

**FOR IMMEDIATE RELEASE**

## **Wong Fong Industries, a land transport engineering solutions and systems provider, launches IPO**

- *Placement of 43,000,000 shares at S\$0.23 each*
- *One of the leading engineering specialists in Singapore with a proven track record spanning 52 years*
  - *Order book of approximately S\$42.0 million as at 15 June 2016*
  - *Profitable with a healthy balance sheet and cash flow in FY2015*

**SINGAPORE, 19 July 2016** – With origins tracing back to 1964, **Wong Fong Industries Limited** (“**Wong Fong Industries**” or the “**Company**” and together with its subsidiaries, the “**Group**”), one of Singapore’s leading providers of land transport engineering solutions and systems, today, launched its initial public offering (“**IPO**” or the “**Placement**”) of 43,000,000 new shares in the capital of the Company (“**Placement Shares**”) at S\$0.23 each (“**Issue Price**”) on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (“**Catalist**”).

**United Overseas Bank Limited** is the Sponsor and Issue Manager and Placement Agent for the IPO.

### **The Placement**

Comprising 43,000,000 Placement Shares priced at S\$0.23 per Placement Share, the Placement is priced at a price earnings ratio of 7.9 times based on the Group’s historical earnings per share of 2.9 cents for the financial year ended 31 December 2015 (“**FY2015**”). Based on the Issue Price and the total issued share capital of 235,000,000 shares, the market capitalisation of Wong Fong Industries will be approximately S\$54.1 million. The Placement will close at 12.00 noon on 26 July 2016 and the listing and quotation of the Company’s shares on Catalist is expected to commence on a “ready” basis at 9.00 am on 28 July 2016.



### **Summary of Key Investment Highlights**

1. One of the leading engineering specialists in Singapore with a proven track record spanning 52 years.
2. Strong engineering capabilities to design, customise, fabricate and integrate a broad range of products and deliver unique solutions for various industries.
3. Research and development team to develop new products through innovative design and research.
4. Order book of approximately S\$42.0 million as at 15 June 2016.
5. Profitable; healthy balance sheet with net asset value of S\$36.1 million as at 31 December 2015; and net operating cash flow of S\$10.9 million in FY2015.
6. Intends to pay dividends of not less than 20% of net profits attributable to owners of the Company in each of FY2016 and FY2017<sup>1</sup>.

### **About Wong Fong Industries**

From a humble truck equipment servicing workshop in 1964 founded by Executive Chairman, Jimmy Lew, as a sole-proprietorship business, Wong Fong Industries has evolved into one of the leading providers of land transport engineering solutions and systems, with a presence in Singapore, Malaysia and the People's Republic of China ("PRC") today. The Group operates four complementary businesses comprising Equipment Sales, Projects, Repairs and Servicing, and Training.

Under Equipment Sales, the Group specialises in the sale and installation of load handling systems and waste management systems as well as assistive technology and mobility aids. The products and solutions offered by the Group include truck-mounted cranes, tailgates, tippers, self-loaders, hookloaders and portable compactors among others. For some of these product categories, Wong Fong Industries holds dealerships for several leading global brands such as *Dhollandia*, *Palfinger* and *Pöttinger*.

Wong Fong Industries is also able to efficiently handle its customers' equipment breakdowns and servicing needs. It owns one of the largest service centres for truck-mounted cranes and hookloaders in Singapore and operates a 24-hour standby mobile service team that carries out on-site servicing and inspections.

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<sup>1</sup>Investors should note that this is merely a statement of the Company's present intention and shall not constitute a legally binding statement in respect of its future dividends, which may be subject to modifications (including reduction or non-declaration thereof) at our Directors' sole and absolute discretion.



The Group also provides design, customisation, fabrication and integration services to meet the specific requirements of its customers. Tapping on its team of industrial designers, engineers and technicians, who are in turn supported by advanced facilities and resources, Wong Fong Industries has been able to undertake various projects to produce or customise solutions for military and civil defence applications.

Underlining the Group's strong focus on innovation, it set up the Wong Fong Research and Innovation Centre ("**WFRIC**") in 2013 to develop new products and engineering and industrial solutions to cater to the demands of the ever-changing industrial landscape, and to enhance its competitive edge and increase its operating efficiency. Since then, the Group has developed new products such as the HERK doorlift and fibre-reinforced plastic tailgate, reinforcing its reputation as one of the leading specialists in load handling systems.

The Group also provides accredited training courses, including 10 Singapore Workforce Skills Qualifications courses relating to, among others, operation of industrial equipment, risk management implementation and supervision of safe lifting operations. The Group is also certified by the Singapore Accreditation Council to inspect and certify hookloaders and open-top container bins.

Under the leadership of its highly experienced management team, Wong Fong Industries has built a wide customer base comprising government agencies, multinational companies and small and medium enterprises ("**SMEs**") from various industries such as infrastructure development, logistics, waste management and defence. The Group is led by its founders, Executive Chairman, Jimmy Lew and Deputy Chairman and Managing Director, James Liew, who each has over 50 years and 47 years of industry experience respectively. They are supported by Executive Directors, Liew Chern Yean and Eric Lew, and a team with product competencies and industry and technical knowledge.

