


WONG FONG
INDUSTRIES

ANNUAL REPORT

2023



WONGFONGINDUSTRIES.COM

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This annual report has been prepared by 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 annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is 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.

CORPORATE PROFILE



With origins tracing back to 1964 and a presence in Singapore, Malaysia and Myanmar, Wong Fong Industries Limited (“**Wong Fong**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is one of the leading providers of land transport engineering solutions and systems for various industries including the Singapore Defense Forces and the Home Team. In addition, Wong Fong has established a leading training business in the Industrial and Hospitality sectors and also provides private education, arts, technology, human capital placement, audit and consultancy services.

Subsequent to the purchase of 38 Joo Koon Road in 2022, Wong Fong’s manufacturing facilities in Singapore and Malaysia have been expanded to comprise a combined land area of approximately 25,539 square metres. Other than load management solutions, Wong Fong also works closely with its clients in formulating innovative waste management systems as well as assistive technology and mobility aids. For highly specialised solutions, the Wong Fong Advanced Engineering team will closely collaborate with its clients to understand, research, prototype and engineer a solution to meet the clients’ stringent requirements. Once the client is fully satisfied, Wong Fong’s Advanced Engineering team will arrange for the production of the customised solution.

Having one of the largest and most comprehensive service center for hydraulic and mechanical equipment, its clients know that Wong Fong stands behind all its products through the provision of effective and efficient after sales service. To further strengthen the support, Wong Fong has also established a 24/7 mobile service team to enable quicker response when needed. In addition, the Wong Fong Academy Pte. Ltd. (“**WFA**”) completes the solution by providing targeted training for users of these equipment so as to ensure that operational competency and safety standards are met.

Wong Fong’s training business, which initially started with training operators in the equipment it sells, has grown and expanded over the years to include hospitality training, private education, human capital placement, wellness, technology and audit and consultancy services. Today, Wong Fong’s Training business have expanded into 13 different divisions, including Industrial, Safety, Consultancy Services, Design Arts & Media, Aerial Drones, Projects, Total Wellness, Food & Beverages, Emergency & Rescue, Digital Marketing, and Agriculture.

Our efforts in elevating the service industry extends beyond workforce training and certification. In addition, Wong Fong partners closely with our stakeholders by offering human resource services, business consulting and auditing services to ensure that best practices are current and updated.

TRAINING



In 2023, we continue to expand our training offerings, providing a comprehensive curriculum comprising over 80 courses tailored to meet the evolving needs of various industries. Many of these courses maintain accreditation under the Singapore Workforce Skills Qualifications, ensuring their alignment with national standards and industry requirements.

Our diverse range of courses encompasses essential skill development and safety training across sectors such as industrial engineering, construction, food and beverage, security, cleaning, hospitality consultancy, and info-communication technology. Additionally, we have introduced new courses in response to emerging industry trends, including specialized training in the creative industry, such as aerial drone operations.

To date, we have successfully trained over 200,000 individuals in Singapore. Through our extensive training programs, we aim to empower workers with the knowledge and competencies necessary to excel in their respective fields and contribute effectively to the growth of their industries.

Both WFA and Ascendo Academy Pte. Ltd. continue to serve as Approved Training Organisations under the Workforce Skills Qualifications Framework, reaffirming our dedication to maintaining high standards of training excellence and industry relevance.

Looking ahead, Wong Fong remains committed to driving excellence in training and development, empowering individuals and organizations to thrive in an ever-changing landscape.



ENGINEERING



EQUIPMENT SALES

Load & Waste Management Equipment for Acquisition

Our range consists of top notch equipment to maximise efficiency and prioritise sustainability.

Load Management Equipment:

- Truck-mounted cranes
- Tailgates for consumerable vehicles
- Assistive technology devices
- Mobility aids

Waste Management Equipment:

- Tippers
- Self-loaders
- Hook loaders
- Portable compactors
- Dumpers
- Containers
- Waste presses
- Industrial canopies

DEALERSHIP FOR:

- BRAUNABILITY (United States)
- COMETTO (Italy)
- DHOLLANDIA (Belgium)
- OMB (Italy)
- PALFINGER (Austria)
- PÖTTINGER (Austria)
- ROLL-RITE (United States)
- SANY PALFINGER (China)
- SPRING MACHINE CONTROL (Italy)
- HSM (Germany)
- TP CHIPPER (Denmark)
- VEI (Italy)
- MULTITEL (Italy)

Our Brands:

- HEKTOR
- ZUKUN



Wong Fong's main office is located at 79 Joo Koon Circle. Here, we serve as the central hub for our diverse range of services and solutions. From project management to customer inquiries, our dedicated team ensures seamless operations and exceptional service delivery.

Our production facility at 16 Tuas Avenue 6 specializes in the repair and construction of various vehicles and containers, including canopies, box trucks, tipper trucks, and containers. Our skilled team also provides high-quality printing sticker services.

At another production facility located at 38 Joo Koon Road, we offer specialized services tailored to customer's business needs. Here, our expertise lies in the installation of lorry cranes, hook lifts, and wooden decks, ensuring efficient and safe operations. Additionally, our Urban Waste Regeneration division offers comprehensive installation and servicing solutions for waste compactors, providing waste management solutions. This reflects our dedication to sustainability and a green environment.



CHAIRMAN & GROUP CEO MESSAGE



Dear Shareholders,

On behalf of the Company's board of directors ("**Board**" or "**Directors**"), we are pleased to present Wong Fong's annual report for the financial year ended 31 December ("**FY**") 2023. In FY2023, overall Group revenue increased by about 3.5% to S\$78.0 million as compared to FY2022. Profit for the year had more than doubled year on year to S\$4.2 million in FY2023, including a one-off gain of S\$1.0 million arising from the disposal of the Group's 40% interest in Ascendo International Holdings Pte Ltd ("**Ascendo**"). The Group will be proposing a first and final tax exempt (one-tier) dividend of 0.60 Singapore cents per ordinary share and special tax exempt (one-tier) dividend of 0.40 Singapore cents per ordinary share for FY2023 subject to the approval of the shareholders of the Company ("**Shareholders**") at the forthcoming annual general meeting.

FY2023 PERFORMANCE REVIEW

In FY2023, the Group delivered a net profit attributable to owners of the Company of S\$3.7 million and revenue of S\$78.0 million, compared to a net profit attributable to the owners of the Company of S\$2.2 million and revenue of S\$75.3 million in FY2022. Overall, revenue increased by S\$2.7 million from S\$75.3 million in FY2022 to S\$78.0 million in FY2023. This was mainly attributable to an increase in revenue from the Engineering business of S\$2.7 million which was partially offset by a decrease in revenue from the Training business of S\$0.1 million. The Engineering business comprises equipment sales, repairs and servicing and projects.

OUTLOOK FOR FY2024

The Ministry of Trade and Industry ("**MTI**") envisages that Singapore's growth in the first half of 2024 is likely to remain "lacklustre" with a gradual pick-up starting from the second half of the year. Hence, the 2024 outlook is likely to be one which will necessarily see a balance between optimism and uncertainty. Being a small and open economy, Singapore's sustained growth is very much dependent on the overall growth

demand of the world in general and the region in particular. As such, any adverse outcome arising from the challenging China real estate situation, Israel-Hamas conflict, Ukraine war and upcoming US elections is likely to negatively affect Singapore's sustained recovery.

With the high interest rate environment, slow domestic and regional growth and escalating labour costs, Wong Fong envisages the slowing of equipment sales in the next 12 months whilst the demand for repairs and servicing should remain resilient.

Similarly for its training business, Wong Fong envisages reduced demand for industrial and other courses in the first half of 2024.

Notwithstanding the current multi-faceted economic and geopolitical challenges, we are closely monitoring the situation and will make the necessary adaptations as the situation may call for.

THANK YOU

Last but not least, we would like to thank all our Shareholders for their continued confidence, our business partners and customers for their unwavering support and our colleagues for their dedication and sacrifices.

TOGETHER, Wong Fong will endeavour to deliver sustainable long-term value to all its stakeholders.



James Liew
Co-Founder and Group Chief Executive
Officer ("CEO")



Pao Kiew Tee
Independent Chairman

OPERATIONS AND FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

	FY2023	FY2022	Change
	S\$'000	S\$'000	%
Revenue	77,958	75,299	3.5
Other operating income	1,793	1,576	13.8
Net gain on disposal of subsidiaries	1,035	-	NM
Changes in inventories of finished goods and work-in-progress, and materials and consumables used and other direct costs	(43,534)	(41,753)	4.3
Employee benefits expense	(22,233)	(21,225)	4.7
Depreciation and amortisation expense	(4,438)	(4,354)	1.9
Impairment loss on financial assets	(152)	(48)	NM
Impairment of goodwill	-	(1,299)	NM
Other operating expenses	(5,005)	(4,935)	1.4
Finance costs	(467)	(484)	(3.5)
Profit before tax	4,957	2,777	78.5
Income tax expense	(769)	(809)	(4.9)
Profit for the year	4,188	1,968	NM
Profit attributable to owners of the Company	3,684	2,188	68.4

In FY2023, the Group's revenue increased by S\$2.7 million or 3.5% to S\$78.0 million from S\$75.3 million in FY2022, which was mainly attributable to an increase in revenue from the Engineering business of S\$2.7 million and partially offset by a decrease in revenue from the Training business of S\$0.1 million.

The Engineering business comprises equipment sales, repairs and servicing and projects. The increase in revenue from the Engineering business was mainly due to fulfilment of projects. The decrease in revenue from the Training business was due to a decrease in number of course uptake, primarily attributable to the reduction of training grants and tight labour market.

During the year, other operating income of the Group increased by S\$0.2 million to S\$1.8 million from S\$1.6 million in FY2022 mainly due to an increase in interest income.

The Group registered a gain on disposal of S\$1.0 million in FY2023 as a result of the disposal of 40%

interest in Ascendo which was completed on 29 December 2023 ("**Disposal**").

Meanwhile changes in inventories of finished goods and work-in-progress, as well as materials and consumables used and other direct costs, increased by S\$1.7 million or 4.3% to S\$43.5 million in FY2023 from S\$41.8 million in FY2022. This was mainly due to an increase in purchase of equipment in line with the increase in revenue from equipment sales.

Employee benefits expense increased by S\$1.0 million or 4.9% from S\$21.2 million in FY2022 to S\$22.2 million in FY2023 due to the additional headcount arising from the Engineering and Training businesses.

Depreciation and amortisation expense also increased by S\$0.1 million or 1.9% to S\$4.4 million in FY2023 mainly due to an increase in depreciation charge on property, plant and equipment and partially offset by a decrease in depreciation charge on right-of-use assets.

Impairment losses on financial assets increased to S\$0.2 million in FY2023 due to an increase in allowance for doubtful debts and bad debts written off for the Training business in the current year.

The Group's other operating expenses increased by S\$0.1 million to S\$5.0 million in FY2023 from S\$4.9 million in FY2022. The increase was mainly due to the increase in impairment on inventories.

At the same time, finance costs remain relatively stable at S\$0.5 million in FY2022 and FY2023 respectively.

In view of the above, the Group's profit for the year increased by S\$2.2 million to S\$4.2 million in FY2023 from S\$2.0 million in FY2022.



REVIEW OF FINANCIAL POSITION

S\$'000	As at 31 Dec 2023	As at 31 Dec 2022
Current assets	46,764	54,298
Non-current assets	35,060	38,285
Total assets	81,824	92,583
Current liabilities	15,251	21,828
Non-current liabilities	12,412	15,427
Total liabilities	27,663	37,255
Share capital	11,351	11,351
Accumulated profits	44,195	41,894
Reserves	(342)	308
Non-controlling interests	(1,043)	1,775
Total equity	54,161	55,328

As at 31 December 2023, the value of the total assets of the Group decreased by S\$10.8 million to S\$81.8 million, while total liabilities of the Group decreased by S\$9.6 million or 25.7% to S\$27.7 million. This was compared to S\$92.6 million and S\$37.3 million respectively as at 31 December 2022.

Current assets decreased by S\$7.5 million or 13.9% to S\$46.8 million as at 31 December 2023 from S\$54.3 million as at 31 December 2022, mainly due to a decrease in trade and other receivables of S\$4.7 million due to collections as well as the derecognition

of receivables attributable to the Ascendo group as a result of the Disposal, and a decrease in inventories of S\$2.5 million due to fulfilment of orders.

The Group's non-current assets decreased by S\$3.2 million or 8.4% to S\$35.1 million as at 31 December 2023 from S\$38.3 million as at 31 December 2022. This was mainly due to derecognition of property, plant and equipment, right-of-use assets and intangible assets of S\$6.5 million attributable to the Ascendo group as a result of the Disposal, partially offset by an increase in investment in associates and financial assets as well as other receivables of S\$2.1 million.

Meanwhile, current liabilities of the Group decreased by S\$6.6 million or 30.1% to S\$15.3 million as at 31 December 2023 from S\$21.8 million as at 31 December 2022. This was mainly due to a decrease in trade and other payables of S\$3.4 million mainly due to the derecognition of payables attributable to the Ascendo group as a result of the Disposal, a decrease in trade and other payables of S\$1.9 million and a decrease in lease liabilities and income tax payable of S\$1.2 million.

As at 31 December 2023, non-current liabilities decreased by S\$3.0 million or 19.5% to S\$12.4 million from S\$15.4 million as at 31 December 2022. This was mainly due to a decrease in lease liabilities of S\$2.7 million, a decrease in deferred tax liabilities of S\$0.4 million, a decrease in bank borrowings of S\$1.6 million and partially offset by an increase in lease liabilities of S\$1.8 million.

REVIEW OF CASH FLOWS

	FY2023	FY2022
	S\$'000	S\$'000
Net cash flows from operating activities	10,870	1,361
Net cash flows used in investing activities	(5,904)	(2,181)
Net cash flows used in financing activities	(5,082)	(6,155)
Cash and cash equivalents at beginning of the year	17,107	24,035
Net decrease in cash and cash equivalents	(116)	(6,975)
Effect of foreign exchange rate changes	23	47
Cash and cash equivalents at end of the year ⁽¹⁾	17,014	17,107

(1) Excludes pledged fixed deposits of S\$0.2 million (FY2022: S\$0.2 million)

In FY2023, the Group generated net cash from operating activities before changes in working capital of S\$9.1 million. Net cash generated from working capital amounted to S\$0.4 million mainly due to a decrease in inventories of S\$1.9 million, and a decrease in trade and other receivables of S\$3.7 million which were partially offset by a decrease in trade and other payables of S\$3.0 million. The Group paid income tax of S\$0.9 million. As a result, net cash generated from operating activities amounted to S\$10.8 million.

Net cash used in investing activities amounted to S\$5.9 million in FY2023, mainly due to the derecognition of cash and cash equivalents attributable to the Ascendo group as a result of the Disposal of S\$3.7 million, purchase of property, plant and equipment of S\$2.2 million as well as purchase of financial assets measured at FVTPL of S\$0.3 million and partially offset by interest received of S\$0.3 million.

Net cash used in financing activities amounted to S\$5.1 million in FY2023, mainly due to dividends paid of S\$1.5 million, interest paid of S\$0.4 million, repayment of bank borrowings of S\$1.6 million and repayment of lease liabilities of S\$1.6 million.

As a result of the above, the Group's cash and cash equivalents decreased by S\$0.2 million to S\$17.0 million in FY2023.

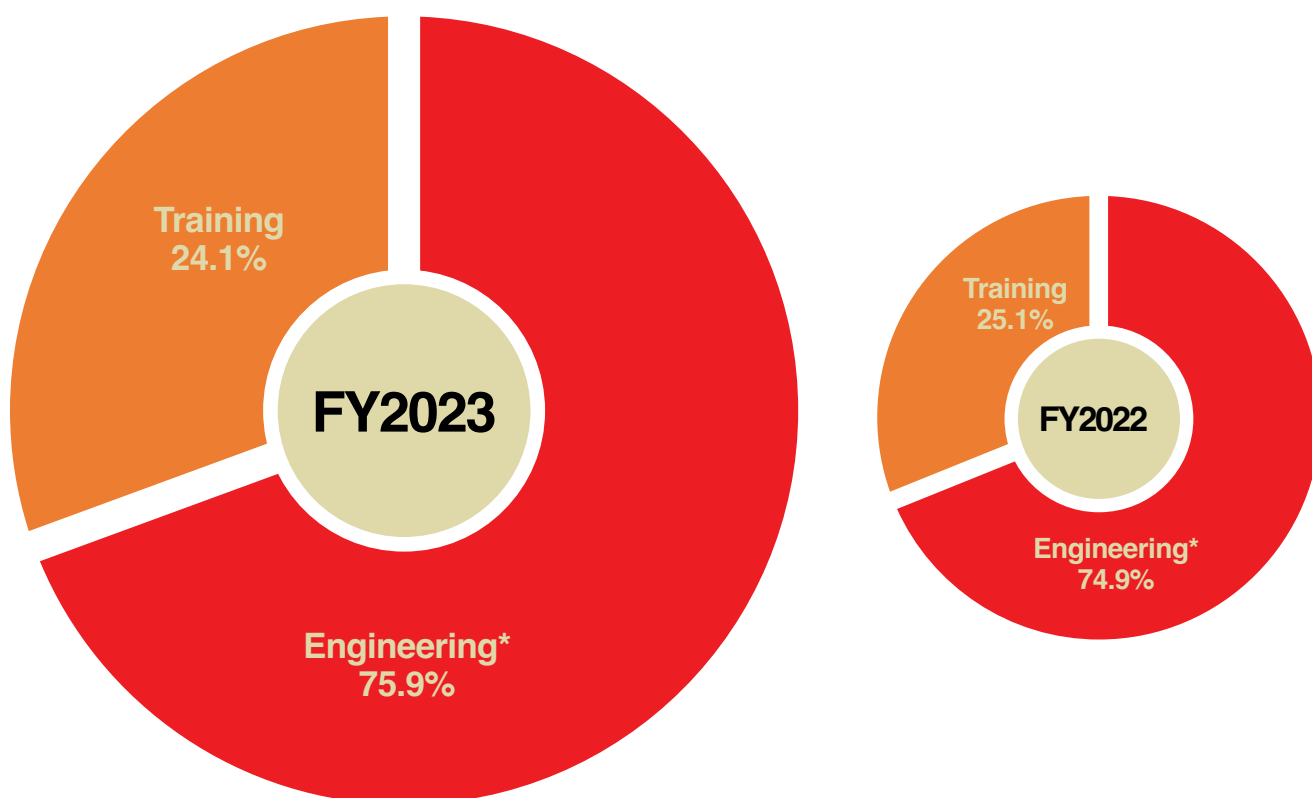


FINANCIAL HIGHLIGHTS

(Financial Year Ended 31 December)

Revenue					
S\$'million	FY2023	FY2022	FY2021	FY2020	FY2019
	78.0	75.3	65.1	49.3	54.5
Net profit attributable to owners of the Company					
S\$'million	FY2023	FY2022	FY2021	FY2020	FY2019
	3.7	2.2	3.3	2.1	2.3

REVENUE CONTRIBUTION BY BUSINESS (%)



*The Engineering segment comprises Equipment Sales, Repairs and Servicing and Projects.

BOARD OF DIRECTORS



LIEW AH KUIE (JAMES LIEW)
Co-Founder and Group CEO

Mr James Liew, one of our founders, was formerly the Deputy Chairman and Managing Director of the Group. He oversees the Group's general operations, including human resources, management and general administration, as well as strategic planning for the Group's business expansion. He has been instrumental in the Group's growth, leading the expansion of its business and operations.

Date of first appointment: 2 January 2015
Date of last re-election: 28 April 2022



PAO KIEW TEE
Independent Chairman

Mr Pao Kiew Tee was a senior government auditor holding the position of senior group director. He retired in July 2016 after serving the Civil Service for 37 years. Before his retirement, he supervised a group responsible for auditing the financial statements and operation audits of government ministries and statutory boards. He graduated with a Bachelor of Commerce (Accounting) Degree from the University of Otago, Dunedin, New Zealand in 1974, and is a lifetime member of the Institute of Singapore Chartered Accountants and a Senior Accredited Director of the Singapore Institute of Directors.

Date of first appointment: 28 June 2016
Date of last re-election: 28 April 2023
Chairman: Audit Committee
Member: Nominating Committee and Remuneration Committee



LIEW CHERN YEAN
Executive Director

Mr Liew Chern Yean joined the Group in April 1996 and has more than 20 years of experience in the business of load handling systems, waste management systems and other engineering solutions. He oversees and manages the Group's quality control and assurance functions. He is also the Chief Technical Officer and is responsible for technology, advanced engineering and projects. Prior to joining the Group, Mr Liew was a design engineer with Hitachi Electronic Devices (Singapore) Pte. Ltd. from December 1994 to February 1996.

He graduated from the Nanyang Technological University with a Bachelor's Degree in Engineering (Mechanical) in 1994. In 2009, he was appointed as a committee member of the National Crane Safety Task Force of the Workplace Safety and Health Council.

Date of first appointment: 2 January 2015
Date of last re-election: 28 April 2023



LEW CHERN YONG (ERIC LEW)

Non-Executive Non-Independent Director

Mr Eric Lew joined the Group as Business Development Manager in September 2003. He was promoted to Executive Director in January 2015 and was re-designated to Non-Executive Non-Independent Director in March 2019. He started his career as an audit senior with KPMG LLP where he was involved in several external audit assignments from July 1997 to April 2000. He serves on the executive committee of the Waste Management and Recycling Association of Singapore.

He obtained a Bachelor's Degree in Accountancy with a minor in Banking and Finance from the Nanyang Technological University in 1997.

Date of first appointment: 2 January 2015

Date of last re-election: 28 April 2021

Member: Audit Committee, Nominating Committee and Remuneration Committee



WONG CHIT CHONG

Independent Director

Mr Wong Chit Chong brings with him 35 years of experience in the motor operations industry in Singapore. Previously, he served as Director of John Mead Dance Company Ltd. He was also the Director and General Manager of Triangle Auto Pte Ltd in Singapore, primarily responsible for overall management of Dah Chong Hong Trading (Singapore) Pte. Ltd. and the group's motor operations in Singapore. He joined Triangle Auto Pte Ltd. in December 1987.

Mr Wong holds a Diploma in Automobile Engineering from the Institute of Motor Industry, UK, a Diploma in Mechanical Engineering from the Singapore Polytechnic, a Diploma in Management Science from Singapore Institute of Management and a Master Degree in Business Administration from Brunel University, UK. He is a member of the Society of Automotive Engineers USA. Previously, he served as the President of the Motor Traders Association of Singapore and was a past member of the Mechanical Engineering Academic Advisory Committee of the Singapore Institute of Technical Education.

Date of first appointment: 9 May 2018

Date of last re-election: 28 April 2022

Chairman: Nominating Committee and Remuneration Committee

Member: Audit Committee

EXECUTIVE OFFICERS



JACK WONG

Chief Financial Officer

Mr Jack Wong joined the Group in March 2015 and is responsible for providing treasury, risk management and financial leadership to the Group. Prior to this, he was the head of service, finance and administration of Palfinger Marine Pte. Ltd., (“**Palfinger**”) where he was part of the management team responsible for developing and growing Palfinger’s marine business in the Asia Pacific region. Between 2005 and 2009, he was seconded to Australia and China where he held the positions of General Manager and Board member of Truck Cranes Australia Pty. Ltd. and General Manager and Legal Representative of Palfinger (Shenzhen) Ltd. He commenced his career as an audit/tax associate at PricewaterhouseCoopers LLP (“**PwC**”) after graduating with a Bachelor’s Degree in Accountancy from the Nanyang Technological University in 1997. He left PwC as a Tax Manager in 2004. He also obtained a Master of Applied Law (Corporate/Commercial Law) from the University of Queensland (Australia) in 2009. He is a member of the Association of Chartered Certified Accountants and a Chartered Accountant of the Institute of Singapore Chartered Accountants.



LEW SIEW CHOO

Director of Group Supply Chain and Operations and Human Resource

Ms Lew Siew Choo joined the Group in May 2001 and is currently our Director of Group Supply Chain and Operations and Human Resource. She is in charge of the Group’s supply chain which includes supplier relationship management as well as developing and implementing policies and procedures for the Group’s supply chain operations. She also oversees the Group’s administrative and information technology functions. From June 1993 to December 1996, she worked as an estate officer with the Housing Development Board. From February 1997 to April 2001, she was a Finance and Administrative Executive with T.C.J. Wong Fong (Far East) Pte Ltd. She graduated from the National University of Singapore with a Bachelor’s Degree in Business Administration in 1992.



CHIA KAH LAM

Operations Director

Mr Chia Kah Lam joined the Group in 1979 and is currently our Operations Director. He started his career in Wong Fong Engineering Works Company (“**Engineering Works**”) in 1979 as a service fitter where he was responsible for, amongst others, performing welding work, conducting fabrication work, and assisting in assembly work. After Engineering Works’ corporatisation, he took on various supervisory and managerial positions before being promoted to the position of Operations Director in June 2015. He is primarily responsible for overseeing and managing the operational aspects of the Group’s core business. He also works with the Group’s Sales Director to formulate marketing and sale strategies, and conducting marketing activities to promote the Group’s products.



LIU SHANNI

Director of Group Business Development and Information Technology

Mr Liu Shanni commenced his journey with the Group in February 2010. He leads the Group’s business expansion strategies and directs its information technology advancements. Prior to joining the Group, Mr Liu honed his skills and familiarity with operational processes and IT technologies during his tenure in the telecommunications industry between 2000 and 2009. Subsequently, he transitioned to Wong Fong, channeling his enriched knowledge and hands-on experience to bolster the organization’s endeavors.



ALBERT LEE

Sales Director

Mr Albert Lee joined the Group in 1988 and is responsible for our sales and marketing activities including the marketing of our latest products, services and capabilities to existing and potential customers. Mr Lee joined the Group as a service and work coordinator in December 1988, and subsequently took on various managerial positions, before being promoted to Sales Director in December 2013. Prior to joining the Group, he was a store service coordinator with George Cohen (Far East) Pte. Ltd. from June 1973 to December 1988 where he was responsible for all administrative and coordination functions at the store and service departments.

