revenue of RM2.07 million and loss before taxation of RM8.84 million.



Corporate Development

On 2 April 2013, the Company had announced to Bursa Malaysia Securities Berhad that it proposed to implement a private placement of up to 53,728,400 new ordinary shares of RM0.20 each in the Company to independent third party investor(s) to be identified at a later date, at the indicative price of RM0.21 each with an estimated gross proceeds of RM11.28 million.

The proposed private placement is not expected to have any material effect on the earnings and net assets of the Group for the financial year ending 31 December 2013.

Group Executive Chairman's Statement (cont'd)

Prospect and Outlook

The Board is of the opinion that business operations in moulded power supply cord sets and wires and cables will continue to be challenging in view of the intense competition in the US market, volatility in prices of copper and PVC resins, inflationary cost pressure, increase in payroll tax and higher tax rates on wealthy Americans and the possibility of reduction in public expenditures may add further uncertainty to the economic recovery in US which accounts for a majority percentage of the Group's revenue.

The economic contraction in the euro zone countries with its potential spillover effects on the global economy is also another risk concern for the Group.

Going forward and to improve performance, the Group will continue to focus on production efficiencies by implementing tighter cost control measures and also development of new products and penetration of new markets particularly in Asia which have higher growth rates as compared to the US.

The outlook for domestic demand being underpinned by domestic consumption, market demand for local real estate projects, accommodative monetary policies and continued fiscal stimulus by the public sector. The Board expects the roll out of mega projects (including construction of affordable homes) and the Economic Transformation Program ("ETP") would help to sustain the momentum of our local economy and boost our domestic market moving forward.

The Board is hopeful that the tin mining division would improve its performance and generate sustainable source of revenue and income to the Group.

Barring any unforeseen circumstances, the Group is targeting to achieve a better operating and financial performance for the financial year ending 31 December 2013.

Meanwhile, the Group will continue to explore viable, synergistic and profitable business ventures to improve the Group's performance.

Dividend

The Board of Directors is not recommending any dividend payment for the financial year ended 31 December 2012, after due consideration.

Acknowledgement

On behalf of the Board, I wish to extend my sincere thanks to all our valued customers, financiers, business associates, Government authorities and shareholders for their continued support, co-operation and confidence in the Group.

I would like to convey my sincere appreciation and gratitude to my fellow Directors, the management and staff for their dedication and commitment in their works.

On behalf of the Board, I would like to thank our Independent Non-Executive Chairman, Mr. Tan Nyap Keong @ Tony, who had resigned from the Board, for his services rendered to the Board and Company.

I would also like to welcome the appointments of Mr. Lim Ooi Hong and Ms. Elaine Tan Ai Lin onto the Board of the Company.

Thank you.

Datuk William Teo Tiew
Group Executive Chairman

Kuala Lumpur
18 April 2013

Corporate Governance Statement

The Board of Directors of Ho Wah Genting Berhad holds the view that the presence of good corporate governance is fundamental to the continued growth of the Group and the achievement of its objective of protecting and enhancing shareholders' long-term value whilst taking into account the interest of other stakeholders.

In line with the above objectives, the Board fully supports the disclosure requirements of the Malaysian Code on Corporate Governance 2012 ("the Code") and Bursa Malaysia Securities Bhd's Main Market Listing Requirements ("LR") and is committed to ensure that the Principles and Recommendations contained in the Code are being practiced.

The Board is pleased to report the manner in which the Group had applied the Principles and Recommendations contained in the Code and the state of compliance with the Code as follows:

1. BOARD OF DIRECTORS' ROLES AND RESPONSIBILITIES

1.1.1. The Board and Management

The Company is managed and led by an experienced and effective Board which consists of professionals who specialize in the fields of manufacturing, finance, legal, regulatory and operations, accounting, information technology, international marketing and business development. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving the Group's business strategies and corporate goals.

The roles and responsibilities of the Board, Management, and the Managing Director/Chief Executive Officer are defined in the Board Charter. The responsibilities and limit of authority of the Managing Director/Chief Executive Officer to carry out the mandate of the Board, oversees and monitors the day-to-day running and management of the Group's business and matters reserved for Board are detailed in the Board Charter. The Board Charter is subject to review as and when needed.

1.1.2. Board Balance

The Board currently has eight (8) members comprising:

i. Executive Chairman;
ii. Managing Director and Chief Executive Officer ("MD/CEO");
iii. Two (2) Executive Directors; and
iv. Four (4) Independent Non-Executive Directors.

Therefore, the Company had complied with the requirements of the LR under Paragraph 15.02 (1) to have one third (1/3) of its members make up of Independent Non-Executive Directors as well as Paragraph 15.03 (1c) of the LR for a director who is a member of the Malaysian Institute of Accountants to sit in the Audit Committee.

The Board considers its current composition, with the mix of skills and expertise, is adequate to discharge its duties and responsibilities effectively. The Board through the Nomination and Remuneration Committee regularly reviews the composition of the Board and Board Committees.

The brief profile of the Directors is set out in the Profile of the Board of Directors in the Annual Report.

1.1.3. Senior Independent Director

The appointment of a Senior Independent Director is to facilitate any concerns which shareholder(s) and employee(s) may want to address.

Dato' Mohd Shahar Bin Abdul Hamid is currently the appointed Senior Independent Director to whom any concerns may be conveyed via email to hwgbcorp@hwgenting.com.my.

1. BOARD OF DIRECTORS' ROLES AND RESPONSIBILITIES (CONT'D)

1.2 Board's Roles and Responsibilities

The seven (7) principal responsibilities of the Board shall include:

a. Reviewing and adopting strategic plans for the Company taking into consideration factors such as existing and potential rivals, external environmental factors; and internal characteristics including goals, assets, liabilities and structure;
b. Overseeing the conduct of the Company's business to ensure the business is being properly managed;
c. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
d. Identifying principal risks and ensure the implementation of appropriate systems to manage these risks. The Board or through its committees sets, where appropriate, objectives, performance targets and policies for the management of the key risks faced by the Company;
e. Succession planning, including recruiting, training, remunerating and where appropriate, engaging senior management for succession purposes;
f. Formulating and implementing investors relations program or shareholder communications policy for the Company; and
g. Ensuring compliance with regulatory and statutory requirements.

1.2.1. Roles of Executive Chairman, MD/CEO, Executive Directors and Independent Directors

The roles of the Executive Chairman and MD/CEO of the Company are separate with clear division of responsibilities between them to ensure balance of power and authority. The Executive Chairman is mainly responsible for ensuring the effectiveness of the Board and the Group's strategic business direction. The MD/CEO is responsible for implementing the policies and decisions of the Board, overseeing the operations, coordinating the development and implementation of business and corporate strategies, internal controls as well as monitoring performance.

The Executive Directors take a primary responsibility for managing the Group's business and resources. They have overall responsibility for the operational activities of the Group and implementation of the Board's strategies, policies and decisions.

The Independent Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgment. Together, they play an independent role in ensuring that the strategies proposed by the Management are well deliberated, examined and provide unbiased and independent views, advice and judgment taking into account the long-term interest of all stakeholders.

1.3 Code of Ethics for Directors

The Board recognizes the importance to establish a standard of competence for corporate accountability which includes standard of professionalism and trustworthiness in order to uphold good corporate integrity. The Board adopted a Code of Ethics for Directors which is embedded in the Board Charter of the Company.

1.3.1 Conflict of Interest Policy

Together with the Code of Ethics, the Board also adopted a Conflict of Interest Policy requiring the Director(s) to disclose in due course, any potential conflict of interest in the manner prescribed under Section 131 of the Companies Act, 1965 in writing to the Company Secretary.

Any Board member having a possible conflict of interest on any matter should abstain from discussion and voting on the matter in accordance with Article 130 of the Articles of Association of the Company.

Both the Code of Ethics and the Conflict of Interest Policy were approved by the Board on 26 March 2013 and are subject to review periodically.

Corporate Governance Statement (cont'd)

1. BOARD OF DIRECTORS' ROLES AND RESPONSIBILITIES (CONT'D)

1.4 Strategies for Sustainability

The Board recognizes the environmental sustainability role as a corporate citizen in its business approach, and always endeavors in adopting most environmental friendly, ecological and cost effective production process.

The Board also endeavors in developing Group objectives and strategies having regard to the Group's responsibilities to its shareholders, employees, customers and other stakeholders and ensuring the long term stability of the business, succession planning and sustainability of the environment. A corporate social responsibilities statement is also presented in the Annual Report 2012.

1.5 Company Secretary and Access to Information and Advice

It is one of the vital roles of the Board to appoint a Company Secretary who is qualified pursuant to Section 139 of the Companies Act, 1965, and competent in carrying his/her duties.

The Company Secretary is to provide and assist the Board, Board Committee or Director individually on matters including but not limited to board procedures, rules and Articles of the Company, legislations, regulations, codes, guidelines and operations matter within the Group. All Board members are entitled to have direct and unrestricted access to the advice and services of the Company Secretary.

The Company Secretary shall keep himself/herself abreast with the development and new changes in relation to any legislation and regulations concerning the corporate administration and to highlight the same to the Board of Directors accordingly.

The Directors also have full and unrestricted access to the advice and services of Senior Management of the Group. All the Directors are vested with rights and unlimited access to information with regard to the Group's activities to enable them to discharge their duties.

In addition, the Directors may obtain independent professional advices, where necessary, at the Group's expenses in furtherance of their duties.

1.6 Board Charter

The Board Charter sets out the roles and responsibilities of the Board and Committees, and the rights, process and procedures of the Board.

The Board Charter is to guide the Directors in discharging their duties and responsibilities as Director and is drafted in accordance with the fundamental requirements of provisions in the Companies Act, 1965, LR, Capital Markets and Services Act 2007, Articles of Association of the Company and other applicable rules or regulations governing the Group's business activities.

The salient matters embedded in the Board Charter are as follow:

a) Composition of the Board;
b) Roles of the Board;
c) Appointment and Tenure of Office;
d) Remuneration Framework;
e) Induction for New Director;
f) Board Procedures;
g) Rights of Directors;
h) Matters Reserved for Board's Decision;
i) Internal Control including Risk Management;
j) Time Commitment of Directors;
k) Directors' Training;
l) Board Committees;
m) Senior Independent Director;

1. BOARD OF DIRECTORS' ROLES AND RESPONSIBILITIES (CONT'D)

1.6 Board Charter (cont'd)

The salient matters embedded in the Board Charter are as follow: (cont'd)

n) Shareholders and Investors Relation;
o) Company Secretary;
p) Code of Ethics;
q) Conflict of Interest Policy; and
r) Corporate Disclosure Policy.

The Board had formally adopted the Board Charter on 26 March 2013 and is subject to review periodically.

2. STRENGTHEN COMPOSITION

2.1 Board Committees

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Nomination and Remuneration Committee, the Audit Committee and the Employees' Share Option Scheme Committee, all of which have either terms of reference or Bylaws to govern their respective scopes and responsibilities.

Delegation of authority shall not in any way absorb or discharge the duties and responsibilities of the Board of Directors. Each of the Committees, which reports to the Board, has the authority to examine particular issues and make relevant recommendations or proposals to the Board whenever necessary.

The Chairman of the respective Committees will report to the Board the views and recommendations of the Committees. In addition, all the minutes of the Committees meetings are formally tabled to the Board at the next Board meeting.

2.1.1 Nomination and Remuneration Committee ("NRC")

The Board had established the Nomination and Remuneration Committee on 25 November 2002. The Committee is made up entirely by Independent Directors and chaired by the Senior Independent Director.

The NRC is responsible for assessing the curricular vitae of new nominees and recommending their appointment to the Board and Board Committee(s); assesses and evaluates the performance of the Executive Directors and their remuneration package; assesses and evaluates the Directors, the Board, members of the Audit Committee and the Audit Committee annually.

During the financial year, the NRC met 3 times with full attendance to review and assess the following:

i. Board Committee performance;
ii. Resignation of director from Board, Audit Committee and NRC;
iii. Re-designation of Managing Director to Executive Chairman;
iv. Appointment of new Managing Director;
v. Appointment of Chairman for NRC;
vi. Annual assessment for Audit Committee and members; Board of Directors and Directors and Directors' training;
vii. Assessment for Executive Directors' performance and their remuneration package;
viii. Rotation and re-election of Directors; and
ix. Independence of Independent Director exceeding 9 years tenure.

In recognition of the call for gender diversity to consider female participation in Board membership, the NRC had recommended and the Board had appointed Ms. Elaine Tan Ai Lin as Independent Non-Executive Director on 2 January 2013.

2. STRENGTHEN COMPOSITION (CONT'D)

2.1.2 Directors' Remuneration

The remuneration framework for Executive Directors is structured to attract and retain directors of the right caliber to manage the Group effectively. Its primary purposes are to ensure that Directors of the Group are fairly rewarded for their responsibilities, expertise, and contributions towards overall performance of the Group.

The fees payable to Non-Executive Directors reflect the experience, degree of responsibilities and contribution of a particular Non-Executive Director concerned. Non-Executive Directors' fees are paid within the limit approved by shareholders. Meeting allowances are also paid to Non-Executive Directors for each Board, Board Committee and General Meeting attended by them.

The Board as a whole determines the remuneration of the Executive and Non-Executive Directors. Respective Directors do not participate in decisions concerning their own remuneration packages.

The aggregate remuneration of Directors' for financial year ended 31 December 2012 categorized into appropriate components is as follows:

Category	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Fees	-	117	117
Salaries	1,278	-	1,278
EPF	103	-	103
Benefits-in-kind and other allowances	80	11	91
TOTAL	**1,461**	**128**	**1,589**

There were no commissions or compensation for loss of office paid to any of the Directors during the financial year ended 31 December 2012.

The remuneration paid to the Directors analyzed into bands of RM50,000 is as follows:

Range of Remuneration (RM)	Number of Directors		
	Executives	Non-Executives	Total
Less than 50,000	-	4	4
50,001 – 100,000	1	-	1
300,001 – 350,000	2	-	2
650,001 – 700,000	1	-	1
TOTAL	**4**	**4**	**8**

2.1.3 Audit Committee

The Audit Committee comprises entirely of Independent Directors and one of them is a member of the Malaysian Institute of Accountants. The composition is in compliance with LR.

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationships are maintained with the External Auditors. The Audit Committee has full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairman of the Audit Committee.

Further details on composition, terms of reference and a summary of activities carried out during the financial year ended 31 December 2012 are narrated in the Audit Committee Report of this Annual Report.

2. STRENGTHEN COMPOSITION (CONT'D)

2.1.4 Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee was established on 26 May 2010. Its main responsibility is to administer and ensure proper implementation and exercise of the ESOS according to the Bylaws of the ESOS.

The membership of the ESOS Committee comprises three (3) members with an Executive Director and two Senior Management Officers.

3. REINFORCE INDEPENDENCE

3.1 Assessment of Independent Directors Annually

The NRC is tasked by the Board to review and assess the independence of the Independent Director annually, terms of office and to submit the relevant recommendation(s) to the Board for ultimate decision and endorsement.

Among the criteria considered for independency includes: ability to exercise independent comments, judgment, and contribution constructively at all times for an effective Board. The relationship between the Independent Directors with substantial shareholders, Executive Directors, persons related to the Executive Director/Major Shareholder, business transactions with the Group and their tenure of office will also be reviewed.

The NRC had reviewed the independence of the Independent Directors for financial year ended 31 December 2012 and is satisfied with the independency demonstrated.

3.2 Tenure of Independent Director

The Board in its Charter had provided that an Independent Director whose terms of office exceeds nine (9) years *(whether consecutive or cumulative basis)*, on the 9th anniversary year, shall subject to review by the Board of his independency before recommendation on re-appointment as independent director is proposed to shareholders.

3.3 Shareholders' Approval for Retaining Independent Director Exceeding 9 Years Service

The Board is recommending to shareholders for approval to retain Mr. Wong Tuck Jeong as Independent Director at forthcoming Annual General Meeting. Mr. Wong was appointed as Independent Director since 21 June 2001, and has therefore, served for more than 9 years.

The Board through NRC had reviewed and discussed the independency of Mr. Wong and is satisfied that he remains objective and independent in Board and Committees deliberations and in discharging his duties. Mr. Wong had abstained from the decision making of the NRC on his retention.

3.4 Separation of Positions of Chairman and CEO

The positions of Chairman and CEO are held separately by an Executive Chairman and MD/CEO. Their roles and responsibilities were defined in the Board Charter.

3.5 Chairman of the Board

The Code recommended that if the Chairman is an executive director, the Board should comprise a majority of independent directors to ensure balance of power and authority on the Board.

The Board presently comprised of four (4) Executive Directors (including the Chairman) and four (4) Independent Directors.

3. REINFORCE INDEPENDENCE (CONT'D)

3.5 Chairman of the Board (cont'd)

The Executive Chairman, Datuk William Teo Tiew had at Board meeting held on 26 February 2013 offered not to exercise any casting vote whenever there is an equality of votes at Board of Directors' Meeting so long as the Board composition remains in the present composition to ensure procedures of Board Meeting is conducted in fair manner with good corporate governance spirit and that Board's decision is derived from majority consensus. The other Board members had unanimously accepted his offer and were minuted accordingly.

4. TIME COMMITMENT OF DIRECTORS

4.1 New Directorship

The Board Charter has provided that a non-executive director shall consult the Chairman on any subsequent external board appointment to foster time commitment and disclosure of interest of the director.

4.2 Board Meeting and Attendance

The Board meets on a quarterly basis, with additional meetings convened as and when required. The agenda of each meeting, covers amongst others, to review and approve the Group's unaudited results and financial statements, deliberate corporate proposals, investment plans, status of operations of all business units, the Group's budget, compliance matters and matters reserved for Board's decision in accordance with the principles of good corporate governance.

The details of attendance of each Director during the financial year under review, are as follows:

Directors	Attendance
Mr. Tan Nyap Keong @ Tony Tan *(resigned on 30.08.2012)*	3/3
Datuk William Teo Tiew	4/4
Mr. Lim Ooi Hong *(appointed on 30.08.2012)*	1/1
Mr. Chien, Chao-Chuan	4/4
Mr. Lim Wee Kiat	4/4
Dato' Mohd Shahar Bin Abdul Hamid	4/4
Mr. Tee Lay Peng	4/4
Mr. Wong Tuck Jeong	4/4

4.2.1 Supply of Information for Meeting

In order for the Board to discharge its responsibilities efficiently, all quantitative and qualitative information on the Group's performance is provided for the Board's review on a regular basis. Updates on operational, financial, corporate issues and strategic matters as well as current development of the Group which require the Board members' attention are disseminated promptly.

Prior to a Board meeting, agenda and comprehensive board papers containing relevant reports and material information will be distributed to Directors timely for their perusal to enable them to participate effectively in meeting for an effective Board discussion and decision process. The Directors may seek further explanation or clarification on issues before or during the proceedings of the meeting.

4.3 Directors' Training

The Board acknowledges the importance of continuous education for Directors. The Company on an on-going basis, facilitates appropriate training and education programmes for Directors' participation from time to time to further enhance their skills and knowledge to fully equip them to discharge their duties effectively. An annual budget is allocated for Directors' training.

4. TIME COMMITMENT OF DIRECTORS (CONT'D)

4.3 Directors' Training (cont'd)

The Board through NRC reviews the training needs of the Directors annually, each Director is required to attend at least one training per year. Directors are encouraged to attend various seminars and conferences to keep themselves abreast of the current developments and business environment affecting their roles and responsibilities.

In addition, the Company Secretary and other Senior Management Officers brief the Directors on any changes and updates on legislation, rules and guidelines issued by relevant regulatory bodies from time to time.

During the financial year under review, all Directors of the Company had individually participated in at least one or more of the following forum/conferences/training programmes:

i. Malaysian Institute of Accountants: How to Successfully Implement a KPI System within an Organization – A Practical Approach;

ii. Securities Industry Development Corporation: Malaysian Code on Corporate Governance 2012 – Putting it into Practice;

iii Taiwan External Trade Development Council, International Trade Institute: How to utilize internet for business opportunity and to boast sales globally;

iv. Kuala Lumpur Regional Centre for Arbitration: Effective Dispute Resolution for Corporate Malaysia;

v Suruhanjaya Syarikat Malaysia: Seminar on "Interest Scheme: The Next Generation Wealth Generator";

vi Malaysian Investor Relations Association: Malaysia Market Focus;

vii Asian Strategy & Leadership Institute: Enterprise Risk Management Conference 2012;

viii KPMG : Audit Committee Institute Breakfast Roundtable talk: The Audit Committee's Oversight Role on Financial Reporting;

ix CVM Minerals Limited, Hong Kong, in-house directors' training program: New Corporate Governance Requirements; and

x NAM Institute for the Improvement of Women (NIEW): "Chairman Power Breakfast – 30% women participation at top decision making positions in the corporate sector by 2016".

Newly appointed Director will be given induction program to the Group's business operations, understanding of the cultures, the corporate and organizational structures which include meeting with senior management staff and visits to operation units.

Newly appointed Director will also attend Mandatory Accreditation Programme ("MAP") required under the LR. Both the Directors appointed during the year had attended the MAP accordingly.

5. INTEGRITY IN FINANCIAL REPORTING

5.1 Financial Statements to Comply with Applicable Reporting Standards

The Audit Committee reviews the integrity and reliability of the quarterly financial statements and audited financial statements prior to recommending to the Board of Directors. The Head of Finance, External Auditors, Internal Auditors and other Operation Heads are invited to participate in the Audit Committee meeting periodically and as and when required.

5. INTEGRITY IN FINANCIAL REPORTING (CONT'D)

5.1 Financial Statements to Comply with Applicable Reporting Standards (cont'd)

The Audit Committee will also meet with the External Auditors without the presence of any Executive Directors and employees at least twice in a financial year to discuss any matters that the Audit Committee members and the External Auditors may wish to discuss.

In presenting the annual financial statements and the quarterly announcements to shareholders, the Board has taken reasonable steps to ensure that the financial statements are true and fair reflection of the Group's position and prospects. This also applies to circulars to shareholders and other documents that are submitted to the authorities and regulators.

5.2 Independence of External Auditors

The Audit Committee had reviewed the independence of the External Auditors at meeting held in February 2013 and was satisfied with the independence level of the External Auditors for the audit of the financial statements for financial year ended 31 December 2012. The External Auditors had also given a written confirmation that they had remained independent throughout the conduct of the audit engagement for financial year ended 31 December 2012.

