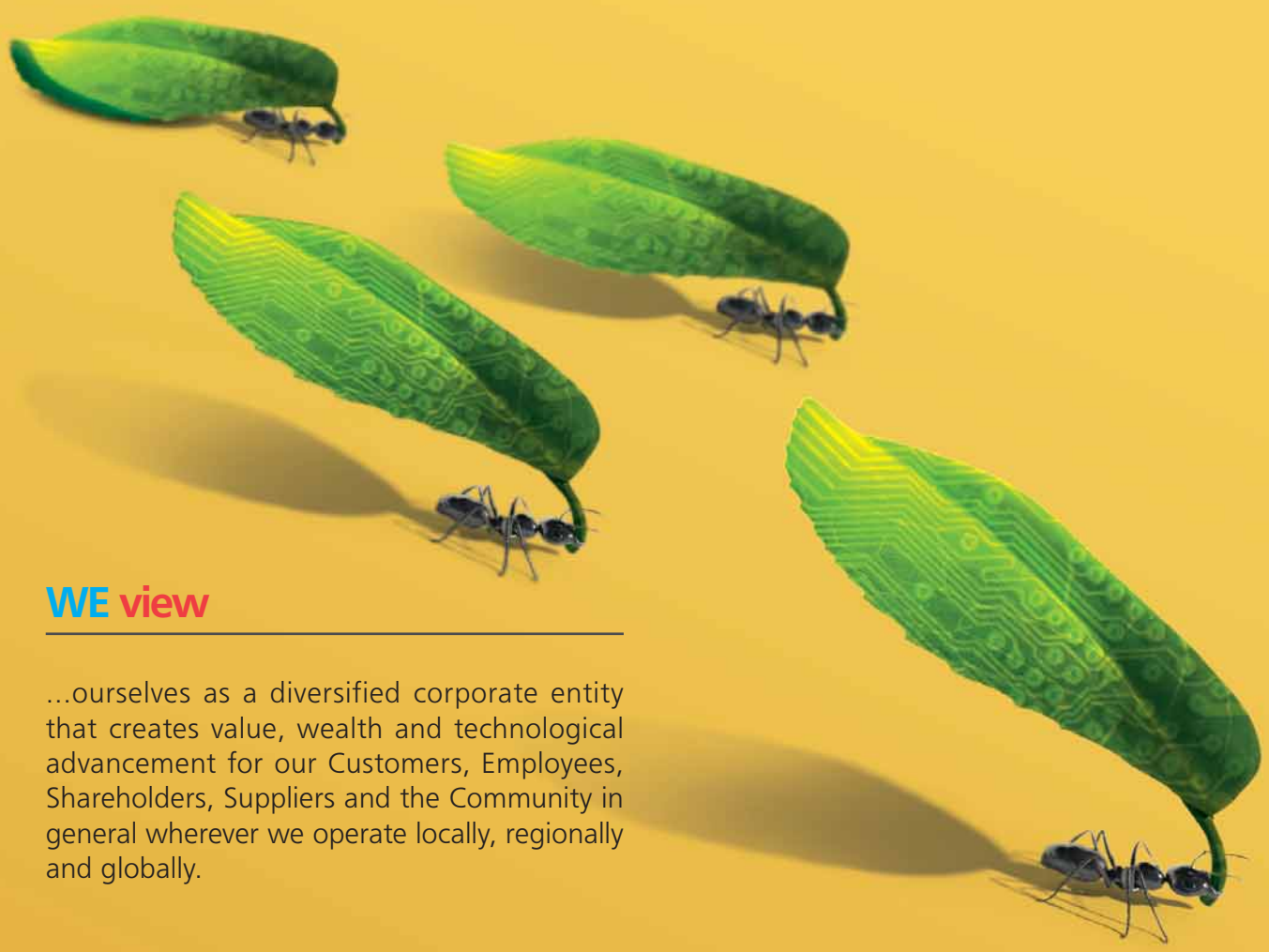
WE WONG ENGINEERING CORPORATION BERHAD

(409959-W)

ANNUAL REPORT 2008

courageous
innovative
agile

the way WE are
WE build tomorrow



WE view

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

WE want

...to be the best in whatever business we are in.

the way WE are
WE build tomorrow

WE are **Courageous...**
WE undertake new business ventures and face challenges as **WE** scale new heights.

WE are **Innovative...**
WE create opportunities and improve performance to enhance value in quality, efficiency and effectiveness through Innovation for the benefit of our Customers, Employees, Shareholders, Suppliers and the Community.

WE are **Agile...**
WE are adaptive and quick to respond to the ever changing environment in the way **WE** think, work and live while maintaining our corporate social responsibilities.

Contents

Notice of Annual General Meeting	2
Statement Accompanying Notice of Annual General Meeting	5
Additional Compliance Information	6
Corporate Information	7
Financial Highlights	8
Profile of Directors	9
Chairman's Statement	12
Operations Review	15
Corporate Structure	16
Corporate Social Responsibility Statement	17
Audit Committee Report	19
Statement on Corporate Governance	23
Statement of Proposed Renewal of Authority to Purchase Its Own Shares	30
Statement on Internal Control	34
Financial Statements	
Directors' Report	36
Consolidated Balance Sheet	41
Consolidated Income Statement	42
Consolidated Statement Of Changes in Equity	43
Consolidated Cash Flow Statement	44
Balance Sheet	46
Income Statement	47
Statement of Changes in Equity	48
Cash Flow Statement	49
Notes To The Financial Statements	50
Statement by Directors and Statutory Declaration	84
Independent Auditors' Report to the Members	85
List of Group Properties	87
Shareholdings Statistics	88
Proxy Form	91

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Wednesday, 22 April 2009 at 11.00 am for the following purposes:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 October 2008 together with the Reports of Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve the payment of a first and final tax exempt dividend of 1.5 sen per ordinary share of RM0.50 each for the financial year ended 31 October 2008. **Ordinary Resolution 2**

3. To approve the payment of Directors' Fees totaling RM165,000 for the financial year ended 31 October 2008. **Ordinary Resolution 3**

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

   (i) Mr. Wong Kem Chew **Ordinary Resolution 4**
   (ii) Mr. Lim Gin Chuan **Ordinary Resolution 5**

5. To re-appoint Messrs. KPMG as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

6. To consider and, if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions:

   a) Ordinary Resolution

   Authority to issue shares pursuant to Section 132D of the Companies Act, 1965
   "THAT, subject always to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." **Ordinary Resolution 7**

Notice of Annual General Meeting (cont'd)

b) Ordinary Resolution

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

Ordinary Resolution 8

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

i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("WEC Shares");

ii) the amount of fund to be allocated by the Company for the purpose of purchasing the WEC Shares shall not exceed the aggregate of the retained profits and share premium account of RM5,562,544 and RM11,568,727 respectively of the Company as at 31 October 2008;

iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:-
   a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at general meeting, the authority is renewed, either unconditionally or subject to conditions;
   b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities;

iv) upon completion of the purchase(s) of the WEC Shares by the Company, the Directors of the Company be hereby authorised to deal with the WEC Shares in the following manner:-
   a) to cancel the WEC Shares so purchased; or
   b) to retain the WEC Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or
   c) to retain part of the WEC Shares so purchased as treasury shares and cancel the remainder; or
   d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

Notice of Annual General Meeting (cont'd)

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

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final tax exempt dividend of 1.5 sen per ordinary share of RM0.50 each for the financial year ended 31 October 2008, if approved by the shareholders at the Twelfth Annual General Meeting, will be paid on 15 May 2009 to depositors registered in the Record of Depositors of the Company on 30 April 2009.

A depositor shall qualify for entitlement only in respect of:

a. Shares transferred into the depositor's securities account before 4.00p.m. on 30 April 2009 in respect of ordinary transfers; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LAM VOON KEAN (MIA 4793)
Company Secretary

Penang
Date: 30 March 2009

Notes:

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

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

3. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.*

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

5. *If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.*

Explanatory Notes on Special Businesses

1. *The Ordinary Resolution 7, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.*

2. *The Ordinary Resolution 8, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.*

Statement Accompanying Notice of Annual General Meeting

Directors who are seeking re-election at the Twelfth Annual General Meeting of the Company

Mr. Wong Kem Chew and Mr. Lim Gin Chuan are standing for re-election and re-appointment.

Please refer to their respective particulars stated in the Profile of Directors section. Further details of their shareholdings information are listed in the Shareholdings Statistics (under the Director's Interest in the Share Capital) and Directors' Report for the year ended 31 October 2008 (under Directors' interest in shares).

Additional Compliance Information

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

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

Month	No. of Shares Bought Back/ (Disposed)	Highest Price (RM)	Lowest Price (RM)	Weighted Average Price (RM)	Consideration Paid/(Received) (RM)
Nov-07	1,000	0.40	0.40	0.40	413.16
Apr-08	1,000	0.30	0.30	0.30	341.09
Oct-08	20,000	0.25	0.25	0.25	5,046.50
Total	**22,000**				**5,800.75**

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

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

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

Non-Audit Fees
Non-Audit fee totaling RM12,000 were paid during the financial year.

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

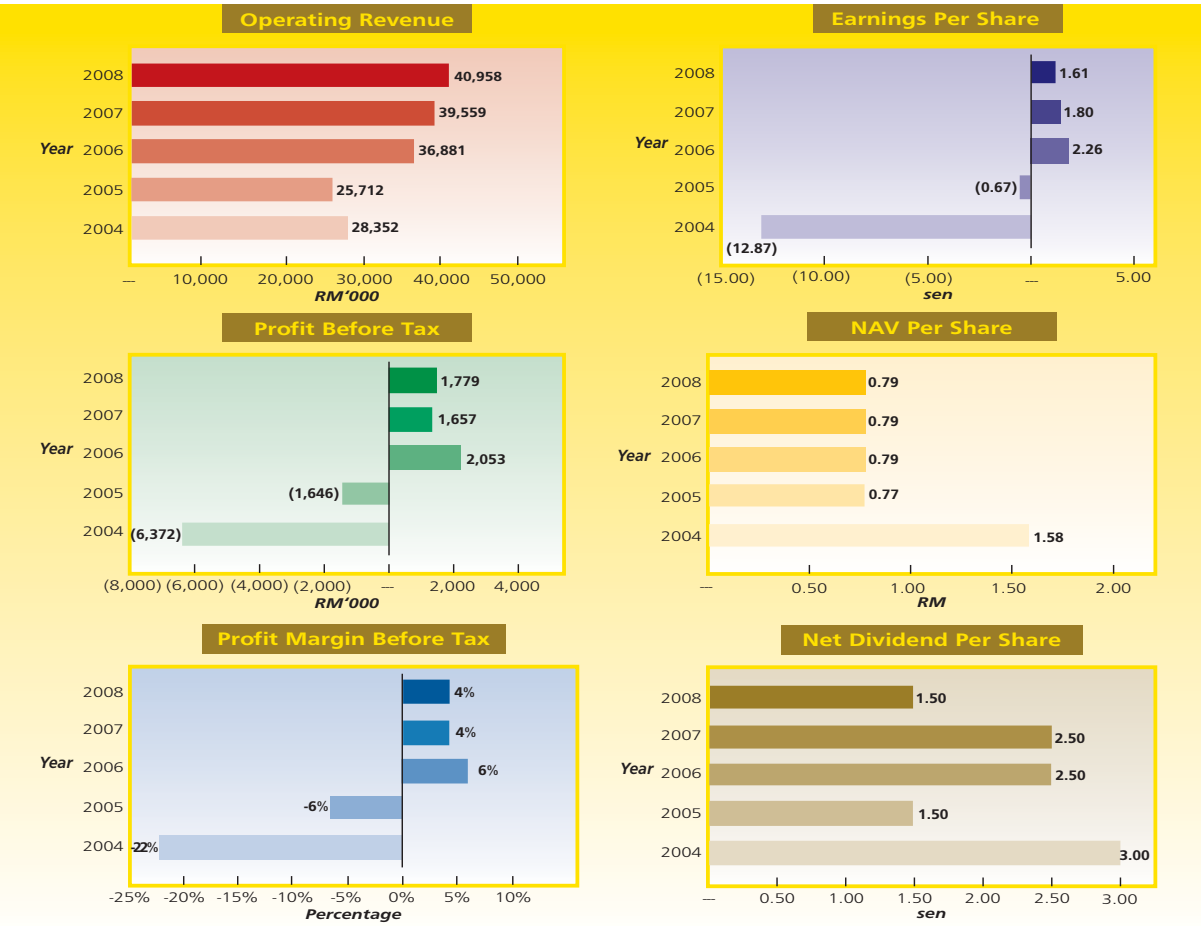
Corporate Information

Board of Directors	
Chairman & Chief Executive Officer	Dato' Wong Kem Woh
Executive Director	Wong Kem Chew
Executive Director	Goh Kah Seng
Non-Independent & Non-Executive Director	Wong Kam Hooi
Independent & Non-Executive Director	Lim Gin Chuan
Independent & Non-Executive Director	Dato' Haji Man Bin Mat
Senior Independent & Non-Executive Director	Tang Yin Kham
Company Secretary	Lam Voon Kean (MIA 4793)
Registered Office	Suite 2-1, 2nd Floor Menara Penang Garden 42A Jalan Sultah Ahmad Shah 10050 Penang Tel: 04-2294390 Fax: 04-2265860
Business Address	Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1) 09000 Kulim, Kedah Tel: 04-4271788 Fax: 04-4271799 E-mail: info@wec.com.my website: www.wec.com.my
Registrar	Agriteum Share Registration Services Sdn Bhd 2nd Floor, Wisma Penang Garden 42, Jalan Sultan Ahmad Shah 10050 Penang. Tel: 04-2282321 Fax: 04-2272391
Auditors	KPMG, Penang Chartered Accountants
Principal Bankers	CIMB Bank Berhad Malayan Banking Berhad RHB Bank Berhad United Overseas Bank (Malaysia) Berhad EON Bank Berhad
Stock Exchange Listing	The Second Board, Bursa Malaysia Securities Berhad
Legal Form and Domicile	Public Limited Company Incorporated and domiciled in Malaysia

