



**UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE (“HY”) 2023**

TABLE OF CONTENTS

	<u>Page</u>
A. Condensed interim consolidated statements of profit or loss and other comprehensive income	3
B. Condensed interim statements of financial position	4
C. Condensed interim statements of changes in equity	5
D. Condensed interim consolidated statements of cash flows	7
E. Notes to the condensed interim consolidated financial statements	8
F. Other information required under the SGX-ST Listing Manual Section B: Rules of Catalyst	18

A. Condensed interim consolidated statements of profit or loss and other comprehensive income

	Note	GROUP		Increase/ (Decrease) %
		HY2023 S\$'000	HY2022 S\$'000	
Revenue	4	38,942	31,734	22.7
Other operating income		1,001	1,095	(8.6)
Changes in inventories of finished goods and work-in-progress		(2,590)	1,602	NM
Materials and consumables used and other direct costs		(18,856)	(19,261)	(2.1)
Employee benefits expense		(11,122)	(9,424)	18.0
Depreciation and amortisation expenses		(2,183)	(2,146)	1.7
Impairment losses on financial assets		(189)	(19)	NM
Impairment of goodwill		-	(350)	NM
Other operating expenses		(2,600)	(2,308)	12.7
Finance costs		(262)	(247)	6.1
Profit before tax	6	2,141	676	NM
Income tax expense	7	(327)	(293)	11.6
Profit for the period		1,814	383	NM
Other comprehensive income / (loss), after tax:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
- Fair value loss on investments in equity instruments designed as at FVTOCI		-	(56)	NM
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Fair value (loss) / gain on investments in debts instruments measured at FVTOCI		55	(86)	NM
- Exchange differences on translation of foreign operations		155	82	89
Other comprehensive income / (loss) for the period, net of tax		210	(60)	NM
Total comprehensive income for the period		2,024	323	NM
Profit attributable to:				
Owners of the Company		1,751	643	NM
Non-controlling interests		63	(260)	NM
		1,814	383	NM
Total comprehensive income attributable to:				
Owners of the Company		1,907	554	NM
Non-controlling interests		117	(231)	NM
		2,024	323	NM

NM: Not meaningful

FVTOCI: Fair value through other comprehensive income

B. Condensed interim statements of financial position

	Note	GROUP		COMPANY	
		As at 30 June 2023 S\$'000	As at 31 December 2022 S\$'000	As at 30 June 2023 S\$'000	As at 31 December 2022 S\$'000
ASSETS					
Current assets					
Cash and bank balances		18,521	17,320	6,779	3,532
Trade and other receivables		11,547	17,310	99	5,225
Derivative financial instruments		30	1	-	-
Inventories		17,149	19,667	-	-
Total current assets		47,247	54,298	6,878	8,757
Non-current assets					
Property, plant and equipment	9	24,039	24,290	3	4
Right-of-use assets		9,117	8,437	-	-
Intangible asset	10	2,358	2,549	-	-
Investment in subsidiaries		-	-	3,564	3,564
Investment in associate		-	-	-	-
Investment in joint venture		-	-	-	-
Investments in financial assets	11	3,105	3,009	2,549	2,453
Total non-current assets		38,619	38,285	6,116	6,021
Total assets		85,866	92,583	12,994	14,778
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		10,598	17,679	237	331
Lease liabilities	12	1,670	1,575	-	-
Bank borrowings	12	1,644	1,604	-	-
Income tax payable		866	970	-	-
Total current liabilities		14,778	21,828	237	331
Non-current liabilities					
Other payables		4	4	-	-
Lease liabilities	12	7,787	7,160	-	-
Bank borrowings	12	6,008	6,883	-	-
Deferred tax liabilities		1,347	1,380	-	-
Total non-current liabilities		15,146	15,427	-	-
Total liabilities		29,924	37,255	237	331
CAPITAL AND RESERVES					
Share capital	13	11,351	11,351	11,351	11,351
Accumulated profits		42,235	41,894	927	2,672
Reserves		464	308	479	424
Equity attributable to owners of the Company		54,050	53,553	12,757	14,447
Non-controlling interests		1,892	1,775	-	-
Total equity		55,942	55,328	12,757	14,447
Total equity and liabilities		85,866	92,583	12,994	14,778