6. RECOGNIZE AND MANAGE RISKS

6.1 Internal Control Including Risk Management

In order to achieve a sound system of risk management and internal control, the Board and Management is committed to adopt a risk management and control framework that is embedded into the culture, processes and structures of the Group.

The Board has the overall responsibility for overseeing the Group's system of internal control and the effectiveness in managing risks. The role of Management is to implement the Board's policies on risk and control recognizing the importance of effective and sound system of internal control to enhance good corporate governance, achieve Group's business objectives and safeguard shareholders' investment.

Further details are set out in the Statement on Risk Management and Internal Control of this Annual Report.

6.2 Internal Audit Function

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve a company's operations. It helps a company accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The internal audit function provides assessments as to whether risks, which may hinder the Company from achieving its objectives, are being adequately evaluated, managed and controlled. It further evaluates the effectiveness of the governance, risk management and internal control framework and facilitates enhancement, where appropriate.

Details of the Company's internal control system and framework are set out in Statement on Risk Management and Internal Control and the Audit Committee Report of this Annual Report respectively.

7. TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies and Procedures

The Company has in place a corporate disclosure policies guided by best practices in the LR. It provides methodology for handling and disclosing confidential, important and price sensitive information appropriately for Directors down to all level of employees.

The policies also contain guidance on maintaining confidential information, restricted access to the confidential information and remedy action on leakage, and accountability by designating personnel in-charge of preparing and reviewing the confidential information and the spoke person. It also highlights the possible punishment actions on any abuse of information and insider trading.

The Corporate Disclosure Policies was approved by the Board on 26 March 2013 and is subject to review periodically.

7.2 Information Technology for Effective Dissemination of Information

The Board recognizes the importance of transparency and accountability to its shareholders and the need for clear, effective communications with the Company's institutional investors, shareholders and other stakeholders. The shareholders and investors are kept informed of the Group's performance, business activities, financial performance, material information and corporate events through the Annual Report, formal announcements, quarterly reports, circulars and press release which are released through Bursa's and the Company's website.

The Group maintains various websites at: www.hwgenting.com.my, www.hwgwirecable.com.my, www.hwgholidays.com and www.hwgenting-mm2h.com to provide information on the Company, the Group's various core businesses which shareholders, investors and public may surf.

Currently the notice calling for general meeting, proxy form and annual report are in "investor relation section" of the website, the Board will further improvise the website for a corporate governance section where information regarding shareholders' rights and other corporate governance related information may be easily referred.

8. RELATIONSHIP WITH SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue between the Company and its shareholders and investors. At the AGM, the Board briefs the shareholders on the status of the Group's businesses and operations. The shareholders are given the opportunity to raise questions on the Group's activities and prospects as well as to communicate their expectations and concerns to the Company. Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

The Board encourages the participation of shareholders at general meeting and has been sending AGM notice earlier than the minimum notice period stated in the LR and will try to continue sending AGM notice earlier as and when possible.

The Board will ensure sufficient and relevant information are given for each agenda items in the notice of meeting and or annual report or circular accompanying the notice of meeting.

The Board will consider adopting electronic voting to facilitate greater shareholders participation when the facilities for electronic voting mechanism are more prevalent in the future.

8.2 Encourage Poll Voting

The Board encourages poll voting for substantive resolution whilst the ordinary business resolutions are being voted by show of hands.

8. RELATIONSHIP WITH SHAREHOLDERS (CONT'D)

8.3 Effective Communication and Engagement with Shareholders

The Chairman at the general meeting briefs shareholders of their rights to speak and vote when the meeting commence.

The Chairman will brief shareholders on financial and operations performance of the Group prior to tabling the motion on audited financial statements and shareholders will be invited to raise question concerning the financial statement. Briefing will also be given on other motions not in the ordinary course of business of the agenda as and when needed before voting. The Directors, Auditors and Senior Managements Officers are also present to answer any questions raised.

9. ADDITIONAL COMPLIANCE INFORMATION

I) Utilization of Proceeds

Proceeds of RM17,784,734.50 from the private placement of 48,725,300 new ordinary shares of RM0.20 each in the Company at an issue price of RM0.365 which was completed on 8 March 2012, had been fully utilized as follows:

Description	Proposed Utilization RM'000	Actual Utilization as at 31.12.2012 RM'000	Balance RM'000	Estimated timeframe for utilization of proceeds from the listing of the Placement Shares
Repayment of bank borrowings	4,200	4,200	-	Within six (6) months
Working capital	13,485	13,485	-	Within six (6) months
Private Placement expenses	100	100	-	Within one (1) month
TOTAL	**17,785**	**17,785**	**-**	

II) Share Buybacks

During the financial year under review, there was no share buyback by the Company.

III) Options, Warrants or Convertible Securities

The Company has not issued any options, warrants, or convertible securities during the financial year under review.

During the financial year under review:

a. 1,108,600 options under the Employees' Share Option Scheme were exercised; and

b. No options under the Warrants B (2010/2015) and Warrants C (2011/2016) had been exercised and converted.

IV) Depository Receipt Program

The Company did not sponsor any depository receipt program during the financial year.

9. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

V) Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Group and the Company, Directors or Management by the relevant regulatory bodies.

VI) Non-Audit Fees

During the financial year under review, the amount of non-audit fee incurred for services rendered to the Group by the External Auditors of the Company was RM6,000.00.

VII) Variation in Results

The Group and the Company did not release any profit estimate, forecast or projection for the financial year ended 31 December 2012.

There was no material variance of 10% or more between the audited financial results and the unaudited financial results of the Group for the financial year ended 31 December 2012.

VIII) Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

IX) Material Contracts

There were no materials contracts entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interests subsisting as at 31 December 2012 or entered into since the end of the previous financial year ended 31 December 2011.

There were no material contracts relating to loans between the Company and its subsidiaries involving Directors' and Major Shareholders' interests during the financial year under review.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") STATEMENT

The Group, whilst pursuing its commitment to the stakeholders, is also consciously emphasizing the importance of its social responsibility. Throughout the year, the Group carried out its CSR activities focusing on the following aspects:

1. Environment

The Group is committed to safeguarding and achieving high standards of environmental protection in carrying out its business through the following measures:

a. Uses environmental friendly, ecological and cost effective production processes.
b. Uses resources efficiently, recycle and proper control of waste to minimize adverse impact on the environment and to achieve an optimum level of environmental protection as long as economically practicable.
c. Continue to improve and monitor the environmental management program's result periodically.
d. Set-up of Quality Assurance and Quality Control Department to manage overall quality system for products quality and to reduce wastage.
e. Complies with applicable standard of safety requirements on products for customers in different country.

The Group's manufacturing division for wire and cables has received certification for ISO14001 on standard of environmental protection in its production process.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") STATEMENT (CONT'D)

2. Quality Products

It is imperative that the manufacturing division produce high quality and reliable products for consumers.

It existing Quality Assurance and Quality Control Department has successfully upgraded certification from ISO 9001:2000 to ISO 9001:2008 to enhance quality and reliability of its products.

3. Human Resources Development

The Group's manufacturing division formed a Quality Control Circle ("QCC") comprising representatives from all departments, to resolve problem systematically in their workplace by providing QCC pillars and training methodology in forming QCC teams. The teams are then deployed at all functional departments to present their project in internal QCC. QCC convention will be held, aims at good problem solving solutions and sharing of skill knowledge amongst all employees. The winning team in QCC convention will be rewarded in recognition of their contribution to the other employees and Company.

The objectives of the QCC are to improve productivity, minimize wastage, solve problem, exchange skills and experiences and enhance employees' personal development and motivation by providing on-the-job-training on continuous basis.

4. Workplace

The Group encourages employees' participation in various games and sports to foster communication, understanding, team spirit, motivation and enlightenment for a healthy living style. In this respect, the Group organizes badminton and futsal games and tournaments for participation and enjoyment of employees.

Such events are designed to create greater unity, rapport and friendship amongst employees. The tournaments were a resounding success and the winning teams received cash prizes and trophies for their efforts.

5. Training Program

As part of the Group's human capital developments and succession planning, the Group provides quality training programs to the employees on regular basis with the aim to improve employees' skill and competency, which will positively enhance their efficiency in discharging their duties, resulting in better performance and efficiency.

Audit Committee Report

COMPOSITION OF THE AUDIT COMMITTEE

CHAIRMAN
Mr. Tee Lay Peng
Independent Non-Executive Director

MEMBER
Dato' Mohd Shahar Bin Abdul Hamid
Senior Independent Non-Executive Director

Mr. Wong Tuck Jeong
Independent Non-Executive Director

Ms. Elaine Tan Ai Lin
Independent Non-Executive Director *(appointed on 19.03.2013)*

Mr. Tan Nyap Keong @ Tony Tan
Independent Non-Executive Director *(resigned on 30.08.2012)*

A. TERMS OF REFERENCE

The Audit Committee was established on 4 October 1994.

1. Membership

The Board shall appoint, amongst its Directors, an Audit Committee which shall consist of not less than three (3) members who must be non-executive directors, with a majority of them being Independent Directors.

At least one member of the Committee must be a member of the Malaysian Institute of Accountants and if not, he/she must fulfill the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("LR").

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

In the event of any vacancy arises in the Audit Committee resulting in the number of members becomes less than three (3), the Board shall fill the vacancy within three (3) months of such event.

The Board shall review the terms of office and performance of the Committee and each of its members at least once in every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

2. Objectives

a. Provide assistance to the Board of Directors in fulfilling its statutory responsibilities pertaining to the financial, accounting records, internal control systems and the reporting practices of the Group.

b. Oversee and appraise the quality of the audits conducted both by the internal and external auditors and evaluate the adequacy and effectiveness of the Group's administrative, operating and accounting controls and the integrity of its financial information.

3. Authority

The Audit Committee is authorized by the Board to investigate any activities within its terms of reference. It is authorized to seek any information it requires from any employees and it has unlimited access to all the Company and its subsidiaries' records and information.

The Audit Committee is authorized by the Board to seek external legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise.

A. TERMS OF REFERENCE (CONT'D)

4. Key Functions, Roles and Responsibilities of the Audit Committee

a. To consider the appointment of the internal and external auditors, their audit fees and to enquire on any resignation or dismissal.

b. To discuss with the external auditors their audit plan, scope and nature of audit, prior to commencement of audit.

c. To review with the external auditors their evaluation of the system of internal controls, audit report, their management letter and the management's response.

d. To review the quarterly and year-end financial statements of the Company and the Group for recommendation to the Board for approval focusing particularly on:

   i. Any changes in or implementation of major accounting policies and practices.
   ii. Major judgmental areas.
   iii. Significant adjustments resulting from the audit.
   iv. Significant or unusual events.
   v. The going concern assumption.
   vi. Compliance with accounting standards and other statutory and regulatory requirements.

e. To discuss problems and reservations arising from the interim and final audits and any matter that the external auditors may wish to discuss (in the absence of management, if necessary).

f. To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

g. To review the effectiveness of internal control systems and in particular, review the internal auditors' findings and management's response to those findings.

h. To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises question on management integrity and to ascertain that the procedures established to monitor recurrent related party transactions have been complied with.

i. The Audit Committee shall have direct communication channels with the internal and external auditors and the senior management of the Group and shall be able to convene meetings with the auditors whenever deemed necessary.

j. To report any breaches of the LR, which have not been satisfactorily resolved, to Bursa Malaysia Securities Berhad ("Bursa").

k. To direct and where appropriate to supervise any special projects or investigation considered necessary and to review investigation reports on any major defalcations, frauds or thefts.

l. To verify the allocation of share options pursuant to the Company's Employees' Share Option Scheme ("ESOS") as being in compliance with the criteria set out in the Bylaws of the ESOS, at the end of the financial year.

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.

5. Quorum and Meeting

The quorum for a meeting shall be two (2) members of which the majority present must be independent directors.

A. TERMS OF REFERENCE (CONT'D)

5. Quorum and Meeting (cont'd)

The Committee shall meet as frequently as the Chairman shall decide and it shall be able to convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary. The Committee shall meet at least twice during a financial year with the external auditors without the presence of executive board members/ management.

The Audit Committee meeting shall be attended by its members and the Secretary. Members of the management, employees, other directors and representatives of the internal and external auditors shall attend the meeting only by invitation of the Audit Committee.

A resolution put to vote shall be decided by a majority of votes of the members present and each member shall have one vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

6. Reporting Procedures

The Secretary of the Audit Committee is responsible for sending out notices of the meetings, preparing and keeping minutes of meetings and shall also provide the necessary administrative and secretarial services for the effective functioning of the Committee.

B. SUMMARY OF AUDIT COMMITTEE ACTIVITIES

The Committee held four (4) meetings during the financial year ended 31 December 2012 with due notices of issues to be discussed circulated to the Committee Members.

There was full attendance of all Committee Members at each meeting held. Details of the attendance of the Audit Committee Members are as follows:

Directors	Attendance
Mr. Tee Lay Peng	4/4
Dato' Mohd Shahar Bin Abdul Hamid	4/4
Mr. Wong Tuck Jeong	4/4
Mr. Tan Nyap Keong @ Tony Tan *(resigned on 30.08.2012)*	3/3

During the financial year under review, the Audit Committee met twice with the external auditors without the presence of any Executive Directors and Management.

The proceedings of each audit committee meeting were minuted and distributed to members of the Audit Committee accordingly.

The activities undertaken by the Audit Committee during the financial year under review were as follows:

1. Reviewed the Group's unaudited quarterly financial statements and made suitable recommendations thereon to the Board for approval prior to release to Bursa.

2. Reviewed the Group's audited financial statements and made recommendation to the Board for approval.

3. Monitored and ensured that the internal auditors carried out its functions in accordance with the Internal Audit Plan, Audit Committee instructions and affirmed that adequate scope and coverage of the Group's activities are constantly being considered.

4. Reviewed and discussed the quarterly internal audit reports on audit issues highlighted, recommendations and Management's responses and the effectiveness of the Group's system of internal controls.

B. SUMMARY OF AUDIT COMMITTEE ACTIVITIES (CONT'D)

The activities undertaken by the Audit Committee during the financial year under review were as follows: (cont'd)

5. Followed up on previous internal audit reports issued.

6. Assessed the internal auditors' performance.

7. Reviewed the Audit Summary Memorandum for the financial year ended 31 December 2011 prepared by the external auditors which comprised the significant audit findings.

8. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Controls.

9. Reviewed the Audit Planning Memorandum for audit of financial statements for financial year ended 31 December 2012 prepared by the external auditors which set out the auditors' responsibilities in respect of financial reporting, audit approach, scope of work, current developments, areas of concern, and audit procedures.

10. Considered and recommended to the Board for approval the audit fees payable to the internal and external auditors.

11. Reviewed existing accounting standards for additional disclosures requirement approved by the Malaysian Accounting Standards Board and Malaysian Financial Reporting Standards applicable in the preparation of the Group's financial statements.

12. Reviewed any related party transactions and conflict of interest situation that may arise within the Company and the Group.

C. INTERNAL AUDIT FUNCTION

The Board has established an internal audit function which reports directly to the Audit Committee. The function has been outsourced to a professional service firm and the audits are managed by a Certified Internal Auditor to provide assurance to the Board that internal control is operating effectively.

The professional fees in relation to internal audit activities amounted to RM66,000 for the financial year ended 31 December 2012.

Details of the Company's internal control system and framework are set out in Statement on Risk Management and Internal Control of this Annual Report.

D. SUMMARY OF INTERNAL AUDIT ACTIVITIES

During the financial year under review, the internal auditors carried out the following activities:

1. Reviewed the overall strategy of the Company and the adequacy of resources and capabilities in meeting those objectives.

2. Reviewed the overall adequacy and effectiveness of the Group's internal control system and risk management practices.

3. Performed internal audit based on internal audit plans and urgent priorities set by the Board and Management.

4. Recommended various risk management, governance and innovation management concepts to the Board and Management for overall performance improvement.

5. Conducted risk assessment sessions for the Board.

D. SUMMARY OF INTERNAL AUDIT ACTIVITIES (CONT'D)

During the financial year under review, the internal auditors carried out the following activities: (cont'd)

6. Reported to the Audit Committee on the execution of internal audit plans, approaches, scope of work and resources requirements.
7. Performed operational audits for process improvements and cost savings.
8. Reviewed the internal controls and compliance on areas covered under the audit plan.
9. Reported internal audit results that include observations, deficiencies, recommended actions, Management responses and status of implementation on quarterly basis.
10. Provided continuous assistance and advisory to the Board and the Management on matters pertaining to governance, risk and compliance.

The internal audit function will conduct special reviews or audit requested by Audit Committee and/or Management on ad-hoc basis.

E. STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME

The Company has one (1) Employees' Share Option Scheme 2010-2020 ("ESOS") currently in existence. A copy of the Bylaws of the ESOS was posted on the notice board of the Company and each subsidiary for employees' information.

During the financial year ended 31 December 2012, no additional ESOS was allocated. Disclosure of ESOS information pursuant to Appendix 9C (27) of LR are as follows:

a. Brief details of ESOS:

No.	ESOS movement during the financial year	Balance
	Balance of total number of options granted as at 01.01.2012	7,133,046
i.	Option granted/Additional adjustment	-
ii.	Total number of options exercised	(1,108,600)
	Total number of options lapsed due to staff resignation	(5,221)
iii.	**Total options outstanding as at 31.12.2012**	**6,019,225**

b. ESOS granted to Directors and Chief Executive:

No.	ESOS movement during the financial year	Balance
	Balance of total number of options granted as at 01.01.2012	2,301,976
i.	Aggregate option granted/Additional adjustment	-
ii.	Aggregate options exercised	-
iii.	**Aggregate options outstanding as at 31.12.2012**	**2,301,976**

c. ESOS granted to Directors and Senior Management:

	Since commencement of the ESOS on 10 February 2010	Allocated during the year	As at 31 December 2012
Aggregate maximum allocation in percentage	50%	-	50%
Actual percentage granted	40%	-	40%

The Company's ESOS Bylaws do not provide for allocation of options to Non-Executive Directors.

Statement On Risk Management And Internal Control

1. INTRODUCTION

The Board of Directors affirms the Statement on Risk Management and Internal Control prepared in reference to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is committed to develop an effective risk management framework and maintain a sound system of internal control. Each business unit or functional group has implemented its own control processes under the leadership of the Executive Chairman, who is responsible for good business and regulatory governance. The following statement outlines the nature and scope of the Group's risk management and internal control in 2012.

2. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board affirms its responsibility to oversee that effective systems of risk management and internal control are in place to assist the Group in meeting its objectives.

The Board meets on quarterly basis to review the Group's risk management and internal control activities based on the scope collectively agreed by the Board and Senior Management. The Board through the Audit Committee ("AC") supported by an internal audit function that is independent of the activities it audits, conducts quarterly assessments as to whether risks that may hinder the Group from achieving its objectives, are being adequately evaluated, managed and controlled. Issues as well as actions agreed by Management to address them were tabled and deliberated during the AC meetings. Minutes of the AC meetings which recorded deliberations held during these meetings were presented to the Board.

The Board recognizes the need to embed risk management in all aspects of the Company's activities and setting levels of acceptable risk appetite to aid decision making and governance processes. The Board affirms the need for a more formal risk management framework and processes that are capable to provide reasonable assurance that risks are managed within tolerable ranges.

The Board has received assurance from the Executive Chairman and the Managing Director that the Group will develop and maintain a sound and effective systems of risk management and internal control. In pursuing objectives, the role of Management is to implement the Board's policies, decisions and guidelines on risks and controls that include the identification, evaluation and treatment of risks with appropriate counter measures.

The Board however, recognizes that these systems are designed to manage, rather than eliminate, the risk of not adhering the Group's policies and achieving goals and objectives. Therefore, the systems provide reasonable, but not absolute assurance against the occurrence of any material misstatement, loss or fraud.

2.1 Control Environment

The Board affirms its tone at the top regarding the importance of internal control and expected standards of conduct that will provide discipline, process and structure throughout the Group. The Board promotes transparency by providing communication channels for all levels within the organization to facilitate and ensure integrity and ethics are upheld at all times.

The Board reviews Management performances on a quarterly basis and exercises oversight for the development and performance of internal control. Management has attested its commitment to establish, with Board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of the objectives.

The Board and Management are committed to attract, develop and retain competent individuals in alignment with the objectives. Individuals are held accountable for their internal control responsibilities in the pursuit of the objectives.

2. BOARD OF DIRECTORS' RESPONSIBILITIES (CONT'D)

2.2 Risk Assessment

The Board through the internal audit function has identified all key functional components within the Group and conducted a basic risk assessment exercise with the purpose of prioritizing key areas for internal audit review. In this regard, risks were assessed using qualitative measures based on the significance of their impact to the Group and the likelihood of occurrence. The product of impact and likelihood were evaluated on a scale, indicating the level of attention required.

Areas with higher risk levels are selected as internal audit priority and incorporated into the internal audit plan. Reviews are then carried out based on resources allocated, focusing on areas that required immediate mitigation and rectification. Agreed management action plans are tabled to the Board via Audit Committee.

The Board is committed to develop a more robust risk management framework based on globally acceptable standards such as the COSO and ISO models in the near future.

2.3 Control Activities

The Board oversees the establishment of policies and procedures to ensure that Management's directives to mitigate risks for the achievement of the objectives are carried out. Control activities are performed at all levels within the Group and at various stages within business processes, and over the technology environment.

Control activities are continuously evolved and improved to ensure that they better anticipate and mitigate risks to increase the Group's chances in meeting objectives. Resources and capabilities are continuously being evaluated to ensure that they are able to match the Group's strategic goals.

2.4 Information and Communication

Information is necessary for the Board to carry out internal control responsibilities in support of achievement of the Group objectives. The Board ensures that relevant and quality information is generated and communicated to support the proper functioning of all the internal control components. Communication procedures are developed to enable all personnel to understand internal control responsibilities and their importance to the achievement of objectives.

The Board affirms its commitment to ensure that all stakeholders are identified and critical stakeholders are included in its communication plan on matters affecting the functioning of internal control.

2.5 Monitoring Activities

The Board adopts the policy of ongoing and separate evaluations to ascertain whether key internal controls exist and that they are operating effectively. For ongoing evaluations, the Board ensures that Management at all levels is competent and has sufficient knowledge to understand evaluation purpose and procedures, giving thoughtful consideration on information they receive. By focusing on relationships, inconsistencies or other relevant implications, issues are raised immediately and corrective actions followed up consistently.