Financial Highlights

	Oct-31	2004	2005	Restated 2006	2007	2008
Operating Revenue	RM'000	28,352	25,712	36,881	39,559	40,958
Profit Before Tax	RM'000	(6,372)	(1,646)	2,053	1,657	1,779
Profit After Tax	RM'000	(6,121)	(716)	2,016	1,593	1,599
Net Profit	RM'000	(5,901)	(614)	2,035	1,615	1,448
Paid-up Capital	RM'000	45,844	45,844	45,844	45,844	45,844
Shareholders' Funds	RM'000	72,247	69,516	70,741	70,705	70,779
Total Assets	RM'000	75,910	71,536	79,651	79,385	80,615
Total Liabilities	RM'000	8,452	8,592	8,729	8,232	9,236
Total Equity & Liabilities	RM'000	81,306	78,108	79,651	79,385	80,615
Cash & Cash Equivalents (CCE)	RM'000	11,076	12,198	10,972	9,898	11,652
Basic (Loss)/Earnings per Share	SEN	(12.87)	(0.67)	2.26	1.80	1.61
NAV per Share	RM	1.58	0.77	0.79	0.79	0.79
Net Dividend per Share	SEN	3.00	1.50	2.50	2.50	1.50
Profit Margin Before Tax	%	-22%	-6%	6%	4%	4%
Return on Shareholders' Funds	%	-8%	-1%	3%	2%	2%
Return on Assets	%	-8%	-1%	3%	2%	2%
CCE to Total Assets	%	15%	17%	14%	12%	14%
Total Liabilities/(Total Equity & Liabilities)	%	10%	11%	11%	10%	11%

* The figures for 2004 did not take into account of the share split which was effected on 8 June 2005



Profile of Directors

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

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

Dato' Wong Kem Woh, Malaysian, aged 56, joined the Board of WEC on 11 November 1997 and was appointed as Chairman. He is a member of the Remuneration Committee and Risk Management Committee of WEC.

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

He also sits on the board of several other private limited companies. He is currently a Director of the Penang Chinese Chamber of Commerce and Member in the Kulim Industrial Tenants' Association (KITA).

He attended five out of Six Board Meetings held during the financial year ended 31 October 2008.

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

Mr. Wong Kem Chew
Executive Director

Mr. Wong Kem Chew, Malaysian, aged 59, joined the Board of WEC on 11 November 1997 and was appointed as an Executive Director.

Mr. Wong Kem Chew is a businessman and has been involved in the development of WEC Group since it was formed in 1982. He has 41 years of working experience in the mechanical engineering sector. Currently he is responsible for the management of the Group's production and maintaining the high precision quality of the Group.

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

He attended all Six Board Meetings held during the financial year ended 31 October 2008.

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

Profile of Directors (cont'd)

Mr. Goh Kah Seng
Executive Director

Mr. Goh Kah Seng, aged 54, joined the Board of WEC on 1 March 2004 and was appointed as Executive Director. He is a member of the Risk Management Committee of WEC.

Mr. Goh Kah Seng holds an MBA degree from University of Bath, United Kingdom and a Diploma in Investment Analysis (RIIAM). He is a certified member of the Financial Planning Association of Malaysia and an associate member of the Institute of Banker Malaysia (AIBM).

He had attended all Six Board Meetings held during the financial year ended 31 October 2008.

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

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

Mr. Wong Kam Hooi, Malaysian, aged 61, joined the Board of WEC on 11 November 1997. He was redesignated as a Non-Independent and Non-Executive Director on 29 September 2004.

Mr. Wong Kam Hooi is a businessman and one of the founders of WEC Group. He has been involved in the mechanical engineering sector for approximately 39 years.

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

He had attended all Six Board Meetings held during the financial year ended 31 October 2008.

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

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

Dato' Haji Man Bin Mat, Malaysian, aged 59, joined the Board of WEC on 9 April 1999. He is a Member of the Audit Committee and Nominating Committee of WEC.

Dato' Haji Man Bin Mat is a BBA degree holder graduated from Ohio State University, USA in 1977. He is a businessman with more than 30 years of working exposure in both public and private sector.

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

He attended five out of Six Board Meetings held during the financial year ended 31 October 2008.

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

Profile of Directors (cont'd)

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

Ms. Tang Yin Kham, Malaysian, aged 57, joined the Board of WEC and appointed as a Senior Independent and Non-Executive Director on 28 December 2001. She is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee.

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

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

She attended all Six Board Meetings held during the financial year ended 31 October 2008.

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

Mr. Lim Gin Chuan
Independent and Non-Executive Director

Mr. Lim Gin Chuan, Malaysian, aged 45, joined the Board of WEC on 11 November 1997. He is the Chairman of Nominating Committee and a member of the Audit Committee and Remuneration Committee.

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

He also sits on the board of The Store Corporation Berhad and several private limited companies.

He attended five out of Six Board Meetings held during the financial year ended 31 October 2008.

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

**Notes:*

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

Chairman's Statement

On behalf of the Board of Directors, I have the pleasure in presenting the Annual Report of the Group and of the Company for the financial year ended 31 October 2008.

FINANCIAL PERFORMANCE

The group registered sales revenue of RM40.9 million for the financial year ended 31 October 2008 as compared to the revenue of RM39.5 million of the previous financial year. This resulted in a revenue growth of 3.5% for the financial year 2008 (2007: 7.3%) in the midst of worsening international financial crisis and deteriorating global economic environment. As 30% of the revenue was denominated in USD, the strengthening of the USD against Ringgit (RM) by about 8.3% between end of October 2007 (USD/RM3.418) and November 2008 (USD/RM3.6175) had improved the export revenue for the group.

The group profit before tax for year ended 31 October 2008 was also higher at RM1,779,000 as compared to RM1,657,000 of the previous financial year due to the higher export receipt from the strengthening USD against RM and the moderating cost of raw material.

Overall, the manufacturing division of 3 business units (Turning Parts Unit, Metal Sheets and Assembly Unit and Precision Technology in Welded Frames Unit) and the environment division contributed positively to the group revenue and profit.

DIVIDEND

The board of directors is recommending a first and final tax exempt dividend of 1.5 sen payable on 15 May 2009 subject to shareholders' approval at the forthcoming Annual General Meeting.

MALAYSIAN ECONOMIC OUTLOOK

The Malaysian Institute of Economic Research (MIER) had, in their latest quarterly surveys, reported that the global credit crisis continued to deepen with little signs of abating. The IMF had also revised the global growth forecast to 2.2% in 2009 (2008: 3.7%) from 3.0% as earlier projected. The three major economies of US, Europe and Japan are already into recession in 2009; and their economies are likely to contract in 2009 as follows: (i) US by minus 0.7%, (ii) Europe by minus 0.5% and (iii) Japan by minus 0.2%. The World Bank projected a 1.9% growth in world economy for 2009 and 3.9% growth in 2010 with major economies recovering to positive growth.

The US dollar continued to strengthen against major currencies except the Yen. The Ringgit along with most currencies also weakened against USD from USD/RM3.3065 on 31 December 2007 to USD/RM3.6095 on 28 January 2009. Against other major currencies, the Ringgit appreciated against the pound sterling (28.8%) and Euro (2.1%), but depreciated against the Japanese Yen (-27.1%). Against regional currencies, the Ringgit depreciated against Singapore Dollar (-4.6%), Thai Baht (-5.1%) and Chinese Renminbi (-14.2%), but appreciated against other regional currencies in the range of 2% to 35.6%. (BNM Report Ref No: 01/09/08).

Malaysian headline inflation moderated to 4.4% in December 2008 from 5.7% in November 2008 and a peak of 8.5% in August 2008 with the downward adjustment of fuel price by the Government. Inflation is expected to fall further as the economy softens.

Chairman's Statement (cont'd)

On 21 January 2009, Bank Negara announced the lowering of the OPR (Overnight Policy Rate) by 75 basis points to 2.50% while reducing the SRR (Statutory Reserve Requirement) by 150 basis points to 2.00% as pre-emptive steps to support the monetary environment (lower cost of funds and added liquidity) for the domestic economy whilst the Malaysian economy continues to soften in tandem with declining exports due to the slowing global economy.

The Malaysian economy has been resilient in the first half of 2008 with a strong GDP growth of 7.1%. However, the GDP growth subsided to 4.7% in the third quarter of 2008 bringing down the growth to an average of 6.3% for the first three quarters of 2008. The monthly indicators up to December 2008 are losing momentum significantly with industrial output contracting in three successive months and exports declining sharply by 14.9% y-o-y in December 2008 (November 2008: -4.9%). In view of the adverse macro indicators and the weakening economic indices, MIER adjusted the estimated 2008 GDP growth to 5.1% from the previous 5.5% growth (2007: 6.3%).

In line with the IMF's downward forecast revision of the world economy, the MIER also revised Malaysia's GDP growth forecast for 2009 to 1.3% from 3.4 % previously. Malaysia is expected to recover in 2010 with a GDP growth of 3.8% provided the global economy bottoms out and global growth recovers to 3.9% in 2010.

STRATEGIC PLAN AND PROSPECT

The Manufacturing Division and the Environmental Products Division continued to thrive with resilience amidst the deteriorating global financial crisis and economic downturn. All operating subsidiaries contributed to the group revenue and profit positively.

2009 will be a challenging year as the world economy is expected to go deeper into recession and Malaysian external trade will dwindle with the falling demand of its major trading partners, especially USA and Europe. On the backdrop of a flagging global economy, the Malaysian government is propping up the domestic demand through fiscal pump-priming and easier monetary policy.

Going forward, the Group will strive on its two intrinsic strengths: (i) its sound financial position to capitalise on opportunities to gain market share and (ii) its "value innovation" proposal for its customers.

The group has cash and cash equivalent of RM11.6 million and available banking facilities of more than RM20 million with borrowing of RM1.5 million which less than 2% of the total assets. This will give the group more flexibility with the liquidity in hand as opportunities arise. The sales and marketing team will also move more aggressively against competition during this time to gain market share.

The group had successfully installed the SAP management system to provide the management with better information and business operations tracking for better cost efficiency and effectiveness in business decision. The Manufacturing division had also commissioned its integrated sheet metal manufacturing line in technology partnership with Amada, Japan to provide high product-mix flexible manufacturing capability and cost savings for its customers. The lower cost to customer is derived from no tooling cost requirement to the customers whilst allowing the customers to change their product models more frequently to meet the demand of the end-users and shorter product life-cycle. The value innovation model will allow the manufacturing to capture higher market share and to penetrate new customers.

For the environmental and health products division, up to January 2009, its distributor has established 31 retail outlets throughout Malaysia. For 2009, the direction is to expand to foreign markets. The division is expected to generate higher revenue and profit for this year.

ACKNOWLEDGMENT

On behalf of the Board, I wish to thank all our employees for their contribution and dedication towards the success of the group.

We would like thank our shareholders, customers and other stakeholders for their confidence and support for the group. We will continue to work harder for better performance in 2009.

Dato' Wong Kem Woh
Chairman and Chief Executive Officer

18 February 2009

Operations Review

Manufacturing Division

The manufacturing division consists of three business units, namely, (1) Wong Engineering Electronics Sdn Bhd - Machining or Turning Parts (WEE); (2) Wong Engineering Industries Sdn Bhd - Metal Sheets and Assembly (WEI); and (3) Wong Exerion Precision Technology Sdn Bhd - Precision Technology in Welded Frames (WEX).

The revenue of WEE continued to be flat. The revenue from the Electronics (E&E) segment continued to decline during the financial year with replacement sales from the oil and gas segment. The business focus for WEE will be the medical equipment segment and the oil and gas segment in 2009. This will diversify the revenue stream for better profitability and income stability.