C. Condensed interim statements of changes in equity

Group	Note	Share capital S\$'000	Accumulated profits S\$'000	Reserves S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance as at 1 January 2023		11,351	41,894	308	53,553	1,775	55,328
Transactions with owners, recognised directly in equity:							
Dividends paid to owners of the Company	8	-	(1,410)	-	(1,410)	-	(1,410)
Total		-	(1,410)	-	(1,410)	-	(1,410)
Total comprehensive income for the period:							
Profit for the period		-	1,751	-	1,751	63	1,814
Other comprehensive income for the period		-	-	156	156	54	210
Total		-	1,751	156	1,907	117	2,024
Balance as at 30 June 2023		11,351	42,235	464	54,050	1,892	55,942
Balance as at 1 January 2022		11,351	41,586	328	53,265	2,548	55,813
Transactions with owners, recognised directly in equity:							
Dividends paid to owners of the Company	8	-	(1,880)	-	(1,880)	-	(1,880)
Contribution by non-controlling interest		-	-	-	-	98	98
Total		-	(1,880)	-	(1,880)	98	(1,782)
Total comprehensive income for the period:							
Profit for the period		-	643	-	643	(260)	383
Other comprehensive (loss)/income for the period		-	-	(89)	(89)	29	(60)
Total		-	643	(89)	554	(231)	323
Balance as at 30 June 2022		11,351	40,349	239	51,939	2,415	54,354

C. Condensed interim statement of changes in equity (cont'd)

Company	Note	Share capital S\$'000	Accumulated profits S\$'000	Reserves S\$'000	Total S\$'000
Balance as at 1 January 2023		11,351	2,672	424	14,447
Transaction with owners, recognised directly in equity:					
Dividends paid	8	-	(1,410)	-	(1,410)
Total comprehensive loss for the period:					
Loss for the period		-	(335)	-	(335)
Other comprehensive income for the period		-	-	55	55
Total		<u>-</u>	<u>(335)</u>	<u>55</u>	<u>(280)</u>
Balance as at 30 June 2023		<u>11,351</u>	<u>927</u>	<u>479</u>	<u>12,757</u>
Balance as at 1 January 2022		11,351	4,002	567	15,920
Transaction with owners, recognised directly in equity:					
Dividends paid	8	-	(1,880)	-	(1,880)
Total comprehensive loss for the period:					
Loss for the period		-	(441)	-	(441)
Other comprehensive loss for the period		-	-	(86)	(86)
Total		<u>-</u>	<u>(441)</u>	<u>(86)</u>	<u>(527)</u>
Balance as at 30 June 2022		<u>11,351</u>	<u>1,681</u>	<u>481</u>	<u>13,513</u>