For separate and periodical evaluations, the Board engages a professional service firm that is independent of the activities it audits to perform internal audit for the Group. The internal auditor review the audit areas based on scope and resources set by the Board. Quarterly audits are performed based on the audit plan or areas that require immediate attention. All internal audit reports are communicated to Management for response and are tabled at the quarterly Audit Committee meetings. Internal audit reports provided assurance on the effectiveness of the internal control system of the areas under review. Management action plans are monitored periodically to ensure agreed counter measures and improvements are fully implemented.

3. REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report 2012, and reported to the Board that nothing has come to their attention that causes them to believe that the Statements are inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control. This Statement has been approved by the Board.

Additionally, the Internal Auditor has reviewed this Statement and reported to the AC that, the Statement reflected the general circumstances of risk management and internal control issues identified during the course of its internal audit assignments for the year.

4. CONCLUSION

The Board is of the view that the system of internal control and risk management is operational for the year under review and sufficient to provide information related the status of the Group's assets, shareholders' investment, the interests of customers, regulators, employees and other stakeholders.

The Board has appraised the effectiveness, adequacy and integrity of the system of internal control in operation during the financial year through the monitoring process set out above. However, it must be made clear that any system of internal control, no matter how well designed, implemented and monitored, does not eliminate the possibility of human error, collusion or the deliberate circumvention of control procedures. The Board remains committed towards building a sound system of internal controls within an effective risk management framework. The Board acknowledges that internal controls must continuously improve to support the Group in achieving its key objectives.

Directors' Responsibility Statement

The Directors are required under the Companies Act, 1965 and the Malaysian Financial Reporting Standard for entities other than private entities to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company for the financial year then ended.

The Directors are of the opinion that, in preparing these financial statements, the Group and the Company have:

1. used appropriate accounting policies and applies them consistently;
2. made judgments and estimates that are reasonable and prudent;
3. followed applicable accounting standards; and
4. prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records, to disclose with reasonable accuracy, the financial positions and results of the Group and Company. The Directors are also responsible for taking necessary and reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2012.

Principal activities

The principal activities of the Company are that of an investment holding company and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial results

	Group RM'000	Company RM'000
Net loss for the year attributable to:		
Owners of the Company	**32,519**	**6,567**
Non controlling interests	**1,620**	**-**
	34,139	**6,567**

In the opinion of the directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

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

Issue of shares and debentures

During the financial year, the Company increased its issued and paid up share capital from RM97,450,749 to RM107,417,529 by way of:

(a) Issuance of 1,108,600 new ordinary shares of RM0.20 each for cash pursuant to the Company's Employees' Shares Option Scheme at an exercise price of RM0.20 per ordinary share; and

(b) Issuance of 48,725,300 new ordinary shares of RM0.20 each in the Company for cash pursuant to the Company's private placement at an issue price of RM0.365 per share. These shares were issued for working capital purposes. The resulting share premium arising from the private placement amounting to RM8,039,675 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

Warrants 2010/2015

The Company had on 9 April 2010 and on 26 August 2011 issued 137,888,954 and 4,291,073 Warrants 2010/2015 respectively in conjunction with the renounceable rights issue. The Warrants 2010/2015 are constituted by a Deed Poll dated 2 March 2010 ("Deed Poll").

The salient features of the Warrants 2010/2015 are as follows:

(a) The issue date of the Warrants is 9 April 2010 and the expiry date is on 8 April 2015. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

Warrants 2010/2015 (cont'd)

(b) Each Warrant entitles the registered holder the right to subscribe for one (1) new ordinary share of RM0.20 each in the Company at an exercise price of RM0.20 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company;

(d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such Warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements in the Company's Warrants 2010/2015 during the financial year are as follows:

	Entitlement for ordinary shares of RM0.20 each				
	Balance at 1.1.2012 '000	Issued '000	Exercised '000	Expired '000	Balance at 31.12.2012 '000
Number of unexercised warrants	142,180	-	-	-	**142,180**

Warrants 2011/2016

The Company had on 23 September 2011 issued 11,848,032 Warrants in conjunction with the renounceable rights issue.

The Warrants 2011/2016 are constituted by a Deed Poll dated 4 August 2011 ("Deed Poll").

The salient features of the Warrants 2011/2016 are as follows:

(a) The issue date of the Warrants is 23 September 2011 and the expiry date is on 22 September 2016. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each Warrant entitles the registered holder the right to subscribe for one (1) new ordinary share of RM0.20 each in the Company at an exercise price of RM0.20 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company;

(d) The Warrant holders are not entitled to participate in any distribution and/or offer of futher securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such Warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements in the Company's Warrants 2011/2016 during the financial year are as follows:

	Entitlement for ordinary shares of RM0.20 each				
	Balance at 1.1.2012 '000	Issued '000	Exercised '000	Expired '000	Balance at 31.12.2012 '000
Number of unexercised warrants	11,848	-	-	-	**11,848**

Employees' Share Option Scheme

The Company implemented an Employees' Share Option Scheme ("ESOS") which is governed by the ESOS By-Laws and was approved by its shareholders at the Extraordinary General Meeting held on 16 December 2009.

The salient features of the ESOS are as follows:

(a) The ESOS was implemented on 10 February 2010 and is in force for a period of 10 years until 9 February 2020 in accordance with the terms of the ESOS By-Laws;

(b) The total number of new shares to be offered pursuant to the ESOS shall be subject to a maximum of 10% of the Company's issued and paid up share capital (excluding treasury shares) at any one time;

(c) Employees (including Executive Directors) of the Company or its subsidiaries shall be eligible to participate in the ESOS, if as at the date of offer, the employee:

    (i) has attained the age of eighteen (18) years;
    (ii) is employed by and on the payroll of the Company or its subsidiaries; and
    (iii) has been in the employment of the Company or the subsidiaries for a period of at least twelve full months of continuous services, including services during the probation period and whose employment has been confirmed.

    The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee. The participation of an Executive Director of the Company in the ESOS shall be approved by the shareholders of the Company in the general meeting;

(d) The price payable upon exercise of ESOS shall be based on the weighted average market price of the Company's shares as shown in the Daily Official List of the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer with an allowance of a discount of not more than 10%, or at the par value of the Company's share, whichever is higher;

(e) In the event that share buy-back exercise of the Company resulting in the number of options that have been offered under the ESOS exceeding 10% of the issued and paid up share capital of the Company, there shall be no granting of additional options at any point in time after the share buy-back, unless the number of options that have been granted under the ESOS falls below 10% of the issued and paid up share capital of the Company;

(f) The new ordinary shares to be issued upon exercise of the ESOS, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the ESOS; and

(g) The exercise price and the number of new ordinary shares comprised in the ESOS are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the ESOS By-Laws. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company.

The movements in the Company's ESOS are as follows:

	Number of options over ordinary shares of RM0.20 each					
Offer Date	Exercise price per ordinary shares	Balance at 1.1.2012 '000	Granted '000	Lapsed '000	Exercised '000	Balance at 31.12.2012 '000
18 June 2010	RM0.20	7,133	-	(5)	(1,109)	**6,019**

Employees' Share Option Scheme (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who were granted options to subscribe for less than 190,000 ordinary shares of RM0.20 each. The names of option holders who were granted options to subscribe for 190,000 or more ordinary shares of RM0.20 each during the financial year are as follows:

	Number of options over ordinary shares of RM0.20 each			
Name	Balance at 1.1.2012	Granted	Exercised	Balance at 31.12.2012
Dato' Lim Hui Boon	822,134	-	-	**822,134**
Adanan Bin Baharum	620,008	-	75,000	**545,008**
Song Kok Seng	513,834	-	-	**513,834**
Law Shu Pin	411,759	-	171,200	**240,559**
Hsieh Ching Fen	359,684	-	-	**359,684**
Tee Swee Yee	308,300	-	118,300	**190,000**
Lee Choon Liang	205,534	-	-	**205,534**

Details of options granted to those who were directors at the end of the financial year are disclosed in the section on Directors' interest in this report.

Directors

The directors of the Company in office since the date of the last report are:

Datuk Teo Tiew
Lim Ooi Hong - Appointed on 30 August 2012
Chien, Chao-Chuan
Lim Wee Kiat
Dato' Mohd Shahar Bin Abdul Hamid
Tee Lay Peng
Wong Tuck Jeong
Elaine Tan Ai Lin - Appointed on 2 January 2013
Tan Nyap Keong @ Tony Tan - Resigned on 30 August 2012

Directors' interests

The shareholdings in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.20 each			
	Balance as at 01.01.2012	Bought	Sold	Balance as at 31.12.2012
In the Company				
Shareholdings registered in the name of directors:				
Datuk Teo Tiew	100,300	-	-	**100,300**
Chien, Chao-Chuan	100,000	-	-	**100,000**
Lim Wee Kiat	110,000	-	-	**110,000**
Other shareholdings in which directors are deemed to have an interest:				
Lim Wee Kiat	81,843,000	-	16,000,000	**65,843,000^**
Lim Ooi Hong	81,843,000	-	16,000,000	**65,843,000^**

Directors' interests (cont'd)

	Number of options over ordinary shares of RM0.20 each			
	Balance as at 01.01.2012	Granted	Exercised	Balance as at 31.12.2012
Share options registered in the name of directors:				
Datuk Teo Tiew	1,027,668	-	-	**1,027,668**
Chien, Chao-Chuan	822,134	-	-	**822,134**
Lim Wee Kiat	452,174	-	-	**452,174**

	Number of Warrants 2010/2015 over ordinary shares of RM0.20 each			
	Balance as at 01.01.2012	Bought	Sold	Balance as at 31.12.2012
Warrants registered in the name of director:				
Datuk Teo Tiew	39,492	-	-	**39,492**

	Number of Warrants 2011/2016 over ordinary shares of RM0.20 each			
	Balance as at 01.01.2012	Bought	Sold	Balance as at 31.12.2012
Warrants registered in the name of director:				
Datuk Teo Tiew	11,000	-	-	**11,000**

^ Deemed interested by virtue of his substantial shareholding in Kintron Holding Sdn Bhd pursuant to Section 6A of the Companies Act,1965

None of the other directors in office at the end of the financial year had any interest in the shares of the Company and its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

Other statutory information

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and

Directors' Report (cont'd)

Other statutory information (cont'd)

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

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

No contingent or other liability of the Group and the Company 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 affect the ability of the Group and the Company to meet its obligations as and when they fall due.

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

Auditors

The auditors, Messrs Russell Bedford LC & Company, have indicated their willingness to continue in office.

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

DATUK TEO TIEW

LIM OOI HONG

Kuala Lumpur

Date: 18 April 2013

Statement By Directors

The directors of HO WAH GENTING BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and the Malaysian Financial Reporting Standards, the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012, and of their financial performance and their cash flows for the year ended on that date.

The supplementary information set out in Note 42, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on 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" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

DATUK TEO TIEW

LIM OOI HONG

Kuala Lumpur
Date: 18 April 2013

Statutory Declaration

I, DATUK TEO TIEW, being the director primarily responsible for the financial management of HO WAH GENTING BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are 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)
above named DATUK TEO TIEW at Kuala)
Lumpur in Wilayah Persekutuan on 18 April 2013)

DATUK TEO TIEW

Before me,

Mohan A.S. Maniam
No. W521
COMMISSIONER FOR OATHS

Report Of The Independent Auditors

to the members of Ho Wah Genting Berhad

1. Report on the financial statements

We have audited the accompanying financial statements which comprise the statement of financial position of the Group and of the Company as at 31 December 2012, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

1.1 Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act 1965 ("Act") and the Malaysian Financial Reporting Standards, the Approved Accounting Standards for Entities Other Than Private Entities 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.

1.2 Auditors' responsibility

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 174, of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We conducted our audit in accordance with the 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, 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.

1.3 Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Act and the Malaysian Financial Reporting Standards, the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012, and of their financial performance and their cash flows for the year ended on that date.

2. Report on other legal and regulatory requirements

In accordance with the requirements of the Act, we also report on 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 by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 15 to the financial statements, being financial statements that have been included in the Group's financial statements.

2. Report on other legal and regulatory requirements (cont'd)

(c) We are satisfied that the financial statements 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 Group's financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material in relation to the Group's financial statements and did not include any comment made under Section 174(3) of the Act.

3. Other reporting responsibilities

The supplementary information set out in Note 42 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

TEOH WUEY SZE
2831/01/14 (J)
PARTNER

Kuala Lumpur
Date: 18 April 2013

Statements Of Comprehensive Income

for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 Restated RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	4	**243,567**	246,655	**767**	758
Cost of sales	5	**(238,291)**	(243,129)	**-**	-
Gross profit		**5,276**	3,526	**767**	758
Other operating income		**3,959**	20,371	**605**	499
Distribution costs		**(3,795)**	(2,871)	**-**	-
Administrative expenses		**(11,696)**	(14,638)	**(5,635)**	(6,456)
Other operating expenses		**(22,827)**	(5,078)	**(2,256)**	(2,738)
(Loss)/Profit from operations		**(29,083)**	1,310	**(6,519)**	(7,937)
Finance costs		**(5,041)**	(5,703)	**(48)**	(97)
Share in losses of associates		**(15)**	(6,330)	**-**	-
Loss before tax	7	**(34,139)**	(10,723)	**(6,567)**	(8,034)
Income tax expense	8	**-**	(125)	**-**	-
Net loss for the year		**(34,139)**	(10,848)	**(6,567)**	(8,034)
Other comprehensive income/(loss):					
(Loss)/Income on fair value changes on available for sale financial assets					
- current year		**(8,567)**	(8,110)	**(13,052)**	19,489
- transferred to profit or loss		**16,702**	-	**-**	-
Foreign currency translation					
- current year		**(547)**	2,785	**-**	-
- reclassification of foreign currency translation of investment in associate		**-**	(2,373)	**-**	-
Other comprehensive income/(loss) for the year, net of tax		**7,588**	(7,698)	**(13,052)**	19,489
Total comprehensive (loss)/income for the year		**(26,551)**	(18,546)	**(19,619)**	11,455
Loss attributable to:					
Owners of the Company		**(32,519)**	(6,515)	**(6,567)**	(8,034)
Non controlling interests		**(1,620)**	(4,333)	**-**	-
		(34,139)	(10,848)	**(6,567)**	(8,034)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(24,931)**	(14,213)	**(19,619)**	11,455
Non controlling interests		**(1,620)**	(4,333)	**-**	-
		(26,551)	(18,546)	**(19,619)**	11,455
Loss per share (sen)					
Basic	9	**(6.12)**	(1.39)		
Diluted	9	**-**	-		

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

Statements Of Financial Position

as at 31 December 2012

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 Restated RM'000	Group 1.1.2011 Restated RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 Restated RM'000	Company 1.1.2011 Restated RM'000
Non-current assets							
Property, plant and equipment	10	**58,078**	59,308	55,503	**6,893**	7,229	7,639
Investment property	11	**9,435**	9,718	10,001	**9,435**	9,718	10,001
Exploration and evaluation assets	12	**3,217**	475	3,084	**-**	-	-
Prepaid lease payments	13	**-**	3,333	3,387	**-**	-	-
Intangible asset	14	**52**	53	61	**-**	-	-
Investment in subsidiaries	15	**-**	-	-	**82,369**	82,923	85,661
Investment in associates	16	**1,040**	1,055	38,677	**1,018**	1,018	18,068
Other financial assets	17	**23,611**	36,639	100	**23,487**	36,539	-
Casino licence	18	**-**	-	-	**-**	-	-
Goodwill on consolidation	19	**-**	-	-	**-**	-	-
Deferred tax assets	20	**600**	600	-	**-**	-	-
		96,033	111,181	110,813	**123,202**	137,427	121,369
Current assets							
Inventories	21	**41,997**	34,783	34,667	**-**	-	-
Non current assets held for sale	22	**-**	-	1,850	**-**	-	-
Trade receivables	23	**33,927**	28,355	22,511	**-**	-	-
Other receivables, deposits and prepayments	24	**4,595**	1,081	2,542	**40,578**	30,140	14,711
Prepaid lease payments	13	**-**	162	165	**-**	-	-
Tax recoverable		**243**	101	1,043	**-**	-	-
Fixed deposits with licensed banks	25	**932**	4,132	13,611	**-**	3,500	13,000
Cash and bank balances	26	**21,991**	15,956	16,378	**2,476**	395	2,250
		103,685	84,570	92,767	**43,054**	34,035	29,961
Current liabilities							
Trade payables	27	**31,537**	21,330	12,843	**-**	-	-
Other payables and accruals	28	**15,384**	9,978	14,170	**52,500**	56,529	58,475
Hire purchase and finance lease liabilities	29	**63**	61	46	**32**	31	29
Short term borrowings	30	**69,736**	64,817	63,248	**350**	600	600
Tax payable		**53**	132	252	**-**	-	-
		116,773	96,318	90,559	**52,882**	57,160	59,104
Net current (liabilities)/assets		**(13,088)**	(11,748)	2,208	**(9,828)**	(23,125)	(29,143)
Non current liabilities							
Other payables	28	**-**	-	-	**4,351**	3,209	3,567
Hire purchase and finance lease liabilities	29	**180**	259	221	**91**	137	163
Long term loans	31	**-**	8,668	15,962	**-**	412	1,032
Retirement benefits obligation	32	**1,689**	935	346	**-**	-	-
		(1,869)	(9,862)	(16,529)	**(4,442)**	(3,758)	(4,762)
		81,076	89,571	96,492	**108,932**	110,544	87,464
Represented by:							
Share capital	33	**107,418**	97,451	91,777	**107,418**	97,451	91,777
Reserves	34	**(20,508)**	(3,617)	4,645	**1,514**	13,093	(4,313)
Equity attributable to owners of the Company		**86,910**	93,834	96,422	**108,932**	110,544	87,464
Non controlling interests		**(5,834)**	(4,263)	70	**-**	-	-
Total equity		**81,076**	89,571	96,492	**108,932**	110,544	87,464

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

Statements Of Changes In Equity

for the year ended 31 December 2012

Group	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Employee share option reserve RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the Company RM'000	Non controlling interests RM'000	Total equity RM'000
	← Non-distributable reserve							→	Distributable reserve			
At 1 January 2012	97,451	10,535	8,971	430	13,640	203	(8,194)	(13,640)	(15,562)	93,834	(4,263)	89,571
Transitioning adjustment (Note 40)	-	-	(2,591)	-	-	209	-	-	2,382	-	-	-
As restated	97,451	10,535	6,380	430	13,640	412	(8,194)	(13,640)	(13,180)	93,834	(4,263)	89,571
Transaction with owners:												
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	49	49
Exercise of employee share options	222	64	-	(64)	-	-	-	-	-	222	-	222
Share issued pursuant to private placement	9,745	8,040	-	-	-	-	-	-	-	17,785	-	17,785
	9,967	8,104	-	(64)	-	-	-	-	-	18,007	49	18,056
Total comprehensive income/(loss):												
Net loss for the year	-	-	-	-	-	-	-	-	(32,519)	(32,519)	(1,620)	(34,139)
Other comprehensive income/(loss)	-	-	-	-	-	(547)	8,135	-	-	7,588	-	7,588
Total	-	-	-	-	-	(547)	8,135	-	(32,519)	(24,931)	(1,620)	(26,551)
At 31 December 2012	**107,418**	**18,639**	**6,380**	**366**	**13,640**	**(135)**	**(59)**	**(13,640)**	**(45,699)**	**86,910**	**(5,834)**	**81,076**

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

Group	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Employee share option reserve RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the Company RM'000	Non controlling interests RM'000	Total equity RM'000
	← Non-distributable reserve →								Distributable reserve			
At 1 January 2011	91,777	4,348	8,971	666	9,652	(715)	(84)	(9,652)	(8,541)	96,422	70	96,492
Transitioning adjustment (Note 40)	-	-	(2,591)	-	-	715	-	-	1,876	-	-	-
As restated	91,777	4,348	6,380	666	9,652	-	(84)	(9,652)	(6,665)	96,422	70	96,492
Transaction with owners:												
Rights issue of shares with free warrants	4,739	5,924	-	-	2,956	-	-	(2,956)	-	10,663	-	10,663
Additional adjusted equity settled share option to employees	-	-	-	55	-	-	-	-	-	55	-	55
Additional adjusted warrants 2010/2015	-	-	-	-	1,032	-	-	(1,032)	-	-	-	-
Exercise of employee share options	935	263	-	(263)	-	-	-	-	-	935	-	935
Employee share options lapsed	-	-	-	(28)	-	-	-	-	-	(28)	-	(28)
	5,674	6,187	-	(236)	3,988	-	-	(3,988)	-	11,625	-	11,625
Total comprehensive income/(loss)												
- At 31 December 2011												
- Net loss for the year	-	-	-	-	-	-	-	-	(6,515)	(6,515)	(4,333)	(10,848)
- Other comprehensive income/(loss)	-	-	-	-	-	412	(8,110)	-	-	(7,698)	-	(7,698)
	-	-	-	-	-	412	(8,110)	-	(6,515)	(14,213)	(4,333)	(18,546)
At 31 December 2011 - As restated	97,451	10,535	6,380	430	13,640	412	(8,194)	(13,640)	(13,180)	93,834	(4,263)	89,571

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

Statements Of Changes In Equity (cont'd)

for the year ended 31 December 2012

Company	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Employee share option reserve RM'000	Warrant reserve RM'000	Fair value adjustment reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2012	97,451	10,535	3,985	430	13,640	19,489	(13,640)	(21,346)	110,544
Transitioning adjustment (Note 40)	-	-	(2,591)	-	-	-	-	2,591	-
As restated	97,451	10,535	1,394	430	13,640	19,489	(13,640)	(18,755)	110,544
Transactions with owners:									
Exercise of employees share options	222	64	-	(64)	-	-	-	-	222
Share issued pursuant to private placement	9,745	8,040	-	-	-	-	-	-	17,785
	9,967	8,104	-	(64)	-	-	-	-	18,007
Total comprehensive loss	-	-	-	-	-	(13,052)	-	(6,567)	(19,619)
At 31 December 2012	**107,418**	**18,639**	**1,394**	**366**	**13,640**	**6,437**	**(13,640)**	**(25,322)**	**108,932**
At 1 January 2011	91,777	4,348	3,985	666	9,652	-	(9,652)	(13,312)	87,464
Transitioning adjustment (Note 40)	-	-	(2,591)	-	-	-	-	2,591	-
As restated	91,777	4,348	1,394	666	9,652	-	(9,652)	(10,721)	87,464
Transactions with owners:									
Right issue of shares with free warrants	4,739	5,924	-	-	2,956	-	(2,956)	-	10,663
Additional adjusted equity settled share options to employees	-	-	-	55	-	-	-	-	55
Additional adjusted warrants 2010/2015	-	-	-	-	1,032	-	(1,032)	-	-
Exercise of employees share options	935	263	-	(263)	-	-	-	-	935
Employees share option lapsed	-	-	-	(28)	-	-	-	-	(28)
	5,674	6,187	-	(236)	3,988	-	(3,988)	-	11,625
Total comprehensive income/(loss)	-	-	-	-	-	19,489	-	(8,034)	11,455
At 31 December 2011	97,451	10,535	1,394	430	13,640	19,489	(13,640)	(18,755)	110,544