In 2008, the division attained an overall growth of 4.1% in a challenging business environment of global financial crisis and economic downturn.

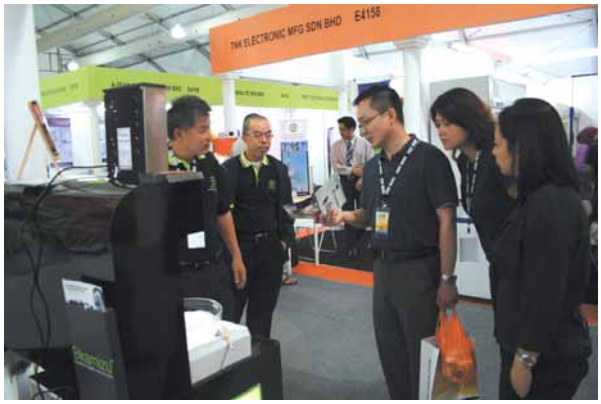
Environmental and Health Products Division

The environmental and health appliances business of WEC Marketing Sdn Bhd (WEC Marketing) continued to grow at a healthy pace for 2008. It achieved a revenue growth of 93% in the financial year 2008.

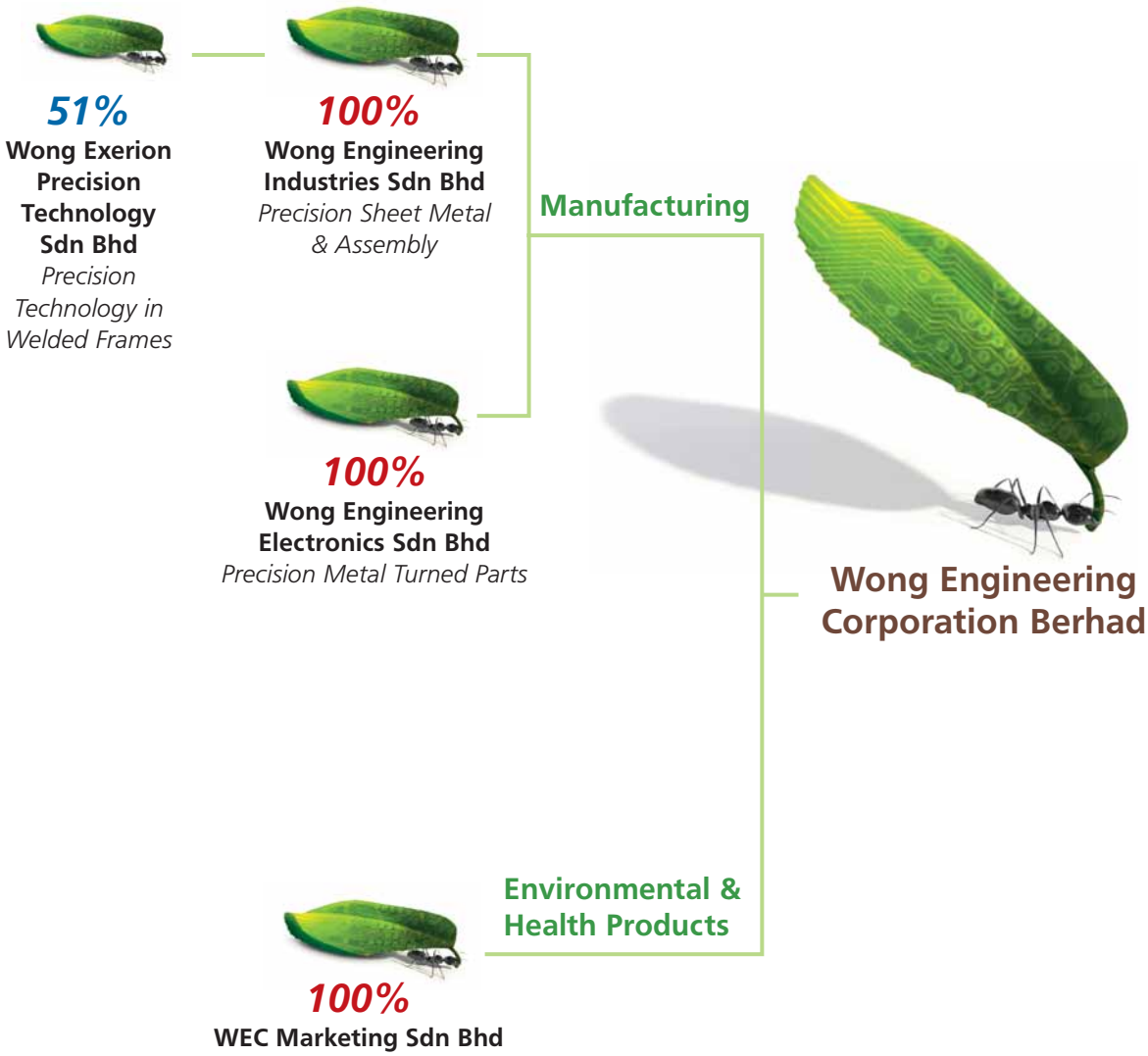
In 2008, Okamizu (product brand) stepped up its advertisement and promotion expenditure. It has placed advertisements in Astro and national newspapers; and participated in road shows at Intrade 2008 International Exhibition, the International Health Fair and other trade fairs and promotions to build the Okamizu trade-mark.

Up to January 2009, thirty-one (31) Okamizu retail outlets have been opened in prominent shopping Malls and Complexes throughout Malaysia, for example Ikano Power Centre and The Garden Mid-Valley in the Klang Valley and Gurney Plaza in Penang. Eight (8) more retail outlets are targeted to be opened in 2009.

WEC Marketing will be targeting the export market in 2009. It is projecting a two-fold growth in revenue in 2009, barring any unforeseen circumstances.



Corporate Structure

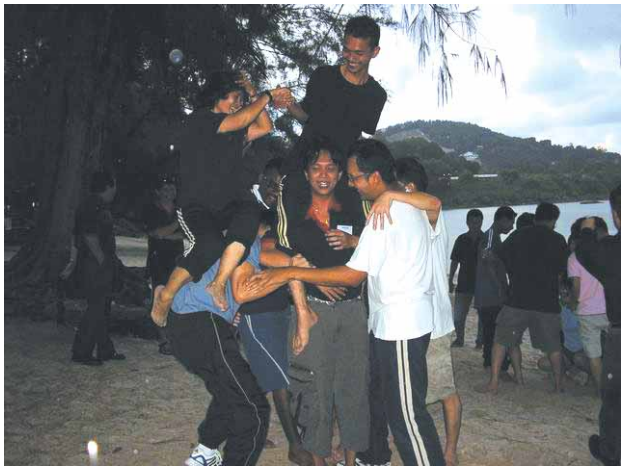


Corporate Social Responsibility Statement

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

We shall communicate and inculcate a culture of Corporate Social Responsibility ("CSR") in our employee and our stakeholders on the 4 main premises that we operate in: (a) the Workplace; (b) the Marketplace; (c) the Community; and (d) the Environment.

The Workplace



We appreciate the contribution of our employees as regards to the growth of the business and maintaining a harmonious working environment. We are committed to ensuring fairness in career opportunity, and give priority to safety and well-being of our employees in the Workplace. In regards to the occupational safety and health (OSHA), the company has established a "Safety and Health Policy" and set up the Safety Committee and an Emergency Response Team to meet the safety standard of OSHA. In the financial year 2008, WEC also organized numerous activities to build esprit de corps of the employee and create a harmonious working environment like participating in STARWALK 2008, organizing in-house training and teambuilding programmes.

The Marketplace

We believe that effective CSR can deliver benefits to our business and, in turn, to our customers and vendors:-

- by inculcating integrity and professionalism in procurement and supply chain management and to comply with a standard procedure in qualification of vendors.
- by continuingly upgrading the technical skill of our Supplier Quality Team to ensure consistency in achieving the good quality acceptable to our customer.
- by adhering to the International Organization for Standardization (ISO) standard in relation to our Quality System.
- by adhering to the occupational safety and health requirements at international standard to assure the safety of the workers and uninterrupted supply of our products to our customers.
- by practising good Corporate Governance and accountability.

Corporate Social Responsibility Statement (cont'd)

The Community

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

The Environment

- WE is highly conscious of the global warming and climatic changes in the global environment due to industrial activities. In this respect, WE Group is ISO 14001 certified to ensure that the Group complies with the global requirement in eliminating the usage of hazardous substance and mitigate the climatic or environmental changes through environmental management.
- by adopting and complying with requirement of using environmental friendly products in relation to Chlorofluorocarbon (CFC) compliance and Restriction of Hazardous Substances (ROHS) compliance according to the specifications of our customers with the ultimate aim of safeguarding our environment.
- WE has its own waste treatment plant for its plating line and WE ensures compliances with the waste management requirements.

The CSR Committee

The company has a CSR Committee to plan and implement CSR activities throughout the year company wide.

Audit Committee Report

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

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

Terms of Reference
The Committee was established on 11 November 1997 to act as a Committee of the Board of Directors, with the terms of reference as set on pages 20 to 22 of the Annual Report therein.

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

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

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

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

Audit Committee Report (cont'd)

STATEMENT ON EMPLOYEE'S SHARE OPTION SCHEME ("ESOS") BY THE COMMITTEE

The ESOS was expired on 10 October 2006.

INTERNAL AUDIT FUNCTION

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

The Internal Audit function set up in January 2002 had progressively been discharging its duties in monitoring the effectiveness of the existing internal control systems of the Group. The independent internal audit function and activities were carried out its audits according to the annual internal audit plan and schedule, which had been approved by the Audit Committee. The objectives of internal audit on subsidiaries and various departments are to assess the adequacy and integrity of the system of internal control and ensure that the Group's policies and procedures are complied with.

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

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

   - assess the Group's process relating to its risks and control environment;
   - oversee financial reporting; and
   - evaluate the internal and external audit process.

2. **Composition**
   The Board shall elect and appoint Committee members from amongst their numbers, comprising no fewer than three (3) Directors. All members of the audit committee shall be Non-Executive Directors of the Company and financial literate.

   The Board shall at all times ensure that at least one (1) member of the Committee fulfils the Bursa Securities requirements as prescribed in paragraph 15.10 (1C):

   (i) a member of the Malaysian Institute of Accountants ("MIA"); or

   (ii) if he or she is not a member of MIA, he or she must have at least three (3) years of working experience and:-

   (a) he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
   (b) he or she must be a member of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

   (iii) fulfils such other requirements as prescribed by the Bursa Securities.

Audit Committee Report (cont'd)

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

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

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

3. **Duties and Responsibilities**
In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

(a) Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan.
(b) Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
(c) Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
(d) Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.
(e) Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
(f) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
(g) Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
(h) Review the budget and staffing of the internal audit department.
(i) Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems.
(j) Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
(k) Review the quarterly results and the year end financial statements, prior to the approval by the Board focusing particularly on:
   - changes in or implementation of major accounting policy changes;
   - significant or unusual events;
   - the going concern assumption; and
   - compliance with accounting standards and other legal requirements.
(l) Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Listing Requirements of Bursa Securities and other legislative and reporting requirements.
(m) Review any related party transaction and conflict of interest situation that may arise within the work performed in fulfilling the Committee's primary responsibilities.
(n) To do the following, in relation to the internal audit function:-
   - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
   - review any appraisal or assessment
(o) Any other activities, as authorized by the Board.

Audit Committee Report (cont'd)

4. **Authority**
In carrying out its duties and responsibilities, the Committee shall have the following rights:

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

5. **Quorum and Committee's procedures**
The Committee shall meet not less than four (4) times per financial year and as many times as the Committee deems necessary. The external auditors may request a meeting if considered necessary.

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

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

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

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

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

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

This report is issued in accordance with a resolution of the Directors dated 25 February 2009.

Statement on Corporate Governance

The Board of Directors ("the Board") fully appreciates the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

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

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

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

A. Directors

Board Responsibilities

The Group acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including strategic direction, establishing goals for management and monitoring the achievement of these goals. The roles and functions of the Board, as well as the differing roles of Executive Directors and Non-Executive Directors, are clearly prescribed in the Board Charter of WEC adopted on 25 February 2003.

Board Balance

The Board currently has a total of seven (7) members, comprising three (3) Executive Directors, one (1) Non-Independent and Non-Executive Director, one (1) Senior Independent and Non-Executive Director and two (2) Independent and Non-Executive Directors. A brief description of the background of each director is presented in the Profile of Directors on pages 9 to 11 of this annual report.

The concept of independence adopted by the Board is in tandem with the definition of an independent director in Section 1.01 of the Listing Requirements of Bursa Securities Malaysia Berhad ("Listing Requirements"). The key elements for fulfilling the criteria are the appointment of directors who are not member of management (Non-Executive Directors) and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two (2) directors or one-third of the Board of the Company, whichever is the higher, are independent directors.

The directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as banking, finance, corporate affairs, legal, marketing and operations. This mix of skill is vital for the successful direction of the Group. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent and Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board in order to provide an efficient check and balance for the Executive Directors.