D. Condensed interim consolidated statement of cash flows

	GROUP		
	Note	HY2023 S\$'000	HY2022 S\$'000
Operating activities			
Profit before taxation		2,141	676
Adjustments for:			
Amortisation of intangible asset	6	191	191
Impairment losses on financial assets		189	19
Depreciation of property, plant and equipment	6	1,182	1,053
Depreciation of right-of-use assets	6	810	902
Dividend income	6	-	(37)
Fair value changes on derivative financial instruments	6	(28)	(15)
Gain on disposal of financial assets		-	(40)
Interest expense		224	198
Interest income	6	(55)	(43)
Impairment of goodwill		-	350
Loss on disposal of property, plant and equipment	6	4	6
Gain on lease modification		(11)	(2)
Net (gain) / loss arising on financial assets measured at FVTPL ⁽¹⁾	6	(40)	115
Allowance for inventories and inventories written off	6	371	19
Operating cash flows before movements in working capital		4,978	3,392
Inventories		2,084	(1,658)
Trade and other receivables		5,555	1,266
Trade and other payables		(6,817)	(1,742)
Cash flows generated from operations		5,800	1,258
Income tax paid		(463)	(394)
Net cash from operating activities		5,337	864
Investing activities			
Interest received		55	43
Dividends received		-	37
Purchase of property, plant and equipment		(1,041)	(3,368)
Proceeds from disposal of property, plant and equipment		8	6
Proceeds from disposal of quoted shares		-	269
Purchases of financial assets measured at FVTPL ⁽¹⁾		-	(486)
Net cash used in investing activities		(978)	(3,499)
Financing activities			
Contribution by non-controlling interest		-	98
Dividends paid		(1,410)	(1,880)
Interest paid		(224)	(198)
Repayment of lease liabilities		(759)	(974)
Repayment of bank borrowings		(793)	(722)
Net cash used in financing activities		(3,186)	(3,676)
Net increase / (decrease) in cash and cash equivalents		1,173	(6,311)
Cash and cash equivalents at beginning of period		17,107	24,035
Effect of foreign exchange rate changes		27	6
Cash and cash equivalents at end of period⁽²⁾		18,307	17,730

(1) FVTPL: Fair value through profit or loss.

(2) Excludes pledged fixed deposit of S\$0.2 million in HY2023 (HY2022: S\$0.2 million).

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

WONG FONG INDUSTRIES LIMITED (“**Wong Fong**” or the “**Company**”) (Registration No. 201500186D) is incorporated in Singapore with its principal place of business and registered office at 79 Joo Koon Circle, Singapore 629107. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding, and business and management consultancy services. The Group is one of the leading providers of land transport engineering solutions and systems for various industries in Singapore, Malaysia and Myanmar with a growing training and education business.

The Company is a subsidiary of Wong Fong Investments Pte. Ltd., a company incorporated in Singapore, which is also the ultimate holding company.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December (“**FY**”) 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore dollars which is the Company’s functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to the standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management is of the view that no critical judgement was made in the process of applying the Group’s accounting policies that would have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as below.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

(a) Allowance for inventories

The Group's inventories comprise mainly cranes and other vehicle-mounted equipment. The determination of the net realisable value of inventories is dependent upon management's assessment of inventory obsolescence.

This assessment involves the exercise of significant estimates in determining the level of allowance for inventory obsolescence required by taking into account where relevant, the age, condition, type and use of the inventory items, past sales history, expected selling prices and the demand for these equipments.

(b) Calculation of loss allowance for trade receivables

The Group determines the expected credit loss ("ECL") of trade receivables by using a provision matrix that is based on its historical credit loss experience, debtors' ability to pay and any relevant forward-looking information that may be specific to the debtors and economic environment. This assessment requires significant assumptions and estimates. Inappropriate estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables.

(c) Impairment assessment of investment in subsidiaries

The recoverable amount of the Company's investment in subsidiaries are reviewed at the end of each reporting period to determine whether there is any indication that the investment has suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is determined on the basis of the higher of the value in use and fair values less costs to sell to determine the extent of the impairment loss. This determination requires significant estimates and management takes into consideration among other factors, the market and economic environment in which the subsidiary operates and the financial performance of the subsidiary. Management has evaluated the recoverability of these investments based on such assessment and provided impairment loss for certain subsidiaries which were assessed to be impaired.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For the purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers focus on the business operating units which are organised into engineering and training segments. This forms the Group's reportable segments under SFRS(I) 8.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Group			
	Revenue		Net Profit	
	HY2023	HY2022	HY2023	HY2022
	S\$'000	S\$'000	S\$'000	S\$'000
Engineering	30,186	23,509	974	436
Training	8,756	8,225	1,375	445
	<u>38,942</u>	<u>31,734</u>	<u>2,349</u>	<u>881</u>
Interest income			55	43
Other operating expenses ⁽ⁱ⁾			(1)	(1)
Finance costs			(262)	(247)
Profit before tax			<u>2,141</u>	<u>676</u>
Income tax expense			(327)	(293)
Profit for the period			<u>1,814</u>	<u>383</u>

- (i) Pertains mainly to research and development related expenses.

Revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of research and development related expenses, share of results of associate and joint venture, interest income, finance costs, and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Segment assets

	<u>Group</u>	
	<u>As at 30 June 2023</u>	<u>As at 31 December 2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Engineering	59,787	69,217
Training	12,148	15,232
Total segment assets	71,935	84,449
Unallocated assets	13,931	8,134
Consolidated total assets	<u>85,866</u>	<u>92,583</u>

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitor the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of assets of group entities that are investment holding in nature, investments in associate and joint venture and investments in financial assets. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments.

Liabilities are not allocated as they are not monitored by the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Other segment information

	<u>Group</u>			
	<u>Depreciation and amortisation</u>		<u>Additions to non-current assets</u>	
	<u>HY2023</u>	<u>HY2022</u>	<u>HY2023</u>	<u>HY2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Engineering	1,059	936	262	10,085
Training	1,123	1,206	2,204	999
Unallocated	1	4	-	-
Total	<u>2,183</u>	<u>2,146</u>	<u>2,466</u>	<u>11,084</u>

Geographical information

The Group's operates predominantly in Singapore (country of domicile), except for two (30 June 2022: two) subsidiaries operating in Malaysia and Myanmar.

The Group's revenue from external customers by geographical location are detailed below:

	Group	
	Revenue from	
	external customers	
	HY2023	HY2022
	S\$'000	S\$'000
<u>Based on location of customer</u>		
Singapore	36,561	29,782
Others	2,381	1,952
Total	<u>38,942</u>	<u>31,734</u>

Information about major customers

Approximately 14.5% of the Group's total revenue in HY2023 arose from sales to one major customer from the Engineering segment.

No single customer accounted for more than 10% of the Group's total revenue in HY2022.

5. Financial assets and financial liabilities

The following table sets out the financial instruments as at 30 June 2023 and 31 December 2022:

	Group		Company	
	As at 30	As at 31	As at 30	As at 31
	June 2023	December 2022	June 2023	December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost	29,646	34,346	6,868	8,716
Derivative financial instruments	30	1		
Financial assets measured at FVTPL	2,130	2,089	1,658	1,617
Financial assets at FVTOCI:				
Debt instruments classified as at FVTOCI	891	836	891	836
Equity instruments designated as at FVTOCI	84	84	-	-
Financial liabilities				
Financial liabilities at amortised cost	15,486	22,117	230	325
Lease liabilities	9,457	8,735	-	-

6. Profit before tax

6.1 Significant items

	Group	
	HY2023	HY2022
	S\$'000	S\$'000
<u>Material items included in other operating income:</u>		
Commission income	92	93
Dividend income	-	37
Government grants	651	806
Gain on fair value change on derivative financial instruments	28	15
Gain on lease modification	11	2
Gain on disposal of financial assets	-	40
Interest income	55	43
Other income	134	8

Reversal of allowance for inventories	-	17
Rental income	26	34
Gain on disposal of property, plant and equipment	4	-
Net gain arising on financial assets measured at FVTPL	40	-
<u>Material items included in other operating expenses:</u>		
Allowance for inventories and inventories written off	(371)	(36)
Loss on disposal of property, plant and equipment	(4)	(6)
Loss on foreign exchange - net	(221)	(267)
Net loss arising on financial assets measured at FVTPL	-	(115)
<u>Others:</u>		
Amortisation of intangible assets	(191)	(191)
Depreciation of property, plant and equipment	(1,182)	(1,053)
Depreciation of right-of-use assets	(810)	(902)
Interest expense	(224)	(198)

6.2 Related party transactions

During the period, group entities entered into the following transactions with related companies that are not members of the Group:

	<u>Group</u>	
	<u>HY2023</u>	<u>HY2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<u>Transaction with ultimate holding company</u>		
Dividend paid	1,410	1,266

7. Income tax expense

	<u>Group</u>	
	<u>HY2023</u>	<u>HY2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Current income tax expense	327	293

8. Dividends

HY2023

The Company declared a one-tier tax exempt final dividend of S\$0.0060 per share (total of S\$1,410,000) to shareholders of the Company in respect of FY2022. The dividend has been paid on 23 May 2023.