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

Statements Of Cash Flows

for the year ended 31 December 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from/(used in) operating activities				
Loss before tax	**(34,139)**	(10,723)	**(6,567)**	(8,034)
Adjustments for:				
Amortisation of prepaid lease payments	**-**	156	**-**	-
Amortisation of financial guarantee liabilities	**-**	-	**(418)**	(385)
Amortisation of intangible asset	**1**	8	**-**	-
Reclassification of foreign currency translation of investment in associate	**-**	(2,373)	**-**	-
Depreciation				
- property, plant and equipment	**8,137**	9,792	**429**	423
- investment property	**283**	283	**283**	283
Staff costs – fair value of ESOS	**-**	55	**-**	55
Staff costs – expiry of ESOS	**-**	(28)	**-**	(28)
Gross dividend income from quoted investments in Malaysia	**(2)**	(2)	**-**	-
Gain on deemed disposal of an associate	**-**	(12,204)	**-**	-
Gain on disposal of non current assets held for sales	**-**	(29)	**-**	-
Gain on disposal of property, plant and equipment	**-**	(6)	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**2,256**	2,738
Impairment loss on equipment	**-**	6	**-**	-
Impairment loss on other financial assets	**21,163**	-	**-**	-
Interest expense	**5,041**	5,703	**48**	97
Interest income	**(136)**	(291)	**(123)**	(114)
Inventories written down	**-**	1,781	**-**	-
Loss on disposal of property, plant and equipment	**123**	15	**-**	-
Loss on reclassification from investment in associate to available for sale financial assets	**-**	1,221	**-**	-
Property, plant and equipment written off	**-**	19	**-**	-
Retirement benefits	**909**	600	**-**	-
Share in losses of associates	**15**	6,330	**-**	-
Unrealised gain on foreign exchange	**(62)**	(384)	**(50)**	-
Unrealised loss on foreign exchange	**455**	-	**-**	36
Operating profit/(loss) before working capital changes	**1,788**	(71)	**(4,142)**	(4,929)
Increase in inventories	**(8,574)**	(925)	**-**	-
Increase in trade and other receivables	**(10,260)**	(3,811)	**(2,196)**	(73)
Increase/(Decrease) in trade and other payables	**16,294**	3,782	**(190)**	(628)
Cash used in operations	**(752)**	(1,025)	**(6,528)**	(5,630)
Income tax refunded	**28**	217	**-**	-
Income tax paid	**(154)**	(121)	**-**	-
Interest paid	**(5,041)**	(5,703)	**(48)**	(97)
Interest received	**136**	291	**123**	114
Net cash used in operating activities	**(5,783)**	(6,341)	**(6,453)**	(5,613)

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

Statements Of Cash Flows (cont'd)

for the year ended 31 December 2012

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from/(used in) investing activities				
Increase in sinking fund account	**(3,700)**	(4,080)	**-**	-
Decrease/(Increase) in fixed deposits pledged	**22**	(21)	**-**	-
Dividends received	**2**	2	**-**	-
Proceeds from disposal of property, plant and equipment	**74**	36	**-**	-
Proceeds from disposal of non current assets held for sale	**-**	1,879	**-**	-
Proceeds from disposal of subsidiaries	**-**	-	**1,000**	-
Purchase of property, plant and equipment	**(3,624)**	(9,650)	**(93)**	(13)
Payment for exploration and evaluation assets	**(2,742)**	(578)	**-**	-
Acquisition of shares in subsidiaries	**-**	-	**(1,051)**	-
Net cash used in investing activities	**(9,968)**	(12,412)	**(144)**	(13)
Cash flows from/(used in) financing activities				
Proceeds from exercise of employee share options	**222**	935	**222**	935
Proceeds from trade finance	**146,911**	145,295	**-**	-
Proceeds from shares issued pursuant to private placement	**17,785**	-	**17,785**	-
Proceeds from rights issue of shares	**-**	10,663	**-**	10,663
Repayments of trade finance	**(139,442)**	(143,828)	**-**	-
Repayments of term loans	**(7,971)**	(8,991)	**(662)**	(620)
Repayments of hire purchase and finance lease liabilities	**(177)**	(114)	**(45)**	(24)
Advances from/(Repayment to) associates	**-**	(24)	**4**	(14)
Advances to subsidiaries	**-**	-	**(12,126)**	(16,669)
Net cash from/(used in) financing activities	**17,328**	3,936	**5,178**	(5,729)
Exchange differences	**(1,076)**	884	**-**	-
Net increase/(decrease) in cash and cash equivalents	**501**	(13,933)	**(1,419)**	(11,355)
Cash and cash equivalents at beginning of year	**4,906**	18,839	**3,895**	15,250
Cash and cash equivalents at end of year	**5,407**	4,906	**2,476**	3,895
Cash and cash equivalents comprise:				
Cash and bank balances	**21,991**	15,956	**2,476**	395
Fixed deposits with licensed banks	**932**	4,132	**-**	3,500
Bank overdrafts	**(622)**	(1,445)	**-**	-
	22,301	18,643	**2,476**	3,895
Less: Fixed deposits pledged	**(610)**	(632)	**-**	-
Sinking fund account	**(16,284)**	(13,105)	**-**	-
	5,407	4,906	**2,476**	3,895

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

1. General information

The principal activities of the Company are that of an investment holding company and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 15.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company's registered office and principal place of business are located at Wisma Ho Wah Genting, No. 35, Jalan Maharajalela, 50150 Kuala Lumpur.

The financial statements of the Group and the Company were approved and authorised for issue by the Board of Directors on 18 April 2013.

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act 1965 and the Malaysian Financial Reporting Standards ("MFRS"), the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

These are the Group's and the Company's first financial statements prepared in accordance with MFRS. In the previous years, the financial statements of the Group and the Company were prepared in accordance with the Financial Reporting Standards in Malaysia. The first time adoption of MFRS does not have any significant impact on the Group's and the Company's reported financial position, financial performance and cash flows other than as disclosed in Note 40.

In accordance with MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, the Group and the Company presented their opening MFRS statement of financial position at 1 January 2011 (date of transition to MFRS) together with their underlying notes in this first set of financial statements prepared in accordance with the MFRS.

The Group and the Company have not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Group and the Company upon their initial application other than the following:

i. MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective for financial periods beginning on or after 1 January 2015).

   MFRS 9 replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.1 Basis of accounting (cont'd)

i. MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective for financial periods beginning on or after 1 January 2015) (cont'd)

The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income ("OCI"). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply. MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

ii. MFRS 10 "Consolidated financial statements" (effective for financial periods beginning on or after 1 January 2013)

MFRS 10 changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

iii. MFRS 12 "Disclosures of interests in other entities" (Effective for financial periods beginning on or after 1 January 2013)

MFRS 12 sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

iv. MFRS 13 Fair Value Measurement (effective for financial periods beginning on or after 1 January 2013)

MFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 Financial Instruments: Disclosure, but apply to all assets and liabilities measured at fair value, not just financial ones.

v. IC Interpretation 20 "Stripping costs in the production phase of a surface mine" (effective for financial periods beginning on or after 1 January 2013) sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. There can be two benefits accruing to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. This interpretation considers when and how to account separately for these two benefits, as well as how to measures them both initially and subsequently.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.1 Basis of accounting (cont'd)

vi. The revised MFRS 127 " Separate financial statements" (effective for financial periods beginning on or after 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

vii. The revised MFRS 128 "Investments in associates and joint ventures" (effective for financial periods beginning on or after 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11 "Joint arrangements".

viii. Amendment to MFRS 119 "Employee benefits" (effective for financial periods beginning on or after 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

The Group and the Company are in the process of making an assessment of where the impact of these amendments, new standards and new interpretations are expected to be in the period of initial application.

2.2.2 Significant accounting policies

Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For each business combination, non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Basis of consolidation (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's net identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

Revenue and income recognition

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the profit or loss upon delivery of goods and the risk and rewards of ownership have passed to the customers.

Revenue from services rendered is recognised when the services are rendered.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised as it accrues (using the effective interest rate method) unless collectibility is in doubt.

Rental income is recognised as it accrues unless collectibility is in doubt.

Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Foreign currencies

(i) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

The principal exchange rates for every unit of foreign currency used are as follows:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
100 Indonesian Rupiah	**0.03**	0.04	0.04
100 New Taiwan Dollar	**10.52**	10.48	10.62
100 Hong Kong Dollar	**39.45**	40.89	39.64
1 United States Dollar	**3.06**	3.18	3.09
1 Singapore Dollar	**2.50**	2.44	2.37

Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans such as Employees Provident Fund are recognised as an expense in the profit or loss as incurred.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Employee benefits (cont'd)

(iii) Retirement benefits

The cost of providing retirement benefits under defined benefit plans are determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a benefit plan, past service cost is recognised immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

(iv) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with the employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimates of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of the period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share premium account if new shares are issued.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Income tax (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. 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, in which case it is recognised in equity or other comprehensive income.

Impairment of non financial assets

The carrying amount of assets (other than financial assets) subject to accounting for impairment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment loss is recognised in the profit or loss in the period in which it arises, unless, the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in asset revaluation reserve for the same asset.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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. The reversal is recognised in the profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any.

Subsequant costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

The Group adopted the revaluation method to measure its entire class of buildings. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses, if any. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Buildings are revalued at a regular interval of every five (5) years with additional valuations in the interval years where market conditions indicate that the carrying values of the revalued buildings materially differ from the market value.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

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

An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Any decrease arising is first offset against the revaluation surplus on an earlier valuation in respect of the same property and thereafter charged to the profit and loss.

A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously charged as an expense. Upon the disposal of revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

No depreciation is provided on freehold land and asset under construction.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to its residual values on a straight line basis at the following annual rates based on their estimated useful lives except for mine properties and plant and equipment used in mining. Mine properties and plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves over the estimated useful lives of the assets and the tenure of the mining lease, whichever is shorter.

The principal depreciation rates are as follows:

	2012	2011
Buildings	**2% - 3%**	2% - 3%
Plant and machinery	**Unit-of-production, 10% - 20%**	10% - 20%
Furniture, fittings and equipment	**10% - 25%**	10% - 25%
Motor vehicles	**10% - 20%**	10% - 20%
Renovations	**3.33% - 10%**	3.33% - 10%
Mines properties	**Unit-of-production**	10%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are stated at cost, including transaction costs less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Investment properties (cont'd)

Depreciation on leasehold land and building is calculated to write off the cost of the assets on a straight line basis over their lease period of 36 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs which are directly attributable to researching and analysing existing exploration data, conducting geological studies, exploratory drilling and sampling, examining and testing extraction and treatment methods, and compiling pre-feasibility and feasibility studies. Exploration and evaluation expenditure also includes the costs incurred in the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration and evaluation expenditure is capitalised. If a project is not proven to be viable, all irrecoverable costs associated with the project are expensed in the profit or loss. Capitalised exploration and evaluation expenditures are stated in the statement of financial position at cost less impairment losses.

Once reserves are established and development is sanctioned, exploration and evaluation expenditure are tested for impairment and transferred to property, plant and equipment. All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised as "Mine properties" which is disclosed as a component of property, plant and equipment.

Intangible asset

Intangible asset comprising mining right acquired is measured on initial recognition at cost. Following initial recognition, intangible asset is carried at cost less accumulated amortisation and impairment losses, if any. Intangible asset is amortised using the unit-of-production method based on economically recoverable ore reserves over the lease term of 10 years and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at each reporting date.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to derive benefits from its activities.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Investment in associates

An associate is a company in which the Group or the Company, directly or indirectly, has significant influence and which is neither a subsidiary nor a joint venture of the Group or the Company.

The Company's investment in associates is stated at cost less impairment losses, if any.

The Group's investment in associates is accounted for under the equity method of accounting based on the audited or management financial statements of the associates made up to the same reporting date as the Company. Under this method of accounting, the Group's interest in the post acquisition changes in the Group's share of net assets of the associates is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated statement of financial position.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of the associates to ensure consistency of accounting policies with the Group.

Casino licence

The premium paid for the licence to operate the casino in Cambodia is stated at cost less accumulated amortisation and accumulated impairment losses, if any. The licence is amortised on a straight line basis from the date of commencement of the casino operations over a period of 20 years.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities. Goodwill is measured at cost less any accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Inventories

Raw materials and consumable stores, work in progress and manufactured inventories are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Tin concentrates are stated at the lower of cost and net realisable value. Cost of tin concentrates and consumable stores for tin mining activities are determined on a first in first out basis. Cost of raw materials and consumable stores includes expenditure incurred in acquiring them and other cost incurred in bringing them to their present location and condition. For work in progress and manufactured inventories, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads. Cost of tin concentrates includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in selling and distribution.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Non current assets held for sale

Non current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale must be highly probable.

Non current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Leases

Assets acquired under leases or hire purchase which transfers substantially all the risks and rewards incidental to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the difference between the total lease commitments and the fair values of the assets acquired, are charged to the statement of comprehensive income over the terms of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised as an expense in the statement of comprehensive income on a straight line basis over the terms of the relevant lease.

Short term leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as operating lease. The prepaid land lease payments is amortised on the straight line basis over the lease period of 50 years or less.

Segment information

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 to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Company has become 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.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

Financial assets are classified as either at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale as appropriate. Financial liabilities are classified as either at fair value through profit or loss (derivative financial liabilities) or at amortised cost (borrowings and trade and other payables), as appropriate.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

(ii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(iii) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 month after the reporting date.

(iv) Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(v) 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved.

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 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 carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Principal accounting policies (cont'd)

2.2 Basis of preparation of the financial statements (cont'd)

2.2.2 Significant accounting policies (cont'd)

Financial instruments (cont'd)

(ii) Available for sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available for sale financial assets are impaired.

If available for sale financial assets is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management is of the opinion that there are no instances of application of judgment which are expected to have a significant effect on the amounts recognised in the financial statements.

3. Critical accounting estimates and judgements (cont'd)

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

(a) Employee share options

The Group measures the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions and the carrying amounts are disclosed in Note 33.

(b) Retirement benefits obligation

The cost of the retirement benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date.

(c) Deferred tax assets

The Group's deferred tax assets that are recognised for the unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Significant management judgement is required to determine the amount of these deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. Changes in the expected level of use of the assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

(e) Impairment of non financial assets

The Group assesses impairment of property, plant and equipment, investments in subsidiaries and investment in an associate when events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value (after taking into account the costs to sell) or the value in use of the relevant assets.

4. Revenue

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods	**235,415**	243,957	**-**	-
Sale of tin concentrates	**7,513**	2,068	**-**	-
Rendering of services	**-**	-	**128**	128
Rental income	**639**	630	**639**	630
	243,567	246,655	**767**	758

5. Cost of sales

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Sale of goods	**228,734**	233,520	**-**	-
Sale of tin concentrates	**9,557**	9,609	**-**	-
	238,291	243,129	**-**	-

6. Staff costs

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Salaries, wages, bonus and allowances	**14,642**	11,799	**2,409**	2,334
Defined contribution plan	**727**	540	**227**	182
Share options granted under ESOS	**-**	55	**-**	55
Share options lapsed	**-**	(28)	**-**	(28)
Other employee related expenses	**930**	551	**66**	63
	16,299	12,917	**2,702**	2,606

The number of directors of the Company where total remuneration during the financial year falls within the following band is analysed as follows:

	2012	2011
Executive directors:		
Below RM 50,000	**-**	-
RM50,001 – RM100,000	**1**	-
RM100,001 – RM150,000	**-**	-
RM150,001 – RM200,000	**-**	-
RM200,001 – RM250,000	**-**	1
RM250,001 – RM300,000	**-**	-
RM300,001 – RM350,000	**2**	1
RM350,001 – RM400,000	**-**	-
RM400,001 – RM450,000	**-**	1
RM450,001 – RM500,000	**-**	-
RM500,001 – RM550,000	**-**	-
RM550,001 – RM600,000	**-**	-
RM600,001 – RM650,000	**-**	-
RM650,001 – RM700,000	**1**	1
Non executive directors:		
Below RM50,000	**4**	4

6. Staff costs (cont'd)

The key management personnel of the Company whose remuneration is analysed as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors:				
Salaries, wages, bonus and allowances	**1,278**	1,479	**856**	1,126
Defined contribution plan	**103**	97	**103**	85
Benefits-in-kind and others	**80**	91	**20**	30
	1,461	1,667	**979**	1,241
Non executive directors:				
Fees	**117**	130	**117**	130
Others	**11**	13	**11**	14
	128	143	**128**	144
Total	**1,589**	1,810	**1,107**	1,385

7. Loss before tax

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loss before tax is arrived at after charging:				
Amortisation of intangible asset	**1**	8	**-**	-
Amortisation of prepaid lease payments	**-**	156	**-**	-
Auditors' remuneration				
- auditors' of the Company				
- audit services	**114**	74	**32**	29
- other services	**6**	40	**6**	40
- other auditors				
- audit services	**31**	89	**-**	-
Depreciation				
- property, plant and equipment	**8,137**	9,792	**429**	423
- investment property	**283**	283	**283**	283
Directors' remuneration				
- directors of the Company				
- fees	**117**	130	**117**	130
- others	**1,392**	1,589	**970**	1,225
- directors of subsidiaries				
- others	**261**	133	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**2,256**	2,738
Impairment loss on equipment	**-**	6	**-**	-
Impairment loss on other financial assets	**21,163**	-	**-**	-
Incorporation fees of a subsidiary	**1**	-	**-**	-
Interest expense				
- bank overdraft	**97**	122	**-**	-
- hire purchase	**11**	44	**6**	13
- term loans	**996**	1,723	**42**	84
- trade finance	**3,937**	3,814	**-**	-

7. Loss before tax (cont'd)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Inventories written down	-	1,781	-	-
Loss on disposal of property, plant and equipment	**123**	15	-	-
Loss on reclassification from investment in associate to available for sale financial assets	-	1,221	-	-
Loss on foreign exchange				
- realised	**223**	1	-	-
- unrealised	**455**	-	-	36
Property, plant and equipment written off	-	19	-	-
Rental of				
- motor vehicles	**49**	35	-	-
- plant and equipment	**2,600**	2,344	**61**	66
- premises	**129**	132	**24**	24
Retirement benefits	**909**	600	-	-
And crediting:				
Amortisation of financial guarantee liabilities	-	-	**418**	385
Gross dividend income from quoted investments in Malaysia	**2**	2	-	-
Gain on disposal of non current assets held for sales	-	29	-	-
Gain on foreign exchange				
- realised	-	149	-	-
- unrealised	**62**	384	**50**	-
Gain on deemed disposal of an associate	-	12,204	-	-
Gain on disposal of property, plant and equipment	-	6	-	-
Interest income from bank accounts	**13**	177	-	-
Interest income from fixed deposits	**123**	114	**123**	114
Reclassification of foreign currency translation of investment in associate	-	2,373	-	-
Rental income of buildings	**640**	631	**640**	631

8. Income tax expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Estimated foreign income tax payable				
- underprovision in prior years	-	(725)	-	-
Deferred tax (Note 20)				
- current year	-	600	-	-
	-	(125)	-	-

8. Income tax expense (cont'd)

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loss before tax	**(34,139)**	(10,723)	**(6,567)**	(8,034)
Taxation at statutory tax rate of 25% (2011: 25%)	**8,535**	2,681	**1,600**	2,009
Expenses not deductible for tax purposes	**(7,240)**	(1,354)	**(1,700)**	(2,105)
Income not subject to tax	**-**	612	**100**	96
Effect of changes in foreign tax rate	**(7)**	(26)	**-**	-
Recognition of previously unrecognised deferred tax assets	**135**	600	**-**	-
Deferred tax assets not recognised during the year	**(1,423)**	(2,235)	**-**	-
Utilisation of prior years unrecognised deferred tax assets	**-**	322	**-**	-
Underprovision of income tax in prior years	**-**	(725)	**-**	-
Income tax expense	**-**	(125)	**-**	-

9. Loss per share

Basic loss per ordinary share is based on net loss attributable to ordinary shareholders and weighted average number of ordinary shares in issue as follows:

	Group	
	2012 RM'000	2011 RM'000
Net loss attributable to owners of the Company	**(32,519)**	(6,515)
Weighted average number of ordinary shares in issue ('000)	**531,426**	468,442
Loss per share (sen)	**(6.12)**	(1.39)

As at 31 December 2012 and 2011, diluted loss per share is not presented in the financial statements as there is an anti dilutive effect on loss per shares.

10. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Asset under construction RM'000	Mines properties RM'000	Total RM'000
Cost or valuation									
At 1 January 2011	-	29,166	130,381	6,161	1,615	1,680	13,490	-	182,493
Reclassification to investment property	-	(7,990)	-	-	-	-	-	-	(7,990)
As restated	-	21,176	130,381	6,161	1,615	1,680	13,490	-	174,503
Additions	-	-	4,366	1,236	288	43	1,950	1,934	9,817
Disposals	-	-	-	-	(60)	-	-	-	(60)
Write off	-	-	(21)	-	-	-	-	-	(21)
Transfer from exploration and evaluation expenditure	-	-	9	-	-	-	-	3,178	3,187
Transfer from asset under construction	-	-	8,323	118	-	-	(13,490)	5,049	-
Exchange differences	-	316	1,832	192	20	23	-	-	2,383
At 31 December 2011	-	21,492	144,890	7,707	1,863	1,746	1,950	10,161	189,809
Additions	-	-	1,546	803	31	178	1,049	117	3,724
Disposals	-	-	(826)	(4)	(40)	-	-	-	(870)
Reclassification from prepaid lease payments	3,208	-	-	-	-	-	-	-	3,208
Reclassification	-	-	2,234	-	-	-	-	(2,234)	-
Transfer from asset under construction	-	-	-	-	-	-	(2,999)	2,999	-
Exchange differences	-	(436)	(2,294)	(240)	(34)	(31)	-	-	(3,035)
At 31 December 2012	3,208	21,056	145,550	8,266	1,820	1,893	-	11,043	192,836
Representing:									
At 31 December 2012									
At cost	**3,208**	**-**	**145,550**	**8,266**	**1,820**	**1,893**	**-**	**11,043**	**171,780**
At valuation	**-**	**21,056**	**-**	**-**	**-**	**-**	**-**	**-**	**21,056**
	3,208	**21,056**	**145,550**	**8,266**	**1,820**	**1,893**	**-**	**11,043**	**192,836**

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

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Asset under construction RM'000	Mines properties RM'000	Total RM'000
Representing:									
At 31 December 2011									
At cost	-	-	144,890	7,707	1,863	1,746	1,950	10,161	168,317
At valuation	-	21,492	-	-	-	-	-	-	21,492
	-	21,492	144,890	7,707	1,863	1,746	1,950	10,161	189,809
At 1 January 2011									
At cost	-	-	130,381	6,161	1,615	1,680	13,490	-	153,327
At valuation	-	21,176	-	-	-	-	-	-	21,176
	-	21,176	130,381	6,161	1,615	1,680	13,490	-	174,503
Accumulated Depreciation									
At 1 January 2011	-	2,015	112,487	3,531	902	419	-	-	119,354
Reclassification to investment property	-	(354)	-	-	-	-	-	-	(354)
As restated	-	1,661	112,487	3,531	902	419	-	-	119,000
Charge for the year	-	1,144	6,920	647	183	118	-	780	9,792
Disposals	-	-	-	-	(30)	-	-	-	(30)
Write off	-	-	(2)	-	-	-	-	-	(2)
Exchange differences	-	89	1,513	112	16	5	-	-	1,735
At 31 December 2011	-	2,894	120,918	4,290	1,071	542	-	780	130,495
Charge for the year	-	1,144	5,871	678	163	122	-	159	8,137
Disposals	-	-	(663)	(1)	(9)	-	-	-	(673)
Reclassification	-	-	175	-	-	-	-	(175)	-
Exchange differences	-	(114)	(2,923)	(141)	(23)	(6)	-	-	(3,207)
At 31 December 2012	**-**	**3,924**	**123,378**	**4,826**	**1,202**	**658**	**-**	**764**	**134,752**

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

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Asset under construction RM'000	Mines properties RM'000	Total RM'000
Accumulated impairment losses									
At 1 January 2011	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	-	6	-	-	-	-	6
At 31 December 2011	-	-	-	6	-	-	-	-	6
Impairment loss for the year	-	-	-	-	-	-	-	-	-
At 31 December 2012	-	-	-	6	-	-	-	-	6
Net book value									
At 31 December 2012									
At cost	**3,208**	**-**	**22,172**	**3,434**	**618**	**1,235**	**-**	**10,279**	**40,946**
At valuation	**-**	**17,132**	**-**	**-**	**-**	**-**	**-**	**-**	**17,132**
	3,208	**17,132**	**22,172**	**3,434**	**618**	**1,235**	**-**	**10,279**	**58,078**
At 31 December 2011									
At cost	-	-	23,972	3,411	792	1,204	1,950	9,381	40,710
At valuation	-	18,598	-	-	-	-	-	-	18,598
	-	18,598	23,972	3,411	792	1,204	1,950	9,381	59,308
At 1 January 2011									
At cost	-	-	17,894	2,630	713	1,261	13,490	-	35,988
At valuation	-	19,515	-	-	-	-	-	-	19,515
	-	19,515	17,894	2,630	713	1,261	13,490	-	55,503

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

Company	Buildings RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
Cost or valuation					
At 1 January 2011	15,120	521	321	960	16,922
Reclassification to investment property	(7,990)	-	-	-	(7,990)
As restated	7,130	521	321	960	8,932
Additions	-	13	-	-	13
At 31 December 2011	7,130	534	321	960	8,945
Additions	-	51	-	42	93
At end of year	7,130	585	321	1,002	9,038
Representing:					
At 31 December 2012					
At cost	**-**	**585**	**321**	**1,002**	**1,908**
At valuation	**7,130**	**-**	**-**	**-**	**7,130**
	7,130	**585**	**321**	**1,002**	**9,038**
At 31 December 2011					
At cost	-	534	321	960	1,815
At valuation	7,130	-	-	-	7,130
	7,130	534	321	960	8,945
At 1 January 2011					
At cost	-	521	321	960	1,802
At valuation	7,130	-	-	-	7,130
	7,130	521	321	960	8,932
Accumulated depreciation					
At 1 January 2011	846	397	111	293	1,647
Reclassification to investment property	(354)	-	-	-	(354)
As restated	492	397	111	293	1,293
Charge for the year	277	19	33	94	423
At 31 December 2011	769	416	144	387	1,716
Charge for the year	277	26	32	94	429
At 31 December 2012	1,046	442	176	481	2,145
Net book value					
Representing:					
At 31 December 2012					
At cost	**-**	**143**	**145**	**521**	**809**
At valuation	**6,084**	**-**	**-**	**-**	**6,084**
	6,084	**143**	**145**	**521**	**6,893**
At 31 December 2011					
At cost	-	118	177	573	868
At valuation	6,361	-	-	-	6,361
	6,361	118	177	573	7,229
At 1 January 2011					
At cost	-	124	210	667	1,001
At valuation	6,638	-	-	-	6,638
	6,638	124	210	667	7,639

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

At the reporting date:

(i) Property, plant and equipment of the Group and the Company with carrying amount of RM33,714,000 (31.12.2011: RM36,876,000; 1.1.2011: RM40,300,000) and RM6,084,000 (31.12.2011: RM6,361,000; 1.1.2011: RM6,638,000) respectively, have been charged as collaterals to secure the banking facilities referred to in Note 30;

(ii) Equipment and motor vehicles of the Group and the Company with net book value of RM269,000 (31.12.2011: RM342,000; 1.1.2011: RM291,000) and RM145,000 (31.12.2011: RM177,000; 1.1.2011: RM209,000) respectively are acquired under finance lease and hire purchase arrangements.

During the financial year, cash payments made to purchase property, plant and equipment are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total additions	**3,724**	9,817	**93**	13
Hire purchase	**(100)**	(167)	**-**	-
Cash payments	**3,624**	9,650	**93**	13

Revaluation

The buildings of the Group and the Company were revalued on 11 May 2009 and 24 March 2009 respectively by the directors based upon valuations carried out by independent professional valuers using the fair value method which is determined by reference to open market values on an existing use basis.

Had the buildings been carried at historical cost, the net book value of the buildings that would have been included in the financial statements of the Group and the Company as at 31 December 2012 would have been RM9,347,000 (31.12.2011: RM9,887,000; 1.1.2011: RM11,120,000) and RM2,635,000 (31.12.2011: RM2,476,000; 1.1.2011: RM2,317,000) respectively.

11. Investment property

	Group and Company		
	Leasehold land RM'000	Building RM'000	Total RM'000
Cost			
At 1 January 2011	-	-	-
Reclassification from prepaid lease payments	2,581	-	2,581
Reclassification from property, plant and equipment	-	7,990	7,990
As restated, at 1 January 2011, 31 December 2011 and 2012	2,581	7,990	10,571
Accumulated depreciation			
At 1 January 2011	-	-	-
Reclassification from prepaid lease payments	216	-	216
Reclassification from property, plant and equipment	-	354	354
As restated	216	354	570
Charge for the year	71	212	283
At 31 December 2011	287	566	853
Charge for the year	71	212	283
At end of year	358	778	1,136
Net book value			
At 31 December 2012	**2,223**	**7,212**	**9,435**
At 31 December 2011	2,294	7,424	9,718
At 1 January 2011	2,365	7,636	10,001

11. Investment property (cont'd)

As at 1 January 2011, a leasehold land and building has been reclassified restrospectively from property, plant and equipment and prepaid lease payments respectively to investment property.

The fair value of the leasehold land and building, which is determined based on market value, is RM11,000,000 (31.12.2011: RM11,000,000; 1.1.2011: RM11,000,000).

The Company has no restrictions on the realisability of its investment property and no contractual obligation to either purchase, construct or develop investment property or for repair, maintenance and enhancement.

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

	Group and Company	
	2012 RM'000	2011 RM'000
Rental income	**526**	515
Direct operating expenses - income generating investment property	**54**	118

Investment property of the Group and Company with carrying amount of RM9,435,000 (31.12.2011: RM9,718,000; 1.1.2011: RM10,001,000) has been charged as collaterals to secure the banking facilities referred to in Note 30.

12. Exploration and evaluation assets

		Group	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cost			
At beginning of year	**475**	3,084	3,017
Additions	**2,742**	578	67
Transferred to property, plant and equipment	**-**	(3,187)	-
At end of year	**3,217**	475	3,084

13. Prepaid lease payments

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Leasehold land:						
Cost						
At beginning of year	**4,860**	4,716	7,900	**-**	-	2,581
Reclassification to intangible asset	**-**	-	(82)	**-**	-	-
Reclassification to property, plant and equipment	**(4,676)**	-	-	**-**	-	-
Reclassification to investment property	**-**	-	(2,581)	**-**	-	(2,581)
Exchange differences	**(184)**	144	(521)	**-**	-	-
At end of year	**-**	4,860	4,716	**-**	-	-
Accumulated amortisation						
At beginning of year	**1,365**	1,164	1,275	**-**	-	144
Amortisation for the year	**-**	156	245	**-**	-	72
Reclassification to intangible asset	**-**	-	(21)	**-**	-	-
Reclassification to property, plant and equipment	**(1,468)**	-	-	**-**	-	-
Reclassification to investment property	**-**	-	(216)	**-**	-	(216)
Exchange differences	**103**	45	(119)	**-**	-	-
At end of year	**-**	1,365	1,164	**-**	-	-
Carrying amount	**-**	3,495	3,552	**-**	-	-
Less: Portion due within one year	**-**	(162)	(165)	**-**	-	-
Non current portion	**-**	3,333	3,387	**-**	-	-
Analysed as:						
Short term leasehold land *	**-**	3,495	3,552	**-**	-	-

* Short term leases refer to leasehold land that has an unexpired period of 50 (2011: 50) years or less.

Included under prepaid lease payments are parcels of leasehold land of the Group with carrying amount of RM Nil (31.12.2011: RM3,495,000; 1.1.2011: RM3,552,000) which have been charged as collaterals to secure the banking facilities referred to in Note 30.

14. Intangible asset

	Group Mining right RM'000
Cost	
At 1 January 2011	-
Reclassification from prepaid lease payments	82
As restated, at 1 January 2011, 31 December 2011 and 2012	82
Accumulated amortisation	
At 1 January 2011	-
Reclassification from prepaid lease payments	21
As restated	21
Amortisation for the year	8
At 31 December 2011	29
Amortisation for the year	1
At 31 December 2012	30
Carrying amounts	
At 31 December 2012	**52**
At 31 December 2011	53
At 1 January 2011	61

15. Investment in subsidiaries

Company	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unquoted shares at cost			
At beginning of year	**126,280**	126,280	110,280
Acquisition of subsidiaries	**1,051**	-	16,000
Disposal of subsidiaries	**(1,014)**	-	-
At end of year	**126,317**	126,280	126,280
Provision of financial guarantees			
At beginning of year	**5,440**	5,440	-
Addition during the year	**1,651**	-	-
Effect of adopting FRS139	**-**	-	5,440
At end of year	**7,091**	5,440	5,440
Accumulated impairment losses			
At beginning of year	**(48,797)**	(46,059)	(46,059)
Impairment loss for the year	**(2,256)**	(2,738)	-
Disposal during the year	**14**	-	-
At end of year	**(51,039)**	(48,797)	(46,059)
Carrying amount	**82,369**	82,923	85,661

15. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Subsidiaries of the Company	Country of incorporation	Group's effective interest 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal activities
Ho Wah Genting Trading Sdn Bhd	Malaysia	100	100	100	Trading of wires and cables
Ho Wah Genting Kintron Sdn Bhd	Malaysia	100	100	100	Providing services to various industries including wire and cable assemblies and installations, lighting assemblies, the wholesaling of electrical goods, the distribution of electrical parts and electrical components
PT. Ho Wah Genting #	Indonesia	100	100	100	Manufacturing of wires and cables, moulded power supply cord sets and cable assemblies for electrical and electronic devices and equipment
Ho Wah Genting Poipet Casino Resorts Co., Ltd #	Cambodia	-	60	60	Ceased operation
HWG Management Services Sdn Bhd	Malaysia	100	100	100	Ceased operation
Ho Wah Genting (Labuan) Ltd #	Malaysia	100	100	100	Dormant
HWG Minerals Sdn Bhd	Malaysia	100	100	100	Investment holding company
HWG Tin Mining Sdn Bhd	Malaysia	51	51	51	Mining of tin
HWG Consortium Sdn Bhd	Malaysia	51	-	-	Dormant
Subsidiary of HWG Minerals Sdn Bhd					
HWG Copper Mining Sdn Bhd	Malaysia	100	100	100	Dormant

The financial statements of the subsidiaries indicated by # are not audited by Russell Bedford LC & Company.

15. Investment in subsidiaries (cont'd)

Acquisition and disposal of subsidiaries:

(a) During the financial year, the Company has subscribed for 1 ordinary share of RM1 each in a newly incorporated company, namely HWG Consortium Sdn Bhd ("HWGC") for a total cash consideration of RM1. Subsequently, the Company further subscribed for additional 50,999 ordinary shares of RM1 each in HWGC for a cash consideration of RM50,999. Upon the subscription, HWGC becomes a subsidiary of the Company with 51% equity interest. HWGC remains dormant as at the end of the financial year.

(b) In September 2012, the Company acquired 51% equity interest in Myled Opto Technology Sdn Bhd ("Myled") for a total cash consideration of RM1 million. Upon acquisition, Myled become a subsidiary of the Company. Myled is a company incorporated in Malaysia and is principally involved in the manufacturing of solid state lightings and light-emitting diode lightings. Subsequently on 2 November 2012, the Company disposed of the 51% equity interest in Myled to the original vendors for a total cash consideration of RM1 million. Upon disposal, Myled ceased to be a subsidiary of the Company.

(c) During the financial year, the Company disposed of its 60% equity interest in Ho Wah Genting Poipet Casino Resorts Co., Ltd ("HWGPCR") for a total cash consideration of RM1. As a result of the disposal, HWGPCR ceased to be a subsidiary of the Company. HWGPCR is a private company incorporated in Cambodia and remains dormant during the financial year.

(d) In 2010, the Company further subscribed for 16,000,000 new ordinary shares of RM1.00 each at par in HWG Minerals Sdn Bhd ("HWGM") for a total cash consideration of RM16,000,000. The equity interest of the Company in HWGM remained unchanged.

The above acquisitions and disposals did not have a significant impact to the financial results and positions of the Group.

16. Investment in associates

	Group 31.12.2012 RM'000	 31.12.2011 RM'000	 1.1.2011 RM'000
Unquoted shares at cost	**2,400**	2,400	2,056
Quoted shares at cost	**-**	-	24,841
	2,400	2,400	26,897
Share in post acquisition reserves of associates	**(1,360)**	(1,345)	12,186
Exchange difference	**-**	-	(406)
	(1,360)	(1,345)	11,780
Carrying amount	**1,040**	1,055	38,677
Market value of a quoted associate	**-**	-	64,893

	Company 31.12.2012 RM'000	 31.12.2011 RM'000	 1.1.2011 RM'000
Unquoted shares at cost	**2,400**	2,400	2,400
Quoted shares at cost	**-**	-	17,050
	2,400	2,400	19,450
Accumulated impairment losses			
At beginning/end of year	**1,382**	1,382	1,382
Carrying amount	**1,018**	1,018	18,068
Market value of a quoted associate	**-**	-	64,893

16. Investment in associates (cont'd)

The details of the associates are as follows:

Associates of the Company	Country of incorporation	Group's effective interest 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal activities
Ho Wah Genting Poipet Resorts Sdn Bhd	Malaysia	40	40	40	Travel agent and tour coaches charterer
CVM Minerals Limited # ("CVM Minerals")	Hong Kong	-	*	29.53	Investment holding company

The financial statements of the associate indicated by # is not audited by Russell Bedford LC & Company.

* Reclassified to available for sale financial assets.

(i) In the previous financial year:

On 28 January 2011, CVM Minerals entered into a conditional share placing agreement ("SPA") with a third party pursuant to which the third party agreed to place up to 340 million new ordinary shares of HKD0.025 each in the share capital of CVM Minerals. Subsequent to the completion of the SPA, the effective group interest in CVM Minerals was reduced to 26.02%. The dilution gave rise to a gain on deemed disposal to the Group of RM1,416,000.

On 23 February 2011, CVM Minerals entered into a Share Sales and Purchase Agreement with Mr Teoh Tek Siong and United Fortune Enterprises Limited ("the vendors") whereby CVM Minerals has agreed to purchase from the vendors 51% equity interest in Step Pacific Development Limited, a company incorporated in British Virgin Islands, for a consideration of HKD220,000,000 which was satisfied by the payment of deposit sum of HKD11,000,000 in cash and by issue of an aggregate of 653,125,000 new ordinary shares of HKD0.025 each in the share capital of CVM Minerals. Consequently, the Group's equity interest in CVM Minerals was being further diluted from 26.02% to 21.18%. The dilution gave rise to a gain on deemed disposal to the Group of RM10,788,000.

On 6 October 2011, CVM Minerals entered into a warrant placing agreement with a third party pursuant to which the third party agreed to the placement of up to 543,636,000 new warrants. Taking into consideration the potential full conversion of these warrants into ordinary shares of CVM Minerals and the effect of potential voting rights if converted, the Group's equity interest in CVM Minerals would effectively be diluted to below 20% and is unable to clearly demonstrate it has significant influence in CVM Minerals. Hence, the Group has reclassified the investment in CVM Minerals from an associate to available for sale investment. The difference between the Group's carrying amount and the fair value of this investment as at the date of dilution of RM1,221,000 is recognised in the profit or loss as a loss on reclassification from investment in associate to available for sale financial assets.

16. Investment in associates (cont'd)

The summarised financial information of the associate as the end of the financial year is as follows:

(i) Assets and liabilities

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current assets	**2,904**	2,992	54,326
Non current assets	**21**	27	308,658
Total assets	**2,925**	3,019	362,984
Current liabilities	**326**	384	232,669
Non current liabilities	**-**	-	1,267
Total liabilities	**326**	384	233,936

(ii) Results

	31.12.2012 RM'000	31.12.2011 RM'000
Revenue	**4,334**	4,285
Net loss for the year	**(35)**	(13)

17. Other financial assets

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Available for sale financial assets :			
Equity shares quoted in Malaysia at cost	**1,332**	1,332	1,332
Equity shares quoted in Hong Kong at derived cost	**44,649**	44,649	-
Club membership	**-**	39	39
	45,981	46,020	1,371
Accumulated impairment losses			
At beginning of year	**(1,187)**	(1,187)	(1,187)
Charge for the year	**(21,163)**	-	-
Write off of club membership	**39**	-	-
At end of year	**(22,311)**	(1,187)	(1,187)
Fair value adjustments			
At beginning of year	**(8,194)**	(84)	-
Opening balance adjustment for FRS139	**-**	-	(14)
Change for the year	**(8,567)**	(8,110)	(70)
Recycled to profit or loss	**16,702**	-	-
At end of year	**(59)**	(8,194)	(84)
Carrying amount	**23,611**	36,639	100
Market value of quoted equity shares	**23,611**	36,639	100

17. Other financial assets (cont'd)

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Available for sale financial assets :			
Equity shares quoted in Hong Kong at cost	**17,050**	17,050	-
Fair value adjustments			
At beginning of year	**19,489**	-	-
Change for the year	**(13,052)**	19,489	-
At end of year	**6,437**	19,489	-
Carrying amount	**23,487**	36,539	-
Market value of quoted equity shares	**23,487**	36,539	-

18. Casino licence

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost			
At beginning of year	**1,765**	1,765	1,765
Disposal of subsidiary	**(1,765)**	-	-
	-	1,765	1,765
Accumulated amortisation			
At beginning of year	**309**	309	309
Disposal of subsidiary	**(309)**	-	-
	-	309	309
Accumulated impairment losses			
At beginning of year	**1,456**	1,456	1,456
Disposal of subsidiary	**(1,456)**	-	-
	-	1,456	1,456
Carrying amount	**-**	-	-

19. Goodwill on consolidation

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At beginning/end of year	**14,429**	14,429	14,429
Accumulated impairment losses			
At beginning/end of year	**14,429**	14,429	14,429
Carrying amount	**-**	-	-

20. Deferred tax assets/(liabilities)

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At beginning of year	**600**	-	-
Recognised in profit or loss (Note 8)			
- current year	**-**	600	-
At end of year	**600**	600	-
Presented after appropriate offsetting as follows:			
Deferred tax assets	**5,845**	4,091	3,283
Deferred tax liabilities	**(5,245)**	(3,491)	(3,283)
	600	600	-

Deferred tax liabilities of the Group are in respect of the following:

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Tax effects of:			
Excess of tax capital allowances over related depreciation of property, plant and equipment	**(5,245)**	(3,397)	(3,283)
Other temporary differences	**-**	(94)	-
	(5,245)	(3,491)	(3,283)

Deferred tax assets of the Group are in respect of the following temporary differences:

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Tax effects of:			
Deductible temporary differences	**199**	235	86
Excess of depreciation over related tax capital allowances of property, plant and equipment	**-**	1,779	-
Unrealised losses in foreign exchange	**48**	-	-
Unutilised tax losses and unabsorbed capital allowances			
- no expiry date	**17,521**	21,026	18,595
- tax losses allowed to be utilised up to the financial year ending 31 December			
- 2013	**1,419**	1,474	2,409
- 2014	**3,651**	3,793	3,966
- 2016	**538**	559	-
- 2017	**924**	-	-
Unutilised reinvestment allowances	**4,198**	4,242	4,242
	28,498	33,108	29,298
Less: Deferred tax assets recognised	**(5,845)**	(4,091)	(3,283)
Deferred tax assets not recognised	**22,653**	29,017	26,015

Portion of these deferred tax assets have not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these tax benefits.