Statement on Corporate Governance (cont'd)

The roles of the Chairman & Chief Executive Officer are currently not separated. The Chief Executive Officer is primarily responsible for the orderly conduct and the working of the Board. The Chief Executive Officer is assisted by a management team comprising two Executive Directors and 3 Senior Managers in the day-to-day running of the business and implementation of Board policies and decisions. The presence of Independent and Non-Executive Directors is essential as they provide unbiased and independent views, advice and judgement as well as to safeguard the interest of other interested parties such as minority shareholders.

The Board is satisfied with the current Board composition that fairly reflects the interests of minority shareholders in the Company.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 October 2008, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, its investment plan and strategic decision and the business plan and direction of the Group. The Board receives documents on matter requiring its consideration prior to and in advance of each meeting. The board should record its deliberations, in terms of issues discussed, and the conclusions in discharging its duties and responsibilities. The details of the attendance of the said meetings are set out as follow:-

During the financial year 31 October 2008, a total of six (6) Board of Directors' Meeting held and the details of attendance are as follow:-

	Name of Directors	Number of Board Meetings Attended
(a)	Dato' Wong Kem Woh	5
(b)	Wong Kem Chew	6
(c)	Wong Kam Hooi	6
(d)	Goh Kah Seng	6
(e)	Dato' Haji Man Bin Mat	5
(f)	Lim Gin Chuan	5
(g)	Tang Yin Kham	6

Board and Management Committees

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

Board Committee	Key Functions
Audit Committee	Explained on pages 19 to 22 of the Annual Report
Remuneration Committee	Explained on page 26 to 27 of the Annual Report
Nominating Committee	Explained on page 25 of the Annual Report

Management Committee	Key Functions
Corporate Social Responsibilities Committee	Explained on pages 17 to 18 of the Annual Report
Risk Management Committee	To perform risk supervision, review risk profiles and organizational performance of the company and group

Statement on Corporate Governance (cont'd)

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

Supply of Information

All the Directors have full and timely access to information concerning the Company and the Group. The Directors are furnished with the relevant agenda and Board papers in sufficient time prior to the Board meetings to appreciate issues deliberated at the Board Meeting and expedites the decision making process. The Board papers include reports on the Group's financial, operational and corporate developments. Every Director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board while the terms of appointment permit their removal and appointment only by the Board as a whole.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports and annual Financial Statements, prior to releasing them to the Bursa Securities.

The Board as a whole will determine, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Company's expense.

Appointments to the Board

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

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

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

The Committee shall meet as and when deemed necessary but nonetheless, shall be held at least once a year.

Directors' Training

The Board as a whole recruits to the Board only individuals of good calibre, knowledge and experience to fulfill the duties of a Director appropriately. All the Directors had completed the Mandatory Accreditation Programme and accumulated the full Continuing Education Programme ("CEP") points as prescribed in PN 15/2003 of Listing Requirements. The Directors on their own also attended CEP programmes in 2008 organized by Inland Revenue Department, MAICSA, Federation of Manufacturers of Malaysia and private training consultants. They will continue to attend relevant training programmes including the CEP to update their knowledge and skill as a continuing education.

Re-Election

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

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

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

B. Directors' Remuneration

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

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

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

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

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

Statement on Corporate Governance (cont'd)

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

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

Details of Directors' Remuneration

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

Type of Remuneration	Executive Directors RM	Non-Executive Directors RM
Fees	60,000	105,000
Salaries	744,000	NIL
Bonuses	124,000	NIL
Others	211,733	3,600
Total	**1,139,733**	**108,600**

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

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000		4
RM 50,001 to RM100,000		
RM100,001 to RM150,000		
RM150,001 to RM200,000		
RM200,001 to RM250,000		
RM250,001 to RM300,000		
RM300,001 to RM350,000	1	
RM350,001 to RM400,000		
RM400,001 to RM450,000	2	
Total	**3**	**4**

C. Shareholders

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

In addition, the Company makes various announcements through the Bursa Securities, in particular the timely release of the quarterly results within two months from the close of a particular quarter. Copies of the full announcement are supplied to the shareholders and members of public upon request. Members of the public can also obtain the full financial results and the Company's announcement from the Bursa Securities's website.

D. Accountability and Audit

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

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

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

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

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

State of Internal Controls

The Statement on Internal Control furnished on pages 34 to 35 of the annual report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 20 to 22 of the annual report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 19 of the annual report.

Statement on Corporate Governance (cont'd)

Compliance Statement

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

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

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

This statement is issued in accordance with a resolution of the Directors dated 25 February 2009.

Statement of Proposed Renewal of Authority to Purchase Its Own Shares

1. INTRODUCTION

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

At the Company's last Annual General Meeting held on 23 April 2008, the Board of Directors had obtained shareholders' approval for the Directors to purchase shares on Bursa Malaysia Securities Berhad ("Bursa Securities") not exceeding ten (10%) per centum of the issued and fully paid-up share capital of the Company.

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

It is the intention of WEC to renew the authority to purchase its own shares in the aggregate up to ten (10%) per centum of its issued and paid-up share capital and the ten (10%) per centum shall always take into account any shares bought back and retained as treasury shares in accordance with Section 67A of the Companies Act, 1965 and the requirements of Bursa Securities and/or any other relevant authorities ("Proposed Share Buy-Back" or "the Proposal"). Consequently, on 02 January 2009, the Company announced that the Board of Directors proposes to seek a fresh mandate from the shareholders for the Company to purchase its own shares on Bursa Securities through its appointed stockbroker previously approved by Bursa Securities. Such authority, if so approved, commences immediately upon obtaining the shareholders' approval in this forthcoming AGM until the conclusion of the next AGM ("Proposed Authorised Period"). As at 27 February 2009 (latest practicable date) the issued and paid-up share capital of the Company is RM45,844,000 comprising 91,688,000 ordinary shares of RM0.50 each which is inclusive of 1,840,000 treasury shares held by the Company.

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

1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Share Buy-Back and to seek your approval for the ordinary resolution which is to give effect to the Proposed Share Buy-Back to be tabled at the forthcoming AGM. A notice of the AGM together with the Proxy Form are set out in pages 2, 3, 4, 5 and 91 respectively.

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

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

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

3.1 Advantages

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

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

3.2 Disadvantages

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

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

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

Funding

The Proposed Share Buy-Back will allow the Directors to purchase WEC's shares at any time within the Proposed Authorised Period. The proposed purchase by the Company of its own shares must be made wholly out of its retained profits and/or the share premium account. There are no restrictions on the types of funds which can be utilized so long as the buy-back is backed by an equivalent amount of retained profits and/or the share premium. Based on the audited financial statements as at 31 October 2008, the Company's retained profits and share premium are RM5,562,544 and RM11,568,727 respectively.

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

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

5.1 Share Capital

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

5.2 Net Assets ("NA")

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

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

5.3 Working Capital

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

5.4 Earnings

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

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

6.1 Public Shareholding Spread

WEC's public shareholding spread and the public shareholders as at 27 February 2009 being the latest practicable date is approximately 49.71% and 2,388 respectively. The public shareholding spread is expected to be reduced to 45.24% assuming the Proposed Share Buy-Back is implemented in full with the purchase from the market.

Statement of Proposed Renewal of Authority to Purchase Its Own Shares (cont'd)

6.2 Malaysia code On Take-Overs And Mergers 1998 ("the Code")

The Proposed Share Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares), may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provision under Practice Note 2.7 of the Code.

6.3 Purchase of Shares

The purchases of shares made during the financial year ended 31 October 2008 are set out in page 6 under the heading of "Share Buy-Back".

6.4 Resale/Cancellation of Treasury Shares

There were no resale/cancellation of treasury shares during the period from 24 April 2008 (upon approval by shareholders obtained in the Eleventh AGM held on 23 April 2008) until the latest practicable date.

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

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

8. DIRECTORS' RECOMMENDATION

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

9. BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement.

This statement is issued in accordance with a resolution of the Directors dated 25 February 2009.

Statement on Internal Control

Board Responsibility

The Board of Directors is pleased to present the Statement on Internal Control of the Group during the year in accordance with paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

This Statement accords with the Statement on Internal Control Guidance for Directors of Public Listed Companies which provides guidance for compliance with listing requirements.

The Board of Directors recognizes and acknowledges that a sound system of internal control and effective risk management policies is important for the Group to safeguard its assets and shareholders' investment.

An adequate system of internal controls which is designed to manage risks and improve the corporate governance of the Group while not hindering the group in achieving its business objectives is emphasized by the Board of Directors. The Board of Directors also ensures that this system and risk management practices are in place through effective risk management practices.

However, the Board of Directors recognizes the fact that evaluation and implementation of any internal control system would serve to manage, rather than to eliminate, the risk of failure to achieve corporate objectives. As such, it can only provide reasonable but not absolute assurance against any material loss or misstatement.

The Board of Directors acknowledges that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board of Directors further confirms that the system of internal control is in place throughout the financial year under review.

Enterprise Risk Management

The framework for Enterprise Risk Management had been set-up. The Risk Management Unit (RMU), whose members were made up of managers from different subsidiaries and departments, had identified the critical risks that were faced by the Group. The critical risks identified were brought to the attention of the Risk Management Committee (RMC) during Risk Management Meeting for deliberation and decision.

The members of the RMC comprised the Chairman and Chief Executive Officer and top management who were appointed by the Board of Directors. In addition, risks that were identified during the course of the internal audit were also reported to the RMC.

Internal Audit Function

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

The independent internal audit function and activities were carried out according to the annual internal audit plan and schedule, which has been approved by the Audit Committee. The objectives of internal audit on subsidiaries and various departments were to assess the adequacy and integrity of the system of internal control and ensure that the Group's policies and procedures are complied with.

Statement on Internal Control (cont'd)

Besides that, policies and procedures were also reviewed to ensure they were up to date and relevant. All internal audit findings and recommendations for improvement were communicated to the respective heads of department. The internal auditor would follow up with the respective departments to ensure that corrective actions decided upon were implemented.

The internal audit reports were submitted to the Audit Committee for review during the quarterly meeting. As such, the internal audit function provided the Board with assurances it requires on systems on internal control.

Other Internal Control Processes

(a) The Group's Risk Management Framework which stresses on areas of priority as identified by risk analysis devised from its risk register outlines the internal audit activities on all departments.

(b) Accordingly, quarterly Board and Audit Committee meetings are carried out to assess the overall performance and internal controls of the Group.

(c) Monthly financial reports are generated and submitted to top management for review and monitoring.

(d) Systematic and regular audit of the compliance of ISO 14001 and ISO 9001.

(e) Standard Operating Procedures are in place and properly documented and continuously reviewed and revised to meet operational needs, and made available to guide employees in their daily tasks.

(f) There is a formalized organizational structure which defines the lines of responsibility including delegation of duties.

(g) Key functions such as finance, tax, treasury, corporate affairs, strategic planning and legal matters are controlled and managed centrally.

(h) Regular operation and management meetings were held to discuss the financial and operational matters to ensure proper control at all facets.

(i) Proper procedures are in place within the Group in order to ensure that directors and employees are competent to fulfill their tasks and to enable the achievement of the Group's objectives. For example, planned and scheduled training program for directors and staff.

Conclusion

The Board is of the opinion that the system of internal control being instituted throughout the Group is sound and effective.

There was no material loss which occurred during the year that resulted from weaknesses in the internal control systems.

This statement is issued in accordance with a resolution of the Directors dated 25 February 2009.

Directors' Report for the year ended 31 October 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 October 2008.

Principal activities

The Company is an investment holding company.

The principal activities of its subsidiaries are set out in Note 5 to the financial statements.

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

Results

	Group RM	Company RM
Profit attributable to :		
Shareholders of the Company	1,448,062	2,532,357
Minority interests	151,280	-
	1,599,342	2,532,357

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid a final tax exempt dividend of 1.5 sen per ordinary share, totalling RM1,348,035 in respect of the financial year ended 31 October 2007 on 15 May 2008.

The Directors recommend a final tax exempt dividend of 1.5 sen per ordinary share totalling RM1,347,720 for the financial year ended 31 October 2008, subject to the approval of shareholders.

Directors of the Company

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

Dato' Wong Kem Woh	-	Chairman/Chief Executive Officer
Wong Kem Chew	-	Executive Director
Goh Kah Seng	-	Executive Director
Wong Kam Hooi		
Lim Gin Chuan		
Dato' Haji Man Bin Mat		
Tang Yin Kham		

Directors' interests

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

	Number of ordinary shares of RM0.50 each			
	Balance at 1.11.2007	**Bought**	**Sold**	**Balance at 31.10.2008**
Dato' Wong Kem Woh				
Interest in the Company:				
- own	1,202,992	-	-	1,202,992
Deemed interest in the Company:				
- own	38,637,998	97,000	-	38,734,998
- others *	488,000	104,000	-	592,000

* Datin Choong Ewe May is the spouse of Dato' Wong Kem Woh. In accordance with section 132 (12) (c) of the Companies Act, 1965, the deemed interests of Datin Choong Ewe May in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Dato' Wong Kem Woh also.