HY2022

The Company declared a one-tier tax exempt final dividend of S\$0.0080 per share (total of S\$1,880,000) to shareholders of the Company in respect of FY2021. The dividend has been paid on 23 May 2022.

9. Property, plant and equipment

During HY2023, the Group acquired assets amounting to S\$1,041,000 (HY2022: S\$8,603,000, of which S\$5,184,000 was acquired under bank borrowing) and disposed of assets amounting to S\$8,000 (HY2022: S\$14,600).

10. Intangible assets

<u>Group</u>	<u>Goodwill</u> S\$'000	<u>Accreditation and copyright⁽¹⁾</u> S\$'000	<u>Other intangible assets⁽²⁾</u> S\$'000	<u>Total</u> S\$'000
At 31 December 2022:				
Cost	1,431	4,549	8	5,988
Accumulated amortisation	-	(2,000)	(8)	(2,008)
Impairment loss recognised	(1,431)	-	-	(1,431)
Net book amount	-	2,549	-	2,549
At 30 June 2023:				
Opening net book amount	-	2,549	-	2,549
Amortisation for the period	-	(191)	-	(191)
Impairment loss recognised during the period	-	-	-	-
Closing net book amount	-	2,358	-	2,358

(1) The accreditation pertains to the approval and status as a public training organisation under SkillsFuture Singapore. The copyright pertains to the right to use the courseware materials for the course modules. Both the accreditation and copyright have useful lives of 12 years, over which the assets are amortised.

(2) The intangible asset pertains to exclusive rights to use certain intellectual property and courseware materials. These are amortised over a useful life of 3 years.

11. Investments in financial assets

	<u>Group</u>		<u>Company</u>	
	<u>As at 30 June 2023</u>	<u>As at 31 December 2022</u>	<u>As at 30 June 2023</u>	<u>As at 31 December 2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Investments in debt instruments classified as at FVTOCI (i)				
Corporate bonds	891	836	891	836
Investments in equity instruments designated as at FVTOCI (ii)				
Unlisted shares	84	84	-	-
Financial assets measured at FVTPL (iii)				
Convertible loan	472	472	-	-
Corporate bonds	1,658	1,617	1,658	1,617
	2,130	2,089	1,658	1,617
	3,105	3,009	2,549	2,453

- (i) The investments in listed corporate bonds pay interest at rates ranging from 2.15% to 2.90% (31 December 2022: 2.15% to 2.90%) per annum and the bonds will mature between year 2031 and year 2032 (31 December 2022: year 2031 to year 2032). At maturity, the Group will receive a nominal amount of S\$1,000,000 (31 December 2022: S\$1,000,000). The corporate bonds are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence the corporate bonds are classified as at FVTOCI. See below for impairment assessment.
- (ii) The Group holds 13.03% (31 December 2022: 13.03%) of the ordinary share capital of a Singapore-based robotics start-up.

The investment is not held for trading. Instead, it is held for medium to long-term strategic purposes. Accordingly, management has elected to designate the investment in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holding the investment for long-term purposes and realising their performance potential in the long run.

No shares have been disposed of during the current reporting period.

- (iii) The Group also holds 10.3% interest in an investee. The investment is classified as financial asset measured at FVTPL. Management estimated the fair value of the investment to be S\$Nil (31 December 2022: S\$Nil) in view of the operating losses and net capital deficiency position of the entity.

The Group has also invested in perpetual debt instruments which pay variable interest at rates ranging from 3.00% to 3.98% (31 December 2022: 3.00% to 3.98%) per annum.