CORPORATE INFORMATION

BOARD OF DIRECTORS	<ul style="list-style-type: none">» Pao Kiew Tee, Independent Chairman» Liew Ah Kuie (James Liew), Co-Founder and Group CEO» Liew Chern Yean, Executive Director» Lew Chern Yong (Eric Lew), Non-Executive, Non-Independent Director» Wong Chit Chong, Independent Director
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AUDIT COMMITTEE	<ul style="list-style-type: none">» Pao Kiew Tee (Chairman)» Wong Chit Chong» Eric Lew
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NOMINATING COMMITTEE	<ul style="list-style-type: none">» Wong Chit Chong (Chairman)» Pao Kiew Tee» Eric Lew
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REMUNERATION COMMITTEE	<ul style="list-style-type: none">» Wong Chit Chong (Chairman)» Pao Kiew Tee» Eric Lew
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COMPANY SECRETARY	Low Mei Mei Maureen and Lai Foon Kuen as Joint Company Secretaries
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REGISTERED OFFICE	79 Joo Koon Circle, Singapore 629107 Tel: (65) 6861 6555 Fax: (65) 6861 3230 www.wongfongindustries.com
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SPONSOR	United Overseas Bank Limited 80 Raffles Place, UOB Plaza, Singapore 048624
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AUDITOR	Deloitte & Touche LLP 6 Shenton Way, #33-00 OUE Downtown 2, Singapore 068809
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PARTNER-IN-CHARGE:	Ng Meng Chuan (a member of the Institute of Singapore Chartered Accountants) Appointed since financial year ended 31 December 2021
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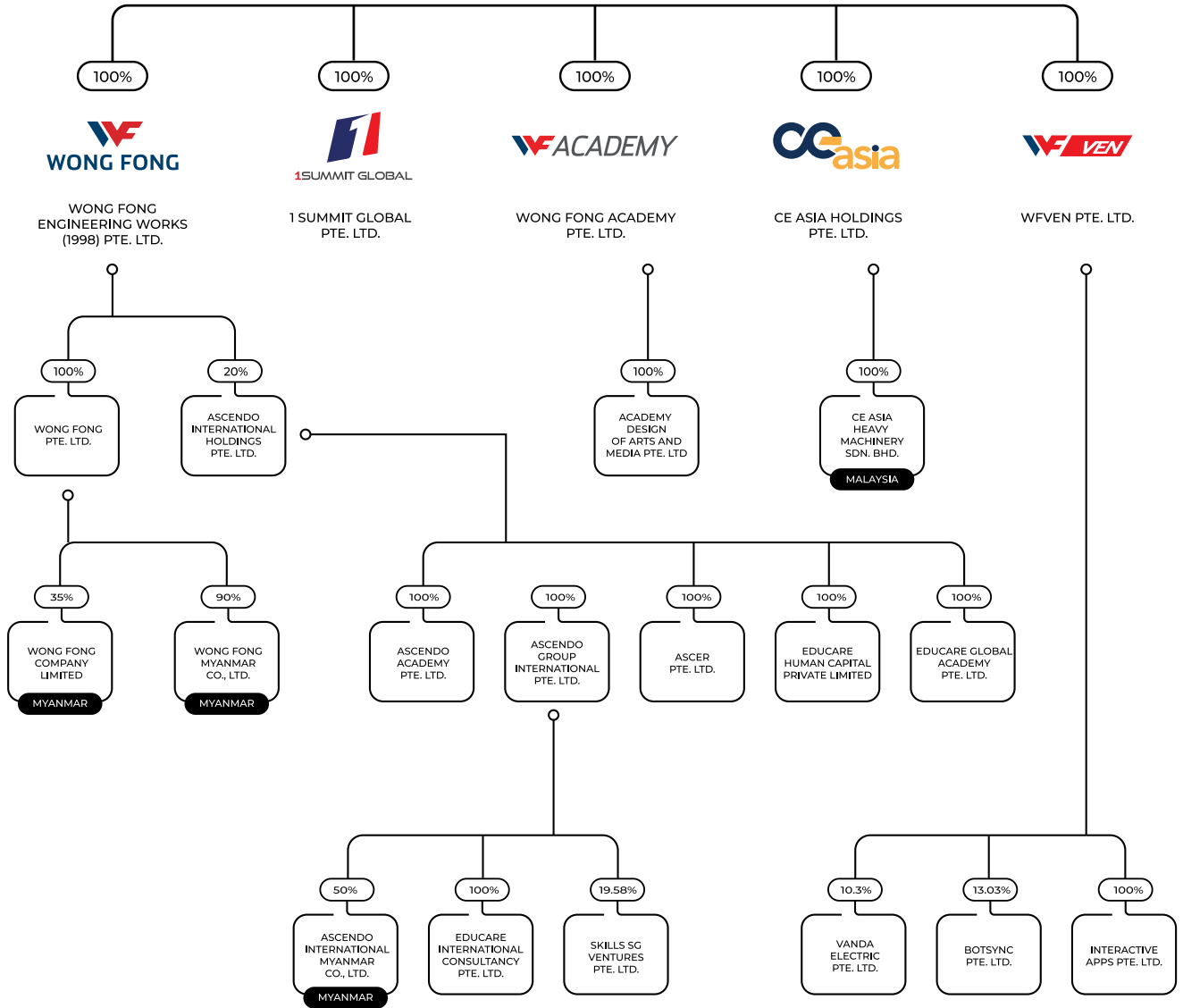
INVESTOR RELATIONS	investors@wongfong.com
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CORPORATE STRUCTURE

(As at 31 December 2023)



WONG FONG INDUSTRIES LIMITED



All companies are incorporated in Singapore unless otherwise stated



SUSTAINABILITY AT WONG FONG

This sustainability report has been prepared in accordance with the Listing Manual Section B: Rules of Catalist of the SGX-ST (“**Catalist Rules**”) and with reference to the GRI Sustainability Reporting Standards (“**GRI Standards**”). We have chosen to report using the GRI Standards because it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework promotes reporting a full and balanced picture of the Group’s material matters and the management of its impact. As well as, we have disclosed with the Task Force on Climate-related Financial Disclosures (“**TCFD**”) to understand and manage climate risks and opportunities.

We believe that a sustainable business strategy is integral to the growth and progress of the Group. With this in mind, we embarked on our plan to align our process strategy with environmental social objectives to build a sustainable business for our future generations. The sustainability performance data presented in this sustainability report covers the period from 1 January 2023 to 31 December 2023, with FY2022 and FY2021 performance included for comparison, where possible.

To be published yearly in our annual report, our sustainability report will report on the Group’s performance and strategy on material issues in relation to environmental, social and governance (“**ESG**”) sustainability that are relevant to our stakeholders. Our data is reported in good faith and to the best of our knowledge.

Our sustainability report has been subject to the Company’s internal review. The GRI Content Index and TCFD Content Index are contained on pages 48 to 54 of this annual report, indicating the location of the applicable disclosures within this sustainability report.

No external assurance has been sought for this sustainability report. Nevertheless, we will seek external assurance if there is a need in the future. We welcome your feedback, views and suggestions on our sustainability performance. All queries can be addressed to investors@wongfong.com.

BOARD STATEMENT

We are pleased to present Wong Fong's 7th sustainability report, which outlines our approach to sustainability as well as our performance for the reporting period, FY2023.

The Board recognises the importance of ensuring that sustainability principles are incorporated during the formulation of the Group's long term business strategies. We ensure that Wong Fong's businesses continued to remain vigilant and adaptive as we forge ahead with plans to grow our business and to create value for our stakeholders. We endeavour to enhance and embed sustainable practices in Wong Fong's strategy and operations. Therefore, it is important for us to revisit our material sustainability matters we have previously reported on. Thus, we have initiated an internal exercise to review our sustainability practices for a more systematic approach and to effectively integrate ESG into our business. We aim to enhance our disclosures and introduce changes with more defined targets, measures and practices in our reports to align with the updated Catalist Rules, internationally recognised sustainability reporting frameworks such as the GRI Standards, and the recommendations from the TCFD.

Based on the recommendations of the TCFD, Wong Fong plans to embark on a climate change discovery and planning study. The study aims to raise Wong Fong's business resilience and readiness for potential climate-related risks. Our disclosure focuses on key climate-related risks (physical and transition) and opportunities that we have identified to be relevant to our business segments.

The Board acknowledges the need to disclose our ESG practices and performances, which is in line with the "Comply or Explain" sustainability reporting framework of the SGX-ST.

Wong Fong believes that sustainability issues are important to our business and they are part of our strategy formulation. In our first sustainability report for FY2017, we published the material ESG topics relevant to our business and stakeholders. Our material factors are reviewed on an annual basis and the Board examines the factors closely in the context of the prevailing global, economic, and business conditions. These ESG topics remain relevant to our business and our stakeholders and we do continue to assess and monitor them accordingly.

Being a listed company on the SGX- ST, Wong Fong is committed to monitoring and managing material ESG as we continue to serve our customers every day.

On behalf of the Board and the management of Wong Fong, we would like to thank all our staff, partners and other stakeholders who have been with us throughout our sustainability journey. We look forward to your continued engagement, partnership and support as we continue the journey to improve our sustainability efforts for Wong Fong and its stakeholders.

Sincerely,
Board of Directors
Wong Fong Industries Limited

OUR SUSTAINABILITY FRAMEWORK

Wong Fong's sustainability vision is to support the ability to operate and grow profitably in a changing and challenging economic, technology, ecology and social environment. As a Group, Wong Fong is aware of the importance of its corporate social responsibilities.

We developed and constantly review our sustainability strategy in view of the risks and opportunities we face today and foresee in the horizon. Our sustainability strategy focuses on 3 key pillars: Environmental, Social, and Economic & Governance.

The sustainability framework sets out the sustainability priorities for Wong Fong towards the future. To better integrate sustainability across Wong Fong, our approach to materiality has evolved to be in line with the GRI framework as it is a common language for sustainability reporting and multi-stakeholder consensus. Wong Fong made disclosure based on TCFD on climate reporting. We seek to engage our stakeholders (who include Shareholders, employees, suppliers, customers and the management) using all available communication channels and platforms. Most of the data collected are from our main engineering subsidiary, Wong Fong Engineering Works (1988) Pte. Ltd. ("WFE") which accounted for approximately 70% of our revenue in FY2023.

Further information on our ESG which are part of sustainability, can be found on pages 26 to 47 of this annual report. This sustainability report is prepared for FY2023.

SENIOR MANAGEMENT ENGAGEMENT

To achieve organizational success in sustainability integration within the business requires the top-level alignment and sits highly on the management agenda in strategic planning.

Wong Fong's sustainability is driven by the management team which is chaired by the Co-Founder and Group CEO, Mr James Liew. The Sustainability Steering Committee ("SSC") is made up of members from our management team, comprising our Chief Financial Officer, Chief Technology Officer, Group Finance Manager, Operations Director, Sales Director and Supply Chain Director.

The SSC meets annually to review the performance of the key material issues. The Sustainability Working Committee ("SWC") reports to the SSC. The SWC comprises staff from respective departments and focuses on sustainability implementation, data collection and analysis.

MATERIALITY ASSESSMENT

In FY2023, Wong Fong held a materiality workshop to refresh our material ESG topics. We took the opportunity to review our current sustainability strategy and focus areas to ensure that we continue to address our stakeholders needs.

To identify the key material factors material to our Group, we considered those that would have the greatest impact on our operations, stakeholders and the environment around us.

In FY2017, we conducted a materiality assessment and identified 9 material ESG topics that are material to the business and our stakeholders. The Group has adopted the materiality matrix approach to identify and prioritise key sustainability material topics. Questionnaire feedback was gathered from stakeholders which formed the basis for determining Wong Fong's materiality matrix. We had added the material topic of Climate Change for our FY2022 Sustainability Report. All issues will be reviewed on an ongoing basis.

During the materiality assessment process, the management prioritised these ESG topics based on the significance of their impacts on Wong Fong and their influence on our stakeholder assessments and decisions. The materiality assessment was conducted in line with the GRI Standards in connection with the materiality principle. The materiality assessment is endorsed by the Board.



2021

In FY2021, the prioritisation of the material issues is reviewed in the context of the prevailing global, economic and business conditions.

The identified material issues and their prioritisation remain unchanged from FY2020 sustainability report.

2022

In FY2022, Wong Fong applied the same materiality determination process as previously reported, to evaluate the Group's existing ESG priorities and make disclosures based on recommendations of the TCFD.

The identified material issues have increased to 10, with the addition of climate reporting in FY2021 sustainability report.

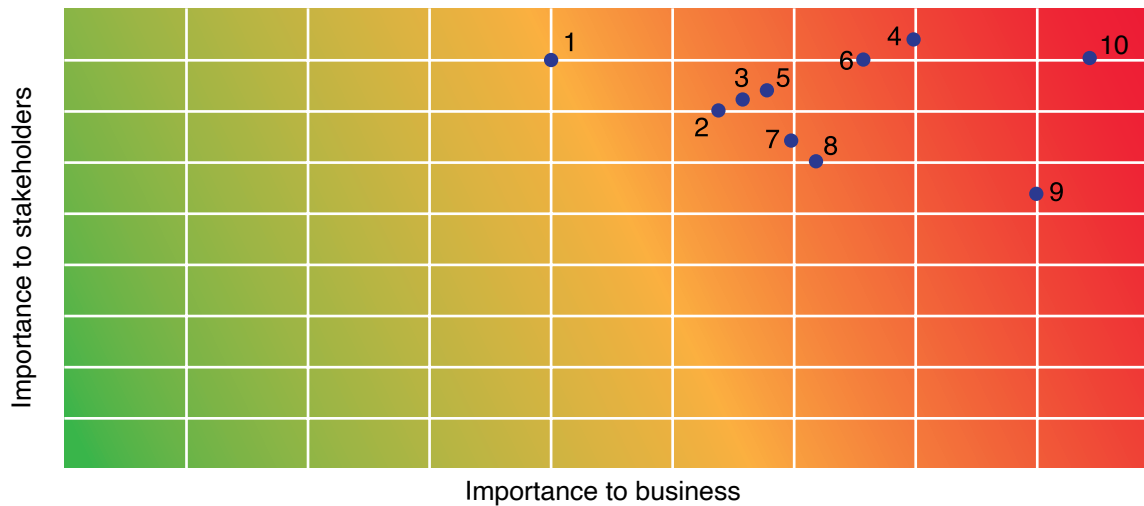
2023

In FY2023, Wong Fong applied the same materiality determination process as previously reported, to evaluate the Group's existing ESG priorities and make disclosures based on recommendations of the TCFD.

The identified material issues and their prioritisation remain unchanged from FY2022 sustainability report.



MATERIAL TOPICS



1	Climate Change
2	Succession Planning
3	Employees & Talent
4	Health & Safety
5	Product Safety
6	Customer Satisfaction in Services and Products Provided
7	Ethics & Integrity
8	Compliance with Regulations
9	Governance & Accountability
10	Risk Management

ESG Material Topics

ENVIRONMENTAL	SOCIAL	ECONOMIC AND GOVERNANCE
Climate Change	Succession Planning Employees & Talent Health & Safety Product Safety Customer Satisfaction in Services and Products Provided	Ethics & Integrity Compliance with Regulations Governance & Accountability Risk Management

STAKEHOLDER ENGAGEMENT

Our stakeholders provide valuable feedback to shape the way we enhance their experience when interacting with Wong Fong. It is only through timely engagements that allow us to better understand our stakeholders' expectations and concerns. We constantly engage our stakeholders through various channels to understand the sustainability issues that matter to them.

The following table summarises our engagement approach with our key stakeholders:




Stakeholders	Key Topics of Concern	Our Response	Engagement	Frequency of Engagement
Government and Regulators	<ul style="list-style-type: none"> Regulatory compliance and feedback 	<ul style="list-style-type: none"> To comply with rules and regulations 	<ul style="list-style-type: none"> Announcement of material corporate actions 	<ul style="list-style-type: none"> As and when required
			<ul style="list-style-type: none"> Financial results announcements 	<ul style="list-style-type: none"> Half yearly
			<ul style="list-style-type: none"> Annual reports 	<ul style="list-style-type: none"> Yearly
Shareholders	<ul style="list-style-type: none"> Group's growth 	<ul style="list-style-type: none"> To increase frontline engagement for growth and returns 	<ul style="list-style-type: none"> Annual general meeting 	<ul style="list-style-type: none"> Yearly
	<ul style="list-style-type: none"> Economic performance 		<ul style="list-style-type: none"> Financial results announcements and presentations 	<ul style="list-style-type: none"> Half yearly
	<ul style="list-style-type: none"> Investment opportunities 			<ul style="list-style-type: none"> Yearly
	<ul style="list-style-type: none"> Shareholders' return 			<ul style="list-style-type: none"> As and when required
				<ul style="list-style-type: none"> As and when required
Suppliers	<ul style="list-style-type: none"> Product safety issues 	<ul style="list-style-type: none"> Communicate and provide feedback regarding their services and products 	<ul style="list-style-type: none"> Face to face meeting 	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Timely delivery of goods 		<ul style="list-style-type: none"> Ensure that the suppliers' business complies with contract terms 	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Positive relationship management through communication 			<ul style="list-style-type: none"> Ongoing
				<ul style="list-style-type: none"> As and when required
Employees	<ul style="list-style-type: none"> Human resource issues 	<ul style="list-style-type: none"> Be open and transparent about our human resource policies 	<ul style="list-style-type: none"> Induction programme 	<ul style="list-style-type: none"> As and when required








Stakeholders	Key Topics of Concern	Our Response	Engagement	Frequency of Engagement
Employees	<ul style="list-style-type: none"> • Career progression 	<ul style="list-style-type: none"> • All employees undergo performance evaluation and the Company rewards long-serving employees 	<ul style="list-style-type: none"> • Team bonding session 	<ul style="list-style-type: none"> • Yearly
	<ul style="list-style-type: none"> • Team building 	<ul style="list-style-type: none"> • Training to equip staff with the necessary knowledge and skills 	<ul style="list-style-type: none"> • Staff appraisal 	<ul style="list-style-type: none"> • Yearly
	<ul style="list-style-type: none"> • Health and safety in the workplace 		<ul style="list-style-type: none"> • Staff training 	<ul style="list-style-type: none"> • As and when required
	<ul style="list-style-type: none"> • Job security 		<ul style="list-style-type: none"> • News via emails and notices 	<ul style="list-style-type: none"> • As and when required
	<ul style="list-style-type: none"> • Remuneration and benefits 			

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

The UN SDGs rally governments and corporations to secure the well-being of people, societies, and the planet by providing a blueprint to address the world’s most pressing sustainability development challenges. Wong Fong supports the UN SDGs and has aligned the sustainability efforts with 7 UN SDGs most relevant to our business operations in FY2023.

The table below outlines how we have mapped out our material topics to the selected UN SDGs, relevant GRI Topic Standards, and our FY2023 performance against targets.

Material ESG Topic	UN SDGs	GRI Topic Standard	FY2023 Performance	Commitments and Targets
Climate Change	  	GRI 302: Energy GRI 303: Water and Effluents GRI 306: Waste	<ul style="list-style-type: none"> • Energy Consumption: Please refer to page 29 • Water Consumption: Please refer to page 31 	<ul style="list-style-type: none"> • Reduce water and energy used by 10% by FY2027 using FY2022 as a baseline

Material ESG Topic	UN SDGs	GRI Topic Standard	FY2023 Performance	Commitments and Targets
Succession Planning	-	-	<ul style="list-style-type: none"> Groom a pool of robust talents and promote them to management roles 	<ul style="list-style-type: none"> Having a robust preparatory programme to groom talents in the organisation to ensure business continuity
Employees & Talent	 	GRI 401: Employment GRI 405: Diversity and Equal Opportunity	<ul style="list-style-type: none"> Average of 1 bonding activity per year in each department 3 Committed to your Health (“C2H”) programmes for employees 	<ul style="list-style-type: none"> Average of 1 bonding activity per year in each department 5 C2H programmes for employees
Health & Safety	 	GRI 403: Occupational Health and Safety	<ul style="list-style-type: none"> Zero fatalities and 4 reportable workplace accidents 	<ul style="list-style-type: none"> Zero fatalities and workplace accidents across operations in all business locations
Product Safety	-	GRI 416: Customer Health and Safety	<ul style="list-style-type: none"> No incident of non-compliance with regulations 	<ul style="list-style-type: none"> No incident of non-compliance with regulations
Ethics & Integrity		GRI 102: Ethics and Integrity	<ul style="list-style-type: none"> No incident of whistle blowing No incident of corruption case 	<ul style="list-style-type: none"> No incident of whistle blowing No incident of corruption case
Compliance with Regulations		GRI 419: Socioeconomic Compliance	<ul style="list-style-type: none"> No known cases of non-compliance with relevant laws and regulations 	<ul style="list-style-type: none"> No known cases of non-compliance with relevant laws and regulations
Governance & Accountability		-	<ul style="list-style-type: none"> No significant reported cases of misconduct 	<ul style="list-style-type: none"> No significant reported cases of misconduct
Risk Management	-	-	<ul style="list-style-type: none"> A detailed list of risk management for the Company and ways in managing the risks 	<ul style="list-style-type: none"> Reviewing of the risk management and ensure relevance to the Company

ENVIRONMENTAL

Wong Fong is committed to minimising our environmental impact and building operational resilience to the effects of climate change. We achieve our goal by being mindful of the use of resources, having a long-term plan to decarbonise, and managing key climate risks and opportunities.

We proactively implement and review our processes and systems to promote the sustainable usage and management of resources such as energy, water and waste. Our Singapore factory is ISO 14001 certified. We endeavour to prevent environmental pollution and also comply with all prevailing laws and regulations in the countries where we operate. In FY2023, there were no cases of non-compliance with relevant environmental laws and regulations.

In FY2022, being our first-year reporting on these climate-related disclosures, we have described the governance structures and the processes for identifying and managing climate-related risks, and identified the risks and opportunities, and mitigating actions brought by global climate change. This year, we further categorised and assessed the potential impacts of the climate-related risks and opportunities identified over the short (within 2 years), medium (3 to 5 years) and long term (beyond 5 years) which are relevant to the Group. In the coming two years, we would dive deeper into the formulation of business strategy and financial planning related to the identified climate-related risks.

Climate change presents a financial risk to businesses. Consequently, there is a need to understand and manage key climate risks and opportunities.

Climate-Related Risks and Potential Financial Impacts

The following table summarises the climate-related physical and transition risks identified for the Group across the short, medium and long term, as well as the potential financial impacts on our business.



Risk Type	Climate Related Risk	Potential Financial Impacts
Transition Risk	Policy & Legal <ul style="list-style-type: none"> Emission-reporting obligations Exposure to litigation 	Short Term <ul style="list-style-type: none"> Increase in compliance costs to meet the mandatory climate-related disclosure requirements Medium to Long Term <ul style="list-style-type: none"> The monitoring and implementation of environmental policies would lead to an increase in operating expenses. Any failure to comply with the above could result in litigation risks Regulators in different jurisdictions where we operate could impose additional or more stringent environmental policies on our products. Failure to comply may result in litigation risks
	Technology <ul style="list-style-type: none"> Substitution of existing technology Costs to transition to lower emissions technology 	Medium to Long Term <ul style="list-style-type: none"> Increase in research and development (R&D) expenditures in new and alternative technologies In the transition to a lower-carbon economy, new technologies may need to be adopted to enhance resource efficiency throughout our operations
	Market <ul style="list-style-type: none"> Changing customers' demand and preferences for eco-friendly and sustainable products 	Short to Medium Term <ul style="list-style-type: none"> Reduced demand for goods and services due to shift in consumer preferences (e.g. more eco-friendly products) may present a challenge if we are unable to meet their requirements Increased production costs due to changing input prices (e.g. energy and water) and output requirements. (e.g. waste treatment)
	Reputation <ul style="list-style-type: none"> Increase in stakeholders' concerns and awareness 	Medium Term <ul style="list-style-type: none"> Consumers are more environmentally conscious and expect companies to consider environment issues
Physical Risk	Acute <ul style="list-style-type: none"> Increased severity of extreme weather events Chronic <ul style="list-style-type: none"> Rising temperature Rising sea levels 	Short to Medium Term <ul style="list-style-type: none"> Reduction in revenue due to frequency and intensity of extreme weather events, such as cyclones and flood, could cause disruption to our supply chain. (e.g. transportation delays) which will impact our production capacity and timeline Increase in temperature could lead to temperature changes in both water and air Increase in operating costs (e.g. increase in water supply to cool down machinery and increase in electricity)

CLIMATE-RELATED OPPORTUNITIES AND POTENTIAL FINANCIAL IMPACTS

Climate change not only brings about challenges to the Group's business operations but could also give rise to opportunities. The climate-related opportunities and the potential financial impacts are presented in the table below:

Type	Climate-Related Opportunities	Potential Financial Impacts
Resource Efficiency (Short to Medium Term)	<p>Increased production capacity, resulting in increased revenues. Continuous improvisation and innovation in production methods, handling and storage facilities to promote resource efficiency to attain lower carbon footprint and to reduce operating expenses in the long term.</p> <p>Benefits to workforce management and planning where the C2H committee promotes programmes to improved health and safety of employees resulting in lower costs.</p>	<ul style="list-style-type: none"> Reduced operating costs (e.g. cost reductions in utilities on energy and water)
Product and Services (Short to Medium Term)	<p>Consumers are increasingly looking for green, sustainable and socially responsible products. We strive to develop new low emission sustainable products through R&D and innovation to meet the changing customers' preferences and to reduce environmental impacts.</p>	<ul style="list-style-type: none"> Improve in revenue through increase in demand for sustainable products. Better customer engagement and effective brand building through the development and sale of sustainable products. Improve in employee satisfaction and boost productivity as employees observe the positive effects their products have on the environment and society, resulting in lower costs
Energy Source (Medium to Long Term)	<p>Wong Fong have deployed renewable energy where operationally feasible. We have installed solar panels on the roof of 79 Joo Koon Circle factory and 38 Joo Koon Road factory to promote higher energy efficient factory.</p>	<ul style="list-style-type: none"> Decrease in operational costs through self-generating energy. Lower GHG emission and less affected by the increase in carbon tax
Resilience (Medium to Long Term)	<p>We will embark on strategic reviews on key areas where we operate in that are more exposed and vulnerable to physical climate risk. Subsequently, we will establish an action plan to support climate mitigation efforts if any.</p>	<ul style="list-style-type: none"> Increase reliability of supply chain and ability to operate under various conditions. Increase in revenue through consistency in supplies and value propositions

CLIMATE CHANGE

Reducing Environmental Impact

Activities	Energy Efficiency, Water Conservation, Waste Recycling and Solar Technology
Outputs	Renewable Energy Usage, Waste Disposal, Waste Recycling and Responsible Supply Chain
Value Created	Energy Reduction, Water Reduction, Waste Reduction and Environmental Regulatory Compliance

Energy Management

As a Group with a vast and growing network, electricity consumption as well as its associated carbon footprint is our main environmental and supply chain issue.

The Group mainly relies on purchased electricity as one of the main sources of energy in its operations. Wong Fong has embraced a practical and measured approach to utilise alternative green energy sources in its commitment to reduce its carbon footprint. For example, we have commissioned the use of solar panels at our 79 Joo Koon Circle factory and 38 Joo

Koon Road factory. Our percentage usage of using solar energy and purchased electricity is approximately 25% and 75% respectively. The following table provides an overview of the purchased electricity consumption of the Group in FY2022 and FY2023. In FY2023, our purchased electricity consumption increased in 79 Joo Koon Circle factory mainly due to an increase in business activities. The Group's target for FY2024 is a 2% reduction in purchased electricity consumption.