	Number of ordinary shares of RM0.50 each			
	Balance at 1.11.2007	**Bought**	**Sold**	**Balance at 31.10.2008**
Wong Kam Hooi				
Interest in the Company:				
- own	1,158,664	-	-	1,158,664
Deemed interest in the Company:				
- own	38,637,998	97,000	-	38,734,998
- others **	567,000	50,000	-	617,000

** Madam Tan Hong Yok and Mr. Wong Seik Pin are the spouse and son of Mr. Wong Kam Hooi respectively. In accordance with section 132 (12) (c) of the Companies Act, 1965, the deemed interests of Madam Tan Hong Yok and Mr. Wong Seik Pin in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interest of Wong Kam Hooi also.

	Number of ordinary shares of RM0.50 each			
	Balance at 1.11.2007	**Bought**	**Sold**	**Balance at 31.10.2008**
Wong Kem Chew				
Interest in the Company:				
- own	1,064,666	-	-	1,064,666
Deemed interest in the Company:				
- own	38,637,998	97,000	-	38,734,998
- others ***	900,500	126,000	-	1,026,500

*** Madam Tan Guek Huwa is the spouse of Mr. Wong Kem Chew. In accordance with section 132 (12) (c) of the Companies Act, 1965, the deemed interests of Madam Tan Guek Huwa in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Mr. Wong Kem Chew also.

Directors' interests (cont'd)

	Number of ordinary shares of RM0.50 each			
	Balance at 1.11.2007	**Bought**	**Sold**	**Balance at 31.10.2008**
Tang Yin Kham				
Interest in the Company:				
- own	174,000	-	-	174,000

	Number of ordinary shares of RM0.50 each			
	Balance at 1.11.2007	**Bought**	**Sold**	**Balance at 31.10.2008**
Goh Kah Seng				
Interest in the Company:				
- own	34,000	-	-	34,000
Deemed interest in the Company:				
- others ****	170,000	-	-	170,000

**** Madam Khoo Joo Ai is the spouse of Mr. Goh Kah Seng. In accordance with section 132 (12) (c) of the Companies Act, 1965, the deemed interests of Madam Khoo Joo Ai in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Mr. Goh Kah Seng also.

	Number of ordinary shares of RM1.00 each			
	Balance at 1.11.2007	**Bought**	**Sold**	**Balance at 31.10.2008**
Deemed interest in a subsidiary:				
Wong Exerion Precision Technology Sdn. Bhd.				
- Dato' Wong Kem Woh	510,000	-	-	510,000
- Wong Kam Hooi	510,000	-	-	510,000
- Wong Kem Chew	510,000	-	-	510,000

None of the other Directors holding office at 31 October 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, none of the Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company 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 except for professional fees payable to firms in which certain Directors have substantial financial interests.

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

Issue of shares and debentures

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

Options granted over unissued shares

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

Shares buy-back

The shareholders had approved the resolution for the Company to purchase its own shares at the Extraordinary General Meeting held on 23 April 2008. During the financial year, the Company repurchased 22,000 of its ordinary shares of RM0.50 each. The relevant details of the shares buy-back are disclosed in Note 10 to the financial statements.

Other statutory information

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

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

ii) all current assets have been stated at the lower of cost and net realisable value.

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

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

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

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

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

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

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

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

Other statutory information (cont'd)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 October 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

Dato' Wong Kem Woh

Wong Kem Chew

Penang,
Date: 25 February 2009

Consolidated Balance Sheet at 31 October 2008

	Note	2008 RM	2007 RM
Assets			
Property, plant and equipment	3	45,025,062	47,683,713
Prepaid lease payments	4	5,051,245	5,155,537
Development expenditure	6	5,166	15,432
Total non-current assets		50,081,473	52,854,682
Receivables, deposits and prepayments	7	9,645,627	6,776,297
Inventories	8	8,783,153	9,549,574
Current tax assets		452,500	306,979
Cash and cash equivalents	9	11,651,986	9,897,844
Total current assets		30,533,266	26,530,694
Total assets		80,614,739	79,385,376
Equity			
Share capital	10	45,844,000	45,844,000
Treasury shares	10	(885,115)	(879,314)
Reserves	11	25,820,088	25,740,784
Total equity attributable to shareholders of the Company		70,778,973	70,705,470
Minority interest	12	599,352	448,072
Total equity		71,378,325	71,153,542
Liabilities			
Loan and borrowings	13	606,848	880,417
Deferred tax liabilities	14	151,205	12,368
Total non-current liabilities		758,053	892,785
Payables and accruals	15	7,523,638	6,193,669
Loan and borrowings	13	954,723	1,145,380
Total current liabilities		8,478,361	7,339,049
Total liabilities		9,236,414	8,231,834
Total equity and liabilities		80,614,739	79,385,376

The notes on pages 50 to 83 are an integral part of these financial statements.

Consolidated Income Statement for the year ended 31 October 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	16	40,958,432	39,558,857
Cost of goods sold		(33,414,795)	(30,743,241)
Gross profit		7,543,637	8,815,616
Administrative expenses		(7,163,224)	(7,556,342)
Other expenses		(86,746)	(25,012)
Other income		1,621,835	525,538
Results from operating activities	17	1,915,502	1,759,800
Finance costs	20	(136,035)	(102,867)
Profit before tax		1,779,467	1,656,933
Tax expense	21	(180,125)	(64,433)
Profit for the year		1,599,342	1,592,500
Attributable to:			
Shareholders of the Company		1,448,062	1,615,408
Minority interest		151,280	(22,908)
Profit for the year		1,599,342	1,592,500
Basic earnings per ordinary share (sen)	22	1.61	1.80
Net dividend per ordinary share of RM0.50 each (sen)	23	1.50	2.50

The notes on pages 50 to 83 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 October 2008

		Attributable to the shareholders of the Company							
		Non-distributable				Distributable			
	Note	Share capital RM	Share premium RM	Treasury shares RM	Exchange fluctuation reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
At 1 November 2006		45,844,000	11,568,727	(878,408)	(542,861)	14,749,269	70,740,727	180,980	70,921,707
Exchange differences on translation of financial statements of foreign entity		-	-	-	597,006	-	597,006	-	597,006
Net gain not recognised in the income statement		-	-	-	597,006	-	597,006	-	597,006
Issue of ordinary shares by subsidiary		-	-	-	-	-	-	290,000	290,000
Purchase of treasury shares	10	-	-	(906)	-	-	(906)	-	(906)
Dividends paid	23	-	-	-	-	(2,246,765)	(2,246,765)	-	(2,246,765)
Profit for the year		-	-	-	-	1,615,408	1,615,408	(22,908)	1,592,500
At 31 October 2007		45,844,000	11,568,727	(879,314)	54,145	14,117,912	70,705,470	448,072	71,153,542
Exchange differences on translation of financial statements of foreign entity		-	-	-	(20,723)	-	(20,723)	-	(20,723)
Net loss not recognised in the income statement		-	-	-	(20,723)	-	(20,723)	-	(20,723)
Purchase of treasury shares	10	-	-	(5,801)	-	-	(5,801)	-	(5,801)
Dividend paid	23	-	-	-	-	(1,348,035)	(1,348,035)	-	(1,348,035)
Profit for the year		-	-	-	-	1,448,062	1,448,062	151,280	1,599,342
At 31 October 2008		45,844,000	11,568,727	(885,115)	33,422	14,217,939	70,778,973	599,352	71,378,325

The notes on pages 50 to 83 are an integral part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 October 2008

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		1,779,467	1,656,933
Adjustments for:			
Amortisation of prepaid lease payments	4	104,292	104,292
Amortisation of development expenditure	6	10,266	14,266
Depreciation of property, plant and equipment	3	5,838,342	5,908,531
Plant and equipment written off		2,418	33,491
Interest expense		136,035	102,867
Interest income		(233,229)	(256,217)
Gain on disposal of plant and equipment		(772,251)	(42,016)
Impairment loss on goodwill in respect of additional investment in existing subsidiary		-	25,000
Development expenditure written off		-	27
Operating profit before changes in working capital		6,865,340	7,547,174
Changes in working capital:			
Inventories		766,421	(3,071,207)
Receivables, deposits and prepayments		(2,869,355)	497,043
Payables and accruals		1,308,206	(95,614)
Cash generated from operations		6,070,612	4,877,396
Interest paid		(136,035)	(102,867)
Tax paid		(186,809)	(37,403)
Net cash generated from operating activities		5,747,768	4,737,126
Cash flows from investing activities			
Purchase of plant and equipment	A	(3,230,959)	(3,172,772)
Proceeds from disposal of plant and equipment		821,101	66,490
Interest received		233,229	256,217
Development expenditure incurred	6	-	(20,532)
Purchase of additional shares from minority interest		-	(25,000)
Net cash used in investing activities		(2,176,629)	(2,895,597)

Consolidated Cash Flow Statement for the year ended 31 October 2008 (cont'd)

	Note	2008 RM	2007 RM
Cash flows from financing activities			
Dividends paid to shareholders	23	(1,348,035)	(2,246,765)
Drawdown of term loan		900,000	-
Repayment of term loan		(182,787)	-
Repayment of finance lease liabilities		(1,181,439)	(956,239)
Proceeds from issuance of share to minority interest		-	290,000
Purchase of own shares	10	(5,801)	(906)
Net cash used in financing activities		(1,818,062)	(2,913,910)
Net increase/(decrease) in cash and cash equivalents		1,753,077	(1,072,381)
Cash and cash equivalents at 1 November		9,897,844	10,971,824
Effect of exchange rate difference on cash and cash equivalents		1,065	(1,599)
Cash and cash equivalents at 31 October	B	11,651,986	9,897,844

NOTE

A. *Purchase of plant and equipment*

During the year, the Group acquired plant and equipment with an aggregate cost of RM3,230,959 (2007: RM4,275,019) of which RM Nil (2007 : RM1,102,247) was acquired through finance lease. The balance of RM3,230,959 (2007 : RM3,172,772) was paid by cash.

B. *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated cash flow statement comprise the cash and cash equivalents as shown in Note 9.

The notes on pages 50 to 83 are an integral part of these financial statements.

Balance Sheet at 31 October 2008

	Note	2008 RM	2007 RM
Assets			
Investment in subsidiaries	5	23,941,886	23,941,886
Total non-current asset		23,941,886	23,941,886
Receivables, deposits and prepayments	7	38,299,724	37,150,491
Current tax assets		64,247	-
Cash and cash equivalents	9	10,186	22,876
Total current assets		38,374,157	37,173,367
Total assets		62,316,043	61,115,253
Equity			
Share capital	10	45,844,000	45,844,000
Treasury shares	10	(885,115)	(879,314)
Reserves	11	17,131,271	15,946,949
Total equity		62,090,156	60,911,635
Liabilities			
Payables and accruals	15	225,887	203,618
Total current liability		225,887	203,618
Total equity and liabilities		62,316,043	61,115,253

The notes on pages 50 to 83 are an integral part of these financial statements.

Income Statement for the year ended 31 October 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	16	2,971,400	3,784,750
Administrative expenses		(295,290)	(250,545)
Results from operating activities	17	2,676,110	3,534,205
Tax expense	21	(143,753)	(219,875)
Profit for the year		2,532,357	3,314,330
Net dividend per ordinary share of RM0.50 each (sen)	23	1.50	2.50

The notes on pages 50 to 83 are an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 October 2008

	Note	Share capital RM	← Non-distributable → Share premium RM	Treasury shares RM	Distributable Retained earnings RM	Total equity RM
At 1 November 2006		45,844,000	11,568,727	(878,408)	3,310,657	59,844,976
Purchase of treasury shares	10	-	-	(906)	-	(906)
Dividends paid	23	-	-	-	(2,246,765)	(2,246,765)
Profit for the year		-	-	-	3,314,330	3,314,330
At 31 October 2007		45,844,000	11,568,727	(879,314)	4,378,222	60,911,635
Purchase of treasury shares	10	-	-	(5,801)	-	(5,801)
Dividend paid	23	-	-	-	(1,348,035)	(1,348,035)
Profit for the year		-	-	-	2,532,357	2,532,357
At 31 October 2008		45,844,000	11,568,727	(885,115)	5,562,544	62,090,156

The notes on pages 50 to 83 are an integral part of these financial statements.

