HO WAH GENTING BERHAD
Company No: 272923-H
(Incorporated In Malaysia)

NOTES TO FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2015

PART A

1. Basis of Preparation

The interim financial report is unaudited and has been prepared and presented in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements. The interim financial report does not include all of the information required for full annual financial statements and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2014.

2. Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2014 except for the adoption of the following standards which are applicable to its financial statements effective from 1 January 2015:

Amendments to MFRS 119	:	Employees Benefits: Defined Benefit Plans – Employees Contributions	
Annual Improvements to MFRSs 2010 – 2012 Cycle			01 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle			01 July 2014

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

			Effective for financial periods beginning on or after
MFRS 14	:	Regulatory Deferral Accounts	01 January 2016
Amendments to MFRS 11	:	Accounting for Acquisition of Interest in Joint Venture	01 January 2016
Amendments to MFRS 116 and MFRS 138	:	Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016
Amendments to MFRS 116 and MFRS 141	:	Property, Plant and Equipment and Agriculture: Bearer Plants	01 January 2016

2 Significant Accounting Policies (continue)

			Effective for financial periods beginning on or after
Amendments to MFRS 127	:	Equity Method in Separate Financial Statements	01 January 2016
Amendments to MFRS 10 and MFRS 128	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	:	Investment Entites: Applying the Consolidation Exception	01 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle			01 January 2016
MFRS 15	:	Revenue from Contract with Customers	01 January 2017
MRFS 9	:	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board in July 2014)	01 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group.

3. Qualification of Financial Statements

There has not been any qualification made by the auditors on the annual financial statements of the Group for the year ended 31 December 2014.

4. Seasonality or Cyclicality of Operations

Based on past historical trend, sales of the manufacturing division, the main contributor of revenue to the Group would gradually increase in the second quarter and normally peak in the third quarter arising from increase in customer demand in anticipation of the festive seasons towards year end and subsequently, demand would slowly decline in the fourth quarter before reaching its plateau in the first quarter of the following year.

5. Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items of unusual nature affecting the assets, liabilities, equity, net income, or cash flows of the Group during the current quarter.

6. Material Change in Estimates

There were no changes in estimates that had a material effect in the results of the current quarter.

7. Issuance and Repayment of Debt and Equity Securities

During the current quarter, the Company increased its issued and paid up share capital from RM118,206,669 to RM118,219,029 by way of issuance of 61,801 new ordinary shares of RM0.20 each pursuant to the conversion of Warrants 2010/2015 at a conversion price at RM0.20 per ordinary share.

8. Dividends Paid

No dividend was paid in the current quarter.

9. The Status of Corporate Proposal

There was no corporate proposal announced during the current quarter.

10. Segmental Reporting

Analysis of the Group's segment revenue and segment result for business segments for the current financial period ended 31 March 2015 are given as follows:

	Segment Revenue RM'000	**Profit/(Loss) Before Tax For The Period RM'000**
Investments	12	611
Moulded power supply cord sets	42,776	(3,338)
Mining	1,031	(1,184)
Wire and cable	2,254	99
Automotives	123	(270)
Direct selling	1,938	(9)
Travelling services	899	(70)
	49,033	**(4,161)**

11. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment of the Group have been brought forward without amendment from the previous audited financial statements.

12. Material Events Subsequent to the End of the Interim Period

There is no material event subsequent to the end of the current quarter.

13. Changes in the Composition of the Group

(a) Internal Group Restructuring Involving the Company, Vitaxel Sdn Bhd (1013530-U) ("Vitaxel") and Ho Wah Genting Holiday Sdn Bhd (formerly known as Ho Wah Genting Poipet Resorts Sdn Bhd) (203789-P) ("HWGH")

The Company had on 13 February 2015, completed an internal group restructuring involving the Company, Vitaxel and HWGH by transferring the Company's 100% equity interest (1,500,000 ordinary shares) in Vitaxel to HWGH (99.48% owned subsidiary), for a total cash consideration of RM120,000.

The consideration of RM120,000 is the same acquisition price paid by the Company earlier.

Upon completion of the aforesaid share transfer, Vitaxel became a sub-subsidiary of the Company instead.

(b) Disposal of Sub-subsidiary company Orient Sun Motors Sdn Bhd (840617-P) ("OSM")

On 25 March 2015, the Company announced the disposal of the entire 70% equity interest in OSM held by its wholly owned subsidiary Rex Oriental Sdn Bhd (1056831-K) ("ROSB") for a cash consideration of RM595,000. The disposal was completed on 2 April 2015 and OSM ceased to be a subsidiary of ROSB and a sub-subsidiary of the Company.

14. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities and contingent assets for the Company and the Group at the end of the current quarter.

15. Capital Commitments

There were no capital commitments "authorized and contracted for" for the Group for the purchase of plant and equipment at the end of the current quarter.

PART B

ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

1. Review of Performance for the first quarter and current financial period to date

For the current financial period, the Group recorded revenue of RM49.03 million and loss before taxation of RM4.16 million as compared to its preceding year's revenue of RM44.06 million and loss before taxation of RM7.02 million.

The higher revenue recorded in the current financial period is mainly due to the weaker Ringgit Malaysia ("RM") against the United States Dollar ("USD") as the Group's revenue in Moulded Power Supply Cord Sets Division in Indonesia was converted from USD to RM. The additional revenue from new divisions in Direct Sales and Travel Services also contributed to higher revenue in the current financial period.

The lower loss before tax for current financial period is mainly due to the gain on disposal of "Available-For-Sale" financial assets of RM1.86 million and realized foreign exchange gain of RM1.14 million.

The Group's Moulded Power Supply Cord Sets Division recorded operating revenue of RM42.78 million and loss before taxation of RM3.34 million for the current financial period ended 31 March 2015 as compared to its preceding year's corresponding period operating revenue of RM39.07 million and loss before taxation of RM3.20 million.

The higher revenue recorded in the current financial period is due to the weaker RM against USD on currency conversion. The lower contribution from sales in decreased USD value had increased the loss before taxation for the current financial period.

The Group's Wire and Cable Trading Division posted operating revenue of RM2.25 million and profit before taxation of RM99,000 for the current financial period ended 31 March 2015 as compared to its preceding year's corresponding period operating revenue of RM4.26 million and loss before taxation of RM34,000.

The decrease in operating revenue as compared to the preceding year's corresponding period was due to the decrease of orders from the wholesalers and contractors as a result of lesser new real estate projects launched. The profit before taxation recorded in the current financial period is due to realized foreign exchange gain from conversion of USD to RM amounting to RM321,000.

The Group's Mining Division recorded an operating revenue of RM1.03 million and loss before taxation of RM1.18 million for the current financial period ended 31 March 2015 as compared to its preceding year's corresponding period operating revenue of RM0.42 million and loss before taxation of RM0.36 million.

1 Review of Performance for the first quarter and current financial period to date (continued)

A total of 30 metric tons of tin concentrates had been produced during the current financial period ended 31 March 2015 as compared to its preceding year's corresponding period output of 5 metric tons of tin concentrates.

Though the total tin concentrates output and revenue were higher as compared to the preceding year's corresponding period, the tin mining division recorded a higher losses due to increase in mining activities on the site. The mining division is now processing the tin ores from a selection of top soil with high grade of tin ore contents while focusing on the top soil removal.

The Group's newly acquired Travel Services Division recorded a revenue of RM0.9 million and a loss before tax of RM70,000 for the financial period ended 31 March 2015. The loss incurred was due to increase head count to improve the revenue.

The Group's Direct Sales Division under Vitaxel Sdn Bhd commenced its direct sales activities during the current financial period under review. The Direct Sales Division recorded a revenue of RM1.94 million and loss before taxation of RM9,000 for the financial period ended 31 March 2015.

There are no comparative figures for Travel Services Division and Direct Sales Division for the same financial period in the preceding year.

At Company level, the Company recorded a profit before taxation of RM0.62 million for the current financial period ended 31 March 2015 as compared to a loss of RM2.99 million in the preceding year's corresponding period. The profit recorded in the current financial period was contributed by the gain on disposal of "Available-For-Sale" financial assets of RM1.92 million. Whilst in the preceding year's corresponding period losses recorded, there was an impairment loss of RM1.92 million on "Available-for-sale" financial assets.

In the opinion of the Directors, other than as disclosed above, the results for the current quarter have not been affected by any transactions or events of a material or unusual nature which have arisen from 31 March 2015 to the date of issue of this quarterly report.

2. Comparison with Preceding Quarter's Results

The Group's operating revenue and loss before taxation for the current quarter under review were RM49.03 million and RM4.16 million respectively as compared to the preceding quarter's operating revenue and loss before taxation of RM39.17 million and RM11.42 million respectively.

2. Comparison with Preceding Quarter's Results (continued)

The higher revenue recorded in the current financial period is mainly due to the weaker Ringgit Malaysia ("RM") against the United States Dollar ("USD") as the Group's revenue in Moulded Power Supply Cord Sets Division in Indonesia was converted from USD to RM. The additional revenue from new divisions in Direct Sales and Travel Services also contributed to higher revenue in the current quarter.