Factory	Target	FY2023 (kWh)	FY2022 (kWh)
79 Joo Koon Circle	Not Met	634,191.00	644,215.00
16 Tuas Avenue 6	Met	212,706.94	228,238.71
38 Joo Koon Road	Met	-	86,460.00
Total	Met	846,897.94	958,913.71



A. Energy Saving Initiatives

Wong Fong encourages and promotes energy saving practices in their respective operations. All employees are responsible to ensure that wastage of energy is reduced at source in their daily work activities. Equipment should be maintained regularly to ensure its efficiency and all faulty equipment should be reported for repair, including workshop equipment and machinery.

Some other examples to highlight on the Group's efforts to reduce electricity consumption include:

- Switching off office lights when out for lunch or when no one is working. Switching off decorative, signage and lights that are not necessary for security or safety.
- Last person in the office should check and ensure that all equipment are switched off before leaving.
- All lights and aircons in the meeting rooms, equipment and storage rooms, including construction sites should be switched off when not in used.
- Energy saving equipment and machinery should be selected for use in the workshop to save energy.
- Reminder signs should be prominently displayed on equipment and machinery to prevent idling when not in use.
- Air conditioning should be set at 25 degree celsius. Keep doors closed to prevent loss of cooled air.
- Computers to be set to standby mode when out for lunch and should be switched off when staff is out for more than an hour.
- Blinds should be rolled up and natural lighting should be used when possible.
- Only sections of the lightings and aircons should be switched on when staff is working late or during weekends.
- When purchasing new equipment, energy saving equipment such as energy saving ballast, bulbs, LED, etc. should be considered, including for the workshop.

B. Energy Conservation

The monthly utilization of electricity shall be monitored and plotted for analysis. Investigation and corrective actions should be initiated when abnormal trend is observed. This is applicable for both office and workshop.

C. Renewable Energy – Solar Energy

As part of the Group's approach to optimise energy savings, we have installed solar panels on the roof of our 79 Joo Koon Circle factory. In FY2023, we have also completed installing solar panels on the roof of 38 Joo Koon Road factory and in FY2024 the Group will be planning to install solar panels on the roof of our 16 Tuas Avenue 6 factory. We aim to use natural resources such as energy and water efficiently.

Wong Fong will continue to monitor the Group's solar energy consumption in the different business segments. In FY2023, our solar energy consumption decreased in 79 Joo Koon Circle factory mainly due to lesser solar energy generated. The Group's target for FY2024 is a 2% increase in solar energy consumption.

Factory	Target	FY2023 (kWh)	FY2022 (kWh)
79 Joo Koon Circle	Not Met	241,622.00	263,349.00
38 Joo Koon Road	Not applicable	37,740.00	-
Total	Met	279,362.00	263,349.00

Water Management

The Group will continue to monitor water usage and practices throughout its operations as it recognises the importance of water conservation, as it is a precious natural resource although it is not used extensively across the Group’s value chain nor at our plants, warehouses or offices. Water is purchased from the local utilities companies and recorded by each entity in the Group and monitored through their monthly water billing invoices. We will review internally on how we should measure, track and monitor water consumption more effectively across the Group so as to ensure water consumption levels do not vary extensively from previous years.

As part of our water management strategy, we constantly examine ways to retain water from natural sources (e.g. rainwater) and recycle them for washing and cleaning of our factory.

In FY2023, our water consumption increased in all our factories mainly due to an increase in business activities. The Group’s target for FY2024 is a 2% decrease in water consumption. The table below provides an overview of the water consumption of the Group in FY2023 and FY2022:

Factory	Target	FY2023 (CuM)	FY2022 (CuM)
79 Joo Koon Circle	Not Met	6,929.20	6,088.80
16 Tuas Avenue 6	Not Met	3,722.10	3,415.50
38 Joo Koon Road	Not Met	1,682.80	1,375.80
Total	Not Met	12,334.10	10,880.10



Waste Management

As far as minimising our impact on the environment is concerned, for waste management, we have engaged an approved waste collector to dispose unwanted oil to minimise environmental pollution.

Wong Fong remains steadfast in managing our waste efficiently and seeks to reduce, reuse, and recycle our waste whenever feasible. Adopting the waste management hierarchy, reduction of waste is prioritised before reusing and recycling. To reduce the use of paper and further automate and digitise

our internal workflows for better productivity, we implemented and integrated Adobe DocuSign’s e-signature solution into our operations and we will be discontinuing the practice of mailing the Company’s annual reports to Shareholders to reduce the use of paper. We will continue to explore other ways to reduce waste through our procurement practices. To mitigate our impact on the environment, Wong Fong has several strategies in place to practise the 3Rs in waste management. All FY2023 targets were met. We aim to maintain the same for FY2024.

Procedures	Waste Management Initiatives
Segregation of General Waste	a) Organic waste <ul style="list-style-type: none"> • Food waste b) Recyclable waste <ul style="list-style-type: none"> • Steel scrap, wood, plastic, paper c) Toxic industrial wastes <ul style="list-style-type: none"> • Chemical waste • PVC waste • Used oils and greases from machinery and equipment • Used or leftover paints containing heavy metals or organic solvents used or leftover glues or adhesives containing organic solvents • Used paint from spray paint booth
Installation & Removing of Rubbish Bins	<ul style="list-style-type: none"> • Sufficient number of bins shall be placed so that wastes are not mixed. The Service Manager shall monitor the accumulation and their timely disposal. There should be no spillage of refuse around the bins. • Appointment of the general licensed waste collector as well as the licensed recycling waste-removing contractor. • Waste such as paper, metal and any other wastes shall be recycled if possible to minimise waste disposal.
Control of Material Ordering	Each department shall exercise control to minimize wastage of material.
Monitoring	Wong Fong shall keep track of the quantities of different type of wastes disposed and ensure that proper housekeeping is being carried out regularly.

We have a waste management procedure whereby we disposed our waste appropriately:

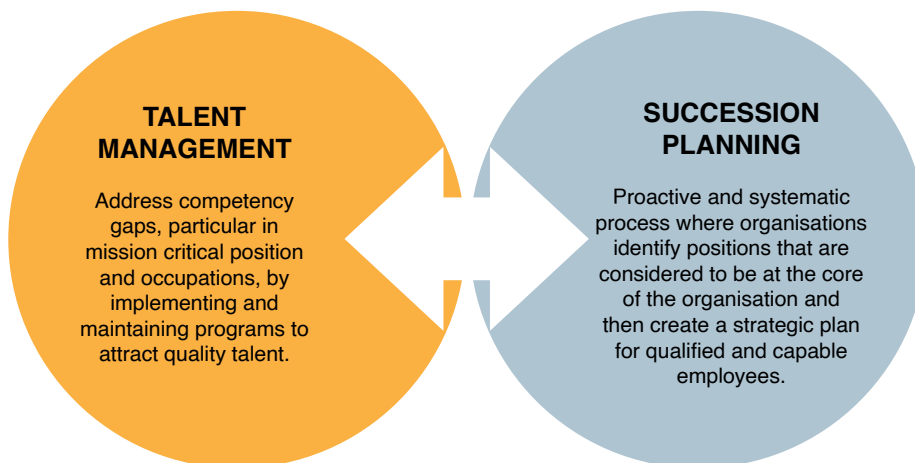
Type of Waste	Methods of Disposing	Target	FY2023
General, plastic, wooden, metal waste	Collected at different open top container (“OTC”) and dispose by appointed waste collector once the OTC is full	Met	Timely disposal once OTC is full
Waste oil generate during servicing activities	Flow into the oil interceptor and collect by appointed waste collector once every 2 weeks	Met	Every 2 weeks of disposal as scheduled
Waste hydraulic oil	Collected into drum or intermediate bulk container and collected by appointed waste collector once the container is full	Met	Timely disposal once container is full
Paper / carton box	Collected by appointed collector when required	Met	Timely disposal

SOCIAL

2. SUCCESSION PLANNING

Through a proactive and systematic process, Wong Fong identifies the core positions to our organization and creates a strategic plan for qualified and capable employees to fill in those core positions.

Wong Fong strives to ensure business continuity; thus, it has put in place a succession planning programme that continually grooms a pool of robust talents within the Group to be ready for its future needs and to handle future changes. We are of the view that such a robust preparatory programme will ensure their readiness to assume the mantle of leadership and solidify their willingness to place the Group's interest above all else.



3. EMPLOYEES & TALENT

Wong Fong recognises that people are our assets and are vital capital to achieving long-term sustainability and growth goals. As such, Wong Fong had invested a substantial amount of resources to nurture and develop our human capital. Staff welfare and well-being is also a key component of our management ethos.

The C2H committee was formed in January 2016 with the belief that healthy employees would lead to a more efficient and productive organisation. The C2H committee is responsible for organising many fun-filled activities to engage and encourage a healthy lifestyle among Wong Fong employees.

Our employees have benefitted from a range of activities throughout the year such as:

- Badminton to allow employees to get together from different departments
- Fruits day
- Zumba & Fit to allow staff to maintain a healthy lifestyle
- Kranji farm visit to allow staff to have bonding with each other

Caring for our employees also extends to their family members. Childcare bonus, capped at 2 children, is given to all staff whose child is 12 years old and below.

Wong Fong believes that working hand in hand with mutual respect for another is vital to the firm. To promote communications between employees, department heads are encouraged to hold team bonding activities at least once per calendar year.

Wong Fong has in place a career development programme to ensure that our employees are adaptable to changes and be future ready. All employees in the Group are given priority for internal transfer or secondment whenever there is a job vacancy. Employees stand to benefit from this arrangement as it widens their exposure and skill-sets across business functions. Local and overseas scholarships are also awarded to well-deserving and outstanding employees. Upon completion, the employee returns to Wong Fong and is groomed to take on greater responsibilities.

Aside from career development programme, we also provide opportunities for our employees to gain knowledge and skills beyond their job functions or requirements such as external courses on supervisory and problem-solving skills and language enhancement. All training processes are closely monitored and tracked by line managers and the human resource department to ensure that our employees' learning and development needs are adequately met.

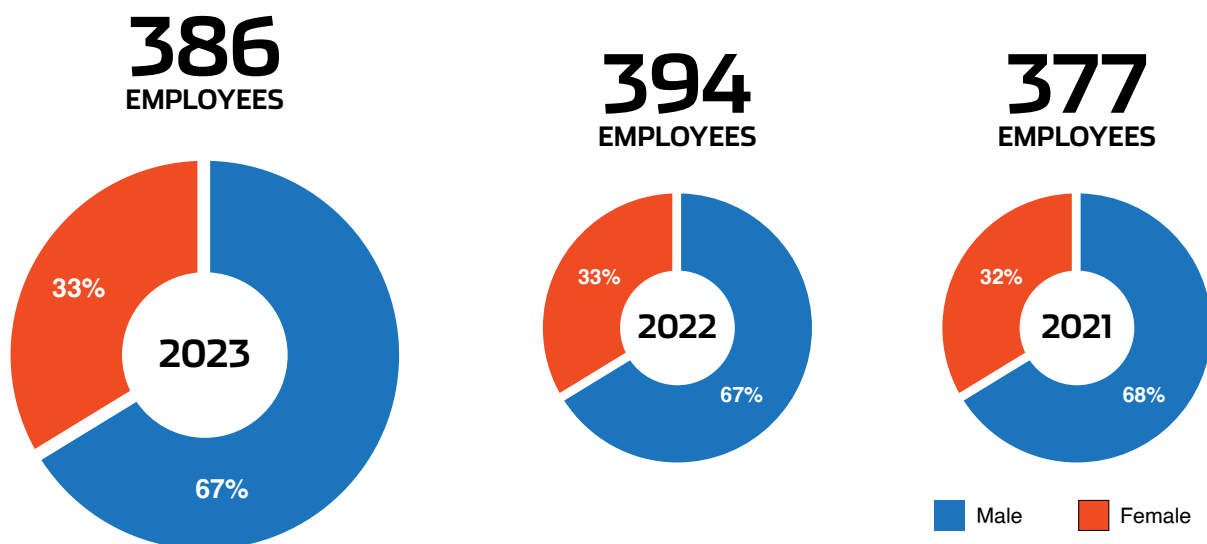
OUR PEOPLE

Our employees are our most important asset. Diversity within a workplace is important as it allows Wong Fong to expand its horizons with a wider range of insights and perspectives. As at 31 December 2023, the Group has a total headcount of 386 employees.

In terms of gender proportion, the gender distribution across our businesses is at a male to female ratio of 67:33 as at 31 December 2023. We have more male employees due to the inherent nature of being

the providers of land transport engineering solutions and systems. Wong Fong advocates for an inclusive workplace through its age-diverse workforce that is fairly represented by employees from all age groups.

For Wong Fong, we have employees employed on either a full time or temporary basis. Out of the total headcount of 386 as at 31 December 2023, Wong Fong has no temporary employees.



Summary	FY2023	FY2022	FY2021
Total employees	386	394	377
Full time employees	386	390	375
Temporary employees	0	4	2
Male employees	258	263	255
Female employees	128	131	122

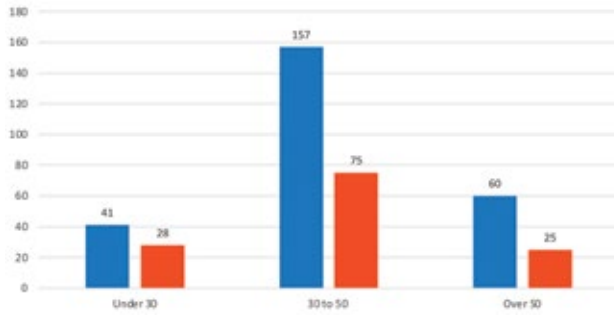
EMPLOYEES BY DIVERSITY AND GENDER

Total	FY2023	Male	Female
86%	Staff	67%	33%
10%	Managerial	58%	42%
4%	Management	75%	25%

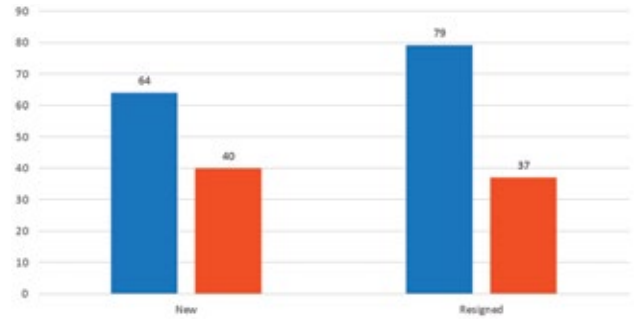
Total	FY2022	Male	Female
82%	Staff	68%	32%
13%	Managerial	59%	41%
5%	Management	72%	28%

Total	FY2021	Male	Female
83%	Staff	67%	33%
12%	Managerial	72%	28%
5%	Management	74%	26%

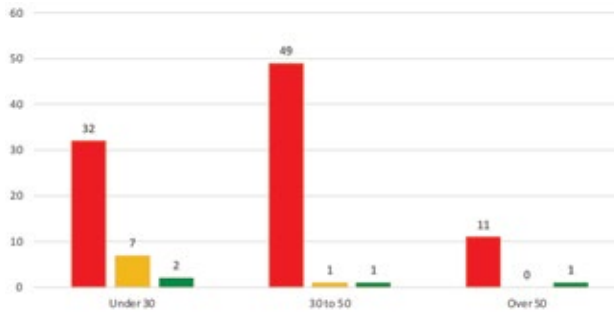
EMPLOYEES BY GENDER AND AGE GROUP FOR FY2023



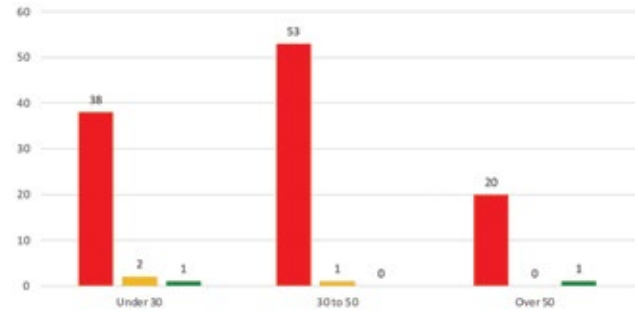
GROUP NEW HIRES AND LEAVERS FOR FY2023



NEW HIRES BY GEOGRAPHICAL REGION



LEAVERS BY GEOGRAPHICAL REGION



■ Singapore
 ■ Malaysia
 ■ Myanmar

	FY2023		FY2022		FY2021	
	Male	Female	Male	Female	Male	Female
Full time employees	258	128	261	129	255	120
Temporary employees	0	0	2	2	0	2

	FY2023			FY2022			FY2021		
	Singapore	Malaysia	Myanmar	Singapore	Malaysia	Myanmar	Singapore	Malaysia	Myanmar
Full time employees	356	20	10	366	16	8	347	20	8
Temporary employees	0	0	0	4	0	0	2	0	0
Total	356	20	10	370	16	8	349	20	8



4. HEALTH & SAFETY

Wong Fong has always placed safety as a top priority and we continuously strive to provide a healthy, safe and functional work environment for our people. Hence, we have established the Workplace, Safety & Health Committee (“**WSHC**”) that is headed by a Board member, to adopt and inculcate the highest possible health and safety best practices throughout the workplace.

To help all employees discharge their duties safely and securely while observing health guidelines, regular and effective communication of information is provided and adequate resources are made available to all employees.

We have also invested in training and re-training programmes on safety awareness to instil and reinforce a safety-and-security-conscious culture at all levels.

The Environmental Health Safety (“**EHS**”) committee will develop promotional programs aimed at demonstrating the Company’s commitment to establish an effective safety management system that will provide and maintain a safe and healthy working environment. The EHS committee will review

the promotional program periodically to determine the types of activities and events that are to be carried out.

WFA and WFE have been certified with bizSAFE Level Star and bizSAFE Level 3 respectively by the WSHC.

In FY2023, there were 18 (FY2022: 4) work-related incidents at Wong Fong in Singapore. None of the incidents resulted in work stoppages. There were no fatalities in both FY2023 and FY2022. For FY2024, we continue to target to maintain zero workplace fatalities. Our Operations Managers will constantly remind our staff to be careful at work. Wong Fong regularly sends its staff for workplace safety and first aid training.

Incident investigation will be established and we will implement a systematic procedure to record, investigate and analyse incidents in order to determine underlying deficiencies and other factors contributing to the occurrence of incidents. Our human resource department tracks and reports on industrial accidents to the Ministry of Manpower (“**MOM**”). Wong Fong takes all possible measures to prevent accidents, with an aim to achieve a zero-accident target.



5. PRODUCT SAFETY

Wong Fong’s supply chain ensures a systematic approach in the control of purchases and warehousing activities, and ensures that materials, products and services supplied conform to customer’s specifications and/or in-house requirements. The Group’s suppliers are from both local and overseas. Wong Fong’s dealerships are mainly overseas suppliers such as Palfinger, the world’s leading brand for cranes, Dhollandia and Pöttinger.

Wong Fong’s products meet all mandatory safety standards so as to ensure all products are not hazardous to the environment and the health and safety of consumers. Wong Fong inspects and tests all products specified to the product and legal requirements and implements the necessary controls to achieve and maintain the required standards. No

products/works shall be released until all the activities specified in the Inspection & Test Plans have been satisfactorily completed and the associated records are available and authorized by the respective managers. Wong Fong also seeks to understand consumer’s requirements in order to market quality products that consumers will buy and continue to use over a period of time.

All products sold have gone through thorough inspections by third party professional engineers and the Land Transport Authority to ensure lifting equipment and vehicles are properly mounted and safe for the road. There has been no incidence of non-compliance with regulations in FY2023 and FY2022. For FY2024, we target to have no incidence of non-compliance with regulations.

Suppliers Selection Criteria	Suppliers Categories/ Classification	Monitoring of Suppliers Performance
Price	Master active	Meet delivery schedule
Quality	Project basis	Terms of payment
Service	Ad-hoc basis	Response to instruction/service
Delivery	Sub-con	Quality of goods
Prefer ISO certified company	Non-trade list	Price competitiveness
Prefer environmental compliant company		Environmental compliance

The table above shows the Group’s supplier selection process which consists of different selection criteria. After each selection, the suppliers will be categorised and the selected suppliers will be monitored based on their performance during the year.

6. CUSTOMER SATISFACTION IN SERVICES AND PRODUCTS PROVIDED

Wong Fong is committed to deliver customer service excellence. Besides inspection by third parties, all products will be subjected to joint inspections with our customers to ensure completed works are functional and in compliance to contract agreement.

Meeting the needs of our customers is a key aim of our business, and our strategic approach is focused on achieving high quality of customer service and addressing complaints satisfactorily. To underscore our commitment in providing services and products that impart customer satisfaction, we conduct annual customer feedback surveys. All customer feedbacks are reviewed and monitored to ensure our continual improvement in delivering quality and reliable services and products.

In FY2023, we received a mix of compliments and negative feedbacks from our customers. Where we have done well, we strive to be even better, and where we have heard otherwise, we have taken action to investigate, improve and correct the situation.



MEMBERSHIP OF ASSOCIATIONS

The Group participates in various associations and business federations. A list of these is provided below:

- » Singapore Vehicle Traders Association
- » Singapore Chinese Chamber of Commerce & Industry
- » Singapore Metal & Machinery Association
- » Singapore Manufacturing Federation
- » Waste Management & Recycling Association of Singapore
- » Landscape Industry Association (Singapore)
- » Singapore Transport Association
- » Singapore Business Federation
- » Singapore Cranes Association
- » Environmental Management Association of Singapore
- » Management Development Institute of Singapore (MDIS)
- » MDIS Corporate Membership
- » Strategic Association of Professional Training-Consulting Organisations (SAPTCO)

ECONOMIC AND GOVERNANCE

7. ETHICS & INTEGRITY

Ethics and integrity are critical to building trust between our stakeholders and management. We believe that every employee is a reflection of ourselves and it is vital that all employees embody our values and conduct themselves in a professional and ethical manner at all times. All policies are communicated to our employees through onboarding programmes and on an annual basis. Wong Fong have many policies in place to govern the behaviour and actions of employees in the Group.

Conflicts of Interest Policy	<ul style="list-style-type: none"> • Policy sets out to assist Directors and employees to avoid any conflicts of interest situations
Code of Dealing in Securities	<ul style="list-style-type: none"> • Guidelines to ensure best practices for buying, selling or dealing in Wong Fong securities • Guidelines on conduct in relation to dealing in securities that is prohibited under applicable laws
Code of Conduct & Anti-Corruption Policy	<ul style="list-style-type: none"> • Guidelines for conducting our business legally, ethically, with integrity and without fear nor favour
Whistle-Blowing Policy	<ul style="list-style-type: none"> • Mechanism accessible by all internal and external stakeholders to report concerns or any suspected wrongful acts
Interested Person Transaction Policy	<ul style="list-style-type: none"> • Guidelines to ensure all transactions with an interested person are carried out on arm's length basis
Data Privacy Policy	<ul style="list-style-type: none"> • Guidelines on Wong Fong's obligations and practices in the handling of Personal Data we collect and hold.

Any unethical or unlawful behaviour can have far-reaching impact for our Group, both in terms of financial and legal consequences as well as brand reputation. As such, all Wong Fong employees have to abide strictly by our Code of Conduct and Anti-Corruption Policy. Disciplinary actions will be enforced in the event of violations of this policy, including termination of employment in cases of serious breaches, and any other legal action such as fines, penalties, imprisonment or claims for damages that may follow as a result of any breach of prevailing laws and regulations. All policies are reviewed by the Board and made known to all relevant employees during the orientation process. These policies are regularly being reviewed and updated as and when required.

	FY2023	FY2022	FY2021	FY2020
Significant reported cases of misconduct	Zero	Zero	Zero	Zero
Corruption case	Zero	Zero	Zero	Zero
Whistle blowing case	Zero	Zero	Zero	Zero

All FY2023 targets were met. We aim to maintain the same for FY2024. Wong Fong does not engage in child labour or any other unethical means to provide business services. Wong Fong also does not engage business partners and suppliers that are known to use unethical means in their business process.

8. COMPLIANCE WITH REGULATIONS

Wong Fong has identified the main laws and regulations that materially affect our operations and the relevant regulatory bodies in Singapore, Malaysia and Myanmar. The Group has implemented effective internal controls and corporate governance frameworks that are reviewed on an annual basis. There was no incidence of non-compliance with laws and/or regulations in the social and economic area in FY2023 and FY2022. For FY2024, we target to have no incidence of non-compliance with laws and/or regulations in the social and economic area.