Cash Flow Statement for the year ended 31 October 2008

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Operating profit before changes in working capital		2,676,110	3,534,205
Changes in working capital:			
Receivables, deposits and prepayments		(1,149,233)	(1,051,450)
Payables and accruals		22,269	28,423
Cash generated from operating activities		1,549,146	2,511,178
Tax paid		(208,000)	(219,875)
Net cash generated from operating activities		1,341,146	2,291,303
Cash flows from investing activity			
Investment in a subsidiary		-	(25,000)
Net cash used in investing activity		-	(25,000)
Cash flows from financing activities			
Dividends paid to shareholders	23	(1,348,035)	(2,246,765)
Purchase of own shares	10	(5,801)	(906)
Net cash used in financing activities		(1,353,836)	(2,247,671)
Net (decrease)/increase in cash and cash equivalents		(12,690)	18,632
Cash and cash equivalents at 1 November		22,876	4,244
Cash and cash equivalents at 31 October	9	10,186	22,876

Note

Cash and cash equivalents included in the cash flow statement comprise cash and bank balances as shown in Note 9.

The notes on pages 50 to 83 are an integral part of these financial statements.

Notes to the Financial Statements

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

Principal place of business

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

Registered office

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

The consolidated financial statements as at and for the year ended 31 October 2008 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 25 February 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the Companies Act, 1965 in Malaysia.

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

FRSs/Interpretations	Effective date
FRS 4, *Insurance Contracts*	1 January 2010
FRS 7, *Financial Instruments: Disclosures*	1 January 2010
FRS 8, *Operating Segment*	1 July 2009
FRS 139, *Financial Instruments: Recognition and Measurement*	1 January 2010
IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 10, *Interim Financial Reporting and Impairment*	1 January 2010

Notes to the Financial Statements (cont'd)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

The Group and the Company plan to apply the abovementioned FRSs/ Interpretations from the annual period beginning 1 November 2010.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in the respective FRSs. The initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following assets explained in their respective accounting policy notes:

- Property, plant and equipment
- Leased assets
- Investment in subsidiaries

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Under the merger method of accounting, the difference between the nominal value of the capital issued as purchase consideration and nominal value of the share capital of the subsidiaries acquired is taken to merger reserve or merger debit, where appropriate. Merger debit arising on consolidation is written off against the reserve and retained earnings.

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for
the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 November 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Property, plant and equipment

(i) Recognition and measurement

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

Revalued property, plant and equipment where no revaluation policy is adopted

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

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

2. Significant accounting policies (cont'd)

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

(i) Recognition and measurement (cont'd)

Revalued property, plant and equipment where no revaluation policy is adopted *(cont'd)*

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

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

(iii) Depreciation

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

The depreciation rates for the current and comparative periods are as follows:

	%
Buildings	2
Renovation	20
Plant and machinery	10
Furniture, fittings and office equipment	10 - 50
Motor vehicles	16

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

2. Significant accounting policies (cont'd)

(d) Leased assets

Finance lease

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

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

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the Group's balance sheet.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Prepaid lease payments

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 an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A. Such prepaid lease payments is amortised over the lease term.

(e) Goodwill

Goodwill arises on the acquisition of subsidiaries.

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

For business acquisitions after 1 November 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(f) Impairment of assets

The carrying amounts of assets except for financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

2. Significant accounting policies (cont'd)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

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

(j) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(k) Provisions

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

(l) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(l) Tax expense (cont'd)

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

Unutilised reinvestment allowance is treated as tax base of assets and are recognised as a reduction of tax expense as and when they are unutilised. Any unutilised portion of the tax incentive is recgonised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(m) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, where research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is expensed in the income statement as incurred.

Capitalised development expenditure is amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised over 2 to 5 years.

(n) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services rendered

Revenue from services rendered is recognised in the income statement when services are performed.

(iii) Dividend income

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

(iv) Rental income

Rental income is recognised on due and receivable basis.

2. Significant accounting policies (cont'd)

(o) Interest income and borrowing cost

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

(p) Employee benefits

Short term employee benefits

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

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

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

(q) Repurchase of shares capital

When shares capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are reclassified as treasury shares and presented as a deduction from total equity.

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

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and carrying amount of the treasury shares is recognised in equity.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per ordinary share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise warrants and share options granted to employees.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment - Group

	At valuation		At cost						
	Freehold land RM	Buildings RM	Buildings RM	Renovation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Valuation/Cost									
At 1 November 2006	1,540,000	3,380,000	30,239,317	452,891	53,601,798	5,546,369	2,660,341	529,355	97,950,071
Additions	-	-	-	549,721	2,414,104	850,559	-	460,635	4,275,019
Disposals	-	-	-	-	(17,112)	(23,593)	-	-	(40,705)
Write off	-	-	-	-	(157,500)	(234,189)	-	-	(391,689)
Reclassification	-	-	1,002,612	(1,002,612)	-	529,355	-	(529,355)	-
At 31 October 2007/ 1 November 2007	1,540,000	3,380,000	31,241,929	-	55,841,290	6,668,501	2,660,341	460,635	101,792,696
Additions	-	-	200,520	-	1,580,047	697,758	-	752,634	3,230,959
Disposals	-	-	-	-	(3,066,912)	-	-	-	(3,066,912)
Write off	-	-	-	-	-	(2,713)	-	-	(2,713)
At 31 October 2008	1,540,000	3,380,000	31,442,449	-	54,354,425	7,363,546	2,660,341	1,213,269	101,954,030
Accumulated depreciation and accumulated impairment losses									
At 1 November 2006									
- Accumulated depreciation	-	674,182	4,638,879	285,921	38,812,568	2,611,756	1,199,789	-	48,223,095
- Accumulated impairment losses	-	-	-	-	351,786	-	-	-	351,786
	-	674,182	4,638,879	285,921	39,164,354	2,611,756	1,199,789	-	48,574,881
Charge for the year	-	67,600	604,786	150,562	4,008,165	738,752	338,666	-	5,908,531
Disposals	-	-	-	-	(4,703)	(11,528)	-	-	(16,231)
Write off	-	-	-	-	(157,500)	(200,698)	-	-	(358,198)
Reclassification	-	-	436,483	(436,483)	-	-	-	-	-
At 31 October 2007/ 1 November 2007									
- Accumulated depreciation	-	741,782	5,680,148	-	42,658,530	3,138,282	1,538,455	-	53,757,197
- Accumulated impairment losses	-	-	-	-	351,786	-	-	-	351,786
	-	741,782	5,680,148	-	43,010,316	3,138,282	1,538,455	-	54,108,983

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

	At valuation		At cost						
	Freehold land RM	Buildings RM	Buildings RM	Renovation RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Accumulated depreciation and accumulated impairment losses (cont'd)									
Charge for the year	-	67,600	761,259	-	3,741,808	931,410	336,265	-	5,838,342
Disposals	-	-	-	-	(3,018,062)	-	-	-	(3,018,062)
Write off	-	-	-	-	-	(295)	-	-	(295)
At 31 October 2008									
- Accumulated depreciation	-	809,382	6,441,407	-	43,382,276	4,069,397	1,874,720	-	56,577,182
- Accumulated impairment losses	-	-	-	-	351,786	-	-	-	351,786
	-	809,382	6,441,407	-	43,734,062	4,069,397	1,874,720	-	56,928,968
Carrying amounts									
At 1 November 2006	1,540,000	2,705,818	25,600,438	166,970	14,437,444	2,934,613	1,460,552	529,355	49,375,190
At 31 October 2007/ 1 November 2007	1,540,000	2,638,218	25,561,781	-	12,830,974	3,530,219	1,121,886	460,635	47,683,713
At 31 October 2008	1,540,000	2,570,618	25,001,042	-	10,620,363	3,294,149	785,621	1,213,269	45,025,062

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

Security

Property, plant and equipment of certain subsidiaries with a carrying amounts amounting to RM6,066,886 (2007 : RM5,059,110) are charged to banks for bank facilities granted to the subsidiaries.

Leased plant and machinery

Included in the carrying amounts of plant and equipment are the following assets acquired under finance lease plans:

	2008 RM	2007 RM
Plant and machinery	3,556,816	4,026,495

Revaluation

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

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

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

	Cost RM	Accumulated depreciation RM	Carrying amounts RM
2008			
Freehold land	588,649	-	588,649
Buildings	2,567,598	616,224	1,951,374
	3,156,247	616,224	2,540,023
2007			
Freehold land	588,649	-	588,649
Buildings	2,567,598	564,872	2,002,726
	3,156,247	564,872	2,591,375

Notes to the Financial Statements (cont'd)

4. Prepaid lease payments

	Unexpired period less than 50 years RM
Cost	
At 1 November 2006/31 October 2007/31 October 2008	6,257,520
Amortisation	
At 1 November 2006	997,691
Amortisation for the year	104,292
At 31 October 2007	1,101,983
Amortisation for the year	104,292
At 31 October 2008	1,206,275
Carrying amounts	
At 1 November 2006	5,259,829
At 31 October 2007/1 November 2007	5,155,537
At 31 October 2008	5,051,245

5. Investment in subsidiaries - Company

	2008 RM	2007 RM
Unquoted shares, at cost	32,634,832	32,634,832
Less : Accumulated impairment losses	(8,692,946)	(8,692,946)
	23,941,886	23,941,886

Notes to the Financial Statements (cont'd)

5. Investment in subsidiaries - Company (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective ownership interest 2008 %	Effective ownership interest 2007 %
Wong Engineering Industries Sdn. Bhd. ("WEI")	Manufacture of high precision metal stamped parts and sheet metals	100	100
Wong Engineering Electronics Sdn. Bhd.	Manufacture of high precision turned metal components	100	100
WEC Marketing Sdn. Bhd.	Trading, marketing and retailing of industrial and consumer products	100	100
Wong Engineering Metals (M) Sdn. Bhd.	Dormant	100	100
WEC Investment Pte. Ltd. # ("WECI")	Dormant	100	100
Wong Engineering Automation Sdn. Bhd.	Dormant	100	100
WE Advance Devices Sdn. Bhd. ("WEAD")	Dormant	100	100
WE Micro Dynamics Sdn. Bhd.	Dormant	100	100
Subsidiary of WEI			
Wong Exerion Precision Technology Sdn. Bhd.	Design, manufacture and supply of complex welded frame structures, related modules and systems	51	51
Subsidiary of WEAD			
WE Advance Devices(Thailand) Co.Ltd.# $ ("WEADT")	Dormant	100	100

All the subsidiaries were incorporated in Malaysia except for WECI and WEADT, which are incorporated in the Republic of Singapore and Thailand respectively.

Subsidiary audited by a firm other than KPMG

$ No audited financial statements is available for the financial year ended 31 October 2008. Alternative, management financial statements were used for the purpose of preparation of consolidated financial statements. There will be no material impact to the consolidated financial statements of the Company as WEADT is dormant.

6. Development expenditure - Group

	2008 RM	2007 RM
Cost		
At beginning of year	2,775,211	3,281,509
Additions	-	20,532
Write off	-	(526,830)
At end of year	2,775,211	2,775,211
Accumulated amortisation		
At beginning of year	2,759,779	3,272,316
Charge for the year	10,266	14,266
Write off	-	(526,803)
At end of year	2,770,045	2,759,779
Carrying amount		
At end of year	5,166	15,432

7. Receivables, deposits and prepayments

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade receivables	7.1	7,995,069	6,539,122	-	-
Less : Allowance for doubtful debt		(8,838)	(121,019)	-	-
		7,986,231	6,418,103	-	-
Non-trade					
Amount due from subsidiaries	7.2	-	-	38,294,641	37,149,491
Other receivables		1,532,110	274,496	-	-
Deposits		48,798	51,298	1,000	1,000
Prepayments		78,488	32,400	4,083	-
		1,659,396	358,194	38,299,724	37,150,491
		9,645,627	6,776,297	38,299,724	37,150,491

7. Receivables, deposits and prepayments (cont'd)

7.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

		Group	
Functional currency	**Foreign currency**	**2008 RM**	**2007 RM**
RM	USD	4,229,851	1,230,298

7.2 Amount due from subsidiaries

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

8. Inventories

	Group	
	2008 RM	**2007 RM**
Raw materials	3,677,241	5,053,280
Work-in-progress	3,505,712	2,412,937
Manufactured inventories	1,600,200	2,083,357
	8,783,153	9,549,574

The write-down of inventories to net realisable value amounted to RM Nil (2007 : RM19,960). The write-down is included in the cost of sales.