The lower loss before taxation in the current quarter is mainly due to a gain on disposal of "Available-For-Sale" financial assets of RM1.86 million and realized foreign exchange gain of RM1.14 million. Whilst, in the immediate preceding quarter's losses recorded, there were allowance for impairment losses for its "Available-For-Sale" financial assets of RM614,000, allowance for doubtful debts of RM1.0 million, loss on disposal of investment property of RM672,000 and impairment losses for goodwill on consolidation of RM3.03 million.

3. Commentary on Prospects

The recovery in the US economy has pushed the demand for housing market higher, improve the employment rate and higher consumer spending. All these factors may have a favourable effect to the moulded power supply cord sets as US accounts for a majority of the Group's revenue.

However, the Board is of the opinion that business operations in moulded power supply cord sets and wire and cable will continue to be challenging in view of the intense competition in the US market, rising inflationary cost in Indonesia, especially the compulsory annual increment of wages and salaries, high volatility of copper price and additional working capital requirement.

The outlook for domestic demand would be underpinned by domestic consumption, market demand for local real estate projects, accommodative monetary policies and continued fiscal stimulus by the public sector. The Group's revenue from trading of wire and cable may be affected by the tighter credit controls set by financial institutions as lenders are more cautious in providing the consumer loan.

The Group is hopeful that Ho Wah Genting Holiday Sdn Bhd (formerly known as Ho Wah Genting Poipet Resorts Sdn Bhd) which operates the Travel Services Division and Vitaxel Sdn Bhd, the Direct Sales Division, are able to contribute positively in the current financial year.

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

4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter.

5. Notes to the Comprehensive Income Statement

Loss before tax is arrived at after charging / (crediting) the following items:

No	Subject	Individual Quarter 31/03/2015 RM'000	Individual Quarter 31/03/2014 RM'000	Cumulative Quarter 31/03/2015 RM'000	Cumulative Quarter 31/03/2014 RM'000
a.	Interest income	(3)	(5)	(3)	(5)
b.	Other income including investment income	(1,097)	(893)	(1,097)	(893)
c.	Interest expense	729	1,109	729	1,109
d.	Depreciation and amortization	914	1,662	914	1,662
e.	Provision for and write off of receivables	10	-	10	-
f.	Provision for and write off of inventories	-	-	-	-
g.	(Gain) or loss on disposal of quoted or unquoted investments or properties	(1,864)	-	(1,864)	-
h.	Impairment of assets	-	1,924	-	1,924
i.	Foreign exchange gain				
	- Realised	(1,143)	(136)	(1,143)	(136)
	- Unrealised	(526)	(230)	(526)	(230)
	Foreign exchange loss				
	- Realised	901	267	901	267
	- Unrealised	51	166	51	166
j.	Gain or loss on derivatives	-	-	-	-
k.	Exceptional items (with details)	-	-	-	-

6. Taxation

Taxation for current quarter and financial period to date under review comprises the following:

		Individual Quarter 31/03/2015 RM'000	Individual Quarter 31/03/2014 RM'000	Cumulative Quarter 31/03/2015 RM'000	Cumulative Quarter 31/03/2014 RM'000
i.	Current tax expense				
	- Malaysian	-	-	-	-
	- Overseas	-	-	-	-
		-	-	-	-
ii.	Over/(under) provision in prior year				
	- Malaysian	-	-	-	-
	- Overseas	-	-	-	-
		-	-	-	-

6. Taxation (continued)

	Individual Quarter		Cumulative Quarter	
	31/03/2015	**31/03/2014**	**31/03/2015**	**31/03/2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
iii. Deferred tax expense				
- Malaysian	-	-	-	-
- Overseas	-	-	-	-
	-	-	-	-
Total	-	-	-	-

7. Purchase or Disposal of Quoted Securities/Other Financial Assets

During the current financial period, the Company disposed off its entire Available-For-Sale quoted shares in Hong Kong for RM7.81 million. The cost of these shares was RM10.41 million and the allowance for diminution in value made for these shares was RM4.52 million.

During the same financial period, Ho Wah Genting Kintron Sdn Bhd, a wholly-owned subsidiary of the Company also disposed off its entire Available-For-Sale quoted shares in Malaysia for RM107,000. The cost of these shares was RM1.12 million and the allowance for diminution in value made for these shares was RM1.01 million.