9. GOVERNANCE & ACCOUNTABILITY

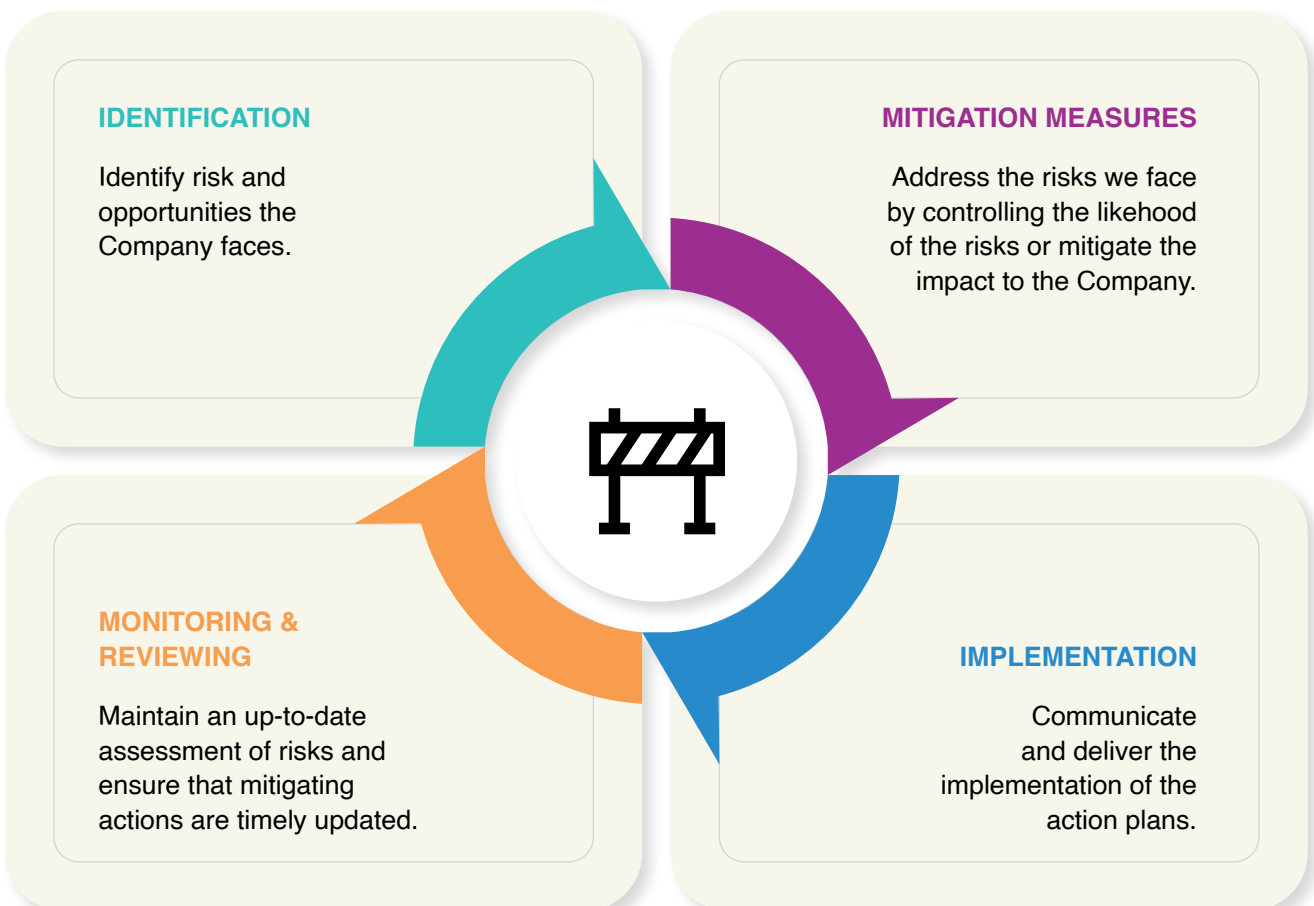
Wong Fong maintains a high standard of integrity, accountability and responsible governance and adheres to the Code of Corporate Governance 2018 and the Catalist Rules. Wong Fong complies with internal policies and internal audit processes which includes business conduct, insider dealing, risk management and fraud. More details can be found in the Corporate Governance report on pages 55 to 78 of this annual report.

10. RISK MANAGEMENT

Risk management forms an integral part of business management. The Group's risk management process consists of identification, mitigation measures, implementation, and monitoring and reviewing. The process takes into consideration both the impact and likelihood of the risks identified.

The process seeks to avoid incidents and enhance business outcomes by allowing us to:

- Understand the risk environment, identify the specific risks and assess the potential exposure for Wong Fong
- Determine how best to deal with these risks to manage overall potential threat
- Monitor and seek assurance over the effectiveness of the management of these risks and intervene for improvement where necessary
- Report up the management chain and to the Board on periodic basis on how principal risks are being managed, monitored and assured, with any identified enhancements that are being made



Business & Strategy Risks

Description of Risks	Managing of Risks
Strategy Risks	
<ul style="list-style-type: none"> ● The Group is exposed to risks associated with its expansion plans such as mergers and acquisitions and setting up new business units. ● Accordingly, the Group will not be able to provide assurance that all its future plans will be successful. 	<ul style="list-style-type: none"> ● All new business collaborations, mergers and acquisitions are discussed robustly with the Board and senior management. ● Independent financial and legal due diligence, if applicable, are performed and presented to the Board and senior management before any major deal completion.
Competition Risks	
<ul style="list-style-type: none"> ● Wong Fong operates in a competitive environment and faces competition from new and existing competitors based in Singapore and elsewhere. ● The principal competitive factors for the industry and the environment that we operate in include product quality, after-sales service, turnaround time, speed of delivery and pricing. ● Our customers do not commit to definite and long-term purchase contracts for the various products and services we provide thus customers may also decide to make purchases from our competitors. 	<ul style="list-style-type: none"> ● The Group strives to maintain competitiveness through carrying a wide range of products, maintaining a high level of engineering expertise and design capabilities, value brands and high levels of customer service. ● Employees are regularly sent for skills upgrading and product knowledge training. Outstanding employees are provided with scholarships and they return to serve the Group thereafter.
Market & Political Risks	
<ul style="list-style-type: none"> ● The Group currently operates in 3 countries and is exposed to inherent risks in doing business overseas such as unexpected changes in legislation, regulatory requirements and government policies. ● In addition, the business operations are also dependent on the economic, political, legal and other conditions in these countries. ● Highly dependent on the level of activities in the infrastructure development, logistics, waste management and defence industries. 	<ul style="list-style-type: none"> ● The Group monitors key economic indicators and keeps itself updated on business affected by policy changes. ● Close monitoring of the outlook of related industries in Singapore and overseas. ● Diversifying its business outside Singapore and expanding its range of services (e.g. training) would mitigate risks from a specific country or industry.

Description of Risks	Managing of Risks
Regulatory Risks	
<ul style="list-style-type: none"> • Our business is subject to various laws, rules and regulations in the countries that we operate in. • In addition, we require various licenses, permits and approvals to operate our business. 	<ul style="list-style-type: none"> • The Group maintains close working relationships with the relevant statutory bodies, professionals and consultants to keep abreast with any regulatory changes. • All necessary licenses, permits and approvals are obtained and renewed on a timely basis in accordance with applicable rules and regulations.
Reputation Risks	
<ul style="list-style-type: none"> • The Group may face negative publicity if there is mishandling of transactions or events. 	<ul style="list-style-type: none"> • The Group values its reputation and has put in place an open communication programme to ensure timely and effective communication of key information to its stakeholders. • Investor relations contacts are published in our corporate website to further strengthen the communication with stakeholders. • Key issues are surfaced to the management early in order to minimise the potential reputation fallout.
Business Continuity Risks	
<ul style="list-style-type: none"> • An organisation may face unforeseen incidents or disasters which prevent the continuation of the business operations. 	<ul style="list-style-type: none"> • The Group seeks to mitigate the business continuity risks via country and business diversifications in order to reduce the potential impact from the fallout of any business unit. • The Group forms a Business Continuity Plan taskforce to deal with unforeseen incidents or disasters.
Foreign Labour Risks	
<ul style="list-style-type: none"> • Dependent on foreign labour and may face labour shortages or increased costs of labour for Singapore and overseas operations. 	<ul style="list-style-type: none"> • The Group seeks to innovate and increase the usage of productivity methods and processes via training and equipment upgrading. • The Group intends to increase the recruitment and training of locals wherever possible.
Intellectual Property (IP) Rights Risks	
<ul style="list-style-type: none"> • Subject to claims for infringement of third parties' IP rights or may not be able to protect IP rights. 	<ul style="list-style-type: none"> • The Group has registered, and has applied to register trademarks and patents in Singapore on a timely basis to ensure protection of IP rights.

Financial Risks

Description of Risks	Managing of Risks
Liquidity Risks	
<ul style="list-style-type: none">• The Group funds its growth and operations through a combination of shareholders' equity (including accumulated profits), net cash generated from operating activities and bank borrowings.	<ul style="list-style-type: none">• The Group monitors its net operating cash flow regularly and maintains a level of cash and cash equivalents that is required to meet its daily working capital needs.• In addition, the Group manages debt financing proactively to ensure financing requirements are met as and when required.• There are existing standing arrangements with the Group's bankers to furnish credit and working capital lines when required.
Foreign Exchange Risks	
<ul style="list-style-type: none">• The Group has transactional currency exposure arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the entities within the Group.	<ul style="list-style-type: none">• The Group undertakes hedging transactions to minimise foreign exchange rate fluctuations.• The Group also works closely with the bank's treasury department to ensure that foreign exchange exposure is minimised. Wherever viable, the Group would adopt similar foreign currency for the buying and selling of the imported product.
Interest Rate Risks	
<ul style="list-style-type: none">• The Group is exposed to interest rate fluctuations from bank borrowings.	<ul style="list-style-type: none">• The Group's cash balances are placed with reputable banks.• For bank borrowings, the Group ensures it secures the most favourable interest rates available without increasing its foreign currency exposure.• The Group regularly reviews and, where possible, restructures, its loans to ensure that borrowing costs are minimised.

Description of Risks	Managing of Risks
Capital Structure Risks	
<ul style="list-style-type: none"> • In managing capital, the Group's objective is to ensure the going concern of the Group and to maintain an optimal capital structure. • The capital structure of the Group consists of loans and borrowings, issued share capital and retained earnings. 	<ul style="list-style-type: none"> • The Group pools its cash resources and regularly monitors its debt and equity levels and, by doing so, aims to minimise the Group's cost of capital. • In order to maintain or achieve an optimal capital structure, the Group may issue new shares, reduce external borrowings and/or adjust the dividend payment to Shareholders.
Price Risks	
<ul style="list-style-type: none"> • Material costs may fluctuate in accordance with changes in global supply and demand. • A significant rise in the prices of materials may adversely affect the Group's profit margin. 	<ul style="list-style-type: none"> • The Group manages its price risks by fixing its material prices upon contract confirmation and may have a price adjustment arrangement with its suppliers and/or clients should there be substantial fluctuations in the prices of materials.
Cost Overruns Risks	
<ul style="list-style-type: none"> • Unforeseen additional costs such as price fluctuations, increase in labour costs and/or omission in estimation of internal costing may arise. 	<ul style="list-style-type: none"> • Key project costings are reviewed and approved by senior managers and where applicable, the management team. Material costs are locked in with the respective suppliers upon contract confirmation. • Work-in-progress and labour costs are monitored on a regular basis to minimise and contain any potential cost overrun.
Operational Risks	
Operational Risks	
<ul style="list-style-type: none"> • The Group's operations are exposed to the risk of equipment failure, risk of failure by employees to follow procedures and protocols as well as inherent risks in operating equipment and machinery, resulting in damage to or loss of any relevant machines, equipment or facilities required in a project or personal injury. 	<ul style="list-style-type: none"> • The Group strives to minimise unexpected losses and manages losses through standard operating procedures. • The Group has been awarded ISO 9001:2015 and ISO 17020:2012 certification locally. • It has also achieved ISO 14001:2015 certification for its environmental management system to preserve natural resources and minimise wastage.

Description of Risks	Managing of Risks
People Risks	
<ul style="list-style-type: none"> • The Group is dependent on key management and skilled personnel for its continual success and growth. The success and growth to-date is largely attributed to the contributions and expertise of the Executive Directors and key management personnel, all of whom have extensive experience in the Group's business and relevant industries. • Resignation and loss of the services of any Executive Directors or key management personnel without suitable and timely replacement or the inability to attract and retain qualified management personnel, may materially and adversely affect the Group's business, results of operations and prospects. 	<ul style="list-style-type: none"> • The Group provides employees with career development opportunities and work-life balance so as to ensure that human capital are nurtured and retained. Succession plans for senior management will be reviewed regularly by the Board. • Talented employees are identified and groomed to take on managerial positions early in their career. • Outstanding employees are given fully paid overseas and local scholarships that require service of a bond upon completion.
Alliance Risks	
<ul style="list-style-type: none"> • Distribution arrangements with major suppliers may be terminated by suppliers upon serving the requisite notice. • No assurance that the Group will be able to renew these arrangements on acceptable terms and that these arrangements may be terminated prematurely or modified to the Group's detriment for whatever reasons. • The loss of the distributorship without suitable replacement may have an adverse impact on the Group's results of operations and financial position. 	<ul style="list-style-type: none"> • The Group maintains cordial working relationships with business partners and agrees with business partners in advance on the duties and obligations of each party. • Other than trading of the products it distributes, the Group also provides after-sales service and maintenance support to its customers, hence adding value to both the suppliers and customers.
Insurance Risks	
<ul style="list-style-type: none"> • The Group's existing insurance coverage may not be sufficient to indemnify against losses in all events. • The occurrence of certain incidents, including fraud, misconduct committed by employees or third parties, severe weather conditions, earthquakes, fire, war, flooding and power outages may not be covered adequately. 	<ul style="list-style-type: none"> • The Group conducts insurance review with insurance agents on annual basis to ensure adequate and comprehensive insurance coverage.

Description of Risks	Managing of Risks
Litigation Risks	
<ul style="list-style-type: none"> • The Group is exposed to the risk of litigation by customers, suppliers, employees and other persons, including the risk of joint third parties to litigation actions or involvement in frivolous claims. • The Group may incur additional costs in the event of disputes, claims, defects or delays and claims for infringement of third parties' intellectual property rights. 	<ul style="list-style-type: none"> • All contracts and agreements are reviewed via a 4-eye principle process. • Material contracts and agreements are reviewed and approved by 2 management team members prior to signing. • The management would consult legal professionals should there be a need. • The management would purchase insurance as required by law.
Delivery Risks	
<ul style="list-style-type: none"> • Dependent on the timely delivery of the load handling systems, waste management systems and other related engineering equipment and products distributed. • Any significant delay or disruption in the delivery of products by suppliers may result in material adverse impact on the business. 	<ul style="list-style-type: none"> • Any significant delivery delay is usually highlighted to the supply chain in advance. Thereafter, the Group would work closely with the clients and suppliers to ensure that any potential business disruptions are minimised. If absolutely necessary, the supplier may decide to utilise airfreight or liaise with other customers globally for an equipment swap or loan.
Quality Control Risks	
<ul style="list-style-type: none"> • Wong Fong's projects are subject to stringent international quality codes and standards and certification for quality control. 	<ul style="list-style-type: none"> • The Group ensures that the products sold comply with stringent quality control codes and standards prescribed by international professional bodies and industry institutions. • The Group ensures that the products it sources and their manufacturers' processes and quality control regime comply with the rigorous international standards and certifications required by customers.
Environmental Risks	
Climate Change Risks	
<ul style="list-style-type: none"> • Climate-related risks are defined as the potential negative impacts of climate change on businesses, governments and society. • Climate change is a significant geopolitical risk that can affect global stability. 	<ul style="list-style-type: none"> • Ensuring that climate change is considered at all levels of business will contribute greatly to addressing this global environmental problem. Promoting divestment from stranded carbon assets, as this project does, also helps in the transition to a low-carbon, sustainable economy.

Description of Risks	Managing of Risks
Health and Safety Risks	
<ul style="list-style-type: none"> • Workplace hazards may cause serious injury or result in a loss of life. • Workplace hazards include moving parts of machinery, working at heights, slippery floors, electric energy, excessive noise, toxic or flammable substances, and lifting heavy objects. 	<ul style="list-style-type: none"> • The Group has set up WSHC to control and monitor such risks, as well as communicating them to all employees. • The WSHC identifies safety and health hazards associated with work, assesses the level of risks involved, and prioritises measures to mitigate the potential hazards. • The WSHC meets regularly to control and monitor health and safety risks and ensures the risks identified are communicated to employees. Any significant health and safety risks are highlighted to the management. • Employees will be sent for health and safety re-training.
Compliance Risks	
Compliance Risks	
<ul style="list-style-type: none"> • Wong Fong is subject to various laws, rules and regulations in the countries it operates in such as the continuing listing obligations of the SGX-ST and the Companies Act 1967 of Singapore. 	<ul style="list-style-type: none"> • The Company has implemented effective internal controls and corporate governance frameworks that are reviewed on an annual basis. • Whistle-blowing policy and annual declaration by staff on ethics had been implemented. • Other than the engagement of statutory auditors, the Group also engaged CLA Global TS to conduct an annual review of its internal controls and reported their findings to the Audit Committee.
Information Technology Risks	
Information Technology Risks	
<ul style="list-style-type: none"> • Information technology (“IT”) risks includes hardware and software failure, spam, viruses and malicious attacks. 	<ul style="list-style-type: none"> • The Group’s IT department and its external consultants periodically conduct a review and update of the Group’s IT system including the overall integrity of its data and security. Where necessary, the Group would upgrade its IT infrastructure. • It has adopted the necessary IT controls to alleviate the risks and has arranged for all relevant employees to attend IT Security Awareness training.

TCFD CONTENT INDEX

TCFD Pillar/Recommendation	Key Points	Page
Governance		
a) Describe the board's oversight of climate-related risks and opportunities.	The Board provides oversight of the Company's sustainability strategy, and approves the sustainability-materiality issues which includes climate change issues. The Board is updated on the strategy, plans and performance annually, and approves the sustainability report which provides disclosures on the Company's climate change agenda.	20
b) Describe management's role in assessing and managing climate-related risks and opportunities	Management of climate change comes under the responsibility of the Chief Financial Officer ("CFO"), who reports to the Group CEO. The climate and environment portfolio is headed by the CFO. The governance structure for climate-related matters includes the SSC for all review of climate-related policies, strategies, plans and risk monitoring.	20
Strategy		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Our internal risk assessments have identified a list of material climate change risks and opportunities. Financial impacts from identified climate-related risks and opportunities provide basis for us to stress-test and enhance the resilience of our strategy and risk management approaches.	26 to 32
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Raising the use of renewable energy has been a priority to lower the Company's carbon footprint. Wong Fong has since installed solar panels on the roof of our 79 Joo Koon Circle factory with a view to raise our use of renewable energy.	
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Wong Fong endeavours to conduct a qualitative scenario analysis in the subsequent reports.	-

TCFD Pillar/Recommendation	Key Points	Page
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Risk Management

a) Describe the organization's processes for identifying and assessing climate-related risks.	The Group has a consistent approach to risk assessment throughout its operation. The Group's risk management progress consists of identification, mitigation measures, implementation, and monitoring and reviewing. The progress takes into consideration both the impact and likelihood of the risks identified.	40 to 47
b) Describe the organization's processes for managing climate-related risks.		
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	In the near future, Wong Fong has plans to integrate climate-related risks into its Risk Management Framework, explore climate scenario analysis options and develop a climate risk policy.	-

Metrics and Targets

a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Our current climate-related targets are to reduce water and energy use by 10% by FY2027 using FY2022 as a baseline. Wong Fong intends to set GHG emissions reduction targets in the future as part of our decarbonisation efforts and will embark on disclosing GHG emissions (Scope 1 and Scope 2) in the coming years.	26 to 32
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.		

ORGANISATIONAL PROFILE

GRI Ref.	GRI Indicator	Page Reference	Report Section
GRI 102: General Disclosures			
102-1	Name of the organisation	Front Cover	Annual Report Front Cover
102-2	Activities, brands, products and services	Pages 2 to 5	Our Business
102-3	Location of headquarters	Back Cover	Annual Report Back Cover
102-4	Location of operations	Page 17	Corporate Structure
102-5	Ownership and legal form	Page 17 Pages 148 to 149	Corporate Structure Shareholding Statistics
102-6	Markets served	Pages 8 to 11	Operations and Financial Review
102-7	Scale of the organisation	Pages 8 to 11 Page 33	Operations and Financial Review Sustainability Report: Employees & Talent
102-8	Information on employees and other workers	Pages 34 to 35	Sustainability Report: Our People
102-9	Supply chain	Page 37	Sustainability Report: Product Safety
102-10	Significant changes to the organisation and its supply chain	NA	There are no significant changes
102-11	Precautionary principle or approach	Pages 40 to 47 Pages 55 to 78	Sustainability Report: Risk Management Corporate Governance Report
102-12	External initiatives	Pages 55 to 78 Pages 34 to 35	Corporate Governance Report Sustainability Report: Our People
102-13	Membership of associations	Page 38	Sustainability Report: Membership of Associations

STRATEGY

GRI Ref.	GRI Indicator	Page Reference	Report Section
102-14	Statement from senior decision-maker	Page 19	Sustainability Report: Board Statement

ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behaviour	Page 39	Sustainability Report: Ethics & Integrity
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GOVERNANCE

102-18	Governance structure	Page 20	Sustainability Report: Senior Management Engagement
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 19	Sustainability Report: Board Statement
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 19 Pages 23 to 24	Sustainability Report: Board Statement Sustainability Report: Stakeholder Engagement

STAKEHOLDER ENGAGEMENT

GRI Ref.	GRI Indicator	Page Reference	Report Section
102-40	List of stakeholder groups	Pages 23 to 24	Sustainability Report: Stakeholder Engagement
102-41	Collective bargaining agreements	NA	None of the Group's employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Pages 23 to 24	Sustainability Report: Stakeholder Engagement
102-43	Approach to stakeholder engagement	Pages 23 to 24	Sustainability Report: Stakeholder Engagement

REPORTING PRACTICE

GRI Ref.	GRI Indicator	Page Reference	Report Section
102-44	Key topics and concerns raised	Pages 23 to 24	Sustainability Report: Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	Pages 79 to 147	Annual Report: Financial Statements
102-46	Defining report content and topic boundaries	Page 18	Sustainability Report: Sustainability at Wong Fong
102-47	List of material topics	Page 22	Sustainability Report: Materiality Matrix
102-48	Restatements of information	NA	There were no restatements of information
102-49	Changes in reporting	NA	There were no changes in reporting
102-50	Reporting period	Page 20	Sustainability Report: Our Sustainability Framework
102-51	Date of most recent report	NA	13 April 2023
102-52	Reporting cycle	Page 18	Sustainability Report: Sustainability at Wong Fong
102-53	Contact point for questions regarding the report	Page 18	Sustainability Report: Sustainability at Wong Fong
102-54	Claims of reporting in accordance with the GRI Standards	Page 18	Sustainability Report: Sustainability at Wong Fong
102-55	GRI content index	Pages 50 to 54	Sustainability Report: GRI Content Index
102-56	External assurance	Page 18	Sustainability Report: Sustainability at Wong Fong

GRI Ref.	GRI Indicator	Page Reference	Report Section
GRI 103: Management Approach			
103-1	Explanation of material topics and its boundary	Page 18 Page 22	Sustainability Report: Sustainability at Wong Fong Sustainability: Materiality Matrix
103-2	The management approach and its components	Pages 26 to 47	Sustainability Report: <ul style="list-style-type: none"> • Ethics & Integrity • Compliance with Regulation • Governance & Accountability • Risk Management • Succession Planning • Employees & Talent • Health & Safety • Product Safety • Customer Satisfaction of Services and Products Provided
103-3	Evaluation of the management approach	Pages 26 to 47	Sustainability Report: <ul style="list-style-type: none"> • Ethics & Integrity • Compliance with Regulation • Governance & Accountability • Risk Management • Succession Planning • Employees & Talent • Health & Safety • Product Safety • Customer Satisfaction in Services and Products Provided

TOPIC-SPECIFIC DISCLOSURES

GRI Ref.	GRI Indicator	Page Reference	Report Section
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	Page 11	Annual Report
GRI 401: Employment			
401-1	New employee hires and employee turnover	Pages 34 to 35	Sustainability Report: Our People
GRI 403: Occupational Health and Safety			
403-3	Occupational health services	Page 36	Sustainability Report: Health & Safety
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	Pages 34 to 35	Sustainability Report: Our People
GRI 416: Customer Health and Safety			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 37	Sustainability Report: Product Safety
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Page 40	Sustainability Report: Compliance with Regulation

CORPORATE GOVERNANCE REPORT

The Board of Wong Fong firmly believes that good corporate governance is essential to the long-term sustainability of the Group's businesses, as well as promoting and safeguarding the interest of its shareholders ("**Shareholders**") and other stakeholders.

The Group has adopted and complied with the principles of the Code of Corporate Governance 2018 ("**Code**"). Where there are deviations from the provisions of the Code, we have provided the reasons for such deviation and explanations on how the Group's adopted practices remain consistent within the intent of the relevant principle, where appropriate.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

ROLE OF THE BOARD

The Board is charged with promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. Every Director has a duty to act in good faith and exercise independent judgement in the best interests of the Company. In furtherance of this principle, the Board has adopted a code of conduct and ethics, set appropriate tone-from-the top and desired organizational culture, and ensured proper accountability within the Group. Directors are not to allow themselves to be placed in a position of conflict of interest. Directors facing conflicts of interest must recuse themselves from discussions and decisions involving the issues of conflict. The Directors are aware of their responsibilities to all stakeholders of the Company.

The key roles and responsibilities of the Board include:

- guiding the formulation of the strategic direction and objectives of the Group as well as operational initiatives;
- overseeing and setting the processes of internal controls (including financial, operational, compliance and information technology controls) and risk management systems and to ensure that the processes are adequate and effective;
- reviewing financial plans, major acquisitions and divestments, funding and investment proposals;
- monitoring the performance of the Company's management ("**Management**");
- setting the Company's values and standards (including ethical standards);
- reviewing and approving interested person transaction(s) falling within the scope of the Catalyst Rules;
- assuming responsibility for corporate governance; and
- considering sustainability issues relating to environmental, social and governance aspects of the Group's business and strategy.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and makes objective decisions in the best interests of the Company. The Board has the appropriate core competencies and diversity of experience to allow them to contribute effectively.

CORPORATE GOVERNANCE REPORT

As at the date of this annual report, the Board comprises:

Mr Pao Kiew Tee (Independent Chairman)
Mr James Liew (Co-Founder and Group CEO)
Mr Liew Chern Yean (Executive Director)
Mr Eric Lew (Non-Executive Non-Independent Director)
Mr Wong Chit Chong (Independent Director)

BOARD COMMITTEES

To assist the Board in the discharge of its responsibilities, the Board is supported by 3 Board Committees, namely the Audit Committee (“**AC**”), the Remuneration Committee (“**RC**”) and the Nominating Committee (“**NC**”), which have been constituted with clearly written terms of reference. Each of the Board Committee is chaired by an Independent Director and reports to the Board.

Each Board Committee plays an important role in ensuring sound corporate governance in the Group. Minutes of Board Committee meetings are available to all Board members who are kept updated as to the proceedings and matters discussed during such meetings.

Details of other Board Committees are as set out below:

1. NC (Principle 4);
2. RC (Principle 6); and
3. AC (Principle 10).

BOARD MEETINGS

The Board meets regularly and as warranted by circumstances. The schedule of all the Board and Board Committee meetings as well as the Company’s annual general meeting (“**AGM**”) are planned in advance to allow Directors to plan ahead to attend such meetings, so as to maximise participation. During the Board meetings, the Directors actively participate and discuss matters requiring their attention and decisions. The Board also meets informally as and when needed to discuss business matters requiring their attention.

The Company’s constitution (“**Constitution**”) provides for Directors to conduct meetings by telephone, video conference or other methods of simultaneous communication.

For FY2023, the number of Board and Board Committee meetings held and the attendance of Directors at these meetings, are disclosed as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	2	2	1	1
Number of meetings attended:				
Mr James Liew	2	2*	1*	1*
Mr Liew Chern Yean	2	2*	1*	1*
Mr Eric Lew	2	2	1	1
Mr Pao Kiew Tee	2	2	1	1
Mr Wong Chit Chong	2	2	1	1

* Attendance by invitation of the respective committee

CORPORATE GOVERNANCE REPORT

The Company has established guidelines governing matters that require the Board's approval. The Board approves transactions based on the delegation of authority matrix which provides clear direction to the Management on matters requiring the Board's specific approval, including:

- material acquisition and disposal of assets/investments;
- annual budget and business plan of the Group;
- capital expenditure, investment or divestment exceeding S\$1.0 million;
- material financial/funding arrangements;
- issuance of shares; and
- declaration of dividends.