Executive Chairman, Mr Jimmy Lew said, *"Our wide range of products coupled with the experience and technical capabilities of our in-house engineering team enable us to offer unique and innovative engineering solutions to our customers in various industries - essentially making Wong Fong Industries a one-stop solution provider to our customers. Through the years, we have built a broad customer base of*

*more than 3,000 customers from a variety of industries, making us less susceptible to changing market conditions and providing stability to our business and results of operations.”*

*He continued, “By consistently providing high quality products, innovative solutions and fast turnaround times, we have become one of the leading engineering specialists in Singapore with a strong background in load handling systems and waste management systems. We believe that our strong and proven track record in the industry has helped us cultivate many repeat customers, who in fact, accounted for approximately 59.8% of our revenue in FY2015.”*

### **Prospects and Future Plans**

Moving forward, the Group expects healthy demand from both the construction and logistics industries in Singapore. Construction demand<sup>2</sup> is estimated at between S\$27.0 billion and S\$34.0 billion in 2016 and expected to be sustained at between S\$26.0 billion and S\$35.0 billion in 2017 and 2018. Given Singapore’s strategic location in Asia and its status as the number one Logistics Hub in Asia in the 2014 Logistics Performance Index<sup>3</sup>, the Directors believe that prospects for the logistics industry in Singapore are expected to remain positive.

The Group also expects demand growth to originate from a new Automation Support Package<sup>4</sup>, to be introduced for a period of three years by the Singapore government, to help SMEs automate, drive productivity and scale up. With this, the Directors believe that SMEs will be encouraged to make additional investments in equipment to improve productivity.

To meet growing demand, the Group plans to expand and diversify its operations and product offerings in its core businesses as well as to expand existing facilities and/or acquiring or leasing a larger manufacturing premise, the latter with the aim of enhancing its service and production facilities. Through

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<sup>2</sup>This information was extracted from a press release by the Building and Construction Authority on 15 January 2016 titled “BCA Estimates S\$27 Billion To S\$34 Billion Worth Of Construction Contracts To Be Awarded This Year”, which was accessed at [http://www.bca.gov.sg/Newsroom/others/BCA\\_Media\\_Release\\_Prospects\\_150116.pdf](http://www.bca.gov.sg/Newsroom/others/BCA_Media_Release_Prospects_150116.pdf) on 6 April 2016

<sup>3</sup> This information was extracted from the internet website of the World Bank Group at <http://lpi.worldbank.org/about>, which was accessed on 6 April 2016.

<sup>4</sup> This information was extracted from the internet website of Ministry of Finance Singapore at [http://www.singaporebudget.gov.sg/data/budget\\_2016/download/FY2016\\_Budget\\_Statement.pdf](http://www.singaporebudget.gov.sg/data/budget_2016/download/FY2016_Budget_Statement.pdf), which was accessed on 6 April 2016.



WFRIC and/or strategic collaboration with industry experts, the Group will also explore the development of new products and services in four key areas namely, load handling and special purpose vehicles, waste handling, electric-mobility and defence.

Mr Jimmy Lew added, *“Our long history and strong track record aside, Wong Fong Industries also prides itself in its forward-looking culture of innovation. Our business operations are complemented by our WFRIC, which, in addition to offering consultation and design services for customers, spearheads our initiative to constantly improve our product and service offerings through the introduction of new technologies and innovative designs.”*

#### **Use of Proceeds**

The Group plans to use its net proceeds of approximately S\$8.0 million from the Placement for the following purposes:

- I. expansion and diversification of its operations and product offerings through, *inter alia*, investments, mergers and acquisitions, joint ventures and/or strategic collaborations;
- II. enhancement of service and production facilities;
- III. developing new products and services; and
- IV. working capital and general corporate purposes.

#### **Financial Highlights**

In FY2015, the Group recorded revenue of S\$77.6 million and profit attributable to owners of the Company was S\$5.6 million. Cash and cash equivalents was S\$16.4 million in FY2015 and net cash from operating activities was S\$10.9 million in FY2015.

As at 15 June 2016, the Group’s order book based on confirmed sales orders was approximately S\$42.0 million, out of which S\$30.0 million is expected to be completed in FY2016 and the balance in FY2017.

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**Issued for and on behalf of Wong Fong Industries Limited**

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**IMPORTANT NOTICE**

The information in this press release and any accompanying materials (if any) ("**Press Release**") is based on information found in the offer document dated 19 July 2016 (the "**Offer Document**") in respect of the Placement that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore on 19 July 2016. A printed copy of the Offer Document may be obtained upon request, subject to availability, during office hours from the office of United Overseas Bank Limited at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624. An electronic copy of the Offer Document is also available on the SGX-ST's website at <http://www.sgx.com>. A potential investor should read the Offer Document before deciding to purchase the Placement Shares. Anyone wishing to acquire the Placement Shares will need to make an application in the manner set out in the Offer Document.

Capitalised terms used herein shall, unless otherwise defined, bear the same meanings assigned to them in the Offer Document. These materials do not constitute or form any part of an offer or a solicitation or an invitation or an offer to subscribe for the Placement Shares nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Press Release is made for information purposes only without regard to the objectives, financial situation nor needs of any specific persons, and may contain forward-looking statements that involve assumptions, risks and uncertainties and reflect various assumptions of the management concerning the future performance of Wong Fong Industries Limited. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised and no reliance whatsoever should be placed upon the information set out herein. The actual results may vary from the anticipated results and such variation may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the forward-looking statements based thereon. Accordingly, these materials are qualified in their entirety by, and should be read in conjunction with, the full text of the Offer Document, including but not limited to the sections entitled "Risk Factors" and "Cautionary Note on Forward-Looking Statements" of the Offer Document. Any decision to subscribe for the Placement Shares should be made solely on the basis of information contained in the Offer Document. Wong Fong Industries Limited does not make any representation or warranty, express or implied, as to the accuracy of the information contained herein, and expressly disclaim any and all liability based, in whole or in part, on such information, errors therein or omissions therefrom.