In FY2022, the Group extended a loan of US\$350,000 (equivalent to S\$472,000) to the investee under a Convertible Agreement Regarding Equity ("CARE"). Under the terms of the CARE, the loan will be converted into shares in the capital of the investee upon maturity on 30 December 2024. The number of shares to be converted will be determined based on the loan of US\$350,000 divided by the target price per share. Pending the conversion of the loan into shares, the investee shall pay interest on such loan at a rate of 5.00% per annum.

Impairment of financial assets

For the purposes of impairment assessment, the listed corporate bonds are considered to have low credit risk. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the expected credit losses for these assets, management has taken into account the historical default experience, the financial position of the counterparties and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Fair value measurement

The Group classified financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table presented the assets measured at fair value:

Group								
Financial assets/ financial liabilities	Fair value as at (S\$'000)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2023		31 December 2022					
	Assets	Liabilities	Assets	Liabilities				
Derivative financial instruments								
Foreign currency forward contracts	30	-	1	-	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	n.a.	n.a.
Financial assets measured at FVTPL								
Listed corporate bonds	1,658	-	1,617	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Convertible loan	472	-	472	-	Level 3	Equity value of the borrower.	Equity value	The higher the equity value, the higher the fair value.
Financial assets measured at FVTOCI								
Listed corporate bonds	891	-	836	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Investment in unlisted shares	84	-	84	-	Level 3	Net asset value of the investee.	Net asset value	The higher the net asset value, the higher the fair value.
Company								
Financial assets/ financial liabilities	Fair value as at (S\$'000)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 June 2023		31 December 2022					
	Assets	Liabilities	Assets	Liabilities				
Financial assets measured at FVTPL								
Listed corporate bonds	1,658	-	1,617	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Financial assets measured at FVTOCI								
Listed corporate bonds	891	-	836	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.

There were no significant transfers between Level 1 and Level 2 and no transfers into or out of Level 3 of the fair value hierarchy during the current and prior years.

12. Bank borrowing and lease liabilities

Aggregate amount of group's borrowings and debts securities.

Amount repayable in one year or less, or on demand

As at 30 June 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,314	-	3,179	-

Amount repayable after one year

As at 30 June 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,795	-	14,043	-

Details of any collateral

- (i) The Group's bank borrowings are secured by a corporate guarantee and the Group's land and buildings.
- (ii) The Group's finance leases are secured by a corporate guarantee and the lessors' title to the leased assets.

13. Share capital

	<u>Group and Company</u>			
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
			S\$'000	S\$'000
Number of ordinary shares				
Issued and paid-up: At the beginning and end of the period/year	235,000,000	235,000,000	11,351	11,351

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other information required under the SGX-ST Listing Manual Section B: Rules of Catalyst

1(a)(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the corresponding period immediately preceding financial year.

	Number of shares	Issued and paid-up share capital S\$
Balance as at 31 December 2022 and 30 June 2023	235,000,000	11,350,674

There were no outstanding options, convertibles or treasury shares held by the Company or subsidiary holdings as at 30 June 2022 and 30 June 2023.

1(b)(ii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2023	As at 31 December 2022
Total number of issued shares excluding treasury shares	235,000,000	235,000,000

1(c)(iii) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no treasury shares held by the Company.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidiary holdings.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for HY2023 as those applied in its most recently audited financial statements for FY2022.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes to the Group's accounting policies and methods of computation including any required by the accounting standards. The adoption of the new and revised SFRS(I) pronouncements is not expected to have material effect on the amounts reported for the current period.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	HY2023	HY2022
Profit attributable to owners of the Company (S\$'000)	1,751	643
Weighted average number of shares ('000)	235,000	235,000
Basic and diluted earnings per share (cents)	0.75	0.27

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	Group		Company	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
Net asset value (S\$'000)	54,050	53,553	12,757	14,447
Number of shares ('000)	235,000	235,000	235,000	235,000
Net asset value per share (cents)	23.00	22.79	5.43	6.15

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF INCOME STATEMENT

Revenue

Revenue increased by S\$7.2 million or 22.7% from S\$31.7 million in HY2022 to S\$38.9 million in HY2023. This was attributable to an increase in revenue from the Engineering business of S\$6.7 million and the Training business of S\$0.5 million.