The delegation of authority is reviewed on a regular basis and revised accordingly when necessary.

TRAINING FOR DIRECTORS

All newly appointed Directors are given appropriate orientation and briefings by the Management on the business activities of the Group. Upon appointment, the Company conducts a comprehensive orientation programme to familiarise the new Director with his/her roles and responsibilities as well as the business of the Group. Such orientation programmes include the mandatory training as prescribed by Rule 406(3) (a) of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") for first-time Directors who have no prior experience as a director of a company listed on the SGX-ST, site visits to the main operating premises of the Group and meetings with key Management.

The Directors are kept continually and regularly updated on the Group's businesses, new laws and regulations and industry-specific environments in which the entities of the Group operate, through in-house trainings or external courses. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") relevant to the Directors are also circulated to the Board.

The Directors are also encouraged to participate in industry conferences, seminars, courses and training programmes which are relevant to their duties at the Company's expense. In addition, the Directors will be briefed on any updates to the regulatory and reporting requirements such as the Code and financial reporting standards by the relevant professionals. All Directors have completed the training on Environmental, Social and Governance as required by the enhanced SGX sustainability reporting rules announced in December 2021.

ACCESS TO COMPLETE, ADEQUATE AND TIMELY INFORMATION

The Management is cognizant of the importance of providing complete and adequate information to the Directors on a timely basis to enable them to make informed decisions to discharge their duties and responsibilities. Prior to any meetings, Board and Board Committee papers are disseminated to the Directors to allow them sufficient time to prepare for the items to be discussed during the meetings. Management staff are also invited to attend Board meetings to provide additional insight to matters raised and to respond to any queries that Board members may have.

CORPORATE GOVERNANCE REPORT

The Directors are updated regularly on the Group's developments, business, financial performance and prospects during formal and informal meetings. The Management provides the Board with half year and full year financial statements, annual budgets and explanations on any material variance between the projections and actual results. Apart from the scheduled Board and Board Committee meetings, the Directors may meet on an ad-hoc basis to deliberate on matters relating to the Group's strategic developments and material transactions such as acquisitions or joint ventures. For such meetings, the Management will ensure that information such as background or explanatory materials relating to matters to be discussed, financial analysis and recommendations of the Management are provided to the Directors in advance. The Directors have separate and independent access to the Management, the Company Secretary and may request for clarifications and additional information where required. The Directors may, either individually or as a group, in the furtherance of their duties, take independent professional advice at the Company's expense.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects including interim and other price-sensitive public reports, and reports to regulators (if required).

The Management provides the Board with the Group's financial information periodically and updates the Board on key business issues to enable the Board to make a balanced and informed assessment of the Group's financial performance, position and prospects.

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards (International). The Board reviews and approves the half year and full year financial results announcements and all other announcements before releasing them on SGXNET. In the announcement of financial results, the Board provides detailed analysis of the Group's financial performance, position and cash flow as well as a commentary on the Group's prospects. Other price-sensitive information is also disseminated to Shareholders through announcements via SGXNET, press releases and the Company's website.

The Board reviews and takes adequate steps to ensure compliance with legislative and regulatory requirements under the Catalist Rules. For the half year financial results announcement, the Board provides a negative assurance statement to Shareholders, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

COMPANY SECRETARY

The company secretary supports the Chairman, the Board and the Board Committees by ensuring good information flow and that Board policy and procedures are followed. The company secretary and/or his/her representatives attends all Board and Board Committee meetings, prepares meeting agendas and minutes of meetings and advises the Board on governance matters and facilitates the induction and professional development of the Directors.

The company secretary also plays an essential role in the relationship between the Company and the Directors, including assisting the Board in discharging its obligations to Shareholders.

The appointment and removal of the company secretary is subject to the approval of the Board as a whole.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board reviews the size and composition of the Board, in ensuring effective decision-making by taking into account the scope and nature of the operations of the Group.

REVIEW OF DIRECTORS' INDEPENDENCE

The Chairman is an Independent Director and Non-Executive Directors make up a majority of the Board, which complies with the relevant guidelines of the Code. As such, the NC believes that there is a strong and independent element on the Board and no individual or small group of individuals dominate the Board's decision-making.

Each Independent Director is required to complete a Director's independence checklist annually to ensure their independence based on the guidelines as set out in the Code. The NC will be responsible for determining on an annual basis, and as and when circumstances require, whether or not a Director is independent as set out in the Code, taking into account whether a Director has any existing business or professional relationship of a material nature with the Group, other Directors and/or substantial Shareholders.

The NC has assessed the independence of the Independent Directors and noted that the Independent Directors are independent in conduct, character and judgement, and have no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. None of the Independent Directors is a director of the Company's subsidiaries.

None of the Independent Directors has served on the Board for more than 9 years from the date of their first appointment. The NC is responsible for the annual review on the size and composition of the Board and the Board Committees. The NC endeavours to include in the Board, members of diverse backgrounds, mix of skills, industry experience, core competencies and knowledge of the Group.

Having considered the scope and nature of the operations of the Company as well as the requirements of the Group's business, the Board believes that for FY2023, the composition and size of the Board and the Board Committees are appropriate to ensure the effectiveness of the decision-making process.

BOARD DIVERSITY POLICY AND BOARD COMPOSITION

The Board views diversity at the Board level as an essential element for driving value in decision-making and actively seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors. The Board is constantly on the lookout to achieve the necessary balance and diversity to maximise the Board's effectiveness, and the NC reviews the composition of the Board annually to ensure that the Board comprises members from different backgrounds whose core competencies, qualifications, skills and experiences meet the requirements of the Group at the point in time. All Board appointments are made based on merit, taking into consideration the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The current Board composition reflects the Company's commitment to Board diversity.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 710A of the Catalyst Rules, based on the recommendations of the NC, the Company has adopted a board diversity policy (the “**Board Diversity Policy**”) that addresses the balance of gender, skills, experience and other relevant aspects of diversity, to enhance and strengthen the quality of the Board’s composition and its contribution to the Group. The Board Diversity Policy covers the following:

- Age

The NC ensures that the Board comprises Directors from age groups ranging from 50s to 70s and targets to maintain so for the financial year ending 31 December 2024 (“**FY2024**”). The Company believes that age diversity results in a broad spectrum of thoughts and views in Board and Board Committees deliberations. For FY2023, the Board achieved its goal of having board representation from 3 age groups, as it comprises 1 Director below 55 years old, 1 Director aged between 55 to 65 years old and 3 Directors who are above 65 years old. As and when the need for a new Director arises, the Board will use reasonable endeavors to source for suitable candidates with relevant knowledge while also being mindful of age diversity.

- Independence

The NC ensures that Independent Directors and Non-Executive Directors collectively make up a majority of the Board and targets to maintain such level of independent representation for FY2024. The Independent Directors actively participate in setting strategies and goals for the Company, reviewing the performance of the Management in meeting agreed goals and objectives, and monitoring the Company’s business, financial and operational performance. In addition, the Independent Directors and Non-Executive Directors meet regularly and on an as-needed basis without the presence of the Management to discuss matters including corporate governance initiatives, board processes, succession planning and leadership development, performance management, the remuneration of Executive Directors as well as to provide feedback to the Chairman and/or the Board as appropriate. For FY2023, the Board comprises 2 Independent Directors (including Chairman), 1 Non-Executive Non-Independent Director and 2 Executive Directors.

- Skills and experience

The NC assesses on an annual basis the skillset of the Board to ensure that the skills of the Directors remain relevant to the business of the Group. The Company aims to maintain the current level of skills and expertise for FY2024. For FY2023, the Board comprises Directors who, as a group, possess a majority of the identified core skills and experience in areas such as accounting and finance, business and management experience, industry knowledge, strategic planning and experience in customer relationship management.

- Gender

The Board recognises that it currently comprises only male Directors as its current Directors have been assessed to, based on other aspects of diversity, provide the mix of skills, knowledge, expertise and other attributes appropriate and beneficial in view of the Company’s current needs. Nonetheless, pursuant to the Board Diversity Policy, should there be a need for a new Director, the search include diverse candidates and in particular, female candidates for selection.

CORPORATE GOVERNANCE REPORT

The Board has reviewed and is satisfied that for FY2023, the current size and composition of the Board and Board Committees are appropriate for effective decision-making, having taken into consideration the nature and scope of the Group's operations, the balance and diversity of the Directors' skills, competencies, experience, and knowledge of the Group, among other factors. The NC will also continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval as and when the need arises. Any updates or progress made towards implementing the Board Diversity Policy will be disclosed in the Company's corporate governance report, as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and the CEO of the Company are separate persons, thus maintaining effective segregation of duties and ensuring an appropriate balance of power and authority. The Chairman, Mr Pao Kiew Tee, is an Independent Director and also chairs the AC. The Chairman and the Group CEO, Mr James Liew, are not related to each other.

There is a clear separation of the roles and responsibilities between the Chairman and the Group CEO. Mr Pao Kiew Tee leads the Board to ensure its effectiveness on all aspects of its role. He sets the agenda for the Board meetings in consultation with the senior Management and the Company Secretary. He also facilitates the effective contribution of the Directors and ensures effective communications with Shareholders. He takes a lead role in promoting high standards of corporate governance with support from the Directors, the Company Secretary and the Management.

The Group CEO bears executive responsibility for the Group's business and implements the Board's decision. Mr James Liew is also responsible for the business direction and operational decisions of the Group.

The roles of the Chairman and the Group CEO are kept separate to ensure an appropriate balance of power and increased accountability of the Board for independent decision-making.

Given that the Chairman is independent, no lead independent director was appointed as the Chairman is available to Shareholders when they have concerns for which contact through normal channels of communication with the Management is inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

As at the date of this annual report, the NC comprises the following Non-Executive Directors:

Mr Wong Chit Chong (Chairman)
Mr Pao Kiew Tee
Mr Eric Lew

The majority of the NC, including its Chairman, are independent.

The quorum shall be any 3 members, including the Chairman of the NC. Any decision by the NC shall be by majority present and voting and the Chairman of the NC shall have the casting vote in the event of an equality of votes.

CORPORATE GOVERNANCE REPORT

ROLES AND RESPONSIBILITIES OF THE NC

The key terms of reference of the NC include the following:

- reviewing and recommending the appointment of new Directors and key management personnel and re-nomination of the Directors having regard to their contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group, and each Director's respective commitments outside the Group including his principal occupation and board representations on other companies, if any. The NC will conduct such reviews at least once a year, or more frequently as it deems fit;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- developing a process for evaluating the performance of the Board as a whole and the Board Committees, and for assessing the contribution of each Director to the effectiveness of the Board;
- reviewing the Directors' mix of skills, experience, core competencies and knowledge of the Group that the Board requires to function competently and efficiently;
- reviewing the training and professional development programs for the Board; and
- reviewing and approving any new employment of persons related to the Directors or substantial Shareholders and the proposed terms of their employment.

The key responsibilities of the NC also include the review of Board structure and composition, identifying and recommending suitable candidates to the Board, making recommendations to the Board on matters relating to appointment or re-appointment of Directors, succession planning for Directors and leadership development plans. The NC also ensures that new Directors are aware of their duties and obligations.

REVIEW OF DIRECTORS' TIME COMMITMENTS

The NC considers whether each Director is able to and has been adequately carrying out his duties as a Director, taking into consideration, *inter alia*, the Director's directorships in other listed companies and other principal commitments, the Director's contributions and any other relevant time commitments.

The Directors have demonstrated that they are able to devote sufficient time and attention to the matters of the Group with their attendance at all the Board and Board Committee meetings. They have also availed themselves to the Management as and when required. The Board is of the view that at present, it would not be meaningful to prescribe a maximum number of listed company board representations and other principal commitments which any Director may hold. Nonetheless, the NC and the Board have considered the multiple board seats held by some of the Directors, their principal commitments, their attendance and contributions at the Board and Board Committee meetings, and are satisfied that these Directors have been able to devote sufficient time and resources to the matters of the Group.

Based on the Directors' attendance record at the Board and Board Committee meetings and contributions outside of formal Board and Board Committee meetings, the NC and the Board are satisfied that all Directors have committed sufficient time and resources to the Company and were able to and have been adequately carrying out their duties as a director of the Company in FY2023.

CORPORATE GOVERNANCE REPORT

SELECTION AND APPOINTMENT OF NEW DIRECTORS

Currently, the Company does not engage the services of professional search firms to identify candidates for Board appointments. However, the Company may appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment involves specific skill sets or industry specialisation.

The NC, in consultation with the Management and the Board as appropriate, determines the qualification, skill set, competence and expertise required or expected of a new Board member, taking into account the size, structure, composition and progressive renewal of the Board.

Recommendations from the Board members, business associates, advisors, professional bodies and other industry players are reviewed by the NC. The NC will review the curriculum vitae and other particulars/information of the nominee or candidate. The NC, in evaluating the suitability of the nominee or candidate, will take into account his qualifications, business and related experience and ability to contribute effectively to the Board. The NC will also determine if the nominee or candidate would be able to commit time to his appointment having regard to his other principal commitments, and if he is independent. The evaluation process will involve an interview or meeting with the nominee or candidate. Appropriate background and confidential searches will also be conducted if necessary.

Recommendations of the NC are then put to the Board for consideration. The Board will review the recommendations and approve the appointment as appropriate. Any appointments to the Board Committees would be reviewed and approved at the same time. The appointments will be formalized by a Board resolution and the requisite announcement will be made on SGXNET.

RE-NOMINATION OF DIRECTORS

The Constitution provides for the retirement and re-election of Directors at every AGM. At each AGM, at least one-third of the Board shall retire from office by rotation, provided that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years. In deciding whether to recommend to the Board the re-election of a Director, the NC considers the contribution of the Director, including attendance and participation at the Board and Board Committee meetings and the time and effort accorded to the Group's business and affairs. For newly appointed Directors, he will hold office until the next AGM and shall submit himself for re-election. If the Board endorses the NC's recommendations on the re-election of Directors, the relevant Directors will stand for re-election at the forthcoming AGM. Each member of the NC shall abstain from deliberations and recommendations to the Board, as well as from voting on any resolutions in respect of his re-nomination and re-election.

The NC has reviewed and recommended the re-election of Mr James Liew and Mr Eric Lew who will be retiring as Directors at the forthcoming AGM under Regulation 114 of the Constitution. Mr James Liew and Mr Eric Lew have offered themselves for re-election and the Board has accepted the recommendations of the NC.

None of the Directors had appointed an alternate director in FY2023.

CORPORATE GOVERNANCE REPORT

Please refer to the table below for additional information on the Directors to be re-elected at the forthcoming AGM:

Key information	Name of Director to be re-elected
	James Liew
Designation	Co-Founder and Group CEO
Date of initial appointment	2 January 2015
Date of last re-appointment	28 April 2022
Age	71
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Liew as Co-Founder and Group CEO was recommended by the NC and approved by the Board, after taking into consideration Mr Liew's experience and that he continues to be instrumental to the continued success and growth of the Group.
Whether appointment is executive, and if so, the area of responsibility	Oversees the Group's general operations, including human resources, management and general administration, as well as strategic planning for the Group's business expansion.
Familial relationship with any director and/or substantial Shareholder of the listed issuer or of any of its principal subsidiaries	Uncle of Mr Liew Chern Yean, Executive Director and Mr Eric Lew, Non-Executive Non-Independent Director
Conflicts of interest (including any competing business)	Nil
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in this annual report.
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	Yes
Academic qualifications	Nil
Professional memberships/qualifications	Nil
Principal commitments	Nil
Shareholding interest in the Company and its subsidiaries	Direct interest of 4,380,000 shares and deemed interested in 158,280,000 shares held by Wong Fong Investments Pte Ltd, a controlling Shareholder

CORPORATE GOVERNANCE REPORT

There are no changes to the disclosure required under items (a) to (k) to Appendix 7F of the Catalyst Rules as disclosed in the Company's offer document dated 19 July 2016.

Key information	Name of Director to be re-elected
	Eric Lew
Designation	Non-Executive Non-Independent Director
Date of initial appointment	2 January 2015
Date of last re-appointment	28 April 2021
Age	50
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Lew as Non-Executive Non-Independent Director was recommended by the NC and approved by the Board, after taking into consideration Mr Lew's qualifications, expertise, experiences and overall contribution since he was appointed as a Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Familial relationship with any director and/or substantial Shareholder of the listed issuer or of any of its principal subsidiaries	Brother of Mr Liew Chern Yean, Executive Director Nephew of Mr James Liew, Co-Founder and Group CEO
Conflicts of interest (including any competing business)	Nil
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in this annual report.
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	Yes
Academic qualifications	Bachelor Degree in Accountancy
Professional memberships/qualifications	Nil
Principal commitments	Nil
Shareholding interest in the Company and its subsidiaries	Deemed interested in 158,280,000 shares held by Wong Fong Investments Pte Ltd, a controlling Shareholder

There are no changes to the disclosure required under items (a) to (k) to Appendix 7F of the Catalyst Rules as disclosed in the Company's offer document dated 19 July 2016.

Key information regarding the Directors' directorships held presently and in the preceding 5 years in other listed companies are set out on pages 12 to 13 in this annual report.

CORPORATE GOVERNANCE REPORT

KEY MANAGEMENT SUCCESSION

In addition to succession planning of the Board, the NC reviews the succession plans for key management positions. An internal process of succession planning for the Chairman, the Directors, the Group CEO and senior Management is in place, to ensure the progressive renewal of the Board and key management personnel.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has implemented a process to be carried out by the NC for the annual evaluation of the effectiveness of the Board. The NC is tasked with proposing objective performance criteria, subject to approval of the Board, to assess how the Board and Board Committees have enhanced long-term Shareholders' value. The NC may also engage an external facilitator for the evaluation process. For FY2023, the Company Secretary assisted the NC on the evaluation processes of the Board and Board Committees. The Company Secretary collated and tabulated the results and distributes the summary findings at the NC meeting.

During each financial year, each Director will complete a Board Evaluation Form which is submitted confidentially to the Company Secretary for collation and the consolidated responses are presented to the NC for review and discussion. The NC will then report to the Board on the review of the Board's performance for the year. The Board Evaluation Form takes into consideration factors such as Board size and composition, information flow to the Board, Board procedures, Board accountability, matters concerning Group CEO/senior Management and standard code of conduct of the Board members. For FY2023, the NC has reviewed the performance and effectiveness of the Board as a whole and each Board committee separately and is of the view that the performance and effectiveness of the Board and each Board Committee had been satisfactory and met its performance objectives.

The NC is of the view that at present, an evaluation of the effectiveness of the Board would suffice and would implement a process for the evaluation of individual directors at an appropriate time in future. Notwithstanding that, in the evaluation of the effectiveness of the Board, the NC has considered factors relating to individual directors such as:

- occupation and other principal commitments of the Directors;
- attendance at board meetings of those listed companies that the Directors serve as director;
- confirmations by the Directors that they are able to devote sufficient time and attention to the matters of the Group; and
- the professional experience and expertise of the Directors.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

As at the date of this annual report, the RC comprises the following Non-Executive Directors:

Mr Wong Chit Chong (Chairman)
Mr Pao Kiew Tee
Mr Eric Lew

The majority of the RC, including its Chairman, are independent.

The quorum shall be any 3 members, including the Chairman of the RC.

The RC is guided by its written terms of reference, which clearly spells out its authority and duties. The key terms of reference of the RC includes recommending to the Board a framework of remuneration for the Directors and key management personnel, and determining specific remuneration packages for the Executive Directors and key management personnel. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind shall be covered by the RC. The RC reviews the Company's obligation arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. No Director is involved in deciding his or her own remuneration. The RC is also responsible for the administration of the Wong Fong Performance Share Plan.

The RC will also perform an annual review of the remuneration of employees who are substantial Shareholders or are related to a Director, the Group CEO or a substantial Shareholder to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package or that of any employee related to him.

The RC may seek expert advice inside and/or outside the Company on remuneration of all Directors and key management personnel where necessary. During FY2023, the RC did not engage the service of an external remuneration consultant.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC will perform an annual review on the remuneration packages of the Board and key management personnel. The Company's remuneration structure for the Board and key management personnel comprises both fixed and variable components to motivate high-performing executives to drive the Group's efficiency and profitability. The variable component for key management personnel is a discretionary bonus linked to the performance of the Group as a whole and each individual's performance.

The remuneration framework for Directors, Group CEO and key management personnel is aligned with the interest of Shareholders and relevant stakeholders and is appropriate to attract, retain and motivate them for long-term success of the Group.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

DISCLOSURE ON DIRECTORS' REMUNERATION

The Company has entered into separate service agreements with the Executive Directors for a period of 2 years from the date of the respective service agreement (unless otherwise terminated by either party giving not less than 6 months' notice (or such shorter period as may be mutually agreed between the parties) to the other). The Company may also at any time forthwith terminate the respective service agreements of the Executive Directors if he, *inter alia*, shall be guilty of any dishonesty, gross misconduct or wilful neglect of duty or shall commit any continued material breach of the provisions of his respective service agreement, becomes bankrupt or persistently refuses to carry out any reasonable lawful order given to him in the course of his employment or persistently fails to diligently attend to his duties thereunder. Under the terms of the service agreements, the Executive Directors do not receive directors' fees but receive a monthly basic salary and are entitled to an annual performance bonus in respect of each financial year, calculated based on the Group's consolidated net profit before tax ("**Performance Bonus**"). In addition, the Executive Directors are also entitled to an annual year-end bonus based on their individual performance. The Company shall be entitled to recover from the Executive Directors the relevant portion of the Performance Bonus and any sum paid under the service agreement in the event that there is a restatement of the financial statements made to correct any misstatement due to error or fraud during the financial year, or misconduct of the Executive Directors resulting in financial loss to the Company.

The remuneration (including salary, bonuses, contribution to Central Provident Fund ("**CPF**"), allowances and benefits-in-kind) of each of the Executive Directors and key management personnel is linked to the financial performance of the Group and the individual's performance to promote long-term sustainability of the Group.

The short-term incentive scheme includes salary, variable performance bonus and variable year-end bonus and is subject to annual review by the RC and to be approved by the Board. The long-term incentive scheme is the Wong Fong Performance Share Plan.

Performance conditions include pre-defined key performance indicators such as the financial and non-financial performance of the Group, as well as displays of leadership skills and teamwork which may from time to time be determined by the Board, and are used to determine the entitlements of Executive Directors and key management personnel under the short-term and long-term incentive schemes. The Board exercises its discretion and independent judgment in ensuring that there is a balance between business and risk-taking and that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Group.

For FY2023, the RC is of the view that the performance conditions were met by each of the Executive Directors and key management personnel.

The RC also ensures that the remuneration of Non-Executive Directors is appropriate to their level of contribution. Each Non-Executive Director receives a director's fee which takes into account factors such as effort, time spent and scope of responsibilities. The fees for the Non-Executive Directors are subject to Shareholders' approval at the AGM. The Non-Executive Directors have not been over-compensated to the extent that their independence is compromised.

CORPORATE GOVERNANCE REPORT

Remuneration of Directors

The breakdown of the total remuneration of the Directors for FY2023 is set out below:

	Directors' fees ⁽¹⁾	Salary ⁽²⁾	Bonus	Other benefits	Total remuneration
S\$500,001 to S\$750,000					
Mr James Liew	–	77%	18%	5%	100%
S\$250,001 to S\$500,000					
Mr Liew Chern Year	–	75%	20%	5%	100%
Below S\$250,000					
Mr Eric Lew	100%	–	–	–	100%
Mr Pao Kiew Tee	100%	–	–	–	100%
Mr Wong Chit Chong	100%	–	–	–	100%

Notes:

(1) The Directors' fees are subject to Shareholders' approval at the AGM.

(2) The salary amount is inclusive of CPF contributions and allowance.

No compensation was paid or is to be paid in the form of share awards to the Directors in FY2023. There was no termination, retirement or post-employment benefit granted to the Directors in FY2023.

Remuneration of Key Management Personnel

The breakdown of the total remuneration of the top 5 key management personnel of the Group (who are not Directors or the Group CEO) for FY2023 is set out below:

	Salary ⁽¹⁾	Bonus	Other benefits	Total remuneration
S\$250,001 to S\$500,000				
Mr Jack Wong	73%	23%	4%	100%
Mdm Lew Siew Choo	75%	22%	3%	100%
Below S\$250,000				
Mr Chia Kah Lam	76%	21%	3%	100%
Mr Albert Lee	92%	5%	3%	100%
Mr Liu Shanni	74%	24%	2%	100%

Note:

(1) The salary amount is inclusive of CPF contributions and allowance.

No compensation was paid or is to be paid in the form of share awards to the key management personnel of the Group in FY2023. There was no termination, retirement or post-employment benefit granted to the key management personnel of the Group in FY2023.

The aggregate remuneration paid to the key management personnel of the Group in FY2023 was approximately S\$1,128,000.

CORPORATE GOVERNANCE REPORT

Remuneration of Employees who are Substantial Shareholders or are Immediate Family Members of a Director, the CEO or a Substantial Shareholder

The breakdown of the total remuneration of employees who are substantial Shareholders or are immediate family members of a Director, the Group CEO or a substantial Shareholder and whose remuneration exceeds S\$100,000 in FY2023 is set out below:

	Remuneration for FY2023
Mdm Jean Liew ⁽¹⁾	S\$100,001 to S\$150,000
Mr Liu Weilong ⁽²⁾	S\$100,001 to S\$150,000

Notes:

- (1) Mdm Jean Liew is the sister of Mr James Liew, Co-Founder and Group CEO, and the aunt of Mr Liew Chern Yean and Mr Eric Lew, Executive Director and Non-Executive Non-Independent Director respectively.
- (2) Mr Liu Weilong is the son of Mr James Liew, Co-Founder and Group CEO, and the cousin of Mr Liew Chern Yean and Mr Eric Lew, Executive Director and Non-Executive Non-Independent Director respectively

No compensation was paid or is to be paid in the form of share awards to employees who are substantial Shareholders or are immediate family members of a Director, the Group CEO or a substantial Shareholder in FY2023.

In considering the disclosure of remuneration of the Directors and the key management personnel of the Group, the Board has regarded the sensitive nature of such information in a small and medium sized enterprise environment. The Board believes that full detailed disclosure of the remuneration of each Director as recommended by the Code would be prejudicial to the Group's interest. The Board has instead presented such information in remuneration bands.

The Board is of the opinion that the disclosure in the annual report provides sufficient information on the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar. Notwithstanding the foregoing, in accordance with Rule 1204(10)(D) of the Catalist Rules, with effect from FY2024, the exact amounts and breakdown of remuneration paid to each Director and the Group CEO will be disclosed in the Company's annual report.