20. Deferred tax assets/(liabilities) (cont'd)

Deferred tax assets of the Company are in respect of the following temporary differences:

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Tax effects of:			
Unutilised tax losses and unabsorbed capital allowances	**7,284**	7,284	7,284

These deferred tax assets have not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these tax benefits.

21. Inventories

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Raw materials and consumable stores	**17,735**	12,238	13,138
Work in progress	**20,213**	19,981	16,372
Manufactured inventories	**4,032**	2,493	5,157
	41,980	34,712	34,667
At net realisable value:			
Raw materials and consumable stores	**-**	-	-
Tin concentrates	**17**	71	-
Work in progress	**-**	-	-
Manufactured inventories	**-**	-	-
	41,997	34,783	34,667

Inventories with a carrying amount of RM41,772,000 (31.12.2011: RM34,343,000; 1.1.2011: RM34,601,000) are pledged as collaterals for the banking facilities referred to in Note 30.

22. Non current assets held for sale

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Long term leasehold buildings	**-**	-	1,649
Long term leasehold land	**-**	-	737
At carrying amount	**-**	-	2,386
Less: Fair value adjustment	**-**	-	(536)
At fair value less costs to sell	**-**	-	1,850

As at 1 January 2011, the non current assets held for sale were charged as collaterals to secure the banking facilities referred to in Note 30.

23. Trade receivables

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables	**33,927**	32,402	26,558
Less: Allowance for doubtful debts			
- at beginning of year	**4,047**	4,047	4,047
- disposal of a subsidiary	**(4,047)**	-	-
- at end of year	**-**	(4,047)	(4,047)
	33,927	28,355	22,511

Trade receivables with a carrying amount of RM27,608,000 (31.12.2011: RM20,265,000; 1.1.2011: RM18,397,000) are pledged as collaterals for the banking facilities as disclosed in Note 30.

The Group's normal trade credit terms range from 30 days to 120 days (2011: 30 days to 120 days). Other credit terms are assessed and approved on a case by case basis.

The following table provides information on the trade receivables' credit risk exposure.

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Not impaired or past due	**19,579**	17,811	21,096
1 - 30 days past due not impaired	**9,409**	9,179	1,055
31 - 60 days past due not impaired	**2,551**	661	100
61 - 90 days past due not impaired	**2,203**	704	255
91 - 120 days past due not impaired	**185**	-	5
	33,927	28,355	22,511

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

The movements in the allowance for doubtful debts account are shown above. Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

24. Other receivables, deposits and prepayments

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amount due from former subsidiaries	**-**	515	515
Deposits for purchase of raw materials	**1,338**	251	1,632
Other receivables, deposits and prepayments	**3,257**	830	910
	4,595	1,596	3,057
Less: Allowance for doubtful debts			
At beginning of year	**41,880**	515	515
Write off	**(41,880)**	-	-
At end of year	**-**	(515)	(515)
	4,595	1,081	2,542

	Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amount due from former subsidiaries	**-**	515	515
Amount due from subsidiaries	**56,066**	89,189	73,833
Other receivables, deposits and prepayments	**2,327**	131	58
	58,393	89,835	74,406
Less: Allowance for doubtful debts			
At beginning of year	**59,695**	59,695	59,695
Write off	**(41,880)**	-	-
At end of year	**(17,815)**	(59,695)	(59,695)
	40,578	30,140	14,711

Amount due from subsidiaries and amount due from former subsidiaries represent unsecured interest free advances receivable on demand.

25. Fixed deposits with licensed banks

	Group 31.12.2012	31.12.2011	1.1.2011
Weighted average effective interest rate (%)	**2.50**	2.20	2.00
Weighted average maturity (days)	**274**	30	90

	Company 31.12.2012	31.12.2011	1.1.2011
Weighted average effective interest rate (%)	**-**	2.50	2.00
Weighted average maturity (days)	**-**	1	30

The fixed deposits of the Group amounting of RM610,000 (31.12.2011: RM632,000; 1.1.2011: RM611,000) have been pledged to bank for facilities granted as disclosed in Note 30.

26. Cash and bank balances

Included under cash and bank balances of the Group is RM16,284,000 (31.12.2011: RM13,105,000; 1.1.2011: RM9,025,000) that represents a sinking fund account with a bank for facilities granted as disclosed in Note 30.

27. Trade payables

The normal trade credits granted to the Group range from 30 days to 90 days (2011: 30 to 90 days).

28. Other payables and accruals

		Group	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Assumption of liabilities of a subsidiary	**834**	870	845
Amount due to associates	**2,546**	2,542	2,542
Amount due to a supplier for purchase of machinery	**-**	-	769
Amount due to a company with common director	**48**	34	24
Advances received from customers	**3,196**	371	-
Other payables and accruals	**8,760**	6,161	9,990
	15,384	9,978	14,170

		Company	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Financial guarantee liabilities:			
At beginning of year	**3,567**	3,952	-
Opening balance adjustment for FRS139	**-**	-	4,368
Restated	**3,567**	3,952	4,368
Addition during the year	**1,651**	-	-
Amortisation for the year	**(418)**	(385)	(416)
At end of year	**4,800**	3,567	3,952
Less: Non current portion	**(4,351)**	(3,209)	(3,567)
Current portion	**449**	358	385
Amount due to subsidiaries	**48,130**	52,028	53,305
Amount due to associates	**2,546**	2,542	2,542
Amount due to a company with common director	**48**	34	24
Assumption of liabilities of a subsidiary	**834**	870	845
Other payables and accruals	**493**	697	1,374
	52,500	56,529	58,475

		Company	
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
The non current portion of the present value of financial guarantee liabilities is to be amortised as follows:			
Later than 1 year and not later than 2 years	**415**	330	357
Later than 2 years and not later than 5 years	**1,069**	851	920
Later than 5 years	**2,867**	2,028	2,290
	4,351	3,209	3,567

28. Other payables and accruals (cont'd)

The amounts due to subsidiaries and associates represent unsecured interest free advances repayable on demand.

The financial guarantee liabilities relate to corporate guarantees provided by the Company to certain banks for banking facilities amounting to RM61,796,000 (31.12.2011: RM49,564,000; 1.1.2011: RM49,564,000) taken by certain subsidiaries.

The amount due to a supplier for purchase of machinery bore interest at 10% per annum and was repaid in 2011.

29. Hire purchase and finance lease liabilities

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Outstanding obligations	**273**	347	294
Less: Future finance charges	**(30)**	(27)	(27)
Present value of liabilities	**243**	320	267
Less: Portion due within one year	**(63)**	(61)	(46)
Non current portion	**180**	259	221
The non current portion of the present value of liabilities is payable as follows:			
Later than 1 year and not later than 2 years	**65**	63	48
Later than 2 years and not later than 5 years	**107**	173	143
Later than 5 years	**8**	23	30
	180	259	221

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Outstanding obligations	**133**	170	207
Less: Future finance charges	**(10)**	(2)	(15)
Present value of liabilities	**123**	168	192
Less: Portion due within one year	**(32)**	(31)	(29)
Non current portion	**91**	137	163
The non current portion of the present value of liabilities is payable as follows:			
Later than 1 year and not later than 2 years	**34**	32	31
Later than 2 years and not later than 5 years	**57**	105	102
Later than 5 years	**-**	-	30
	91	137	163

These liabilities are subject to effective interest rate of 3.88% (31.12.2011: 3.88%; 1.1.2011: 3.88%) per annum.

30. Short term borrowings

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Secured:			
Bank overdrafts	**622**	1,445	1,514
Trade finance	**61,347**	55,947	52,848
Long term loans – current portion (Note 31)	**7,767**	7,425	8,886
	69,736	64,817	63,248

	Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Secured:			
Long term loans – current portion (Note 31)	**350**	600	600

	Group 31.12.2012 %	31.12.2011 %	1.1.2011 %
Bank overdrafts	**6.55**	6.55	6.55
Trade finance	**8.10**	7.12	6.48
Term loans	**8.22**	8.24	7.74

	Company 31.12.2012 %	31.12.2011 %	1.1.2011 %
Term loans	**6.48**	6.48	6.48

The above banking facilities are secured by way of:

Group	Carrying Amount 31.12.2012 RM'000	Carrying Amount 31.12.2011 RM'000	Carrying Amount 1.1.2011 RM'000
Property, plant and equipment (Note 10)	**33,714**	36,876	40,300
Investment property (Note 11)	**9,435**	9,718	10,001
Prepaid lease payments (Note 13)	**-**	3,495	3,552
Inventories (Note 21)	**41,772**	34,343	34,601
Non current assets held for sale (Note 22)	**-**	-	1,850
Trade receivables (Note 23)	**27,608**	20,265	18,397
Fixed deposits with licensed banks (Note 25)	**610**	632	611
Cash and bank balances			
- sinking fund (Note 26)	**16,284**	13,105	9,025
Company			
Property, plant and equipment (Note 10)	**6,084**	6,361	6,638
Investment property (Note 11)	**9,435**	9,718	10,001

30. Short term borrowings (cont'd)

The above banking facilities are also secured by way of:

(i) corporate guarantees by the Company for facilities of the subsidiaries; and
(ii) first fixed and floating charge on all the present and future assets of a subsidiary by way of debenture.

31. Long term loans

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amount outstanding	**7,767**	16,093	24,848
Less: Portion due within one year (Note 30)	**(7,767)**	(7,425)	(8,886)
Non current portion	**-**	8,668	15,962
The non current portion of long term loans is payable as follows:			
Later than 1 year and not later than 2 years	**-**	7,348	7,130
Later than 2 years and not later than 5 years	**-**	1,320	8,832
	-	8,668	15,962

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amount outstanding	**350**	1,012	1,632
Less: Portion due within one year (Note 30)	**(350)**	(600)	(600)
Non current portion	**-**	412	1,032
The non current portion of long term loans is payable as follows:			
Later than 1 year and not later than 2 years	**-**	412	600
Later than 2 years and not later than 5 years	**-**	-	432
	-	412	1,032

The long term loans are secured as disclosed in Note 30.

32. Retirement benefits obligation

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Present value of retirement benefits obligation	**1,188**	1,026	600
Past service cost not yet recognised	**515**	(129)	(208)
Net actuarial losses not recognised	**-**	-	(29)
Exchange differences	**(14)**	38	(17)
Net liability arising from retirement benefits obligation	**1,689**	935	346

32. Retirement benefits obligation (cont'd)

Amounts recognised in profit or loss in respect of the retirement benefits obligation is as follows:

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current service cost	**161**	141	80
Interest on obligation	**85**	56	-
Actuarial losses recognised in the year	**663**	201	208
Past service cost	**-**	-	101
Curtailments	**-**	202	-
	909	600	389

Movements in the present value of the retirement benefits obligation in the current year were as follows:

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At beginning of year	**935**	346	-
Current service cost	**161**	141	80
Benefits paid	**(67)**	(41)	(26)
Interest cost	**85**	56	-
Actuarial losses	**663**	201	208
Past service cost	**-**	-	101
Curtailments	**-**	202	-
Exchange differences	**(88)**	30	(17)
At end of year	**1,689**	935	346

The Group provides retirement benefits for qualifying employees of a subsidiary in Indonesia in accordance with the local labour law.

Of the Group's provision for retirement benefits, RM 582,000 (2011: RM NIL) has been included in cost of sales, and RM327,000 (2011: RM600,000) has been included in administration expenses.

The most recent actuarial valuations of present value of the retirement benefits obligation was carried out at 31 December 2012 by an independent qualified actuarist. The present value of the retirement benefits obligation, and the related current service cost and past service cost, were measured using the Project Unit Credit Method. The principal actuarial assumptions used are as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
Discount rate	**10%**	10%	10%
Annual salary increase	**5%**	5%	5%

33. Share capital

	31.12.2012 No. of Ordinary Shares of RM0.20 each '000	31.12.2011 No. of Ordinary Shares of RM0.20 each '000	1.1.2011 No. of Ordinary Shares of RM0.20 each '000
Authorised:			
At beginning of year	**2,500,000**	2,500,000	500,000
Number of shares created	**-**	-	2,000,000
At end of year	**2,500,000**	2,500,000	2,500,000
Issued and fully paid:			
At beginning of year	**487,254**	458,886	275,778
Rights issue of shares	**-**	23,696	137,889
Issue of shares pursuant to ESOS	**1,109**	4,672	3,852
Issue of shares pursuant to private placement	**48,725**	-	41,367
At end of year	**537,088**	487,254	458,886

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Authorised:			
At beginning/end of year	**500,000**	500,000	500,000
Issued and fully paid:			
At beginning of year	**97,451**	91,777	275,778
Capital reduction	**-**	-	(220,623)
Rights issue of shares	**-**	4,739	27,578
Issue of shares pursuant to ESOS	**222**	935	771
Issue of shares pursuant to private placement	**9,745**	-	8,273
At end of year	**107,418**	97,451	91,777

During the financial year, the Company increased its issued and paid up share capital from RM97,450,749 to RM107,417,529 by way of:

(a) Issuance of 1,108,600 new ordinary shares of RM0.20 each for cash pursuant to the Company's Employees' Shares Option Scheme at an exercise price of RM0.20 per ordinary share; and

(b) Issuance of 48,725,300 new ordinary shares of RM0.20 each in the Company for cash pursuant to the Company's private placement at an issue price of RM0.365 per share. These shares were issued for working capital purposes. The resulting share premium arising from the private placement amounting to RM8,039,675 has been credited to the share premium account.

In the previous financial year, the Company increased its issued and paid up share capital from RM91,777,092 to RM97,450,749 by way of:

(c) Issuance of 23,696,084 new ordinary shares of RM0.20 each in the Company for cash pursuant to the Company's renounceable rights issue as disclosed below at an issue price of RM0.45 per Rights Share. The shares were issued for working capital purposes; and

(d) Issuance of 4,672,200 new ordinary shares of RM0.20 each for cash pursuant to the Company's Employees' Shares Option Scheme at an exercise price of RM0.20 per ordinary share.

33. Share capital (cont'd)

As at 31 December 2011, the following corporate exercises of the Company were completed:

(i) Renounceable rights issue of 23,696,084 new ordinary shares of RM0.20 each in the Company ("Rights Shares") together with 11,848,032 free detachable warrants ("New Warrants") on the basis of one (1) Rights Share for every four (4) ordinary shares of RM0.20 each held in the Company together with one (1) free New Warrant for every two (2) Rights Shares subscribed;

(ii) Additional 4,291,073 Warrants 2010/2015 issued to entitled Warrant 2010/2015 holders; and

(iii) Allocation of additional 200,246 adjusted ESOS options to the existing ESOS's holders.

Warrants 2010/2015

The Company had on 9 April 2010 issued 137,888,954 Warrants in conjunction with the renounceable rights issue. The Warrants 2010/2015 are constituted by a Deed Poll dated 2 March 2010 ("Deed Poll"). On 26 August 2011, additional 4,291,073 Warrants 2010/2015 were issued to entitled Warrant 2010/2015 holders.

The salient features of the Warrants are as follows:

(a) The issue date of the Warrants is 9 April 2010 and the expiry date is on 8 April 2015. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each Warrant entitles the registered holder the right to subscribe for one (1) new ordinary share of RM0.20 each in the Company at an exercise price of RM0.20 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company;

(d) The Warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such Warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movement in the Company's Warrants during the financial year are as follows :

	Entitlement for ordinary shares of RM0.20 each				
	Balance at 1.1.2012 '000	Issued '000	Exercised '000	Expired '000	Balance at 31.12.2012 '000
Number of unexercised warrants	142,180	-	-	-	**142,180**

33. Share capital (cont'd)

Warrants 2011/2016

The Company had on 23 September 2011 issued 11,848,032 Warrants in conjunction with the renounceable rights issue. The Warrants 2011/2016 are constituted by a Deed Poll dated 4 August 2011 ("Deed Poll").

The salient features of the Warrants 2011/2016 are as follows:

(a) The issue date of the Warrants is 23 September 2011 and the expiry date is on 22 September 2016. Any Warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;

(b) Each Warrant entitles the registered holder the right to subscribe for one (1) new ordinary share of RM0.20 each in the Company at an exercise price of RM0.20 per ordinary share until the expiry of the exercise period;

(c) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company;

(d) The Warrant holders are not entitled to participate in any distribution and/or offer of futher securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such Warrant holders exercise their rights to subscribe for new ordinary shares; and

(e) The new ordinary shares to be issued upon exercise of the Warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants.

The movements in the Company's Warrants 2011/2016 during the financial year are as follows:

	Entitlement for ordinary shares of RM0.20 each				
	Balance at 1.1.2012 '000	Issued '000	Exercised '000	Expired '000	Balance at 31.12.2012 '000
Number of unexercised warrants	11,848	-	-	-	**11,848**

Employees' Share Option Scheme

The Company implemented an Employees' Share Option Scheme ("ESOS") which is governed by the ESOS By-Laws and was approved by its shareholders at the Extraordinary General Meeting held on 16 December 2009.

The salient features of the ESOS are as follows:

(a) The ESOS was implemented on 10 February 2010 and was in force for a period of 10 years until 9 February 2020 in accordance with the terms of the ESOS By-Laws;

(b) The total number of new shares to be offered pursuant to the ESOS shall be subject to a maximum of 10% of the Company's issued and paid up share capital (excluding treasury shares) at any one time;

33. Share capital (cont'd)

Employees' Share Option Scheme (cont'd)

(c) Employees (including Executive Directors) of the Company or its subsidiaries shall be eligible to participate in the ESOS, if as at the date of offer, the employee:

(i) has attained the age of eighteen (18) years;
(ii) is employed by and on the payroll of the Company or its subsidiaries; and
(iii) has been in the employment of the Company or the subsidiaries for a period of at least twelve full months of continuous services, including service during the probation period and whose employment has been confirmed.

The allocation criteria of new ordinary shares comprised in the options to eligible employees shall be determined at the discretion of the Option Committee. The participation of an Executive Director of the Company in the ESOS shall be approved by the shareholders of the Company in the general meeting;

(d) The price payable upon exercise of ESOS shall be based on the weighted average market price of the Company's shares as shown in the Daily Official List of the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer with an allowance of a discount of not more than 10%, or at the par value of the Company's share, whichever is higher;

(e) In the event that share buy-back exercise of the Company resulting in the number of options that have been offered under the ESOS exceeding 10% of the issued and paid up share capital of the Company, there shall be no granting of additional options at any point in time after the share buy-back, unless the number of options that have been granted under the ESOS falls below 10% of the issued and paid up share capital of the Company;

(f) The new ordinary shares to be issued upon exercise of the ESOS, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the ESOS; and

(g) The exercise price and the number of new ordinary shares comprised in the ESOS are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the ESOS By-Laws. However, no adjustment shall be made in any event whereby the exercise price would be reduced to below the par value of ordinary share in the Company.

The movement in the Company's ESOS are as follows:

	Number of options over ordinary shares of RM0.20 each					
Offer Date	Exercise price per ordinary shares	Balance at 1.1.2012 '000	Granted '000	Lapsed '000	Exercised '000	Balance at 31.12.2012 '000
18 June 2010	RM0.20	7,133	-	(5)	(1,109)	**6,019**

33. Share capital (cont'd)

Employees' Share Option Scheme (cont'd)

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	Group			
	2012		2011	
	No.	WAEP(RM)	No.	WAEP(RM)
Outstanding at 1 January	**7,133**	**0.20**	12,106	0.20
- Granted	**-**	**0.20**	200	0.20
- Exercised	**(1,109)**	**0.20**	(4,672)	0.20
- Lapsed	**(5)**	**0.20**	(501)	0.20
Outstanding at 31 December	**6,019**	**0.20**	7,133	0.20
Exercisable at 31 December	**6,019**	**0.20**	7,133	0.20

The weighted average fair value of options granted in the previous financial year was RM0.2747.

The weighted average share price at the date of exercise of the options exercised during the financial year was RM0.20 (2011: RM0.20).

The fair value of the share options granted under the ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table list the inputs to the option pricing model:

	ESOS (Binomial) 31.12.2012	ESOS (Binomial) 31.12.2011
Dividend yield (%)	**-**	-
Expected volatility (%)	**-**	19.49
Risk-free interest rate (% p.a.)	**-**	3.88
Expected life of option (days)	**-**	3,118
Weighted average share price (RM)	**-**	0.4167

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

34. Reserves

	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000
Accumulated losses	**(45,699)**	(13,180)	(6,665)
Non distributable:			
Share premium	**18,639**	10,535	4,348
Fair value adjustment reserve	**(59)**	(8,194)	(84)
Revaluation reserve	**6,380**	6,380	6,380
Employee share option reserve	**366**	430	666
Warrant reserve	**13,640**	13,640	9,652
Other reserve	**(13,640)**	(13,640)	(9,652)
Foreign currency translation reserve	**(135)**	412	-
	25,191	9,563	11,310
	(20,508)	(3,617)	4,645

	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Accumulated losses	**(25,322)**	(18,755)	(10,721)
Non distributable:			
Share premium	**18,639**	10,535	4,348
Fair value adjustment reserve	**6,437**	19,489	-
Revaluation reserve	**1,394**	1,394	1,394
Employee share option reserve	**366**	430	666
Warrant reserve	**13,640**	13,640	9,652
Other reserve	**(13,640)**	(13,640)	(9,652)
	26,836	31,848	6,408
	1,514	13,093	(4,313)

The revaluation reserve represents revaluation surplus arising from buildings. The revaluation reserve is used to record increases in the fair value of buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

The warrant reserve and other reserve represent the reserves arising from the rights issue with free detachable warrants. These reserves are determined based on the estimated fair value of the warrants immediately upon the listing and quotation thereof.