Investments in quoted securities as at 31 March 2015 are as follows:

		RM'000
i.	Shares quoted in Malaysia at cost	-
ii.	Shares quoted in Hong Kong at cost	-
iii.	Market value of quoted equity shares	-

8. Group Borrowings and Debt Securities

		As At 31/03/2015 RM'000	**As At 31/12/2014 RM'000**
i.	**Short Term Borrowings**		
	Secured		
	- Bankers' acceptances	13,555	13,986
	- Hire purchase and finance lease liabilities	48	52
	- Term loans	6,555	5,827
		20,158	**19,865**
ii.	**Long Term Borrowings**		
	Secured		
	- Hire purchase and finance lease liabilities	50	63
	- Term loans	26,948	27,592
		26,998	**27,655**

8. Group Borrowings and Debt Securities (continued)

Breakdown of borrowings in foreign denominated debts included above is:

iii.	**Secured**	**USD'000**	**USD'000**
	- Bills payable	3,660	4,000
	- Term loan	7,810	8,227
		11,470	**12,227**

9. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 20 May 2015, being the latest practicable date.

11. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2014.

12. Material Litigation

There is no material litigation for the Group as at 20 May 2015, being the latest practicable date.

13. Dividends

No dividend has been declared for the current quarter and financial period ended 31 March 2015.

14. Quarterly Updates on Tin Mining Activities

On 10 June 2013, HWG Tin Mining Sdn Bhd ("HWG Tin Mining") had engaged an external exploration consultancy company to carry out resource estimation works entailing among others, evaluation of historical data, geological evaluation, geological mapping, geophysical survey, review of all existing drill data, design drill and exploration plan, field and surface sampling, laboratory chemical analysis, culminating in a resource estimation report.

The fieldwork was completed on 27 July 2013 and a copy the geological and geophysical report dated 16 August 2013 was issued. The report indicated a rough resource estimation of tin deposits and iron deposits of approximately 44,000 metric tons and 29,250,000 metric tons respectively.

14. Quarterly Updates on Tin Mining Activities

The report also recommended HWG Tin Mining to undertake a deep drilling plan to determine the essential features such as the possibility of the ore body continuance, origin and type of the deposit and economic feasibility.

HWG Tin Mining has yet to engage the drilling contractor to do the drilling works as at the latest practicable date of this report.

During the quarter, the mining division increased its mining activities on the site. The mining division is now processing the tin ores from a selection of top soil with high grade of tin ore contents while focusing on the top soil removal.

15. Loss per share

Basic

	Individual Quarter		**Cumulative Quarter**	
	31/03/2015	**31/03/2014**	**31/03/2015**	**31/03/2014**
Loss attributable to shareholders (RM'000)	(3,499)	(6,754)	(3,499)	(6,754)
Weighted average number of ordinary shares ('000) – basic	591,095	591,033	591,095	591,033
Basic (sen)	**(0.59)**	**(1.14)**	**(0.59)**	**(1.14)**

Diluted

	Individual Quarter		**Cumulative Quarter**	
	31/03/2015	**31/03/2014**	**31/03/2015**	**31/03/2014**
Loss attributable to shareholders (RM'000)	(3,499)	(6,754)	(3,499)	(6,754)
Add Notional interest savings due to repayment of bank borrowings (RM'000)	475	528	475	528
Adjusted loss attributable to shareholders (RM'000)	(3,024)	(6,226)	(3,024)	(6,226)
Weighted average number of ordinary shares ('000) – basic	591,095	591,033	591,095	591,033
Add Assuming conversion of ESOS and Warrants ('000)	159,622	159,830	159,622	159,830
Weighted average number of ordinary shares ('000) – diluted	750,717	750,863	750,717	750,863
Diluted (sen)	**N/A**	**N/A**	**N/A**	**N/A**

15. Loss per share (continued)

The diluted earnings or profit per share is calculated based on the adjusted net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period, adjusted to assume full conversion of all ESOS and warrants into new ordinary shares.

The adjusted net profit attributable to equity holders of the Company is arrived at by adding notional interest savings as a result of repayment of bank borrowings from proceeds made available through exercise of ESOS and warrants into new ordinary shares.

There was no dilution in loss per share during the current quarter and financial period ended 31 March 2015. The additional notional interest savings and the increase in the number of ordinary shares arising from the abovementioned conversion of all ESOS and warrants, both of which would have a positive effect of reducing the loss per share for the current quarter and financial period ended 31 March 2015.

By Order of the Board

Coral Hong Kim Heong
(MAICSA 7019696)
Company Secretary

Date: 27 May 2015

The information is confidential and may be legally privileged. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information other than the intended recipient is prohibited.