Long-term Incentive Plan

The Company has implemented the Wong Fong Performance Share Plan which will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The Wong Fong Performance Share Plan allows for participation by the employees of the Group and the Non-Executive Directors. Controlling Shareholders or their associates who meet the above eligibility criteria are eligible to participate in the Wong Fong Performance Share Plan provided that (a) the participation of, and (b) the terms of each grant and the actual number of awards granted under the Wong Fong Performance Share Plan to controlling Shareholders or an associate of a controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person. The Wong Fong Performance Share Plan is administered by the RC. Please refer to the Company's offer document dated 19 July 2016 for further details on the Wong Fong Performance Share Plan.

Since the inception of the Wong Fong Performance Share Plan, no awards have been granted to eligible participants.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its Shareholders.

The Board is responsible for the governance of risks and oversees the Management in the design, implementation and monitoring of internal controls and risk management systems to safeguard Shareholders' interest and the Group's assets. The Board is cognizant that no cost-effective internal controls and risk management systems will preclude all errors and irregularities. The internal controls and risk management systems are designed to manage identifiable risks and limit the Group's exposure to risk of errors and irregularities and can only provide reasonable mitigation and not absolute assurance against material misstatement or loss.

The Management is responsible for the design and implementation of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The review of the adequacy and effectiveness of such internal controls and risk management systems is under the purview of the AC. The AC carries out the review at least annually with the assistance of the external auditors, Deloitte and Touche LLP (the "**External Auditors**") and internal auditors, CLA Global TS Risk Advisory Pte Ltd ("**CLA Global TS**" or the "**Internal Auditors**"). The AC reviews the audit plans and the findings of the External Auditors and the Internal Auditors and ensures that measures are implemented to address those issues and internal controls weaknesses highlighted by the External Auditors and the Internal Auditors.

For FY2023, the Board and the AC have also received assurances from the Co-Founder and Group CEO and the Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

In addition, the Board reviews and determines the Group's level of risk tolerance and risk policies, and monitoring of the internal controls and risk management systems.

The Board did not establish a separate Board risk committee as the Board is currently assisted by the AC, the Internal Auditors and the External Auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the External Auditors and the Internal Auditors and reviews performed by the AC and the Management, the Board confirms that for FY2023, the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group are adequate and effective. The AC concurs with the Board's comments.

The Board notes that the internal control systems established provides reasonable though not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen and mitigated against as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

As at the date of this annual report, the AC comprises the following Non-Executive Directors:

Mr Pao Kiew Tee (Chairman)
Mr Wong Chit Chong
Mr Eric Lew

The majority of the AC, including its Chairman, are independent.

The quorum shall be any 3 members, including the Chairman of the AC.

The Board is of the view that the members of AC have the relevant accounting or related financial management expertise or experience to discharge their responsibilities. The Chairman of the AC, Mr Pao Kiew Tee, was formerly a senior government auditor holding the position of senior group director prior to his retirement in June 2016. Mr Pao Kiew Tee is also a fellow of the Institute of Singapore Chartered Accountants. Mr Eric Lew holds a degree in accountancy from the Nanyang Technological University.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of 2 years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The responsibilities of the AC include:

- reviewing with the Internal Auditors and the External Auditors, the audit plans, scope of work, their evaluation of the Group's system of internal controls, audit reports, their letter(s) to the Management and the Management's responses and the results of the audits compiled by the Internal Auditors and the External Auditors, and will review at regular intervals with the Management the implementation by the Group of the internal controls recommendations made by the Internal Auditors and the External Auditors;
- reviewing and discussing with the Management and the External Auditors on the key audit matters. The key audit matters reported in FY2023 are the accounting for partial disposal of subsidiaries and allowance for inventories. The AC reviewed the outcomes and discussed the details of the review with the Management and considered on the findings including their assessment of the suitability of valuation methodologies and the underlying key assumptions applied. The AC was satisfied with the review process, the approach and methodology applied in the assessment of accounting for partial disposal of subsidiaries and allowance for inventories. The AC also concluded that the Group's accounting treatment for the accounting for partial disposal of subsidiaries and allowance for inventories were appropriate;
- reviewing the periodic consolidated financial statements of the Group and results announcements focusing on, in particular, changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules and any other relevant statutory or regulatory requirements, concerns and issues arising from audits including any matters which the External Auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

CORPORATE GOVERNANCE REPORT

- reviewing and reporting to the Board, at least annually, the effectiveness and adequacy of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and discuss issues and concerns, if any, arising from the internal audits;
- reviewing the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET; and
- reviewing the performance, independence and objectivity of the Internal Auditors and the External Auditors as well as considering their appointment or re-appointment, remuneration and terms of engagement.

In addition, the AC is tasked to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's results of operations and/or financial position. The AC has reasonable resources to enable it to discharge its responsibilities properly. It has full access to, and the co-operation of, the Management and full discretion to invite any Director or key executive to attend its meetings.

The AC meets with the External Auditors and the Internal Auditors separately, at least once a year, without the presence of the Management to review any matter that might be raised.

The AC is kept abreast by the Management, the Company Secretary, the External Auditors and the Internal Auditors on changes to financial reporting standards, the Catalist Rules and other rules, laws and regulations which could have an impact on the Group's business and financial statements.

EXTERNAL AUDITORS

A breakdown of the fees paid to the External Auditors for audit and non-audit services for FY2023 is as follows:

	S\$'000	% of total fees
Audit services	208	86
Non-audit services (tax compliance services)	33	14
Total	241	100

Please refer to page 140 of this annual report for breakdown of the audit and non-audit fees.

Having undertaken a review of the non-audit services provided by the External Auditors during the year, the AC is of the view that the non-audit services provided would not impair their objectivity and independence as External Auditors. The External Auditors had also confirmed their independence in this respect.

The AC was satisfied that the resources and experience of the External Auditors, the audit engagement partner and the team assigned to the audit were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

The Company confirms that it complies with Rules 712 and 716 of the Catalist Rules in the appointment of the External Auditors. The External Auditors are registered with ACRA.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDITORS

The AC oversees the Group's internal controls and risk management systems and approves the hiring, removal, evaluation and compensation of the internal auditors. The AC also reviews the adequacy and effectiveness of the internal audit function at least annually. The Company has outsourced its internal audit function to CLA Global TS for its Singapore and Malaysia operations. CLA Global TS is also a member of the Institute of Internal Auditors Singapore and staffed with professionals with relevant qualifications and experience.

CLA Global TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. The Group's engagement with CLA Global TS stipulates that its work shall be conducted in accordance with CLA Global TS's internal audit procedures and in line with the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors (IIA Standards).

The CLA Global TS engagement team is led by Ms Pamela Chen who has more than 16 years' experience in performing audits for listed companies. Ms Pamela Chen is supported by an Associate Director who has more than 10 years audit experience and 2 staff members who each has more than 2 years audit experience respectively. CLA Global TS has confirmed their independence to the AC. In view of the above, the AC is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function.

The internal audit plans are reviewed and approved by the AC and the Board, and CLA Global TS plans its schedule in consultation with the Management. CLA Global TS has unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC.

CLA Global TS reports their findings directly to the AC and the Board. The Management is responsible for ensuring that appropriate measures are implemented to address the internal controls weaknesses highlighted by CLA Global TS.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives Shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company encourages Shareholder participation, and ensures that Shareholders have the opportunity to participate effectively at general meetings.

The Company believes in providing Shareholders with sufficient information in relation to the Group or its business which would be likely to materially affect the price or value of the Company's shares, in a timely and consistent manner. The Company does not practice selective disclosure. The Board ensures that all material information including press releases are disclosed via SGXNET.

All Shareholders are informed of general meetings through notices contained in annual reports or published in newspapers or circulars sent to them. Annual reports, circulars and notices in respect of all general meetings are released via SGXNET and on the Company's website at least 14 days before the meeting for ordinary resolutions and 21 days before the meeting for special resolutions.

CORPORATE GOVERNANCE REPORT

Shareholders will be given the opportunity to participate effectively in and vote at the general meetings. The voting procedures are clearly explained to Shareholders at the general meetings of the Company before the resolutions are put to vote. The general meeting procedures allow Shareholders to raise questions relating to each resolution tabled for approval, and to participate, engage and openly communicate their views on matters relating to the Group.

Shareholders are encouraged to attend the general meetings to stay informed of the Group's strategies and developments. Shareholders may appoint the Chairman of the AGM or an individual as their proxy to attend and vote on their behalf at the AGM. Shareholders may also submit questions to the Chairman of the AGM in advance.

Separate resolutions are proposed for substantially separate issues at general meetings for approval. "Bundling" of resolutions are done only where the resolutions are interdependent and linked so as to form one significant proposal and only where there are reasons and material implications involved. All resolutions are to be voted by poll, following which the detailed results showing, *inter alia*, the number of votes cast for and against each resolution and the respective percentages will be announced after the general meeting.

The Chairman and the chairpersons of the AC, the NC and the RC will be available at all general meetings to address Shareholders' queries. The External Auditors will also be present to assist the Directors in addressing Shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. At the Company's last AGM held on 28 April 2023, all the Directors and the External Auditors were present.

The Company will publish minutes of general meetings of Shareholders on SGXNET and its corporate website within 1 month after the general meeting. The minutes will record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting, and responses from the Board and the Management.

The Constitution allows a member of the Company to appoint up to 2 proxies to attend and to vote in place of the member. In line with the amendments to the Companies Act 1967 of Singapore, corporate Shareholders who provide nominee or custodial services to third parties are allowed to appoint more than 2 proxies to attend and vote on their behalf at general meetings.

The Group currently does not have a fixed dividend policy. The form, frequency and amount of future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors such as the level of cash and accumulated profits, actual and projected financial performance, projected levels of capital requirements and general financing condition, restrictions on payment of dividends imposed on the Group by its financing arrangements (if any), general economic and business conditions in countries the Group operates and other relevant factors as the Board may deem appropriate. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. The Company will, in line with Rule 704(23) of the Catalist Rules, expressly disclose the reason(s) in the event that the Board decides not to declare or recommend a dividend, in its financial statement announcements.

The Board has recommended a first and final tax exempt (one-tier) dividend of 0.60 Singapore cents per ordinary share and special tax exempt (one-tier) dividend of 0.40 Singapore cents per ordinary share in respect of FY2023 for approval by Shareholders at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the company.

The Company commits itself to disclose and convey pertinent information to all stakeholders. An investor relations contact is available on the Company's website which stakeholders can use to raise their concerns about possible violation of their rights. All material information is communicated to Shareholders on a timely basis and the Company disseminates all announcements and press releases via SGXNET and the Company's website at <http://www.wongfongindustries.com>.

The Group's financial results, annual reports and circulars are announced or issued within the period specified under the Catalist Rules, and are also made available to the public via the Company's website. The website is also updated regularly and contains various other investor-related information on the Company which serves as an important resource for investors.

General meetings are the principal forum for dialogue with Shareholders and Shareholders are encouraged to participate in such meetings. During these meetings, Shareholders are able to engage with the Board and the Management in discussions on the Group's business activities, financial performance and other business-related matters. As and when necessary, the Executive Directors and the Chief Financial Officer will meet analysts and fund managers who wish to seek a better understanding of the Group's business and operations. This also enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views.

The Chief Financial Officer, Mr Jack Wong, is in-charge of investor relations and he will manage communications with stakeholders to ensure that their queries and concerns are promptly addressed by the relevant management personnel.

MANAGING STAKEHOLDER RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board adopts a balanced approach towards the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of Wong Fong are served.

The Group strives to maintain open and fair communication with its key stakeholders, to understand their views, concerns, and objectives in order to work towards more sustainable growth. The Group, from time to time, proactively engages with various stakeholders, including the employees, suppliers, customers, Shareholders, and regulators, to gather feedback on the sustainability matters which have significant impact to the business and operations of the Group and its stakeholders.

The Sustainability Report section of this annual report provides more details about the strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period, including:

- Ensuring the safety, welfare and development of employees
- Delivering long-term sustainable and safety products to the customers
- Compliance with regulations

CORPORATE GOVERNANCE REPORT

The Company maintains a corporate website at <http://www.wongfongindustries.com>, to communicate and engage with Shareholders, as well as the Group's material stakeholders.

WHISTLE BLOWING POLICY

The Company has established a whistle-blowing framework ("**Whistle Blowing Policy**"), which provides mechanisms by which concerns about plausible improprieties in matters of financial reporting and others may be raised and ensures that arrangements are in place for the independent investigations of such matters and for appropriate follow-up. Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group and a dedicated email has been set up to allow whistle blowers to contact the AC directly. The AC is responsible for oversight and monitoring of whistle blowing and all investigations shall be reported to the AC. The AC oversees the outcome of the investigation and ensure appropriate actions are taken.

The policy aims to ensure that appropriate reporting and communication channels are available for employees and external parties to raise concerns about possible improprieties and also offer reassurance that they will be protected from reprisals or harassment for whistle-blowing in good faith. The Group will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. No whistle-blowing report was received by the Company in FY2023.

The AC is responsible for the oversight and monitoring of the Whistle Blowing Policy of the Group.

CODE ON DEALINGS IN SECURITIES

The Company has adopted an internal compliance code on dealings in the Company's securities, pursuant to Rule 1204(19) of the Catalist Rules, which all Directors and officers of the Group have been notified of. The Company, the Directors and the officers of the Group are prohibited from dealing in the Company's securities during the period commencing 1 month before the announcement of its half year and full year financial results. Directors and employees are also reminded to observe insider trading laws at all times, not deal in the Company's securities on short-term considerations and not to deal in the Company's securities when in possession of any unpublished price-sensitive information regarding the Group. The Company issues half-yearly reminders to its Directors and employees of the Group on the restrictions on dealing in the Company's securities, in compliance with the Catalist Rules.

CODE OF CONDUCT AND ANTI-CORRUPTION POLICY

The Company has a code of conduct and anti-corruption policy in place and the policy is disseminated to all employees of the Group.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with an interested person within the definition set out in Chapter 9 of the Catalist Rules and has in place procedures for review and approval of all interested person transactions. In the event that a potential conflict of interest arises, the Director concerned will not participate in discussions, abstains from decision-making, and refrains from exercising any influence over other members of the Board.

The Group does not have a general mandate for interested person transactions. There were no interested person transactions of S\$100,000 or more in FY2023.

CORPORATE GOVERNANCE REPORT

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and the transactions will not be prejudicial to the interest of the Group and its minority Shareholders. To ensure compliance with Chapter 9 of the Catalist Rules, the Board and the AC review, on a half-yearly basis, interested person transactions entered into by the Group (if any).

MATERIAL CONTRACTS

Save for the service agreements between the Company and the Executive Directors, there were no other material contracts of the Company and its subsidiaries involving the interests of the Group CEO, any Director or controlling Shareholder which is either subsisting at the end of FY2023 or, if not then subsisting, entered into since the end of FY2022.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2023.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2023.

In the opinion of the directors, the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company as set out on pages 87 to 147 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2023, and the financial performance, changes in equity and cash flows of Group and the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Liew Ah Kuie
Liew Chern Yean
Lew Chern Yong (Liu Zhengrong)
Pao Kiew Tee
Wong Chit Chong

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debenture of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967 except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At January 1, 2023	At December 31, 2023	At January 21, 2024	At January 1, 2023	At December 31, 2023	At January 21, 2024
Ultimate holding company <u>Wong Fong Investments Pte. Ltd.</u> (Ordinary shares)						
Liew Ah Kuie	450,000	450,000	450,000	–	–	–
Liew Chern Yean	–	–	–	650,000	650,000	650,000
Lew Chern Yong (Liu Zhengrong)	–	–	–	650,000	650,000	650,000
The Company <u>Wong Fong Industries Limited</u> (Ordinary shares)						
Liew Ah Kuie	–	4,380,000	4,380,000	158,280,000	158,280,000	158,280,000
Liew Chern Yean	–	–	–	158,280,000	159,010,000	159,010,000
Lew Chern Yong (Liu Zhengrong)	–	–	–	158,280,000	158,280,000	158,280,000

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

By virtue of Section 7 of the Companies Act 1967, the above directors are deemed to have an interest in all the related corporations of the Company.

4 SHARE OPTIONS AND SHARE-BASED INCENTIVE

The Company has adopted the Wong Fong Performance Share Plan (the "PSP") which was approved by the shareholders by way of written resolutions passed on June 22, 2016.

- (a) The PSP are administered by the Remuneration Committee ("Committee") whose members are Wong Chit Chong (Chairman), Pao Kiew Tee and Lew Chern Yong (Liu Zhengrong).
- (b) The PSP will continue to be in force at the discretion of the Committee subject to a maximum period of 10 years commencing on the date of the PSP adopted by the Company in general meeting. However, the PSP may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities that may then be required.
- (c) The total number of new shares which may be issued or shares which may be delivered pursuant to awards granted under the PSP, when added to the total number of new shares issued and issuable in respect of all awards granted under the PSP and all shares, options, or awards granted under such share-based incentive schemes of the Company then in force, shall not exceed 15.0% of the issued capital of the Company (including treasury shares) from time to time.
- (d) During the financial year, no awards and options have been granted by the Company or its subsidiary corporations.
- (e) There were no shares issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiary corporations.
- (f) There were no unissued shares of the Company or of its subsidiary corporations under options as at the end of the financial year.

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Pao Kiew Tee, and includes Mr Lew Chern Yong (Liu Zhengrong) and Mr Wong Chit Chong. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- (a) The audit plans, scope of work, evaluation of the adequacy of the internal controls, audit reports, management letters on internal controls and management response;
- (b) The Group's financial and operating results and accounting policies;
- (c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONTINUED)

- (d) The half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) The interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Rules;
- (f) The co-operation and assistance given by the management to the Group's external and internal auditors; and
- (g) The re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....
Liew Ah Kuie

.....
Liew Chern Yean

April 5, 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WONG FONG INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wong Fong Industries Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 87 to 147.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for partial disposal of subsidiaries

On December 29, 2023, the Group completed partial disposal of 40% interest in Ascendo International Holdings Pte Ltd and its subsidiaries ("AIH Group"). Consequently, the Group's shareholding in AIH Group reduced from 60% to 20% and the Group lost control over AIH Group but retains an associate interest.

The aggregate consideration for the partial disposal comprises of cash, deferred consideration and the transfer of 20% interest in Wong Fong Academy Pte Ltd ("WFA") from the purchasers to the Group. The Group has determined the fair value of 20% interest in WFA to be \$1.4 million, which formed part of the consideration received for the partial disposal, and the fair value of retained interest of 20% in AIH Group to be \$1.3 million.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WONG FONG INDUSTRIES LIMITED

As part of the partial disposal, the purchasers granted the Group a put option over the remaining interest of 20% held by Group and the Group has committed to provide an interest-free loan of \$500,000 to AIH Group if a written request is made by the purchasers. Management has assessed the fair values of put option and loan commitment and concluded the amounts to be negligible.

Gain on partial disposal of AIH Group amounting to \$1.0 million was recognised.

The fair value of retained interest of 20% in AIH Group amounting to \$1.3 million is recorded as cost of investment in associate in the consolidated statement of financial position of the Group. The Group has performed an exercise to assess the fair value of identifiable net assets of AIH Group on the date that control is lost.

Significant judgments are required in determining and estimating the underlying assumptions to be applied to the fair valuation of 20% interest in WFA, retained interest of 20% in AIH Group and intangible assets (accreditation and copyrights) identified by management.

Management has engaged an independent valuer to perform the valuation of (i) AIH Group and WFA; and (ii) intangible assets (accreditation and copyrights) identified by management as at the date that control over AIH Group is lost.

The Group's disclosure on the partial disposal of AIH Group is set out in Note 32 to the financial statements.

Our audit performed and responses thereon

We obtained and read the sale and purchase agreement to identify critical terms with accounting impact, including validating the purchase consideration and determining the completion date for the partial disposal to be December 29, 2023.

We involved our specialist to review and evaluate the appropriateness of the valuation methodology applied and the key assumptions and inputs used by management in determining the fair valuation of 20% interest in WFA, which formed part of the consideration received for the partial disposal, and the fair valuation of retained interest of 20% in AIH Group.

We evaluated management's assessment of the accounting and time value impact of the put option with the involvement of our specialist.

We reviewed the reasonableness of management's assessment of the fair value of identifiable net assets of AIH Group on the date when control over AIH Group is lost for the purpose of subsequent equity accounting of AIH Group as associate of the Group, and involved our specialist to review and evaluate the appropriateness of the valuation methodology applied and the key assumptions and inputs used by management in determining the fair value of intangible assets (accreditation and copyrights) identified by management.

In respect of the independent valuer engaged by the Group, we found that the independent valuer possessed the requisite competency and experience to assist management in performing the required valuations. We further read the engagement terms to determine whether there were any matters that might have affected the independent valuer's independence and objectivity or imposed a limitation on the scope of their work.

Based on the procedures performed, we found management's basis of estimating the fair values of (i) 20% interest in WFA; (ii) retained interest of 20% in AIH Group; and (iii) intangible assets (accreditation and copyrights) to be within a reasonable range of our expectations.

We also reviewed the relevant disclosures made by management in the Group's financial statements and found them to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WONG FONG INDUSTRIES LIMITED

Allowance for inventories

The Group holds significant inventories of \$17.2 million carried at the lower of cost and net realisable value. These inventories account for 37% of the Group's current assets and 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 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 equipment.

The Group's disclosure on inventories is set out in Note 9 to the financial statements.

Our audit performed and responses thereon

We performed procedures to understand management's process over the monitoring and review of inventory obsolescence, as well as the policy in place to determine the level of allowance required.

We discussed with management and evaluated the appropriateness of the Group's policy and basis used in the assessment of allowance for inventories, and recalculated the allowance recorded, including testing the accuracy of the aging data used on a sample basis.

We also assessed the reasonableness of the level of allowance recorded by comparing to recently transacted prices or prices of past sales of similar cranes or equipment. We performed sensitivity analysis on the estimated selling prices and also assessed the adequacy of disclosures made by management in respect of allowance for inventories.

We found the allowance for inventories estimated by management and the related disclosures to be appropriate.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WONG FONG INDUSTRIES LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WONG FONG INDUSTRIES LIMITED

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Meng Chuan.

Public Accountants and
Chartered Accountants
Singapore

April 5, 2024

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
ASSETS					
Current assets					
Cash and bank balances	6	17,227	17,320	7,946	3,532
Trade and other receivables	7	12,375	17,310	270	5,225
Derivative financial instruments	8	6	1	–	–
Inventories	9	17,156	19,667	–	–
Total current assets		46,764	54,298	8,216	8,757
Non-current assets					
Other receivables	7	533	–	–	–
Property, plant and equipment	10	23,349	24,290	2	4
Right-of-use assets	11	6,532	8,437	–	–
Intangible assets	12	–	2,549	–	–
Investment in subsidiaries	13	–	–	3,564	3,564
Investment in associate	14(a)	1,254	–	–	–
Investment in joint venture	14(b)	–	–	–	–
Investments in financial assets	15	3,392	3,009	2,846	2,453
Total non-current assets		35,060	38,285	6,412	6,021
Total assets		81,824	92,583	14,628	14,778
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	16	12,336	17,679	360	331
Lease liabilities	17	671	1,575	–	–
Bank borrowings	18	1,583	1,604	–	–
Income tax payable		661	970	–	–
Total current liabilities		15,251	21,828	360	331
Non-current liabilities					
Other payables	16	4	4	–	–
Lease liabilities	17	6,183	7,160	–	–
Bank borrowings	18	5,264	6,883	–	–
Deferred tax liabilities	19	961	1,380	–	–
Total non-current liabilities		12,412	15,427	–	–
CAPITAL AND RESERVES					
Share capital	20	11,351	11,351	11,351	11,351
Accumulated profits		44,195	41,894	2,424	2,672
Reserves	21	(342)	308	493	424
Equity attributable to owners of the Company		55,204	53,553	14,268	14,447
Non-controlling interests		(1,043)	1,775	–	–
Total equity		54,161	55,328	14,268	14,447
Total equity and liabilities		81,824	92,583	14,628	14,778

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2023

	Note	Group	
		2023 \$'000	2022 \$'000
Revenue	22	77,958	75,299
Other operating income	23	1,793	1,576
Net gain on disposal of subsidiaries	32	1,035	–
Changes in inventories of finished goods and work-in-progress		(2,428)	4,995
Materials and consumables used and other direct costs		(41,106)	(46,748)
Employee benefits expense	27	(22,233)	(21,225)
Depreciation and amortisation expense	27	(4,438)	(4,354)
Impairment loss on financial assets	27	(152)	(48)
Impairment of goodwill		–	(1,299)
Other operating expenses	24	(5,005)	(4,935)
Finance costs	25	(467)	(484)
Profit before tax		4,957	2,777
Income tax expense	26	(769)	(809)
Profit for the year	27	4,188	1,968
Other comprehensive income, after tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
– Fair value loss on investments in equity instruments designated at fair value through other comprehensive income (“FVTOCI”)		–	(56)
<i>Items that may be reclassified subsequently to profit or loss</i>			
– Fair value gain (loss) on investments in debt instruments measured at FVTOCI		69	(143)
– Exchange differences on translation of foreign operations		182	234
Other comprehensive income for the year, net of tax		251	35
Total comprehensive income for the year		4,439	2,003
Profit attributable to:			
Owners of the Company		3,684	2,188
Non-controlling interests		504	(220)
		4,188	1,968
Total comprehensive income attributable to:			
Owners of the Company		3,872	2,140
Non-controlling interests		567	(137)
		4,439	2,003
Basic and diluted earnings per share (cents)	31	1.57	0.93

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2023

Group	Note	Share capital \$'000	Accumulated profits \$'000	Reserves \$'000	Equity		Total \$'000
					attributable to owners of the Company \$'000	Non-controlling interests \$'000	
Balance as at January 1, 2022		11,351	41,586	328	53,265	2,548	55,813
<i>Transactions with owners, recognised directly in equity:</i>							
Dividends paid to owners of the Company	28	–	(1,880)	–	(1,880)	–	(1,880)
Dividends paid to non-controlling interest		–	–	–	–	(700)	(700)
Non-controlling interest arising from incorporation of a subsidiary		–	–	–	–	98	98
Effects of acquiring part of non-controlling interest in subsidiaries		–	–	28	28	(34)	(6)
Total		–	(1,880)	28	(1,852)	(636)	(2,488)
<i>Total comprehensive income for the year:</i>							
Profit for the year		–	2,188	–	2,188	(220)	1,968
Other comprehensive income (loss) for the year		–	–	(48)	(48)	83	35
Total		–	2,188	(48)	2,140	(137)	2,003
Balance as at December 31, 2022		11,351	41,894	308	53,553	1,775	55,328
Balance as at January 1, 2023		11,351	41,894	308	53,553	1,775	55,328
<i>Transactions with owners, recognised directly in equity:</i>							
Dividends paid to owners of the Company	28	–	(1,410)	–	(1,410)	–	(1,410)
Dividends paid to non-controlling interest		–	–	–	–	(100)	(100)
Disposal of controlling interest in subsidiaries		–	27	(838)	(811)	(3,285)	(4,096)
Total		–	(1,383)	(838)	(2,221)	(3,385)	(5,606)
<i>Total comprehensive income for the year:</i>							
Profit for the year		–	3,684	–	3,684	504	4,188
Other comprehensive income for the year		–	–	188	188	63	251
Total		–	3,684	188	3,872	567	4,439
Balance as at December 31, 2023		11,351	44,195	(342)	55,204	(1,043)	54,161