9. Cash and cash equivalents

		Group		Company	
	Note	**2008 RM**	**2007 RM**	**2008 RM**	**2007 RM**
Fixed deposits placed with licensed banks		1,000,000	6,630,567	-	-
Short term deposits placed with licensed banks		8,900,000	-	-	-
Cash and bank balances	9.1	1,751,986	3,267,277	10,186	22,876
		11,651,986	9,897,844	10,186	22,876

9. Cash and cash equivalents (cont'd)

9.1 Analysis of foreign currency exposure for cash and bank balances

Significant cash and bank balances at year end that are not in the functional currencies of the Group entities are as follows:

		Group	
Functional currency	**Foreign currency**	**2008 RM**	**2007 RM**
RM	USD	666,707	1,006,452

10. Share capital

	Group and Company			
	Amount 2008 RM'000	**Number of shares 2008 '000**	**Amount 2007 RM'000**	**Number of shares 2007 '000**
Authorised:				
Ordinary shares of RM0.50 each	100,000	200,000	100,000	200,000
Issued and fully paid:				
Ordinary shares of RM0.50 each	45,844	91,688	45,844	91,688

Treasury shares

During the financial year, the Company repurchased 22,000 of its issued share capital from the open market at an average price of RM0.264 per share. The total consideration paid was RM5,801. The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

	Group and Company			
	Amount 2008 RM	**Number of shares 2008**	**Amount 2007 RM**	**Number of shares 2007**
Balance at 1 November	879,314	1,818,000	878,408	1,816,000
Shares purchased	5,801	22,000	906	2,000
Balance at 31 October	885,115	1,840,000	879,314	1,818,000

Notes to the Financial Statements (cont'd)

10. Share capital (cont'd)

As at 31 October 2008, the number of outstanding ordinary shares issued and fully paid are therefore 89,848,000 ordinary shares of RM0.50 each after offsetting the treasury shares of 1,840,000 against 91,688,000 issued and fully paid ordinary shares.

11. Reserves

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable:				
Share premium account	11,568,727	11,568,727	11,568,727	11,568,727
Exchange fluctuation reserve	33,422	54,145	-	-
Distributable:				
Retained earnings	14,217,939	14,117,912	5,562,544	4,378,222
	25,820,088	25,740,784	17,131,271	15,946,949

The movements of the above reserves are shown in the Statement of changes in equity.

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

12. Minority interest

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries.

13. Loan and borrowings - Group

	2008 RM	2007 RM
Non-current:		
Term loan - secured	419,170	-
Finance lease liabilities	187,678	880,417
	606,848	880,417

13. Loan and borrowings - Group (cont'd)

	2008 RM	2007 RM
Current:		
Term loan - secured	298,043	-
Finance lease liabilities	656,680	1,145,380
	954,723	1,145,380

13.1 Interest rates

The term loan bears interest at fixed rate at 5.75% (2007 : Nil) per annum.

Finance lease liabilities are subject to fixed interest rates ranging between 3.50% to 3.75% (2007: 2.95% to 3.50%) per annum.

13.2 Term and debt repayment schedule

	Year of maturity	Carrying amount RM	Within 1 year RM	1 - 2 years RM	2 - 3 years RM
2008					
Term loan	2011	717,213	298,043	311,353	107,817
2007					
Term loan	-	-	-	-	-

13.3 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2008			2007		
	Minimum lease payments RM	Interest RM	Principal RM	Minimum lease payments RM	Interest RM	Principal RM
Less than 1 year	751,921	95,241	656,680	1,267,944	122,564	1,145,380
Between 1 and 5 years	209,331	21,653	187,678	975,343	94,926	880,417
	961,252	116,894	844,358	2,243,287	217,490	2,025,797

13.4 Security

The bank loan is secured over the machinery belonging to a subsidiary with a carrying amount of RM1,076,377 (2007 : RM Nil).

Notes to the Financial Statements (cont'd)

14. Deferred tax liabilities - Group

The recognised deferred assets and liabilities are as follows:

	2008 RM	2007 RM
Property, plant and equipment		
- Excess of capital allowance	2,817,721	3,226,299
- Revaluation	798,572	798,572
- Unabsorbed capital allowance carry-forwards	-	(208,127)
- Unabsorbed reinvestment allowance carry-forwards	(3,293,369)	(3,804,376)
Other items	(171,719)	-
	151,205	12,368

No deferred tax assets have been recognised for following items:

	2008 RM	2007 RM
Unabsorbed reinvestment allowance carry-forwards	3,246,000	3,237,000
Tax losses carry-forwards	606,000	607,000
Unabsorbed capital allowance carry-forwards	91,000	92,000
	3,943,000	3,936,000

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

15. Payables and accruals

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade payables	15.1	5,620,647	3,833,093	-	-
Non-trade					
Other payables		642,340	1,287,958	38,887	18,618
Accrued expenses		1,260,651	1,072,618	187,000	185,000
		1,902,991	2,360,576	225,887	203,618
		7,523,638	6,193,669	225,887	203,618

15. Payables and accruals (cont'd)

15.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

		Group	
Functional currency	**Foreign currency**	**2008 RM**	**2007 RM**
RM	USD	760,022	450,013

16. Revenue

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Sales of goods	40,958,432	39,558,857	-	-
Management services	-	-	171,400	170,400
Dividend income	-	-	2,800,000	3,614,350
	40,958,432	39,558,857	2,971,400	3,784,750

17. Results from operating activities

Results from operating activities are arrived at:

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
after charging:				
Amortisation of development expenditure (Note 6)	10,266	14,266	-	-
Amortisation of prepaid lease payments (Note 4)	104,292	104,292	-	-
Auditors' remuneration				
- Statutory audit - KPMG				
- current year	59,000	44,500	14,500	14,500
- prior year	14,500	-	4,500	-
- Other auditors	2,794	4,224	-	-
Depreciation (Note 3)	5,838,342	5,908,531	-	-

Notes to the Financial Statements (cont'd)

17. Results from operating activities (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Plant and equipment written off	2,418	33,491	-	-
Directors' emoluments				
Directors of the Company (Note 18)				
- fees	165,000	165,000	165,000	165,000
- others	1,083,333	1,013,006	6,400	5,400
Directors of subsidiaries				
- fees	4,780	4,561	-	-
- others	521,710	482,773	-	-
Rental of buildings	36,200	36,410	-	-
Professional fees paid to parties in which certain Directors have substantial financial interests	19,425	32,974	1,300	3,645
Inventories written off	104,881	-	-	-
Inventories written down	-	7,166	-	-
Allowances for inventories obsolescences	693,540	-	-	-
Bad debts written off	2,470	-	-	-
Loss on foreign exchange				
- realised	-	331,712	-	-
- unrealised	-	2,251	-	-
Development expenditure written off	-	27	-	-
Impairment loss on goodwill	-	25,000	-	-
and crediting:				
Interest income	233,229	256,217	-	-
Gain on disposal of plant and equipment	772,251	42,016	-	-
Rental income on premises	209,760	163,701	-	-
Bad debts recovered	-	28,961	-	-
Gain on foreign exchange				
- realised	160,391	-	-	-
- unrealised	137,428	-	-	-

18. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors				
- Fee	165,000	165,000	165,000	165,000
- Remuneration	1,006,880	1,006,880	-	-
Other short term employees benefits (including estimated monetary value of benefits-in-kind)	76,453	6,126	6,400	5,400
Total short-term employee benefits	1,248,333	1,178,006	171,400	170,400
Other key management personnel:				
- short-term employee benefits (including estimated monetary value of benefits-in-kind)	618,231	482,773	-	-
Director of a subsidiary				
- Fees	4,780	4,561	-	-
	1,871,344	1,665,340	171,400	170,400

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

19. Employee information - Group

	2008 RM	2007 RM
Defined contribution plan		
- Employees' Provident Fund	586,976	542,995
Other staff costs	8,935,516	7,220,441
	9,522,492	7,763,436

Notes to the Financial Statements (cont'd)

20. Finance costs - Group

	2008 RM	2007 RM
Bank overdrafts	-	549
Finance lease	100,599	102,318
Term loan	35,436	-
	136,035	102,867

21. Tax expense

Recognised in the income statement

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
- Current year	106,000	23,000	208,000	219,875
- Prior year	(64,712)	29,065	(64,247)	-
	41,288	52,065	143,753	219,875
Deferred tax expense				
- Origination of temporary differences	84,005	12,368	-	-
- Prior year	54,832	-	-	-
	138,837	12,368	-	-
Total tax expense	180,125	64,433	143,753	219,875

21. Tax expense (cont'd)

Reconciliation of effective tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax from continuing operations	1,779,467	1,656,933	2,676,110	3,534,205
Income tax using Malaysian tax rate - 26% (2007 : 27%)	462,661	447,372	695,788	954,235
Non-deductible expenses	204,380	200,320	13,436	17,321
Tax exempt income	(46,980)	-	(520,000)	(756,000)
Deferred tax benefits not recognised/(recognised)	7,000	(380,011)	-	-
Effect of lower tax rate for certain subsidiaries*	(107,964)	(34,917)	-	-
Tax incentives	(376,577)	(203,980)	-	-
Other items	47,485	6,584	18,776	4,319
	190,005	35,368	208,000	219,875
(Over)/Under provision in prior year	(9,880)	29,065	(64,247)	-
	180,125	64,433	143,753	219,875

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

22. Earnings per share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM1,448,062 (2007 : RM1,615,408) and the weighted average number of ordinary shares outstanding during the year of 89,848,000 (2007 : 89,870,000) excluding treasury shares held by the Company.

Notes to the Financial Statements (cont'd)

22. Earnings per share - Group (cont'd)

Weighted average number of ordinary shares

	2008	2007
Issued ordinary shares at beginning of year	89,870,000	89,872,000
Effect of share buy back	(22,000)	(2,000)
Weighted average number of ordinary shares	89,848,000	89,870,000

23. Dividends

	Group and Company	
	2008 RM	2007 RM
Paid:		
- 2007 final tax exempt dividend of 1.50 sen on 89,869,000 ordinary shares of RM0.50 each (2006 final tax exempt dividend of 1.5 sen on 89,871,000 ordinary shares of RM0.50 each)	1,348,035	1,348,065
- interim dividend of Nil (2007 : tax exempt dividend of 1 sen on 89,870,000 ordinary shares of RM0.50 each)	-	898,700
	1,348,035	2,246,765

The final tax exempt dividend of 1.5 sen per ordinary share amounting to RM1,348,035 proposed in the last financial year and approved by members in the Annual General Meeting was paid on 15 May 2008 and accordingly, this amount has been appropriated from the retained earnings in this financial year.

At the forthcoming Annual General Meeting, a final tax exempt dividend of 1.5 sen per share amounting to RM1,347,720 in respect of the financial year ended 31 October 2008 will be proposed for members' approval. These financial statements do not reflect this final dividend which, when approved by members, will be accounted for as an appropriation of retained earnings in the financial year ending 31 October 2009.

The net dividend per ordinary share as disclosed in the Income Statement takes into account the proposed final tax exempt dividend for the financial year ended 31 October 2008.

24. Related parties

24.1 Identity of related parties

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

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

24.2 Controlling related party relationships are as follows:

i) Subsidiaries of the Company as disclosed in Note 5 to the financial statements.

ii) Key management personnel of the Group are:

- Dato' Wong Kem Woh
- Wong Kem Chew
- Goh Kah Seng
- Chang Joo Huat
- Lee Toey Boo
- Wong Seik Pin
- Chong Yun Yin

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

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

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

24. Related parties (cont'd)

24.3 Significant transactions with related parties other than disclosed elsewhere in the financial statement are as follows:

i) Transactions with parties in which certain Directors have substantial financial interests:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax fee payable to Wong Liu Tax Services (Butterworth) Sdn. Bhd.	17,300	21,340	1,300	3,645
Legal fee payable to Syarikat Ng & Anuar	2,125	11,634	-	-

ii) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 18 to the financial statements.

iii) The Group's transactions with EPT:

	2008 RM'000	2007 RM'000
Sales	61	136
Purchases	26	116

The above transactions were entered into in the normal course of business and have been established under negotiated terms.

25. Contingent liabilities, unsecured - Company

	Limit granted		Amount utilised	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Corporate guarantees issued to financial institutions for:				
- banking facilities granted to subsidiaries	35,020	35,020	1,056	383
- Finance lease facilities granted to subsidiaries	842	2,243	842	2,243
	35,862	37,263	1,898	2,626

The Company also provides financial support for its subsidiaries to enable them to meet their obligations as and when they fall due.

26. Segment reporting - Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on a negotiated basis.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group's business segment comprises the manufacturing and sale of high precision metal stamped parts and high precision turned metal components.

Business segmental information has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation, and non cash expenses are mainly confined to one business segment.

Geographical segments

Manufacturing activities are performed in Malaysia while sales and distribution activities are performed at three principal geographical areas namely Asia, North and South America and Europe.

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

	Asia		North & South America			
	Malaysia RM	Outside Malaysia RM	RM	Europe RM	Others RM	Consolidated RM
2008						
Revenue from external customers	29,429,917	4,800,867	510,165	5,654,180	563,303	40,958,432
Segment assets by location of assets	80,129,378	32,861	-	-	-	80,162,239
Capital expenditure by location of assets	3,230,959	-	-	-	-	3,230,959
2007						
Revenue from external customers	31,675,068	3,968,885	2,202,640	1,318,400	393,864	39,558,857
Segment assets by location of assets	78,982,827	95,570	-	-	-	79,078,397
Capital expenditure by location of assets	4,275,019	-	-	-	-	4,275,019

27. Financial instruments

Financial risk management objectives and policies

The Group is exposed to financial risks that are associated with the financing, investing and operating activities of the Group. The overall objective of the Group is to protect and conserve value for its shareholders while minimising potential adverse effects on the performance of the Group.