35. Commitments

	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000
Capital commitments			
Capital expenditure not provided for in the financial statements are as follow:			
Authorised and contracted for	**-**	848	1,751
Authorised but not contracted for	**1,666**	3,765	-
Analysed as follows:			
Plant and equipment	**170**	2,113	1,751
Exploration and evaluation assets	**1,496**	2,500	-
Share of capital expenditure not provided for in the financial statements of an associate is as follows:			
Authorised and contracted for	**-**	-	3,073
Analysed as follows:			
Plant and equipment	**-**	-	3,073
Rental commitments			
The future minimum lease payments under non cancellable operating leases are as follows:			
Not later than 1 year	**151**	140	152
Later than 1 year and not later than 2 years	**151**	213	33
Later than 2 years and not later than 5 years	**109**	-	-
	411	353	185

	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Share of capital expenditure not provided for in the financial statements of an associate is as follows:			
Authorised and contracted for	**-**	-	3,073
Analysed as follows:			
Plant and equipment	**-**	-	3,073
Rental commitments			
The future minimum lease payments under non cancellable operating leases are as follows:			
Not later than 1 year	**44**	33	66
Later than 1 year and not later than 2 years	**44**	-	33
Later than 2 years and not later than 5 years	**109**	-	-
	197	33	99

36. Significant related party disclosures

(a) Related party transactions

	Type of transactions	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Name of company					
Significant transactions with related parties are as follows:					
With subsidiaries:					
Ho Wah Genting Trading Sdn Bhd	Management fees	**-**	-	**128**	128
With associate:					
Ho Wah Genting Poipet Resorts Sdn Bhd	Purchases	**115**	54	**13**	10
	Rental income	**24**	24	**24**	24
With a company with common director:					
CVM Magnesium Sdn Bhd	Rental income	**84**	84	**84**	84

The directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

(b) Related party balances

	Type of transactions	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000
Name of company				
Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:				
Financial liablities				
With a company with common director:				
CVM Magnesium Sdn Bhd	Advances	**48**	34	24
With associate:				
Ho Wah Genting Poipet Resorts Sdn Bhd	Advances	**2,546**	2,542	2,542

36. Significant related party disclosures (cont'd)

(b) Related party balances (cont'd)

	Type of transactions	Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Name of company				
Individually significant outstanding balances arising from transactions other than normal trade transactions are as follows:				
Financial assets				
With subsidiaries:				
HWG Tin Mining Sdn Bhd	Advances	**38,046**	29,961	14,605
HWG Management Services Sdn Bhd	Advances	**17,622**	17,622	17,622
	Allowance for doubtful debts	**(17,622)**	(17,622)	(17,622)
		-	-	-
PT. Ho Wah Genting	Advances	**48**	48	48
HWG Consortium Sdn Bhd	Advances	**157**	-	-
Ho Wah Genting Poipet Casino Resorts Co., Ltd	Advances	**-**	41,365	41,365
	Allowance for doubtful debts	**-**	(41,365)	(41,365)
		-	-	-
With subsidiary of HWG Minerals Sdn Bhd:				
HWG Copper Mining Sdn Bhd	Advances	**193**	193	193
	Allowance for doubtful debts	**(193)**	(193)	(193)
		-	-	-
Financial liablities				
With subsidiaries:				
Ho Wah Genting Kintron Sdn Bhd	Advances	**14,653**	18,125	20,405
Ho Wah Genting Labuan Ltd	Advances	**367**	387	382
Ho Wah Genting Trading Sdn Bhd	Advances	**15,246**	15,652	14,604
HWG Minerals Sdn Bhd	Advances	**17,864**	17,864	17,914
With a company with common director:				
CVM Magnesium Sdn Bhd	Advances	**48**	34	24
With associate:				
Ho Wah Genting Poipet Resorts Sdn Bhd	Advances	**2,546**	2,542	2,542

(c) Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 6.

37. Segment information of the Group

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

Investment	-	Investment in properties and investment by the holding company
Moulded power supply cord sets	-	Manufacturing and trading of wires and cables, moulded power supply cord sets and cable assemblies for electrical and electronic devices and equipment
Wires and cables	-	Trading of wires and cables
Mining	-	Mining of tin

Management monitors the operating results of its business units as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.

The directors together with the management are of the opinion that all inter segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Revenue from a major customer amounted to RM83,180,000 (2011: RM92,093,000) arising from the sales by the moulded power supply cord sets segment.

The Group also presented its segmental information by geographical location.

37. **Segment information of the Group (cont'd)**

31.12.2012	Investment RM'000	Moulded power supply cord sets RM'000	Wires and cables RM'000	Mining RM'000	Total RM'000	Elimination RM'000	Group RM'000
Revenue							
External revenue	639	190,405	45,010	7,513	243,567	-	243,567
Inter-segment revenue	128	60,966	-	-	61,094	(61,094)	-
Total revenue	767	251,371	45,010	7,513	304,661	(61,094)	243,567
Results							
Profit/(Loss) from operations before interest income and dividend income	(6,860)	(533)	595	(3,069)	(9,867)	(19,354)	(29,221)
Interest income	123	13	-	-	136	-	136
Dividend income	-	2	-	-	2	-	2
Profit/(Loss) from operations	(6,737)	(518)	595	(3,069)	(9,729)	(19,354)	(29,083)
Finance costs	(48)	(4,851)	(137)	(5)	(5,041)	-	(5,041)
Share of losses of associates	(15)	-	-	-	(15)	-	(15)
Profit/(Loss) before tax	(6,800)	(5,369)	458	(3,074)	(14,785)	(19,354)	(34,139)
Income tax expense	-	-	-	-	-	-	-
Net profit/(loss) for the year	(6,800)	(5,369)	458	(3,074)	(14,785)	(19,354)	(34,139)
Non controlling interests	114	-	-	1,506	1,620	-	1,620
Profit/(Loss) attributable to owners of the Company	(6,686)	(5,369)	458	(1,568)	(13,165)	(19,354)	(32,519)

37. Segment information of the Group (cont'd)

31.12.2012	Investment RM'000	Moulded power supply cord sets RM'000	Wires and cables RM'000	Mining RM'000	Total RM'000	Elimination RM'000	Group RM'000
Assets and liabilities							
Segment assets	188,126	161,684	44,469	28,791	423,070	(224,392)	198,678
Investment in associates	1,040	-	-	-	1,040	-	1,040
Consolidated total assets	189,166	161,684	44,469	28,791	424,110	(224,392)	199,718
Segment liabilities	78,123	132,084	30,364	40,564	281,135	(162,493)	118,642
Consolidated total liabilities	78,123	132,084	30,364	40,564	281,135	(162,493)	118,642
Other information							
Capital expenditure	93	2,230	4	4,139	6,466	-	6,466
Amortisation of financial guarantee liabilities	418	-	-	-	418	(418)	-
Amortisation of intangible asset	-	-	-	1	1	-	1
Depreciation							
- property, plant and equipment	429	7,252	1	455	8,137	-	8,137
- investment property	283	-	-	-	283	-	283
Material non cash items other than depreciation and amortisation							
- Unrealised loss on foreign exchange	-	263	192	-	455	-	455
- Retirement benefits	-	909	-	-	909	-	909
- Unrealised gain on foreign exchange	50	12	-	-	62	-	62
- Impairment loss on other financial assets	21,163	-	-	-	21,163	-	21,163

37. Segment information of the Group (cont'd)

31.12.2011	Investment RM'000	Moulded power supply cord sets RM'000	Wires and cables RM'000	Mining RM'000	Total RM'000	Elimination RM'000	Group RM'000
Revenue							
External revenue	630	192,095	51,862	2,068	246,655	-	246,655
Inter-segment revenue	128	66,893	-	-	67,021	(67,021)	-
Total revenue	758	258,988	51,862	2,068	313,676	(67,021)	246,655
Results							
Profit/(Loss) from operations before interest income and dividend income	6,546	1,209	1,178	(8,811)	122	895	1,017
Interest income	114	177	-	-	291	-	291
Dividend income	-	2	-	-	2	-	2
Profit/(Loss) from operations	6,660	1,388	1,178	(8,811)	415	895	1,310
Finance costs	(97)	(5,575)	-	(31)	(5,703)	-	(5,703)
Share of losses of associates	(6,330)	-	-	-	(6,330)	-	(6,330)
Profit/(Loss) before tax	233	(4,187)	1,178	(8,842)	(11,618)	895	(10,723)
Income tax expense	-	(725)	600	-	(125)	-	(125)
Net profit/(loss) for the year	233	(4,912)	1,778	(8,842)	(11,743)	895	(10,848)
Non controlling interests	-	-	-	4,333	4,333	-	4,333
Profit/(Loss) attributable to owners of the Company	233	(4,912)	1,778	(4,509)	(7,410)	895	(6,515)

37. Segment information of the Group (cont'd)

31.12.2011	Investment RM'000	Moulded power supply cord sets RM'000	Wires and cables RM'000	Mining RM'000	Total RM'000	Elimination RM'000	Group RM'000
Assets and liabilities							
Segment assets	102,709	145,699	24,408	24,290	297,106	(102,410)	194,696
Investment in associates	1,055	-	-	-	1,055	-	1,055
Consolidated total assets	103,764	145,699	24,408	24,290	298,161	(102,410)	195,751
Segment liabilities	134,418	106,951	10,763	32,989	285,121	(178,941)	106,180
Consolidated total liabilities	134,418	106,951	10,763	32,989	285,121	(178,941)	106,180
Other information							
Capital expenditure	13	1,533	-	8,849	10,395	-	10,395
Amortisation of prepaid lease payments	-	156	-	-	156	-	156
Amortisation of financial guarantees liability	385	-	-	-	385	(385)	-
Amortisation of intangible asset	-	-	-	8	8	-	8
Depreciation							
- property, plant and equipment	427	7,606	1	1,758	9,792	-	9,792
- investment property	283	-	-	-	283	-	283
Material non cash items other than depreciation and amortisation							
- Unrealised loss on foreign exchange	36	-	-	-	36	(36)	-
- Retirement benefits	-	600	-	-	600	-	600
- Staff costs - fair value of ESOS	55	-	-	-	55	-	55
- Staff costs - expiry of ESOS	28	-	-	-	28	-	28
- Unrealised gain on foreign exchange	1,673	224	375	-	2,272	(1,888)	384
- Gain on deemed disposal of an associate	12,204	-	-	-	12,204	-	12,204
- Impairment loss on equipment	6	-	-	-	6	-	6
- Inventories written down	-	1,781	-	-	1,781	-	1,781
- Property, plant and equipment written off	-	-	-	19	19	-	19
- Reclassification of foreign currency translation of investments in associate	2,373	-	-	-	2,373	-	2,373
- Loss on reclassification of associate to available for sale financial assets	1,221	-	-	-	1,221	-	1,221

37. Segment information of the Group (cont'd)

1.1.2011	Investment RM'000	Moulded power supply cord sets RM'000	Wires and cables RM'000	Mining RM'000	Total RM'000	Elimination RM'000	Group RM'000
Assets and liabilities							
Segment assets	151,653	146,964	19,651	17,305	335,573	(170,670)	164,903
Investment in associates	38,677	-	-	-	38,677	-	38,677
Consolidated total assets	190,330	146,964	19,651	17,305	374,250	(170,670)	203,580
Segment liabilities	141,020	107,955	7,784	17,163	273,922	(166,834)	107,088
Consolidated total liabilities	141,020	107,955	7,784	17,163	273,922	(166,834)	107,088

Geographical segments

	Revenue		Assets employed		Capital expenditure	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Asia	**67,080**	56,651	**198,678**	194,696	**6,466**	10,395
North America	**176,487**	190,004	**-**	-	**-**	-
	243,567	246,655	**198,678**	194,696	**6,466**	10,395

38. Financial instruments, financial risks and capital risk management

38.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Financial assets			
Available for sales:			
- other financial assets	**23,611**	36,639	100
Loans and receivables:			
- Trade and other receivables excluding prepayments	**36,537**	28,890	24,777
- cash and cash equivalents	**22,923**	20,088	29,989
	83,071	85,617	54,866
Financial liabilities			
Amortised cost:			
- borrowings (excluding finance lease liabilities)	**69,736**	73,485	79,210
Hire purchase and finance lease liabilities	**243**	320	267
Trade and other payables excluding statutory liabilities	**46,906**	30,917	26,938
	116,885	104,722	106,415

38. Financial instruments, financial risks and capital risk management (cont'd)

38.1 Categories of financial instruments (cont'd)

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Financial assets			
Available for sales:			
- other financial assets	**23,487**	36,539	-
Loans and receivables:			
- Trade and other receivables excluding prepayments	**40,571**	30,128	14,697
- cash and cash equivalents	**2,476**	3,895	15,250
	66,534	70,562	29,947
Financial liabilities			
Amortised cost:			
- borrowings (excluding finance lease liabilities)	**350**	1,012	1,632
Hire purchase and finance lease liabilities	**123**	168	192
Trade and other payables excluding statutory liabilities	**56,851**	59,723	62,018
	57,324	60,903	63,842

38.2 Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Foreign exchange risk management

The Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

38. Financial instruments, financial risks and capital risk management (cont'd)

38.2 Financial risk management objectives and policies (cont'd)

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of the Group	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies Hong Kong Dollar RM'000	Indonesian Rupiah RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
At 31.12.2012						
Ringgit Malaysia	**23,487**	**-**	**(3,181)**	**5**	**-**	**20,311**
United States Dollar	**-**	**(920)**	**-**	**(1,358)**	**(28)**	**(2,306)**
	23,487	**(920)**	**(3,181)**	**(1,353)**	**(28)**	**18,005**
At 31.12.2011						
Ringgit Malaysia	36,539	-	7,972	6	-	44,517
United States Dollar	-	(1,039)	-	(2,341)	(25)	(3,405)
	36,539	(1,039)	7,972	(2,335)	(25)	41,112
At 1.1.2011						
Ringgit Malaysia	-	-	4,378	7	-	4,385
United States Dollar	-	(753)	-	(1,932)	(25)	(2,710)
	-	(753)	4,378	(1,925)	(25)	1,675

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the functional currency of the Group, loss before tax will (increase)/decrease by:

	Group Loss before tax 2012 RM'000	2011 RM'000
Functional currency in Ringgit Malaysia		
United States Dollar	**(318)**	797
Singapore Dollar	**1**	1
Hong Kong Dollar	**2,349**	3,654
Functional currency in United States Dollar		
Indonesian Rupiah	**(92)**	(104)
Singapore Dollar	**(136)**	(234)
Ringgit Malaysia	**(3)**	(3)

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

The above is mainly attributable to the monetary assets and liabilities denominated in foreign currencies.

38. Financial instruments, financial risks and capital risk management (cont'd)

38.2 Financial risk management objectives and policies (cont'd)

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis below have been determined based on the exposure to interest rates for the banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group and Company's loss before tax would increase/decrease by RM349,000 (2011: decrease/increase by RM367,000) and RM2,000 (2011: increase/decrease by RM5,000) respectively.

Credit risk management

The Group's credit risk is primarily attributable to its trade receivables and cash and bank balances. This represents the Group's maximum exposure to credit risk. The Group performs ongoing credit evaluation of its customers and generally does not require collateral on account receivables.

The amount receivable from customers at United States of America represented approximately 72% (2011: 71%) of the total trade receivables of the Group.

There exists concentration of credit risk with respect to one trade receivable which is based in the United States of America and bank deposits with a financial institution as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivable	**10,508**	7,677	7,844
Bank balance – sinking fund	**16,284**	13,105	9,025

Management believes that the sound financial standing of this customer and the financial institution substantially mitigates the Group's exposure to credit risk.

The Company provides unsecured financial guarantee to licensed banks in respect of banking facilities granted to subsidiaries. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. The maximum exposure to credit risk amounts to RM39,638,000 (2011: RM31,352,000) representing the outstanding banking facilities of the subsidiaries as at reporting date.

Liquidity risk management

The Group and the Company maintain sufficient cash and bank balances, and internally generated cash flows to finance their activities. The Group and the Company finance their operations by a combination of equity and bank borrowings. In addition, the Group has available banking facilities to meet its liquidity and working capital requirements.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

38. Financial instruments, financial risks and capital risk management (cont'd)

38.2 Financial risk management objectives and policies (cont'd)

Liquidity risk

Group	Carrying amount RM'000	Contractual cash flows (including interest payments) Total RM'000	On demand or within 1 year RM'000	Within 1 to 2 years RM'000	Within 2 to 5 years RM'000	More than 5 years RM'000
31.12.2012						
Non interest bearing debts	**46,906**	**46,906**	**46,906**	**-**	**-**	**-**
Hire purchase and finance lease liabilities (fixed rate)	**243**	**273**	**68**	**71**	**126**	**8**
Loans and borrowings	**69,736**	**73,808**	**73,808**	**-**	**-**	**-**
	116,885	**120,987**	**120,782**	**71**	**126**	**8**
31.12.2011						
Non interest bearing debts	30,917	30,917	30,917	-	-	-
Hire purchase and finance lease liabilities (fixed rate)	320	347	63	65	194	25
Loans and borrowings	73,485	79,789	69,506	8,609	1,674	-
	104,722	111,053	100,486	8,674	1,868	25
1.1.2011						
Non interest bearing debts	26,169	26,169	26,169	-	-	-
Interest bearing debts for other payable	769	846	846	-	-	-
Hire purchase and finance lease liabilities (fixed rate)	267	294	49	53	158	34
Loans and borrowings	79,210	86,540	67,382	8,234	10,924	-
	106,415	113,849	94,446	8,287	11,082	34

Company	Carrying amount RM'000	Contractual cash flows (including interest payments) Total RM'000	On demand or within 1 year RM'000	Within 1 to 2 years RM'000	Within 2 to 5 years RM'000	More than 5 years RM'000
31.12.2012						
Non interest bearing debts (excluding corporate guarantee liabilities)	**52,051**	**52,051**	**52,051**	**-**	**-**	**-**
Hire purchase and finance lease liabilities (fixed rate)	**123**	**133**	**34**	**37**	**62**	**-**
Loans and borrowings	**350**	**373**	**373**	**-**	**-**	**-**
	52,524	**52,557**	**52,458**	**37**	**62**	**-**
31.12.2011						
Non interest bearing debts (excluding corporate guarantee liabilities)	56,156	56,156	56,156	-	-	-
Hire purchase and finance lease liabilities (fixed rate)	168	170	31	32	107	-
Loans and borrowings	1,012	1,106	639	467	-	-
	57,336	57,432	56,826	499	107	-
1.1.2011						
Non interest bearing debts (excluding corporate guarantee liabilities)	58,066	58,066	58,066	-	-	-
Hire purchase and finance lease liabilities (fixed rate)	192	207	34	37	106	30
Loans and borrowings	1,632	1,833	639	678	516	-
	59,890	60,106	58,739	715	622	30

38. Financial instruments, financial risks and capital risk management (cont'd)

38.2 Financial risk management objectives and policies (cont'd)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments are listed on the Bursa Malaysia Securities Berhad and The Stock Exchange of Hong Kong Limited, and are classified as available for sale financial assets.

Management of the Group monitors the equity instruments on a portfolio basis. Material instruments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the board of directors of the Group.

The effect of a 10% strengthening in the specified stock prices at the end of the reporting period with all other variables held constant would have increased the fair value adjustment reserve in equity and other comprehensive income as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Entities listed in:				
Bursa Malaysia Securities Berhad	**13**	10	**-**	-
The Stock Exchange of Hong Kong Limited	**2,349**	3,654	**2,349**	3,654

A 10% weakening in specified stock prices would have equal but opposite effect on the fair value adjustment reserve in equity and other comprehensive income respectively.

Fair values

The carrying amounts of cash and cash equivalents, receivables and payables, and other liabilities approximate their respective fair values due to the respectively short-term maturity of these financial instruments.

The fair values of the Group's other financial assets, borrowing and hire purchase and finance lease liabilities and retirement benefits obligations approximate their carrying amount.

The fair values of financial assets and financial liabilities are determined with standard terms and conditions.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

38. Financial instruments, financial risks and capital risk management (cont'd)

38.2 Financial risk management objectives and policies (cont'd)

Fair value hierarchy (cont'd)

Group Financial assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2012				
Quoted shares	**23,611**	**-**	**-**	**23,611**
2011				
Quoted shares	36,639	-	-	36,639

There were no transfers between Levels 1 and 2 in the current and previous year.

Company Financial assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2012				
Quoted shares	**23,487**	**-**	**-**	**23,487**
2011				
Quoted shares	36,539	-	-	36,539

There were no transfers between Levels 1 and 2 in the current and previous year.

38.3 Capital structure and equity

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing an adequate return to stakeholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity and reserves that are managed as capital.

During the financial year ended 31 December 2012, the Group's and the Company's strategy were unchanged from 31 December 2011 which is to maintain the debt-to-adjusted capital ratio at the lower end of 50% in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at 31 December 2012 and 31 December 2011 were as follows:

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Total debts	**69,979**	73,805	79,477
Less: cash and cash equivalents	**(22,923)**	(20,088)	(29,989)
Net debts	**47,056**	53,717	49,488
Total equity/Adjusted capital	**81,076**	89,571	96,492
Debt-to-adjusted capital ratio	**58.04%**	59.97%	51.29%

38.3 Capital structure and equity (cont'd)

Company	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Total debts	**473**	1,180	1,824
Less: cash and cash equivalents	**(2,476)**	(3,895)	(15,250)
Net debts	**(2,003)**	(2,715)	(13,426)
Total equity/Adjusted capital	**108,932**	110,544	87,464
Debt-to-adjusted capital ratio	**-**	-	-

39. Comparative figures

The below comparative figures as at 31 December 2010 and 2011 have been reclassified to arrive at their presentation as at 1 January and 31 December 2011 respectively.