The Engineering business comprises sales of equipment, repairs and servicing, and projects. The increase in revenue from the Engineering business was mainly due to the delivery of completed projects in HY2023.

The increase in revenue from the Training business was mainly due to an increase in the number of industrial courses conducted.

Other operating income

Other operating income decreased by S\$0.1 million or 8.6% from S\$1.1 million in HY2022 to S\$1.0 million in HY2023.

The decrease was mainly due to a reduction in government grants received such as the Jobs Support Scheme introduced by the Singapore Government.

Changes in inventories of finished goods and work-in-progress, materials and consumables used and other direct costs

Changes in inventories of finished goods and work-in-progress, as well as materials and consumables used and other direct costs, increased by S\$3.8 million or 21.4% in aggregate, from S\$17.7 million in HY2022 to S\$21.4 million in HY2023, mainly due to an increase in purchase of equipment in line with the increase in revenue from the Engineering business.

Employee benefits expense

Employee benefits expense increased by S\$1.7 million or 18.0% from S\$9.4 million in HY2022 to S\$11.1 million in HY2023.

The increase was mainly due to an increase in number of headcounts following the re-opening of global economies after the lifting of COVID-19 restrictions in order to support the Group's business, as well as annual salary adjustments for our employees.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by S\$37,000 or 1.7% from S\$2.1 million in HY2022 to S\$2.2 million in HY2023.

Impairment losses on financial assets

Impairment losses on financial assets increased by S\$0.2 million in HY2023 mainly due to an increase in allowance for doubtful debts for the Training business, based on the Group's ECL of trade receivables.

Impairment of goodwill

Impairment of goodwill of S\$0.4 million in HY2022 relates to the impairment of goodwill that was previously allocated to Ascendo Academy Pte. Ltd. As the goodwill has been fully impaired in FY2022, there is no such goodwill impairment in HY2023.

Other operating expenses

Other operating expenses increased by S\$0.3 million or 12.7% from S\$2.3 million in HY2022 to S\$2.6 million in HY2023. The increase was mainly due to an increase in advertising and promotion, and allowance for inventories.

Finance costs

Finance costs remained relatively stable at S\$0.2 million in HY2022 and HY2023.

Profit for the period

As a result of the above, profit after tax increased by S\$1.5 million from S\$0.6 million in HY2022 to S\$2.1 million in HY2023.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets decreased by S\$7.1 million or 13.0% from S\$54.3 million as at 31 December 2022 to S\$47.2 million as at 30 June 2023, mainly due to:

- (i) a decrease in inventories of S\$2.5 million following fulfillment of orders;
- (ii) a decrease in trade and other receivables of S\$5.8 million mainly due to collections from the Engineering business; and
- (iii) partially offset by an increase in cash and bank balances of S\$1.2 million.

Non-current assets

The Group's non-current assets increased by S\$0.3 million or 0.9% from S\$38.3 million as at 31 December 2022 to S\$38.6 million as at 30 June 2023, mainly due to:

- (i) an increase in right-of-use assets of S\$0.7 million due to renewal of leases;
- (ii) an increase in investments in financial assets of S\$0.1 million; and
- (iii) partially offset by a decrease in property, plant and equipment of S\$0.3 million and a decrease in intangible asset of S\$0.2 million arising from depreciation and amortisation.

Current liabilities

The Group's current liabilities decreased by S\$7.1 million or 32.3% from S\$21.8 million as at 31 December 2022 to S\$14.8 million as at 30 June 2023, mainly due to:

- (i) a decrease in trade and other payables of S\$7.0 million, mainly attributable by a decrease in accrued liabilities and deposits received; and
- (ii) a decrease in tax liabilities of S\$0.1 million.

Non-current liabilities

The Group's non-current liabilities decreased by S\$0.3 million or 1.8% from S\$15.4 million as at 31 December 2022 to S\$15.1 million as at 30 June 2023, mainly due to:

- (i) a decrease in bank borrowings of S\$0.9 million due to repayments of bank borrowings in HY2023; and
- (ii) partially offset by an increase in lease liabilities of S\$0.6 million due to renewal of leases.