The Group has put in place risk management policies, guidelines and control procedures to strike an acceptable balance between the cost of risks occurring and the cost of managing the risks.

The main financial risks that the Group has to manage in the Group's business are credit risk, foreign currency risk, interest rate risk and liquidity risk.

Credit risk

The Group is exposed to credit risk mainly from trade receivables and also deposits in financial institutions.

There is a credit policy and procedure for analysing the financial position of trade receivables and approving credit limit granted to each customer. Trade receivables are also monitored on an ongoing basis via group management reporting procedures and actively reviewed on a weekly basis by senior management.

The Group does not have any significant credit risk arising from exposure to either individual debtor or group of related debtors. In addition, it does not have any major concentration of credit risk related to any financial instruments. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each financial asset as disclosed in Note 7 to the financial statements.

Foreign currency risk

The foreign exchange risk is related to sales, purchases, borrowing and investment that are denominated in a currency other than Ringgit Malaysia. The currencies that the Group has exposure are United States Dollar, Singapore Dollar, Euro Dollar and Thai Baht.

There is a foreign exchange policy and procedure for managing foreign exchange exposure for the Group with a set limit in respect of the sanctioned overnight limit and overall transactional exposures are kept to an acceptable limit.

Interest rate risk

The Group's primary interest rate risk is related to debt obligations and deposits which are mainly confined to short term bank borrowings and short term deposits with financial institutions.

Bank borrowings are on floating rate terms. The interest rates are negotiated in order to ensure that the Group benefits from the lowest possible financing costs. The Group uses fixed term borrowing to finance purchases of machinery and equipment.

Surplus funds are placed with financial institutions with at least short-term credit rating of P1 and long-term credit rating of BBB that offer the best market rates.

The investments in financial asset are of non speculative nature and mainly held in highly rated short term investment which yield a better return than cash at bank.

27. Financial instruments (cont'd)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's working capital and project financing requirements and to mitigate the effects of fluctuation in cash flows. Surplus funds are invested in financial instruments that will mature and match with the funding requirement of the Group.

The Group also maintains flexibility in funding by ensuring that its banking facilities are available on call and at a reasonable cost.

When the Group raises committed funds from financial institutions, it prudently balances its portfolio with some short and long term funding so as to achieve an overall cost effectiveness and an appropriate financing structure.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the period in which they reprice or mature, whichever is earlier.

	Note	Average effective interest rate per annum %	Total RM	Less than 1 year RM	1-2 year RM	2-5 years RM
Group						
2008						
Financial assets						
Fixed rate instruments						
Fixed deposits	9	3.50	1,000,000	1,000,000	-	-
Short term deposits	9	3.05	8,900,000	8,900,000	-	-
Financial liabilities						
Fixed rate instruments						
Finance lease liabilities	13	3.58	844,358	656,680	187,678	-
Term loan	13	5.75	717,213	298,043	311,353	107,817
2007						
Financial asset						
Fixed rate instrument						
Fixed deposits	9	2.74	6,630,567	6,630,567	-	-
Financial liability						
Fixed rate instrument						
Finance lease liabilities	13	3.58	2,025,797	1,145,380	691,288	189,129

Notes to the Financial Statements (cont'd)

27. Financial instruments (cont'd)

Fair values

Recognised financial instruments

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

There were no unrecognised financial instruments at balance sheet date.

28. Capital commitment

	Group	
	2008	**2007**
	RM	**RM**
Plant and equipment		
Contracted but not provided for in the financial statements	2,900,000	-

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

In the opinion of the Directors, the financial statements set out on pages 41 to 83 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 October 2008 and of their financial performance and cash flows for the year then ended.

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

Dato' Wong Kem Woh

Wong Kem Chew

Penang,
Date: 25 February 2009

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

I, **Dato' Wong Kem Woh**, the Director primarily responsible for the financial management of Wong Engineering Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 41 to 83 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 25 February 2009.

Dato' Wong Kem Woh

Before me:

Cheah Beng Sun, DJN, AMN, PKT, PJK, PJM, PK. (P. 103)
Commissioner for Oaths
Penang

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

Report on the Financial Statements

We have audited the financial statements of Wong Engineering Corporation Berhad, which comprise the balance sheets as at 31 October 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 83.

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 October 2008 and of their financial performance and cash flows for the year then ended.

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

Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 5 to the financial statements.

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

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

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Lee Kean Teong
1857/02/10 (J)
Chartered Accountant

Date: 25 February 2009
Penang

List of Properties

Location	Description	Land Area / Built-up Area	Tenure	Age of Building	Net Book Value RM'000	Date of Acquisition
H.S. (D) 3237 4766, Lorong Permatang Pauh, Off Jalan Permatang Pauh, 13400 Butterworth	Double Storey Semi-Detached Light Industrial (Factory)	4,523 sq.ft. / 5,949 sq. ft.	Freehold	30 years	466	13-11-96
H.S. (D) 1705 & 3238 4767, Lorong Permatang Pauh, Off Jalan Permatang Pauh, 13400 Butterworth	Four Storey Light Industrial (Office and Factory)	12,966 sq. ft. / 47,303 sq. ft.	Freehold	17 years	3,307	13-11-96
Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1), 09000 Kulim, Kedah Darul Aman.	Double Storey Industrial (Office and Factory)	7.759 acres / 245,483 sq. ft.	60 years lease expiring on 17.3.2056	10 years	28,003	Land: 05-12-96 Building: 14-01-99
Lot 1366 / H.S. (M) 215/1989 PT 8760 H-102, Jalan Perusahaan Indah 5, Taman Sejati Indah, 08000 Sungai Petani.	1 1/2 Storey Light Industrial (Factory)	1,400 sq. ft. / 1,700 sq. ft.	Freehold	17 years	124	09-07-90
Lot 1367 / H.S. (M) 216/1989 PT 8760 H-102, Jalan Perusahaan Indah 5, Taman Sejati Indah, 08000 Sungai Petani.	1 1/2 Storey Light Industrial (Factory)	1,400 sq. ft. / 1,700 sq. ft.	Freehold	17 years	124	09-07-90
Lot 1368 / H.S. (M) 217/1989 PT 8760 H-102, Jalan Perusahaan Indah 5, Taman Sejati Indah, 08000 Sungai Petani.	1 1/2 Storey Light Industrial (Factory)	1,400 sq. ft. / 1,700 sq. ft.	Freehold	17 years	124	09-07-90
Lot 14, H.S. (D) 1011/96 Mukim Padang Cina, District of Kulim, Kedah Darul Aman.	Vacant Industrial Land	2.33 acres	60 years lease expiring on 13.6.2058	-	844	14-06-98
1759-1769 Taman Mutiara 6 09700 Karangan Kulim, Kedah Darul Aman	11 Units Single Storey Terrace House	17,842 sq. ft	Freehold	5 years	614	19-12-01
4-12A Blk 8, 3-01 & 3-02 Blk 9, R/Pangsa Taman Bagan Jalan Bagan 13400 Butterworth	3 Units Flat	1,560 sq. ft	Freehold	17 years	93	13-11-96

Shareholdings Statistics as at 27 February 2009

Authorized Capital	:	RM100,000,000/- divided into 200,000,000 Ordinary Shares of RM0.50 each
Issued and fully Paid-up Capital	:	RM44,924,000/-*
Class of Share	:	Ordinary Shares of RM0.50 each
No. of Shareholder	:	2,402
Voting Right	:	One Vote per ordinary share

* Based on the issued and paid-up share capital of the Company of RM45,844,000/- comprising 91,688,000 ordinary shares and after deduction of 1,840,000 treasury shares retained by the Company as per Record of Depositors.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	Total Holdings	% of Total Holdings
Less than 100	1	50	0.00
100 - 1,000	67	56,100	0.06
1,001 - 10,000	1,694	7,726,150	8.60
10,001 - 100,000	575	16,774,980	18.67
100,001 - 4,492,399	64	26,555,722	29.56
4,492,400 and above	1	38,734,998	43.11
TOTAL	2,402	89,848,000	100.00

Thirty Largest Shareholders

	Name	No. of Ordinary Shares held	% of Shareholding
1	WONG ENGINEERING HOLDINGS SDN BHD	38,734,998	43.11
2	JASON CHOONG JIN SUN	2,979,800	3.32
3	LEMBAGA TABUNG HAJI	2,188,000	2.44
4	CH'NG SHAIU MEI	1,629,300	1.81
5	CHOONG CHENG IMM	1,512,600	1.68
6	WONG KEM CHEW	1,064,666	1.19
7	WONG KAM HOOI	1,064,664	1.19
8	WONG KEM WOH	1,062,674	1.18
9	HONG YEAM WAH	1,000,000	1.11
10	TAN PAK NANG	680,000	0.76
11	TAN GUEK HUWA	626,500	0.70
12	CHOONG EWE MAY	592,000	0.66
13	GOH KHEE PAU	450,400	0.50
14	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG CHEE KWONG (REM 825)	441,000	0.49
15	JASON CHOONG JIN SUN	435,200	0.48

Shareholdings Statistics as at 27 February 2009 (cont'd)

Thirty Largest Shareholders (cont'd)

	Name	No. of Ordinary Shares held	% of Shareholding
16	KHOR POH SHENG	432,000	0.48
17	TAN GUEK HUWA	400,000	0.45
18	LIEW KOOI SEONG	387,900	0.43
19	TAY CHEE KIANG	362,500	0.40
20	GAN WEE PENG	351,000	0.39
21	TAN JIN TUAN	332,000	0.37
22	WONG KAM HOONG	320,000	0.36
23	TAN HONG YOK	298,000	0.33
24	ABDULRAHMAN MOHD TAHER MOHD	295,000	0.33
25	TAN HONG YOK	277,000	0.31
26	NLE ELECTRICAL ENGINEERING SDN BHD	260,900	0.29
27	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO KOK KIANG	250,000	0.28
28	LOH YERK CHOO	239,200	0.27
29	YEW GUAT SIM	233,000	0.26
30	LOH YEE MIN	228,000	0.25
	TOTAL:	59,128,302	65.81

Substantial Shareholders

	Name	No. of Ordinary Shares Direct Interest	No. of Ordinary Shares Deemed Interest	% of Issued Share Capital
1	Dato' Wong Kem Woh	1,202,992	38,734,998*	44.45
2	Wong Kem Chew	1,064,666	38,734,998*	44.30
3	Wong Kam Hooi	1,158,664	38,734,998*	44.40
4	Wong Engineering Holdings Sdn Bhd	38,734,998	-	43.11

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

Shareholdings Statistics as at 27 February 2009 (cont'd)

Director's Interest in the Share Capital

In the Company

Name of Director	Direct Interest	%	Deemed Interest	%
Dato' Wong Kem Woh	1.202,992	1.34	39,326,998 *	43.77
Wong Kem Chew	1,064,666	1.18	39,761,498 *	44.25
Wong Kam Hooi	1,158,664	1.29	39,351,998 *	43.80
Tang Yin Kham	174,000	0.19	-	-
Goh Kah Seng	34,000	0.04	170,000 **	0.19
Dato' Haji Man Bin Mat	-	-	-	-
Lim Gin Chuan	-	-	-	-

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

** *Deemed interest by virtue of Section 134 of the Companies Act, 1965 held through spouse.*

In Related Companies

Subsidiaries

- Wong Exerion Precision Technology Sdn Bhd

Name of Director	Direct Interest	%	Deemed Interest	%
Dato' Wong Kem Woh	-	-	510,000*	51
Wong Kem Chew	-	-	510,000*	51
Wong Kam Hooi	-	-	510,000*	51

* *Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through WEC.*

By virtue of their interest in the shares of the Company, Dato' Wong Kem Woh, Wong Kam Hooi and Wong Kem Chew are also deemed to be interested in the shares of its wholly owned subsidiary companies to the extent the Company has an interest.

Proxy Form

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

NRIC No _____

of _____
(Address)

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

_____
(Full Name in Block Letter)

of _____ or failing him
(Address)

_____
(Full Name in Block Letter)

of _____
(Address)

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company, to be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai, Penang on Wednesday, 22 April 2009 at 11.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	Ordinary Resolution 1		
2	Ordinary Resolution 2		
3	Ordinary Resolution 3		
4(i)	Ordinary Resolution 4		
4(ii)	Ordinary Resolution 5		
5	Ordinary Resolution 6		
6(a)	Ordinary Resolution 7		
6(b)	Ordinary Resolution 8		

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

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

First named proxy	%
Second named proxy	%
	100%

No. Of Shares Held

Signed this _____ day of _____ 2009

_____
Signature of Members

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.

Fold along this line

STAMP

The Secretary
WONG ENGINEERING CORPORATION BERHAD (409959-W)

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

Fold along this line

Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1),
09000 Kulim, Kedah Darul Aman, Malaysia.
Tel: 604-427 1788 Fax: 604-427 1799
E-mail: info@wec.com.my
Website: www.wec.com.my