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2023

<u>Company</u>	<u>Note</u>	<u>Share capital</u> <u>\$'000</u>	<u>Accumulated profits</u> <u>\$'000</u>	<u>Reserves</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Balance as at January 1, 2022		11,351	4,002	567	15,920
<i>Transaction with owners, recognised directly in equity:</i>					
Dividends paid	28	–	(1,880)	–	(1,880)
<i>Total comprehensive income for the year:</i>					
Profit for the year		–	550	–	550
Other comprehensive loss for the year		–	–	(143)	(143)
Total		–	550	(143)	407
Balance as at December 31, 2022		11,351	2,672	424	14,447
<i>Transaction with owners, recognised directly in equity:</i>					
Dividends paid	28	–	(1,410)	–	(1,410)
<i>Total comprehensive income for the year:</i>					
Profit for the year		–	1,162	–	1,162
Other comprehensive income for the year		–	–	69	69
Total		–	1,162	69	1,231
Balance as at December 31, 2023		11,351	2,424	493	14,268

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

	Group	
	2023	2022
	\$'000	\$'000
Operating activities		
Profit before taxation	4,957	2,777
Adjustments for:		
Amortisation of intangible assets	382	383
Depreciation of property, plant and equipment	2,389	2,244
Depreciation of right-of-use assets	1,667	1,727
Dividend income	–	(72)
Fair value changes on derivative financial instruments	(5)	(48)
Gain on lease modification	(13)	(2)
Impairment loss on financial assets	152	48
Impairment of goodwill	–	1,299
Interest expense	411	401
Interest income	(253)	(97)
Loss on disposal of property, plant and equipment	2	28
Net gain on disposal of subsidiaries	(1,035)	–
(Gain) Loss arising on financial assets measured at FVTPL	(74)	206
Property, plant and equipment written off	47	7
Allowance for inventories and inventories written off	483	25
Operating cash flows before movements in working capital	9,110	8,926
Inventories	1,951	(5,116)
Trade and other receivables	3,679	(5,348)
Trade and other payables (Note A)	(2,968)	3,579
Cash generated from operations	11,772	2,041
Income tax paid	(902)	(680)
Net cash from operating activities	10,870	1,361

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

	Group	
	2023	2022
	\$'000	\$'000
Investing activities		
Disposal of subsidiaries	(3,708)	–
Dividend received	–	72
Interest received	253	97
Investment in financial assets measured at FVTPL	(250)	(958)
Proceeds from disposal of listed shares	–	2,225
Proceeds from disposal of property, plant and equipment	43	107
Purchase of property, plant and equipment (Note A)	(2,242)	(3,724)
Net cash used in investing activities	(5,904)	(2,181)
Financing activities		
Contribution by non-controlling interest	–	98
Acquisition of non-controlling interest in subsidiaries	–	(6)
Dividends paid	(1,510)	(2,580)
Interest paid	(411)	(401)
Repayment of bank borrowings	(1,590)	(1,498)
Repayment of lease liabilities	(1,571)	(1,768)
Net cash used in financing activities	(5,082)	(6,155)
Net decrease in cash and cash equivalents	(116)	(6,975)
Cash and cash equivalents at beginning of the year	17,107	24,035
Effect of foreign exchange rate changes	23	47
Cash and cash equivalents at end of the year (Note 6)	17,014	17,107

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$2,195,000 (2022: \$9,734,000), of which \$Nil (2022: \$5,184,000) was acquired under bank borrowing, \$Nil (2022: \$514,000) was paid as deposit in prior year, \$1,885,000 (2022: \$3,679,000) was paid in cash and \$310,000 (2022: \$357,000) remains unpaid at the end of the reporting period and is recorded as other payables.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1 GENERAL INFORMATION

WONG FONG INDUSTRIES LIMITED (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 Singapore Exchange Securities Trading Limited (“SGX-ST”). The consolidated financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding, and business and management consultancy services.

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

The principal activities of the subsidiaries, associates and a joint venture are disclosed in Notes 13, 14(a) and 14(b) respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2023 were authorised for issue by the Board of Directors on April 5, 2024.

1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except as disclosed in the material accounting policy information, and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)s”).

1.2 ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group and the Company have applied all the new and revised SFRS(I) Accounting Standards that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as below.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The Group has adopted the amendments to SFRS(I) 1-1 for the first time in the current year. The amendments change the requirements in SFRS(I) 1-1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1 GENERAL INFORMATION (CONTINUED)

The Group has identified material accounting policies for disclosures in Note 2. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the amendments to SFRS(I) 1-12 for the first time in the current year. The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences (e.g. leases and decommissioning obligations). Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

The Group had previously recognised deferred tax for leases on an aggregate temporary difference basis. Following the amendments, the Group is required to recognise separately deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets respectively, which are now disclosed in Note 19. There was no impact to the opening retained earnings as at January 1, 2022 as a result of the change, and there was also no impact on the statement of financial position as the resulting deferred tax consequences qualify for offsetting under SFRS(I) 1-12.

- 1.3 STANDARDS ISSUED BUT NOT EFFECTIVE** – Management anticipates that the adoption of the new and revised SFRS(I) pronouncements that were issued but not effective at the date of authorisation of these financial statements will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2 MATERIAL ACCOUNTING POLICY INFORMATION

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- b) 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
- c) Level 3 inputs are unobservable inputs for the asset or liability.

Refer to Note 4(c) for details of financial instruments that are measured at fair value on basis described above or where such fair values are disclosed.

SUBSIDIARIES – Subsidiaries are entities controlled by the Group. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Details of the Group's significant subsidiaries and composition of the Group are disclosed in Note 13.

Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the those of the Group. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to the acquisition date, the carrying amounts of non-controlling interests are adjusted for the non-controlling interests' share of changes in equity. Losses are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Company's separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Details of the Group's material associates are disclosed in Note 14(a).

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Details of the Group's joint venture are disclosed in Note 14(b).

Equity method of accounting

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Investment in each associate or joint venture is initially recognised at cost, and are subsequently accounted for by including the Group's share of its profit or loss and other comprehensive income or loss in the carrying amount of the investment until the date on which significant influence or joint control ceases. Dividends received reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. When necessary, adjustments are made to align the associate's or joint venture's accounting policies with the those of the Group.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets are initially measured at fair value (except for trade receivables that do not have a significant financing component which are measured at transaction price), net of transaction costs that are directly attributable to the acquisition or issue of financial assets (other than those at fair value through profit or loss). Transaction costs directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification and measurement of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL') based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group classifies its financial assets in the following measurement categories. The basis of classification and subsequent measurement of the financial assets are further described in the respective notes.

<u>Measurement category</u>	<u>Criteria</u>	<u>Financial assets</u>
Financial assets at amortised cost	Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	Cash and bank balances (Note 6) Trade and other receivables (Note 7)
Debt instruments classified as at FVTOCI	Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI	Listed corporate bonds (Note 15)
Equity instruments designated at FVTOCI	On initial recognition of certain equity instruments that are not held for trading, the Group has made an irrevocable election (on an instrument-by-instrument basis) to present subsequent changes in the instruments' fair value in other comprehensive income	Unlisted shares (Note 15)
Financial assets at FVTPL	Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL	Listed corporate bonds and Convertible loan (Note 15)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses ('ECL') on trade receivables and other receivables, and other debt instruments that are measured at amortised cost or at FVTOCI as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The ECL incorporates forward-looking information and is a probability-weighted estimate of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. Details about the Group's credit risk management are disclosed in Note 4(b)(iv).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables and borrowings. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9 *Financial Instruments*; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

For the financial guarantees given to banks for borrowings of its subsidiaries, the Company is required to make payments only in the event of a default by the subsidiary in accordance with the terms of the instrument that is guaranteed, and hence the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the subsidiary or any other party.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into foreign currency forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 8.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

INVENTORIES – Inventories comprises of equipment and spare parts (collectively known as materials, work-in-progress, and goods-in-transit). Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method and specific identification method according to the nature of inventories. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated using the straight-line method to allocate the cost of assets over their estimated useful lives as follows:

Buildings	–	50 years or over the terms of land lease ranging from 25 to 33 years
Motor vehicles	–	5 years
Office equipment, furniture and fittings	–	3 to 10 years
Computers	–	1 to 6 years
Plant and machinery	–	10 years

Freehold land is not depreciated.

Construction-in-progress is carried at cost, less any recognised impairment loss. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated based on the higher of fair value less costs of disposal and value in use, to determine the extent of the impairment loss (if any).

Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increase does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. A right-of-use asset and a corresponding lease liability are recognised with respect to all lease arrangements, except for short-term leases (those with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, measured initially using the index or rate at the commencement date.

A right-of-use asset is initially measured at cost comprising the initial lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs and any restoration costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the lease terms commencing from the date of the lease, and are tested for impairment in accordance with the policy similar to that adopted for property, plant and equipment.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease term upon exercising extension options not previously included in the determination of the lease term. A corresponding adjustment is made to the related right-of-use asset.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in Note 12. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

- Equipment sales and projects – Sale of cranes and other vehicle-mounted equipment including customisation, engineering and installation of products and solutions for sale;
- Repairs and servicing; and
- Training.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amount collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods or services before transferring them to the customer.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Equipment sales and projects

Revenue is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the equipment to the customer's specific location. The normal credit term is 30 to 60 days upon delivery or completion of performance obligation.

Repairs and servicing

The Group provides repairs and servicing for all hydraulic and mechanical equipment. Revenue is recognised for these services at the point in time in the accounting period in which the performance obligation is satisfied.

Training

The Group provides training courses primarily to the construction and hospitality related industries. Revenue is recognised at the point in time when such courses are being conducted and the performance obligation is satisfied.

Dividend income

Dividends from equity investments are recognised in profit or loss when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

Interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI, and is calculated by applying the effective interest rate to the gross carrying amount of the debt instruments.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The grant income is presented under 'other operating income' line item.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

DEFINED CONTRIBUTION PLANS – Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Other employment benefits include employee entitlements to annual leave which are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

BORROWING COSTS – Borrowing costs are recognised in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the amortised cost of a financial liability. Borrowing costs also include interest expense arising from lease liabilities.

INCOME TAX – Income tax expense represents the sum of current and deferred tax. It is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax payable represents the amount expected to be paid to taxation authorities on taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects the uncertainty related to income taxes.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from (i) initial recognition of goodwill; or (ii) initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit, and does not give rise to equal taxable and deductible temporary differences.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences associated with such investments and interests only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Offsetting

Current tax assets and liabilities are offset as there is a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the respective group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Upon the disposal of the entire interest in a foreign operation during the year, all of the exchange differences accumulated in the foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

EARNINGS PER SHARE – Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's material accounting policies

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 reported as below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of specific assets and liabilities within the next financial year, are explained 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 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 equipment.

The carrying amount of the Group's inventories and allowance for inventories recorded are disclosed in Note 9.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(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.

The carrying amount of the Group’s trade receivables and loss allowance recorded are disclosed in Note 7.

(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.

The carrying amount of the Company’s investment in subsidiaries is disclosed in Note 13.

(d) Accounting for partial disposal of subsidiaries

On December 29, 2023, the Group completed partial disposal of 40% interest in Ascendo International Holdings Pte Ltd and its subsidiaries (“AIH Group”). Consequently, the Group’s shareholding in AIH Group reduced from 60% to 20% and the Group lost control over AIH Group but retains an associate interest.

The aggregate consideration for the partial disposal comprises of cash, deferred consideration and the transfer of 20% interest in Wong Fong Academy Pte Ltd (“WFA”) from the purchasers to the Group. The Group has determined the fair value of 20% interest in WFA to be \$1.4 million, which formed part of the consideration received for the partial disposal, and the fair value of retained interest of 20% in AIH Group to be \$1.3 million.

As part of the partial disposal, the purchasers granted the Group a put option over the remaining interest of 20% held by Group and the Group has committed to provide an interest-free loan of \$500,000 to AIH Group if a written request is made by the purchasers. Management has assessed the fair values of put option and loan commitment and concluded the amounts to be negligible.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Gain on partial disposal of AIH Group amounting to \$1.0 million was recognised.

The fair value of retained interest of 20% in AIH Group amounting to \$1.3 million is recorded as cost of investment in associate in the consolidated statement of financial position of the Group. The Group has performed an exercise to assess the fair value of identifiable net assets of AIH Group on the date that control is lost.

Significant judgments are required in determining and estimating the underlying assumptions to be applied to the fair valuation of 20% interest in WFA, retained interest of 20% in AIH Group and intangible assets (accreditation and copyrights) identified by management.

Management has engaged an independent valuer to perform the valuation of (i) AIH Group and WFA; and (ii) intangible assets (accreditation and copyrights) identified by management as at the date that control over AIH Group is lost.

The Group's disclosure on the partial disposal of AIH Group is set out in Note 32 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the categories of financial instruments as at the end of the reporting period:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets				
Financial assets at amortised cost	29,930	34,346	8,175	8,716
Derivative financial instruments	6	1	–	–
Financial assets measured at FVTPL	2,403	2,089	1,941	1,617
Financial assets at FVTOCI:				
Debt instruments classified as at FVTOCI	905	836	905	836
Equity instruments designated at FVTOCI	84	84	–	–
Financial liabilities				
Financial liabilities at amortised cost	16,740	22,117	355	325
Lease liabilities	6,854	8,735	–	–

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives*

The Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. Where required, the Group uses foreign currency forward contracts to manage the exchange rate risks arising from trade payables and firm commitments to buy goods.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies and therefore is exposed to exchange rate fluctuations. Significant foreign currencies include the Euro, Singapore dollar, United States dollar and Chinese renminbi.

The carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currency at the reporting date are as follows:

	Group			
	Assets		Liabilities	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Euro	855	2,559	1,658	1,105
Singapore dollar	3	6	4,238	4,776
United States dollar	105	345	1	36
Chinese renminbi	–	–	523	489

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis below includes only significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

If the relevant foreign currencies weaken by 5% against the functional currency of each group entity, the Group's profit before tax will increase (decrease) by:

	Group	
	2023 \$'000	2022 \$'000
Euro	40	(72)
Singapore dollar	212	238
United States dollar	(5)	(15)
Chinese renminbi	26	24

If the relevant foreign currencies strengthen by 5% against the functional currency of each group entity, there would be an equal and opposite impact on the Group's profit before tax.

The Company does not have significant exposure to exchange rate fluctuations.

(ii) Interest rate risk management

The Group's exposure to cash flow interest rate risk arises mainly from its bank borrowing at floating rate (Note 18). The Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on the variable-rate bank borrowing at the end of the reporting period and therefore no sensitivity analysis is prepared.

The Company is not exposed to cash flow interest rate risk as the Company does not have significant interest-bearing financial instruments at variable rates.

The Group's and Company's exposure to fair value interest rate risk arises mainly from the interest-bearing financial assets measured at fair value (Note 15).

Fair value sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for interest-bearing financial assets measured at fair value at the reporting date. A 100 basis points increase or decrease is used when assessing interest rate risk and represents management's assessment of the reasonably possible change in interest rates. The analysis assumes that all other variables remain constant.

A change of 100 basis points in interest rates would have increased or decreased profit or loss by approximately \$73,000 (2022: \$73,000) for the Group and the Company.

A change of 100 basis points in interest rates would have increased or decreased equity by approximately \$73,000 (2022: \$77,000) for the Group and the Company.

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(iii) Equity price risk management

The Group and the Company are exposed to equity price risks arising from equity investments.

Equity investments in unlisted entities (Note 15) are held for strategic rather than trading purposes. The Group does not actively trade these investments.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's and the Company's profit or loss and equity arising from the effects of reasonably possible changes to equity prices on the investments in equity instruments at the end of the reporting period.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group or the Company.

The Group's and the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group or the Company due to failure to discharge an obligation by the counterparties or financial guarantees given to banks by the Company for borrowings of its subsidiaries, are represented by the carrying amount of the respective recognised financial assets as stated in the statements of financial position; and the maximum amount the Company would have to pay if the financial guarantees are called upon, irrespective of the likelihood of the guarantees being exercised.

To minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers. The Group is exposed to a concentration of credit risk as 12% (2022: 38%) of its total trade and other receivables are due from two (2022: two) counterparties.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits assesses the potential customer's credit quality and defines credit limits by customer. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group regularly monitors outstanding receivables. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

The Group's and the Company's other receivables are considered to have low risk of default, except for the amounts due from joint venture and a related party which are in default and accordingly, the loss allowance is measured at an amount equal to lifetime ECL (credit-impaired) as there has been significant increase in credit risk since initial recognition of the receivables.

Investments in debt instruments are considered to have a low credit risk for the purpose of impairment assessment.

For liquid funds and derivative financial instruments, the credit risk is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Company has assessed the past due status of the borrowings under guarantee, the financial position of its subsidiaries as well as the economic outlook of the industries in which its subsidiaries operate, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contract. Accordingly, the loss allowance is measured at an amount equal to 12-month ECL. The Company has assessed that the amount of loss allowance for the financial guarantee contract is negligible and therefore no loss allowance was recognised in profit or loss.

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

The table below details the credit quality of the Group's and Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Group						
<u>2023</u>						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	9,286	(311)	8,975
Unbilled trade receivables	7	Performing	Lifetime ECL (simplified approach)	337	–	337
Other receivables	7	Performing	12-month ECL	3,414	–	3,414
Other receivables – joint venture	7	In default	Lifetime ECL – credit-impaired	113	(113)	–
Other receivables – related party	7	In default	Lifetime ECL – credit-impaired	160	(160)	–
Listed corporate bonds	15	Performing	12-month ECL (low credit risk)	905	–	905
					584	
Group						
<u>2022</u>						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	10,659	(799)	9,860
Unbilled trade receivables	7	Performing	Lifetime ECL (simplified approach)	5,374	–	5,374
Other receivables	7	Performing	12-month ECL	1,822	–	1,822
Other receivables – joint venture	7	In default	Lifetime ECL – credit-impaired	113	(113)	–
Other receivables – related party	7	In default	Lifetime ECL – credit-impaired	160	(160)	–
Listed corporate bonds	15	Performing	12-month ECL (low credit risk)	836	–	836
					1,072	
Company						
<u>2023</u>						
Other receivables	7	Performing	12-month ECL	229	–	229
Listed corporate bonds	15	Performing	12-month ECL (low credit risk)	905	–	905
<u>2022</u>						
Other receivables	7	Performing	12-month ECL	5,184	–	5,184
Listed corporate bonds	15	Performing	12-month ECL (low credit risk)	836	–	836

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

- (i) The Group determines the expected credit losses on trade receivables by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Cash is held with creditworthy financial institutions and is subject to immaterial credit loss.

(v) Liquidity risk management

The Group manages liquidity risk by maintaining sufficient cash and banking facilities. The Group uses combination of the cash inflows from the financial assets and available bank facilities to manage liquidity.

The Group has access to financing facilities of which \$18,605,000 (2022: \$18,253,000) were unused at the reporting date. The Group expects to meet its obligations through operating cash flows and proceeds of maturing financial assets.

The Company has provided corporate guarantees to certain banks in respect of the banking facilities granted to its subsidiaries amounting to \$28,142,000 (2022: \$27,797,000), of which \$9,537,000 (2022: \$9,544,000) was utilised at the end of the reporting period.

The maximum amount that the Company could be forced to settle under the corporate guarantee contract if the full guaranteed amount is claimed by the counterparty to the guarantee is disclosed above. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the Group's and the Company's remaining contractual maturity for non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustments \$'000	Total \$'000
<u>Group</u>						
<u>2023</u>						
Non-interest bearing	–	9,893	–	–	–	9,893
Lease liabilities						
(fixed rate)	3.42	857	2,215	5,837	(2,055)	6,854
Variable interest						
rate instruments	4.27	86	429	556	(263)	808
Fixed interest rate						
instruments	1.83	1,651	2,953	1,677	(242)	6,039
Total		<u>12,487</u>	<u>5,597</u>	<u>8,070</u>	<u>(2,560)</u>	<u>23,594</u>
<u>2022</u>						
Non-interest bearing	–	13,630	–	–	–	13,630
Lease liabilities						
(fixed rate)	2.63	1,791	3,156	5,990	(2,202)	8,735
Variable interest						
rate instruments	3.24	127	454	584	(256)	909
Fixed interest rate						
instruments	1.67	1,651	4,047	2,233	(353)	7,578
Total		<u>17,199</u>	<u>7,657</u>	<u>8,807</u>	<u>(2,811)</u>	<u>30,852</u>
<u>Company</u>						
<u>2023</u>						
Non-interest bearing	–	355	–	–	–	355
<u>2022</u>						
Non-interest bearing	–	325	–	–	–	325

Non-derivative financial assets

The Group's and the Company's non-derivative financial assets as at the end of the financial years ended December 31, 2023 and 2022 are non-interest bearing and are repayable on demand or due within 1 year from the end of the reporting period, except for interest-bearing fixed deposits and investments in listed corporate bonds as disclosed in Notes 6 and 15 respectively.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Derivative financial instruments

The Group's derivative financial instruments comprise of foreign currency forward contracts with contracted gross cash flows due within 1 year.

(c) **Fair value of financial assets and financial liabilities**

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost to approximate their respective fair values due to the relatively short-term maturity of these financial assets and financial liabilities and the interest rates approximating market rates.

Management considers the carrying amounts of non-current lease liabilities and bank borrowings to approximate their respective fair values due to the interest rates approximating market rates.

Some financial assets are measured at fair value for financial reporting purposes. The following table gives information about how the fair values of these financial assets are determined.

Group			
Financial assets	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship and sensitivity of unobservable input(s) to fair value
Derivative financial instruments (Note 8)			
Foreign currency forward contracts	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.	Not applicable.
Financial assets measured at FVTPL (Note 15)			
Listed corporate bonds	Level 1	Quoted bid prices in an active market.	Not applicable.
Convertible loan	Level 3	Equity value of the borrower.	The higher the equity value, the higher the fair value.
Financial assets measured at FVTOCI (Note 15)			
Listed corporate bonds	Level 1	Quoted bid prices in an active market.	Not applicable.
Investment in unlisted shares	Level 3	Market comparable analysis using enterprise value to revenue multiple.	The higher the revenue, the higher the fair value.

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

Company			
Financial assets	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship and sensitivity of unobservable input(s) to fair value
Financial assets measured at FVTPL (Note 15)			
Listed corporate bonds	Level 1	Quoted bid prices in an active market.	Not applicable.
Financial assets measured at FVTOCI (Note 15)			
Listed corporate bonds	Level 1	Quoted bid prices in an active market.	Not applicable.

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 or prior year.

(d) *Capital management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the preceding year.

The capital structure of the Group consists of net debt (lease liabilities and borrowings disclosed in Notes 17 and 18 respectively after deducting cash and bank balances) and equity of the Group (comprising issued capital and retained earnings).

The Group is not subject to any externally imposed capital requirements.

5 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Wong Fong Investments Pte. Ltd., incorporated in Singapore, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies that are not members of the Group.

Some of the Company's transactions and arrangements are with its subsidiaries and the ultimate holding company and the effect of these on the basis determined between the parties is reflected in the separate financial statements of the Company. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated and are expected to be settled in cash.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

5 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, group entities entered into the following transactions with related companies:

	Group	
	2023 \$'000	2022 \$'000
Transaction with ultimate holding company		
Dividend paid	950	1,266

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2023 \$'000	2022 \$'000
Short-term employee benefits	2,019	1,605
Post-employment benefits	86	77
	2,105	1,682

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Fixed deposits	6,384	1,425	6,124	1,000
Cash in hand	126	83	–	–
Bank balances	10,717	15,812	1,822	2,532
	17,227	17,320	7,946	3,532
Less: Pledged fixed deposits	(213)	(213)	–	–
Cash and cash equivalents per statement of cash flows	17,014	17,107	7,946	3,532

Cash and bank balances comprise cash on hand and on-demand deposits which are subsequently measured at amortised cost.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Certain fixed deposits are pledged as collaterals for bank facilities. The fixed deposits have maturity of one to seven months (2022: four to nine months), bear interest from 3.05% to 3.76% (2022: 1.8%) per annum and can be withdrawn before maturity without significant risk of changes in value.

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DECEMBER 31, 2023

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Current assets</u>				
Trade receivables:				
– outside parties	9,286	10,659	–	–
Loss allowance	(311)	(799)	–	–
	8,975	9,860	–	–
Unbilled trade receivables	337	5,374	–	–
	9,312	15,234	–	–
Other receivables:				
– deferred consideration (Note 32)	1,591	–	–	–
– outside parties	423	213	143	35
– subsidiaries	–	–	86	5,149
– joint venture	113	113	–	–
– related party ⁽¹⁾	160	160	–	–
– deposits	857	1,582	–	–
– prepayments	182	254	41	41
– staff loans	10	27	–	–
Loss allowance	(273)	(273)	–	–
	3,063	2,076	270	5,225
Total	12,375	17,310	270	5,225
<u>Non-current assets</u>				
Other receivables:				
– deferred consideration (Note 32)	533	–	–	–

(1) Related party refers to a company which the Group has interest in.

As at January 1, 2022, trade receivables from contracts with customers amounted to \$9,848,000 (net of loss allowance of \$1,227,000).

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The average credit period for trade receivables is generally 30 to 60 days and are therefore classified as current. Trade receivables are initially measured at their transaction price, and are subsequently measured at amortised cost, less loss allowance.

The Group applies the simplified approach in SFRS(I) 9 to measure the loss allowance at an amount equal to lifetime ECL for trade receivables. The loss allowance is estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial position, adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques during the current reporting period.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The following table details the risk profile of trade receivables which is segregated by customer segments.