REVIEW OF CASH FLOWS

In HY2023, we generated net cash from operating activities before changes in working capital of S\$5.0 million. Net cash generated from working capital amounted to S\$0.8 million mainly due to a decrease in inventories of S\$2.1 million, a decrease in trade and other receivables of S\$5.6 million, and partially offset by a decrease in trade and other payables of S\$6.8 million. As a result, net cash generated from operating activities amounted to S\$5.3 million after deducting income tax paid of S\$0.5 million.

Net cash used in investing activities amounted to S\$1.0 million in HY2023, mainly for purchase of property, plant and equipment.

Net cash used in financing activities amounted to S\$3.2 million in HY2023, mainly due to dividends payment of S\$1.4 million, interest payment of S\$0.2 million, repayment of bank borrowings of S\$0.8 million and repayment of lease liabilities of S\$0.8 million.

As a result of the above, the Group's cash and cash equivalents increased by S\$1.2 million to S\$18.3 million in HY2023.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The IMF expects a slowdown in global growth in 2023 as high interest rates and Russia's prolonged war in Ukraine continues to affect interlinked global economies. High inflation had also resulted in adverse effects to the banking sectors in the US and Europe and introduced new variables to an already complex and challenging economic landscape. Growth in China, the biggest Asia economy, is also slowing due to stresses in its real estate market and subdued external demand. Being an open economy, Wong Fong envisages that Singapore may be affected by these macroeconomics and geopolitical factors.

Retention of skilled labour remains a constant challenge in this inflationary environment and increases in salaries are expected to erode Wong Fong's margins. Whilst Wong Fong had experienced a slowdown in demand for its equipment in the third quarter of 2023, the demand for engineering repairs and servicing had remained resilient. Barring unforeseen circumstances, Wong Fong envisages that the performance of its engineering business will continue to be resilient in the second half of 2023.

Whilst the demand for food and beverage and hospitality trainings remained resilient, the increase in approved training organisations is expected to put a squeeze on the Company's training margins. Additionally, against the backdrop of macro headwinds, Wong Fong envisages that industrial activities will slow down in the next 12 months, resulting in reduced enrolment for the Company's industrial courses.

Wong Fong's management will continue to closely monitor the economic situation and stands ready to make adjustments where necessary. With the Group's healthy financials and efficient order book execution, Wong Fong endeavours to work closely with its partners to ensure that the Group continues delivering sustainable long-term value to all its stakeholders.

11. Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

Nil

(b) (i) Amount per share

Nil

(ii) Previous corresponding period

Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared / recommended by the board of directors (“**Board**” or “**Directors**”) of the Company in respect of HY2023 as the Group intends to conserve its cash. The Directors will review the Group’s financial performance for the current financial year ending 31 December 2023 before recommending any dividend payment to shareholders.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested person transactions. There was no interested person transaction of S\$100,000 or more for HY2023.

14. Confirmation by the issuer pursuant to Rule 720(1)

The Company has procured the undertakings from all its Directors and executive officers as required under Rule 720(1) of the Catalist Rules.

15. Negative confirmation by the Board pursuant to Rule 705(5)

The Board confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of the Group for HY2023 to be false or misleading in any material aspect.

16. Disclosure pursuant to Rule 706A of the Catalist Rules

There was no acquisition and / or sale of shares by the Company during HY2023 which requires disclosure pursuant to Rule 706A of the Catalist Rules.

BY ORDER OF THE BOARD

Pao Kiew Tee
Independent Chairman

James Liew
Co-Founder and Group Chief Executive Officer

8 August 2023

*This announcement has been prepared by Wong Fong Industries Limited (the “**Company**”) and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “**Sponsor**”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact persons for the Sponsor are Mr Lim Hoon Khiat, Senior Director, Equity Capital Markets and Ms Priscilla Ong, Vice President, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.