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statement of financial position As at 1 January 2011			
Group			
Non current assets			
Property, plant and equipment	63,139	(7,636)	55,503
Investment property	-	10,001	10,001
Prepaid lease payments	5,741	(2,354)	3,387
Intangible asset	-	61	61
Current assets			
Prepaid lease payments	237	(72)	165
Current liabilities			
Amount due to associates	2,566	(2,566)	-
Other payables and accruals	11,604	2,566	14,170
Company			
Non current assets			
Property, plant and equipment	15,275	(7,636)	7,639
Investment property	-	10,001	10,001
Prepaid lease payments	2,293	(2,293)	-
Current assets			
Amount due from subsidiaries	14,653	(14,653)	-
Other receivables, deposits and prepayments	58	14,653	14,711
Prepaid lease payments	72	(72)	-
Current liabilities			
Amount due to subsidiaries	53,305	(53,305)	-
Amount due to associates	2,566	(2,566)	-
Other payables and accruals	2,604	55,871	58,475

39. Comparative figures (cont'd)

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statement of financial position			
As at 31 December 2011			
Group			
Non current assets			
Property, plant and equipment	66,732	(7,424)	59,308
Investment property	-	9,718	9,718
Prepaid lease payments	5,600	(2,267)	3,333
Intangible asset	-	53	53
Current assets			
Prepaid lease payments	242	(80)	162
Current liabilities			
Amount due to associates	2,542	(2,542)	-
Other payables and accruals	7,436	2,542	9,978
Company			
Non current assets			
Property, plant and equipment	14,653	(7,424)	7,229
Investment property	-	9,718	9,718
Prepaid lease payments	2,222	(2,222)	-
Current assets			
Amount due from subsidiaries	30,009	(30,009)	-
Other receivables, deposits and prepayments	131	30,009	30,140
Prepaid lease payments	72	(72)	-
Current liabilities			
Amount due to subsidiaries	52,028	(52,028)	-
Amount due to associates	2,542	(2,542)	-
Other payables and accruals	1,959	54,570	56,529
Statement of comprehensive income			
For the year ended 31 December 2011			
Group			
Included in administrative expenses			
Depreciation			
- Property, plant and equipment	10,004	(212)	9,792
- Investment property	-	283	283
Amortisation of intangible asset	-	8	8
Amortisation of prepaid lease payments	235	(79)	156
Company			
Included in administrative expenses			
Depreciation			
- Property, plant and equipment	635	(212)	423
- Investment property	-	283	283
Amortisation of prepaid lease payments	71	(71)	-

40. Explanation of transition from FRSs to MFRSs

(a) MFRS 1 permits the foreign currency translation reserve to be reset to zero at the transition date. This provides relief from determining cumulative foreign currency translation differences in accordance with MFRS 121 'The effects of changes in foreign exchange rates' from the date a foreign operation was acquired. The Group elected to reset all cumulative foreign currency translation differences to zero in opening retained earnings at its transition date. At the transition date, cumulative foreign currency translation differences amounted to RM715,000.

Group	As previously reported RM'000	Transitioning adjustment RM'000	As restated RM'000
Statement of comprehensive income for the year ended 31 December 2011			
Profit or Loss			
Other operating income	19,865	506	20,371
Other comprehensive (loss)/income:			
Foreign currency translation			
- Current year	2,829	(44)	2,785
- Reclassification of foreign currency translation of investment in associates	(1,911)	(462)	(2,373)
Statements of cash flows for the year ended 31 December 2011			
Cash flows from/(used in) operating activities			
Loss before tax	(11,229)	506	(10,723)
Adjustments for:			
Reclassification of foreign exchange translation of investment in associate	(1,911)	(462)	(2,373)
Unrealised gain on foreign exchange	(428)	44	(384)
Exchange differences	972	(88)	884

(b) Exemption for previous revaluation as deemed cost – Investment property

In accordance with the exemption in MFRS 1, the Group elected to measure its investment property at the previous revaluation as deemed cost as at the transition date. Accordingly, the carrying amount of this investment property has not been restated. At the transition date, the related revaluation reserve of RM2,591,000 has been adjusted to opening retained earnings.

41. Event subsequent to the reporting date

On 2 April 2013, the Company announced a proposed private placement of up to 53,728,400 new ordinary shares of RM0.20 each in the Company to independent third party investors to be identified. The indicative issue price of the proposed private placement was RM0.21 and the net proceeds will be utilised for repayment of bank borrowings, financing further tin mining exploration works and working capital purposes.

42. Supplementary information – breakdown of retained profits/accumulated losses into realised and unrealised

The breakdown of the retained profits/accumulated losses of the Group and of the Company as at 31 December 2012 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total accumulated profit/(losses) of the Company and its subsidiaries				
- Realised	**(61,686)**	(115,986)	**(25,372)**	(20,392)
- Unrealised	**207**	2,236	**50**	1,637
	(61,479)	(113,750)	**(25,322)**	(18,755)
Total share of accumulated profit/(losses) from associates				
- Realised	**(1,360)**	(1,345)	**-**	-
- Unrealised	**-**	-	**-**	-
	(62,839)	(115,095)	**(25,322)**	(18,755)
Less: Consolidation adjustments	**17,140**	101,915	**-**	-
Accumulated losses as per financial statements	**(45,699)**	(13,180)	**(25,322)**	(18,755)

Analysis of Shareholdings

as at 29 March 2013

Authorized Capital	:	RM500,000,000.00
Issued and fully Paid-up Capital	:	RM107,456,989.00
Number of Shares Issued	:	537,284,945
Number of Shareholders	:	14,588
Class of Shares	:	Ordinary shares of RM0.20 each
Voting Rights	:	One vote per ordinary share

A. Distribution of Shareholdings

Range of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	131	0.90	5,089	0.00
100 to 1,000	2,069	14.18	1,633,781	0.30
1,001 to 10,000	6,415	43.97	36,751,271	6.84
10,001 to 100,000	5,193	35.60	186,781,079	34.76
100,001 to less than 5% of issued shares	779	5.34	272,113,725	50.65
5% and above of issued shares	1	0.01	40,000,000	7.45
Total	**14,588**	**100**	**537,284,945**	**100**

B. Directors' Interests as per Register of Directors' Shareholdings

	Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%
Datuk William Teo Tiew	100,300	0.02	-	-
Mr. Lim Ooi Hong	-	-	50,843,000[A]	9.46
Mr. Chien, Chao-Chuan	100,000	0.02	-	-
Mr. Lim Wee Kiat	-	-	50,843,000[A]	9.46
Dato' Mohd Shahar Bin Abdul Hamid	-	-	-	-
Mr. Tee Lay Peng	-	-	-	-
Mr. Wong Tuck Jeong	-	-	-	-
Ms. Elaine Tan Ai Lin	-	-	-	-

Note:

A Deemed interested through Kintron Holding Sdn Bhd by virtue of Section 6A(4)(c) of the Act.

C. Substantial Shareholders as per Register of Substantial Shareholders

	Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%
Kintron Holding Sdn Bhd	50,843,000	9.46	-	-
Mr. Lim Ooi Hong	-	-	50,843,000[A]	9.46
Mr. Lim Wee Kiat	-	-	50,843,000[A]	9.46

Note:

A Deemed interested through Kintron Holding Sdn Bhd by virtue of Section 6A(4)(c) of the Act.

D. Directors' Interest In Employees' Share Option Shceme 2010 ("ESOS") as per Register of Options

Each ESOS option shall be exercisable into one (1) new ordinary share at the option price offered during the exercise period expiring on 9 February 2020.

Name	No. of ESOS	% [(A)]
Datuk William Teo Tiew	1,027,668	6.27
Mr. Lim Ooi Hong	-	-
Mr. Chien, Chao-Chuan	822,134	5.01
Mr. Lim Wee Kiat	452,174	2.76

Note:

A The percentage ratio is computed based on total ESOS granted of 16,399,246.

B The Company's ESOS Bylaws do not provide for allocation of option to non-executive directors.

Analysis of Shareholdings (cont'd)

as at 29 March 2013

E. Top Thirty Securities Account Holders

No.	Shareholders	No. of Shares	%
1.	M&A Nominee (Tempatan) Sdn Bhd, *Pledged Securities Account for Kintron Holding Sdn Bhd*	40,000,000	7.44
2.	OSK Nominees (Tempatan) Sdn Berhad, *Pledged Securities Account for Kintron Holding Sdn Bhd*	10,843,000	2.02
3.	HLIB Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Siew Boon Yeong*	5,170,100	0.96
4.	Low Pak Seng	5,000,000	0.93
5.	ECML Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Tang Quee Huang*	4,350,000	0.81
6.	CIMSEC Nominees (Asing) Sdn Bhd, *Exempt AN For CIMB Securities (Singapore) Pte Ltd*	4,115,546	0.77
7.	RHB Capital Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Kho Eng Hue @ Koh Eng Hooi*	4,000,000	0.74
8.	CIMSEC Nominees (Asing) Sdn Bhd, *Bank of Singapore Ltd for Golden Millennium Worldwide Limited*	3,750,000	0.70
9.	Raja Mohd Nazri Bin Raja Abd Malek	3,650,000	0.68
10.	Citigroup Nominees (Asing) Sdn Bhd, *CBNY for DFA Emerging Markets Small Cap Series*	3,176,000	0.59
11.	Gurmakh Singh A/L Ajmer Singh	2,570,500	0.48
12.	RHB Capital Nominees (Asing) Sdn Bhd, *Pledged Securities Account for Lim Hun Swee*	2,000,000	0.37
13.	Citigroup Nominees (Asing) Sdn Bhd, *CBNY for Emerging Market Core Equity Portfolio* *DFA Investment Dimensions Group Inc*	1,994,300	0.37
14.	Yip Kok Weng	1,920,000	0.36
15.	Kumpulan Wang Simpanan Guru-Guru	1,900,000	0.35
16.	Richard Mah Foo Kheong	1,600,000	0.30
17.	Kumpulan Wang Simpanan Guru-Guru	1,500,000	0.28
18.	Lee Beng Huat	1,500,000	0.28
19.	Tan Gek Cheng	1,480,000	0.28
20.	CIMSEC Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Chiam Yeong Hock*	1,455,000	0.27
21.	Pee Swee Beng	1,431,000	0.27
22.	HSBC Nominees (Asing) Sdn Bhd, *Exempt AN For Credit Suisse*	1,300,000	0.24
23.	Yeat Siaw Ping	1,276,800	0.24
24.	Wong Thiew Wah	1,200,000	0.22
25.	Maybank Securities Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Eng Hock Seng @ Ong Seng Hock*	1,200,000	0.22
26.	Alliancegroup Nominees (Asing) Sdn Bhd, *Pledged Securities Account for Lim Hun Swee*	1,200,000	0.22
27.	Chong Yet Hoi	1,160,000	0.22
28.	Low Thian Lai	1,150,000	0.21
29.	Lim Lam Eng	1,100,000	0.20
30.	Tan Sing Chia	1,100,000	0.20
	Total	**114,092,246**	**21.23**

Analysis of Warrantholdings

as at 29 March 2013

WARRANT B

Number of Warrants Issued	:	142,180,027
Expiry Date	:	8 April 2015

A. Distribution of Warrant B Holdings

Range of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Warrants
Less than 100	405	12.82	15,493	0.01
100 to 1,000	223	7.06	106,312	0.07
1,001 to 10,000	710	22.48	3,585,151	2.52
10,001 to 100,000	1,529	48.42	54,590,418	38.40
100,001 to less than 5% of issued warrants	291	9.22	83,882,653	59.00
5% and above of issued warrants	-	0.00	-	0.00
Total	**3,158**	**100**	**142,180,027**	**100**

B. Directors' Interests as per Register of Directors' Holdings

	Direct		Indirect	
Name	**No. of Warrants**	**%**	**No. of Warrants**	**%**
Datuk William Teo Tiew	39,492	0.03	-	-

C. Top Thirty Warrant B Holders

No.	Warrant Holders	No. of Warrants	%
1.	Yeat Siaw Ping	3,481,900	2.45
2.	Yu Siew Ek	2,736,200	1.92
3.	Yeat Siaw Ping	1,375,000	0.97
4.	Maybank Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Wong Yeow Chern*	1,260,700	0.89
5.	Cimsec Nominees (Tempatan) Sdn Bhd, *CIMB Bank for Tan Boon Kuan*	1,250,000	0.88
6.	Lee Chai Eng	1,203,096	0.85
7.	Maybank Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Tan Kim Seng*	1,200,000	0.84
8.	Son Kat Pee @ Soin Kat Pee	1,192,200	0.84
9.	JF Apex Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Low Hock See*	1,127,474	0.79
10.	Maybank Securities Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Kong Wai Keong*	1,100,000	0.77
11.	Yu Ah Lek	1,099,700	0.77
12.	Md Nazir Bin Md Ali	1,031,146	0.73
13.	Yeow Yew Heng	1,020,000	0.72
14.	Lee Soo Har	1,000,000	0.70
15.	Cimsec Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Chin Fook Weng*	875,800	0.62
16.	Koon Siew Lin	766,945	0.54
17.	Tan Sing Chia	718,672	0.51
18.	HLIB Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Chua Tiong Kee*	700,000	0.49

Analysis of Warrantholdings (cont'd)

as at 29 March 2013

C. Top Thirty Warrant B Holders (cont'd)

No.	Warrant Holders	No. of Warrants	%
19.	RHB Capital Nominees (Tempatan) Sdn Bhd, *Toh Yew Peng*	700,000	0.49
20.	Lily Suraya Binti Mohd Afandi	688,300	0.48
21.	Khoo Chorn Seng	680,000	0.48
22.	HLIB Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Siew Boon Yeong*	670,228	0.47
23.	Maybank Securities Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Goh Poh Eng*	652,000	0.46
24.	Maybank Securities Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Lim Chee Sing*	633,340	0.45
25.	Wong Chong Lin	618,672	0.44
26.	Tan Hooi Meng	616,591	0.43
27.	SJ SEC Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Michael Lee Fook Soon*	600,000	0.42
28.	HSBC Nominees (Asing) Sdn Bhd, *Exempt AN for HSBC Private Bank (Suisse) S. A.*	567,000	0.40
29.	Yap Siew Cheng	553,112	0.39
30.	Yap Kok Koon	550,913	0.39
	Total	**30,668,989**	**21.57**

WARRANT C

Number of Warrants Issued : 11,848,032
Expiry Date : 22 September 2016

D. Distribution of Warrant C Holdings

Range of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Warrants
Less than 100	32	6.16	1,375	0.01
100 to 1,000	124	23.89	71,655	0.60
1,001 to 10,000	210	40.46	750,524	6.33
10,001 to 100,000	133	25.63	4,551,624	38.42
100,001 to less than 5% of issued warrants	17	3.28	3,602,554	30.41
5% and above of issued warrants	3	0.58	2,870,300	24.23
Total	**519**	**100**	**11,848,032**	**100**

E. Directors' Interests as per Register of Directors' Holdings

	Direct		Indirect	
Name	No. of Warrants	%	No. of Warrants	%
Datuk William Teo Tiew	11,000	0.09	-	-

Analysis of Warrantholdings (cont'd)

as at 29 March 2013

F. Top Thirty Warrant C Holders

No.	Warrant Holders	No. of Warrants	%
1.	Maybank Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Lim Gim Leong*	1,151,800	9.72
2.	Tan Teik Long	1,105,300	9.33
3.	Low Pak Seng	613,200	5.18
4.	HLIB Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Siew Boon Yeong*	400,000	3.38
5.	Cimsec Nominees (Asing) Sdn Bhd, *Bank of Singapore Ltd for Golden Millennium Worldwide Limited*	375,000	3.17
6.	Maybank Nominees (Tempatan) Sdn Bhd, *Fua Kia Pha*	321,300	2.71
7.	Erwin Selvarajah A/L Peter Selvarajah	319,900	2.70
8.	Denise Mary Evans-Baker	279,400	2.36
9.	Tan Boon Kuan	269,900	2.28
10.	Maybank Nominees (Tempatan) Sdn Bhd, *Loh Chin Tiang*	225,000	1.90
11.	Bimsec Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Nik Abdul Aziz Bin Mohamed Kamil*	220,000	1.86
12.	ECML Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Ong Chun Aik*	218,500	1.84
13.	Chua Lee Guan	145,600	1.23
14.	Soo Heng Chin	130,000	1.10
15.	Syed Ahmad Fauzi Bin Syed Nooh	123,600	1.04
16.	Lai Kok Thye	122,454	1.03
17.	Tay Cheng Kiat	122,000	1.03
18.	Teoh Geek Hung	114,900	0.97
19.	Ng Teck Chai	110,000	0.93
20.	HLIB Nominees (Tempatan) Sdn Bhd, *Hong Leong Bank Bhd for Yap Ling Ping*	105,000	0.89
21.	Goh Teong Seng	100,000	0.84
22.	Lee Tian An	100,000	0.84
23.	Ng Yeoh Lan @ Ng Siam Keng	100,000	0.84
24.	Chia Song Kang	100,000	0.84
25.	Woon Wai Hoong	100,000	0.84
26.	Amsec Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Lee Sui Hok @ Lee Soon Hing*	100,000	0.84
27.	OSK Nominees (Tempatan) Sdn Berhad, *Pledged Securities Account for Ng Seh Moi*	92,200	0.78
28.	Ng Man Hong	88,200	0.74
29.	Amsec Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Heng Miew Hiang*	83,675	0.71
30.	Public Nominees (Tempatan) Sdn Bhd, *Pledged Securities Account for Woon Teong Hwa*	72,500	0.61
	Total	**7,409,429**	**62.54**

List of Properties

as at 31 December 2012

Location/Description	Existing use	Approximate age of building (year)	Land area (sq. ft.)	Tenure	Date of Acquisition ("A")/ Revaluation ("R")	Net Book Value (RM)
HO WAH GENTING BERHAD						
Lot 1066, Seksyen 69 Kuala Lumpur Wilayah Persekutuan [No. 35, Jalan Maharajalela 50150 Kuala Lumpur] 4 ½ storey shop cum office	Commercial premises	28	1,324	Freehold	24.03.2009 (R)	1,701,569
Lot 1067 and 1068 Seksyen 69 Kuala Lumpur Wilayah Persekutuan [No. 37 & 39 Jalan Maharajalela 50150 Kuala Lumpur] two adjoining 4 ½ storey intermediate and corner shop cum office	Commercial premises	28	3,045	Freehold	24.03.2009 (R)	4,355,108
Lot 2.72, 2nd Floor Wisma Punca Emas Jalan Yam Tuan, Seremban Negeri Sembilan Darul Khusus a shoplot in shopping complex	Commercial premises	30	140	Freehold	23.03.1994 (A)	28,757
Lot 1341, Seksyen 38 Bandar Kulim Daerah Kulim Kedah Darul Aman [Plot No. 4 Jalan Perusahaan Kawasan Perusahaan Kulim 09000 Kulim Kedah Darul Aman] comprising a single storey factory and a double storey office with annexed single storey factory cum warehouse	Industrial cum office premises	16	231,173	Leasehold expiring in 2043	24.03.2009 (R)	9,435,000

List of Properties (cont'd)

as at 31 December 2012

Location/Description	Existing use	Approximate age of building (year)	Land area (sq. ft.)	Tenure	Date of Acquisition ("A")/ Revaluation ("R")	Net Book Value (RM)
PT. HO WAH GENTING, INDONESIA						
Kawasan Bintang Industri II No. 29, 29A & 30 Jalan Brigadir Jenderal Katamso Tanjung Uncang/Sagulung Sekupang Batam Riau, Indonesia comprising Plant I with annexed double storey office	Industrial cum office premises	14	159,564	Leasehold expiring in 2034	11.05.2009 (R)	3,109,147
Kawasan Bintang Industri II Lot No. 27 & 28 Jalan Brigadir Jenderal Katamso Tanjung Uncang/Sagulung Sekupang Batam Riau, Indonesia comprising the following buildings: • Plant II • Plant III • Staff quarters and a canteen	Industrial cum residential premises	 11 9 11	273,715	Leasehold expiring in 2031	11.05.2009 (R)	3,942,355
Kawasan Bintang Industri II Lot C No. 27 & 28 Jalan Brigadir Jenderal Katamso Tanjung Uncang/Sagulung Sekupang Batam Riau, Indonesia comprising Plant IV and a warehouse	Industrial premises	9	157,326	Leasehold expiring in 2035	11.05.2009 (R)	7,686,877
Blok A2, No. 11, Komplek Perumahan Pluto Tanjung Uncang, Sekupang Batam, Riau, Indonesia	Residential premises	9	775	Leasehold expiring in 2031	11.05.2009 (R)	9,650

HO WAH GENTING BERHAD
(Company No. 272923-H)
Incorporated in Malaysia

Proxy Form

*I/We .... (name of shareholder), *NRIC No./Company No. ....
of .... (full address),
being a *member/members of **HO WAH GENTING BERHAD**, do hereby appoint .... (name of proxy)
of .... (full address),
or failing him/her .... (name of proxy) of ....
.... (full address),
or failing *him/her, the ***Chairman of the meeting** as *my / our proxy to vote and act for *me / us on *my / our behalf, at the Twentieth Annual General Meeting of the Company to be held at **Westside, Rooms 3 and 4, Boulevard Hotel, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur** on **Tuesday, 28 May 2013 at 11:00 a.m.** and at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:
[The next paragraph must be completed if two proxies are appointed]

First Proxy	:	%
Second Proxy	:	%
Total		**100%**

No. of shares held	CDS Account Number
	- -

* My/Our proxy is to vote as indicated below:

Resolutions No.	Ordinary Business	For (#)	Against (#)
1.	To receive the audited financial statements for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon.		
2.	Payment of Directors' Fees of RM116,400.00.		
3.	Re-election of Mr. Lim Wee Kiat.		
4.	Re-election of Mr. Lim Ooi Hong.		
5.	Re-election of Ms. Elaine Tan Ai Lin.		
6.	Re-appointment of Messrs Russell Bedford LC & Company as Auditors and to authorize the Board of Directors to fix their remuneration.		
	Special Business		
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
8.	Retention of Mr. Wong Tuck Jeong as Independent Non-Executive Director.		
9.	Re-appointment of Dato' Mohd Shahar Bin Abdul Hamid as Director pursuant to Section 129(6) of the Companies Act, 1965.		

(#) Please indicate with an **"X"** in the appropriate space above how you wish your vote to be cast. Unless otherwise instructed, the proxy will vote or abstain from voting as he thinks fit.

Dated this ________ day of________________________, 2013

____
Signature / Common Seal of Shareholder

* Please delete where not applicable

NOTES:
1. Members Entitled To Attend: only members whose names appear in the Record of Depositors as at 20 May 2013 shall be entitled to attend the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. 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 proxy appointed to attend and vote shall have the same rights as the member to speak at the meeting.
3. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds.
4. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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 Accounts it holds.
5. Where a member or the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoint two (2) or more proxies, the appointment shall be invalid unless the member / authorized nominee / exempt authorized nominee specifies the proportions of shareholdings to be represented by each proxy.
6. The instrument appointing a proxy must be deposited at the registered office of the Company not less than forty eight (48) hours before the time appointed for the meeting.
7. In the case of a corporate member, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

Fold this flap for sealing

Then fold here

STAMP

HO WAH GENTING BERHAD (272923-H)
Wisma Ho Wah Genting
No. 35, Jalan Maharajalela
50150 Kuala Lumpur

First fold here

豪 華 雲 頂 集 團
HO WAH GENTING BERHAD
(272923-H)

Wisma Ho Wah Genting
No. 35, Jalan Maharajalela
50150 Kuala Lumpur

T 603 2143 8811
F 603 2141 7477