Engineering	Group					Total \$'000
	Trade receivables – days past due					
	Not past due \$'000	Within 90 days \$'000	91 to 180 days \$'000	181 to 360 days \$'000	More than 360 days \$'000	
<u>2023</u>						
Expected credit loss rate	0.0%	0.1%	0.5%	40.2%	86.4%	
Estimated total gross carrying amount at default	5,092	2,511	822	191	213	8,829
Lifetime ECL	(2)	(1)	(4)	(77)	(158)	(242)
						<u>8,587</u>
<u>2022</u>						
Expected credit loss rate	0.0%	0.1%	0.7%	2.7%	97.3%	
Estimated total gross carrying amount at default	9,012	3,782	158	48	197	13,197
Lifetime ECL	(2)	(3)	(1)	(2)	(192)	(200)
						<u>12,997</u>

Training	Group					Total \$'000
	Trade receivables – days past due					
	Not past due \$'000	Within 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	
<u>2023</u>						
Expected credit loss rate	1.7%	1.1%	4.2%	8.4%	22.3%	
Estimated total gross carrying amount at default	76	269	133	76	240	794
Lifetime ECL	(1)	(3)	(6)	(6)	(53)	(69)
						<u>725</u>
<u>2022</u>						
Expected credit loss rate	2.1%	2.0%	3.5%	4.7%	42.7%	
Estimated total gross carrying amount at default	676	449	219	179	1,313	2,836
Lifetime ECL	(14)	(9)	(8)	(8)	(560)	(599)
						<u>2,237</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

<u>Group</u>	<u>Total \$'000</u>
Balance at January 1, 2022	1,227
Amounts written off	(405)
Change in loss allowance – Origination of new trade receivables net of those settled	5
Exchange realignment	(28)
Balance at December 31, 2022	799
Amounts written off	(67)
Change in loss allowance – Origination of new trade receivables net of those settled	85
Disposal of subsidiaries	(503)
Exchange realignment	(3)
Balance at December 31, 2023	311

Other receivables

Other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less loss allowance.

Except for the amounts due from joint venture and a related party, other receivables are considered to have low risk of default as they are not due for payment at the end of the reporting period and there has been no significant increase in credit risk since initial recognition, as the Group and the Company has not identified any indications of adverse changes in business, financial or economic conditions that are expected to cause a significant change in the counterparty's ability to meet its repayment obligations. The loss allowance is measured at an amount equal to 12-month ECL and is determined to be immaterial.

The amounts due from joint venture and a related party are in default and there is evidence indicating that the amounts are credit-impaired. The loss allowance is measured at an amount equal to lifetime ECL (credit-impaired) as there has been significant increase in credit risk since initial recognition of the receivables.

Loan to a subsidiary

In 2022, loan to a subsidiary of \$5,000,000 was unsecured, bore interest at rate of 1.4% per annum and was repayable within one year. The loan was fully received in current year.

The loan was considered to have low credit risk because the subsidiary has strong financial capacity to meet the contractual obligation. Accordingly, the Company has measured the loss allowance at an amount equal to 12-month ECL and has determined the amount to be immaterial.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

8 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	Assets 2023 \$'000	Assets 2022 \$'000
Foreign currency forward contracts		
– Not designated in hedge accounting relationships	<u>6</u>	<u>1</u>

The following table details the foreign currency forward contracts outstanding as at the end of the reporting period:

Group	Average exchange rate	Foreign currency FC'000	Contract value \$'000	Changes in fair value \$'000
<u>2023</u>				
Buy EUR: less than 3 months	<u>1.46</u>	<u>2,300</u>	<u>3,350</u>	<u>6</u>
<u>2022</u>				
Buy EUR: less than 3 months	<u>1.43</u>	<u>700</u>	<u>1,002</u>	<u>1</u>

9 INVENTORIES

	Group	
	2023 \$'000	2022 \$'000
Materials	12,450	9,900
Work-in-progress	3,598	8,588
Goods-in-transit	<u>1,678</u>	<u>1,414</u>
	17,726	19,902
Less: Allowance for inventories	<u>(570)</u>	<u>(235)</u>
	<u>17,156</u>	<u>19,667</u>

Movement in allowance for inventories:

	Group	
	2023 \$'000	2022 \$'000
Balance at beginning of the year	235	191
Charge to profit or loss for the year	335	44
Exchange realignment	*	*
Balance at end of the year	<u>570</u>	<u>235</u>

* Denotes less than \$1,000.

During the year, amount of \$148,000 in respect of slow-moving and non-usable items was written down. In 2022, previous write-down of \$19,000 has been reversed due to subsequent utilisation of these items.

NOTES TO FINANCIAL STATEMENTS

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10 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land \$'000	Buildings \$'000	Construction- in-progress \$'000	Motor vehicles \$'000	Office equipment, furniture and fittings \$'000	Computers \$'000	Plant and machinery \$'000	Total \$'000
Cost:								
At January 1, 2022	745	21,895	—	1,626	2,637	2,184	4,203	33,290
Additions	—	6,677	201	211	1,718	207	720	9,734
Exchange realignment	(45)	(70)	—	(12)	(13)	(2)	(18)	(160)
Disposals	—	—	—	(157)	(18)	(20)	(74)	(269)
Written off	—	—	—	—	(22)	(80)	(60)	(162)
At December 31, 2022	700	28,502	201	1,668	4,302	2,289	4,771	42,433
Additions	—	—	—	237	622	335	1,001	2,195
Exchange realignment	(39)	(60)	—	(4)	(11)	(2)	(12)	(128)
Disposal of subsidiaries	—	—	—	—	(829)	(849)	—	(1,678)
Disposals	—	—	—	(21)	(19)	(111)	(137)	(288)
Written off	—	—	—	—	(68)	(33)	(66)	(167)
Reclassification	—	—	—	—	—	—	201	—
Transfer to inventory	—	—	(201)	—	—	—	—	(35)
At December 31, 2023	661	28,442	—	1,845	3,997	1,629	5,758	42,332
Accumulated depreciation:								
At January 1, 2022	—	8,767	—	1,007	1,636	1,847	2,974	16,231
Depreciation for the year	—	956	—	197	477	290	324	2,244
Exchange realignment	—	(10)	—	(6)	(10)	(2)	(15)	(43)
Disposal	—	—	—	(96)	(8)	—	(30)	(134)
Written off	—	—	—	—	(17)	(80)	(58)	(155)
At December 31, 2022	—	9,713	—	1,102	2,078	2,055	3,195	18,143
Depreciation for the year	—	965	—	225	610	175	414	2,389
Exchange realignment	—	(10)	—	(3)	(8)	(1)	(14)	(36)
Disposal of subsidiaries	—	—	—	—	(609)	(541)	—	(1,150)
Disposals	—	—	—	(20)	(5)	(111)	(107)	(243)
Written off	—	—	—	—	(60)	(33)	(27)	(120)
At December 31, 2023	—	10,668	—	1,304	2,006	1,544	3,461	18,983
Carrying amount:								
At December 31, 2023	661	17,774	—	541	1,991	85	2,297	23,349
At December 31, 2022	700	18,789	201	566	2,224	234	1,576	24,290

Freehold land and buildings with a carrying amount of \$14,901,000 (2022: \$15,830,000) have been pledged to secure banking facilities granted to the Group.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	Computers \$'000
Cost:	
At January 1, 2022	14
Additions	–
At December 31, 2022	14
Additions	–
At December 31, 2023	14
Accumulated depreciation:	
At January 1, 2022	4
Depreciation for the year	6
At December 31, 2022	10
Depreciation for the year	2
At December 31, 2023	12
Carrying amount:	
At December 31, 2023	2
At December 31, 2022	4

11 RIGHT-OF-USE ASSETS

<u>Group</u>	Leasehold lands \$'000	Buildings \$'000	Total \$'000
Cost:			
At January 1, 2022	4,335	6,144	10,479
Additions	1,658	1,421	3,079
Termination of leases	–	(980)	(980)
At December 31, 2022	5,993	6,585	12,578
Additions	–	3,842	3,842
Remeasurement	165	9	174
Termination of leases	–	(1,335)	(1,335)
Disposal of subsidiaries	–	(6,650)	(6,650)
At December 31, 2023	6,158	2,451	8,609
Accumulated depreciation:			
At January 1, 2022	487	2,907	3,394
Depreciation	222	1,505	1,727
Termination of leases	–	(980)	(980)
At December 31, 2022	709	3,432	4,141
Depreciation	232	1,435	1,667
Termination of leases	–	(968)	(968)
Disposal of subsidiaries	–	(2,763)	(2,763)
At December 31, 2023	941	1,136	2,077
Carrying amount:			
At December 31, 2023	5,217	1,315	6,532
At December 31, 2022	5,284	3,153	8,437

NOTES TO FINANCIAL STATEMENTS

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11 RIGHT-OF-USE ASSETS (CONTINUED)

The Group leases lands and buildings for use as office premises and training space. The average lease term for lands is 30 years which includes the options to extend the lease ranging from 19 to 30 years. The lease payments are subject to annual review by the lessor. The lease terms for buildings range from 2 to 4 years which include the options to extend the lease of 2 years. The Group's obligations are secured by the lessors' title to the leased assets.

The additions to right-of-use assets relate to new leases entered during the year as well as the renewal of existing lease contracts for buildings which expired in the current financial year.

12 INTANGIBLE ASSETS

<u>Group</u>	<u>Goodwill</u> <u>\$'000</u>	<u>Accreditation and copyright⁽¹⁾</u> <u>\$'000</u>	<u>Other intangible assets⁽²⁾</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Cost:				
At January 1, 2022 and December 31, 2022	1,431	4,549	8	5,988
Disposal of subsidiaries	(1,431)	(4,549)	(8)	(5,988)
At December 31, 2023	–	–	–	–
Amortisation:				
At January 1, 2022	–	1,617	8	1,625
Amortisation for the year	–	383	–	383
At December 31, 2022	–	2,000	8	2,008
Amortisation for the year	–	382	–	382
Disposal of subsidiaries	–	(2,382)	(8)	(2,390)
At December 31, 2023	–	–	–	–
Impairment:				
At January 1, 2022	132	–	–	132
Impairment loss recognised during the year	1,299	–	–	1,299
At December 31, 2022	1,431	–	–	1,431
Disposal of subsidiaries	(1,431)	–	–	(1,431)
At December 31, 2023	–	–	–	–
Carrying amount:				
At December 31, 2023	–	–	–	–
At December 31, 2022	–	2,549	–	2,549

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

(2) The other intangible assets pertain to exclusive rights to use certain intellectual property and courseware materials. These are amortised over the useful life of 3 years.

NOTES TO FINANCIAL STATEMENTS

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13 INVESTMENT IN SUBSIDIARIES

	Company	
	2023 \$'000	2022 \$'000
Equity shares at cost – unquoted	3,896	3,896
Deemed interest ⁽¹⁾	588	588
Less: Allowance for impairment	(920)	(920)
	3,564	3,564

(1) As part of the acquisition of 60% shareholdings in Ascendo International Holdings Pte. Ltd. and its subsidiaries (“AIH Group”) in prior years, the previous owners/founders of AIH Group, also appointed as directors of AIH Group, were given 20% of the issued and paid-up share capital of Wong Fong Academy Pte Ltd (“WFA”) for a cash consideration of \$2.

Management had assessed the fair value of 20% of the issued and paid-up share capital of WFA, of which the present value of the discounted cash flow was discounted at 16.12%, resulting in a deemed interest of \$588,000.

In previous years, the Company has recognised impairment loss of \$920,000 for the investment in subsidiaries for which management has determined there are no expected future cash flows to be derived from these subsidiaries.

Details of the Group’s significant subsidiaries at December 31, 2023 are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting rights held	
			2023 %	2022 %
<u>Held by the Company</u>				
Wong Fong Engineering Works (1988) Pte. Ltd. ⁽¹⁾	Trading and installation of mechanical handling equipment, truck mounted hydraulic speed loaders, and etc, fabrication work, and after sales service and repairs.	Singapore	100	100
Wong Fong Academy Pte. Ltd. ⁽¹⁾	Training and consultancy services.	Singapore	100 ⁽⁵⁾	80
CE Asia Holdings Pte. Ltd. ⁽³⁾	Investment holding.	Singapore	65	65
WFVEN Pte. Ltd. ⁽³⁾	Investment holding.	Singapore	100	100
1Summit Global Pte. Ltd. ⁽³⁾	Dormant	Singapore	100	100

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting rights held	
			2023 %	2022 %
<u>Subsidiaries held by Wong Fong Engineering Works (1988) Pte. Ltd.</u>				
Wong Fong Pte. Ltd. ⁽³⁾	Investment holding.	Singapore	100	100
Ascendo International Holdings Pte. Ltd. ⁽³⁾⁽⁵⁾	Investment holding.	Singapore	–	60
<u>Subsidiary held by Wong Fong Pte. Ltd.</u>				
Wong Fong Myanmar Company Limited ⁽⁴⁾⁽⁶⁾	Distribution, rental and marketing services of heavy machinery and construction machinery including their spare parts, accessories and engineering works.	Myanmar	90	60
<u>Subsidiaries held by Ascendo International Holdings Pte. Ltd.</u>				
Ascendo Academy Pte. Ltd. ⁽¹⁾⁽⁵⁾	Business management, consultancy services and conducting of food hygiene courses.	Singapore	–	60
Ascer Pte. Ltd. ⁽¹⁾⁽⁵⁾	Corporate training services in safety and consultancy services in risk management.	Singapore	–	60
Ascendo Group International Pte. Ltd. ⁽³⁾⁽⁵⁾	Corporate training services and motivational course provider.	Singapore	–	60
Educare Human Capital Private Limited ⁽³⁾⁽⁵⁾	Provision of educational services and recruitment of personnel.	Singapore	–	60
Educare International Consultancy Pte. Ltd. ⁽³⁾⁽⁵⁾	Providing quality educational and consultancy services to schools, teachers, parents and the community.	Singapore	–	60
Educare Global Academy Pte. Ltd. ⁽¹⁾⁽⁵⁾	Commercial schools offering higher education programmes.	Singapore	–	60

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting rights held	
			2023 %	2022 %
<u>Subsidiary held by Wong Fong Academy Pte. Ltd.</u>				
Academy Design of Arts and Media Pte. Ltd. ⁽¹⁾	Safety, quality consultancy, management services, training and education services.	Singapore	100 ⁽⁵⁾	80
<u>Subsidiary held by CE Asia Holdings Pte. Ltd.</u>				
CE Asia Heavy Machinery Sdn. Bhd. ⁽²⁾	Mechanical engineering works and installation of industry machinery and all kinds of machinery component parts.	Malaysia	65	65
<u>Subsidiary held by WFVEN Pte. Ltd.</u>				
Interactive Apps Pte. Ltd. ⁽³⁾	Development of E-commerce application and information technology consultancy.	Singapore	100	100
Lian Hup Seng Truck Body Pte. Ltd. ⁽³⁾⁽⁷⁾	Manufacture of motor vehicle bodies (coachwork), trailers and semi-trailers	Singapore	–	51

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by Grant Thornton Malaysia PLT.

(3) Audited by Law Piang Woon & Co.

(4) Not audited for consolidation purposes as the management is of the opinion that the results of these subsidiaries for the year are not significant.

(5) During the year, the Group disposed 40% of their interest in Ascendo International Holdings Pte Ltd and its subsidiaries ("AIH Group") and received 20% interest in Wong Fong Academy Pte Ltd and its subsidiary as part of the consideration received from the partial disposal. Refer to Note 32 for further details. AIH Group became associate of the Group as disclosed in Note 14(a).

(6) During the year, the Group acquired additional interest of 30% from the non-controlling shareholder at consideration of \$3.

(7) Disposed of during the year for cash of \$102,000. Refer to Note 32 for further details.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The following schedule shows the effects of changes in the Group's ownership interest in Wong Fong Academy Pte Ltd and its subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	Group 2023 \$'000
Fair value of 20% interest in WFA	1,403
Non-controlling interest acquired	(593)
Difference recognised in capital reserve	810

Information about the composition of the Group at the end of the financial year is as follows:

Principal activities	Place of incorporation and operation	Number of wholly owned subsidiaries	
		2023	2022
Investment holding	Singapore	3	3
Training and consultancy services	Singapore	2	–
Trading of machinery and equipment	Singapore	1	1
IoT solution	Singapore	1	1
		7	5

Principal activities	Place of incorporation and operation	Number of non-wholly owned subsidiaries	
		2023	2022
Investment holding	Singapore	1	2
Training and consultancy services	Singapore	–	8
Trading of machinery and equipment	Singapore, Malaysia and Myanmar	2	3
		3	13

Details of non-wholly owned subsidiaries that have material non-controlling interests are as below:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests for the year		Non-controlling interest	
		2023	2022	2023	2022	2023	2022
		%	%	\$'000	\$'000	\$'000	\$'000
CE Asia Holdings Pte. Ltd.	Singapore	35	35	112	(170)	(1,021)	(1,196)
Wong Fong Academy Pte Ltd.	Singapore	–	20	176	361	–	517
Ascendo International Holdings Pte. Ltd.	Singapore	–	40	178	(371)	–	2,379
Individually immaterial subsidiaries with non-controlling interests				38	(40)	(22)	75
				504	(220)	(1,043)	1,775

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	CE Asia Holdings Pte. Ltd.		Wong Fong Academy Pte. Ltd.		Ascendo International Holdings Pte. Ltd.	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current assets	1,977	2,071	–	3,230	–	6,054
Non-current assets	1,544	1,674	–	4,558	–	4,634
Current liabilities	(5,636)	(6,316)	–	(2,694)	–	(3,285)
Non-current liabilities	(801)	(846)	–	(2,509)	–	(1,456)
Equity attributable to owners of the Company	(1,895)	(2,221)	–	2,068	–	3,568
Non-controlling interests	(1,021)	(1,196)	–	517	–	2,379
Revenue	3,301	2,312	9,833	10,082	9,134	8,962
Expenses	(2,980)	(2,799)	(8,953)	(8,275)	(8,664)	(9,890)
Profit (Loss) for the year	321	(487)	880	1,807	470	(928)
Profit (Loss) attributable to owners of the Company	209	(317)	704	1,446	292	(557)
Profit (Loss) attributable to non-controlling interests	112	(170)	176	361	178	(371)
Profit (Loss) for the year	321	(487)	880	1,807	470	(928)
Other comprehensive income (loss) attributable to owners of the Company	118	136	–	–	–	–
Other comprehensive income (loss) attributable to non-controlling interests	63	73	–	–	–	–
Other comprehensive income (loss) for the year	181	209	–	–	–	–
Total comprehensive income (loss) attributable to owners of the Company	327	(181)	704	1,446	292	(557)
Total comprehensive income (loss) attributable to non-controlling interests	175	(97)	176	361	178	(371)
Total comprehensive income (loss) for the year	502	(278)	880	1,807	470	(928)
Dividends paid to non-controlling interests	–	–	100	300	–	400
Net cash inflow (outflow) from operating activities	(279)	(120)	1,871	1,490	1,004	5,069
Net cash inflow (outflow) from investing activities	(15)	6	(891)	487	(264)	(5)
Net cash inflow (outflow) from financing activities	(78)	(62)	(1,577)	(1,492)	(913)	(3,090)
Net cash inflow (outflow)	(372)	(176)	(597)	485	(173)	1,974

14(A) INVESTMENT IN ASSOCIATE

	Group	
	2023 \$'000	2022 \$'000
Cost of investment in associate	1,394	140
Share of post-acquisition loss, net of dividends received	(140)	(140)
	1,254	–

NOTES TO FINANCIAL STATEMENTS

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14(A) INVESTMENT IN ASSOCIATE (CONTINUED)

During the year, the Group disposed of 40% interest in Ascendo International Holdings Pte. Ltd. and its subsidiaries (“AIH Group”) and retains 20% associate interest. The Group has determined the fair value of the 20% investment retained in AIH Group to be \$1,254,000 and this is regarded as the cost on initial recognition of an investment in an associate. Refer to Note 32 for further details.

Details of the Group’s associate at the end of the reporting period are as follows:

Name of associates	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting rights held	
			2023 %	2022 %
Wong Fong Company Ltd. ⁽⁴⁾	Distribution, rental, and marketing services for heavy machinery and construction equipment, including spare parts, accessories, and engineering works.	Myanmar	35	–
Ascendo International Holdings Pte. Ltd. ⁽²⁾	Investment holding.	Singapore	20	–
<u>Subsidiaries held by Ascendo International Holdings Pte. Ltd.</u>				
Ascendo Academy Pte. Ltd. ⁽¹⁾	Business management, consultancy services and conducting of food hygiene courses.	Singapore	20	–
Ascer Pte. Ltd. ⁽¹⁾	Corporate training services in safety and consultancy services in risk management.	Singapore	20	–
Ascendo Group International Pte. Ltd. ⁽²⁾	Corporate training services and motivational course provider.	Singapore	20	–
Educare Human Capital Private Limited ⁽²⁾	Provision of educational services and recruitment of personnel.	Singapore	20	–
Educare International Consultancy Pte. Ltd. ⁽²⁾	Providing quality educational and consultancy services to schools, teachers, parents and the community.	Singapore	20	–
Educare Global Academy Pte. Ltd. ⁽¹⁾	Commercial schools offering higher education programmes.	Singapore	20	–
<u>Associate held by Ascendo International Holdings Pte. Ltd.</u>				
SkillsSG Ventures Pte. Ltd. ⁽³⁾	International training provider from Singapore for skills development and competency based training programmes.	Singapore	–	19.5

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14(A) INVESTMENT IN ASSOCIATE (CONTINUED)

- (1) Audited by Deloitte & Touche LLP, Singapore.
- (2) Audited by Law Piang Woon & Co.
- (3) Ceased to be an associate of the Group following the disposal of the controlling interest in Ascendo International Holdings Pte. Ltd. by the Group during the year.
- (4) Newly incorporated on November 10, 2023.

The associate is accounted for using the equity method in the consolidated financial statements as set out in the Group's material accounting policy information in Note 2.

Summarised financial information in respect of the Group's material associates, Ascendo International Holdings Pte Ltd and its subsidiaries ("AIH Group"), is set out below.

	2023 \$'000
Current assets	6,413
Non-current assets	4,390
Current liabilities	(3,365)
Non-current liabilities	(2,798)
Revenue	9,134
Profit or loss for the year, representing Total comprehensive income for the year	787

Reconciliation of the summarised financial information of the Group's material associates, Ascendo International Holdings Pte Ltd and its subsidiaries ("AIH Group"), to the carrying amount of the interest in AIH Group recognised in these consolidated financial statements:

	2023 \$'000
Net assets of the associate	4,640
Proportion of the Group's ownership interest in AIH Group	20%
	928
Other intangible assets	112
Goodwill	214
	1,254

14(B) INVESTMENT IN JOINT VENTURE

	Group	
	2023 \$'000	2022 \$'000
Cost of investment in joint venture	-	76
Share of post-acquisition loss, net of dividends received	-	(76)
	-	-

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14(B) INVESTMENT IN JOINT VENTURE (CONTINUED)

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest and voting rights held		Principal activities
		2023 %	2022 %	
Ascendo International Myanmar Co., Limited ⁽¹⁾	Myanmar	–	30	Corporate training and consultancy services.

(1) Held by Ascendo International Holdings Pte. Ltd. ("AIH") and has ceased to be a joint venture of the Group following the disposal of the controlling interest in AIH by the Group during the year.

15 INVESTMENTS IN FINANCIAL ASSETS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Investments in debt instruments classified as at FVTOCI ⁽ⁱ⁾				
Listed corporate bonds	905	836	905	836
Investments in equity instruments designated at FVTOCI ⁽ⁱⁱ⁾				
Unlisted shares	84	84	–	–
Financial assets measured at FVTPL ⁽ⁱⁱⁱ⁾				
Listed corporate bonds	1,941	1,617	1,941	1,617
Convertible loan	462	472	–	–
	2,403	2,089	1,941	1,617
	3,392	3,009	2,846	2,453

(i) The listed corporate bonds pay interest at rates ranging from 2.15% to 2.90% (2022: 2.15% to 2.90%) per annum and the bonds will mature between year 2031 to year 2032 (2022: year 2031 to year 2032). At maturity, the Group will receive nominal amount of \$1,000,000 (2022: \$1,000,000). The bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount are recognised in other comprehensive income and accumulated in the investments revaluation reserves (Note 21). On derecognition, the cumulative gain or loss previously accumulated in the investments revaluation reserves is reclassified to profit or loss.

The listed corporate bonds are considered to have low credit risk because there is a low risk of default, the issuer has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the issuer to fulfil its contractual cash flow obligations. Accordingly, the Group has applied the practical expedient under SFRS(I) 9 to measure the loss allowance at an amount equal to 12-month ECL and has determined the amount to be immaterial.

(ii) The Group holds 13.03% (2022: 13.03%) of the ordinary share capital of a Singapore-based robotics start-up. The valuation methodology for the investment is disclosed in Note 4(c).

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.

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15 INVESTMENTS IN FINANCIAL ASSETS (CONTINUED)

Equity instruments designated at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with any gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserves (Note 21). The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

- (iii) The Group holds 10.3% interest in an investee. The investment is measured at fair value, with any gains or losses arising from changes in fair value (including dividends received) recognised in 'Other operating expenses' line item. Management estimated the fair value of the investment to be \$Nil (2022: \$Nil) in view of the operating losses and net capital deficiency position of the entity.

The Group invested in perpetual debt instruments which pay variable interest at rates ranging from 2.97% to 4.48% (2022: 3.00% to 3.98%) per annum.

The Group extended a loan of US\$350,000 (equivalent to \$462,000) to an 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 December 30, 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.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current liabilities				
Trade payables – outside parties	6,676	9,045	–	–
Deferred revenue ⁽¹⁾	144	362	–	–
Advanced billings ⁽²⁾	1,436	3,181	–	–
Deferred income	263	101	–	–
Other payables:				
– outside parties	621	687	–	58
– related parties ⁽³⁾	350	350	–	–
– subsidiary	–	–	35	–
– accrued expenses	2,246	3,548	325	267
– others	600	405	–	6
	3,817	4,990	360	331
Total	12,336	17,679	360	331
Non-current liabilities				
Deferred grant income	4	4	–	–

- (1) Revenue relating to the provision of training courses is recognised when such courses are being conducted. The consideration received up-front upon registration is recognised as deferred revenue.

As at January 1, 2022, deferred revenue amounted to \$230,000. The Group's revenue recognised during the year that was included in the amount at the beginning of the period is \$362,000 (2022: \$230,000).

- (2) Amount relates to advance consideration received from customers for sales of equipment which is recognised as revenue when control of the equipment has transferred to the customer, being at the point when goods are delivered.

As at January 1, 2022, advance consideration received from customers amounted to \$3,640,000. The Group's revenue recognised during the year that was included in the amount at the beginning of the period is \$944,000 (2022: \$3,297,000).

- (3) Amount pertains to payable to directors of a subsidiary and is unsecured, interest-free and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

16 TRADE AND OTHER PAYABLES (CONTINUED)

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 60 days. No interest is charged on the trade payables

Amounts due to related parties are unsecured, interest-free and repayable on demand.

17 LEASE LIABILITIES

	Group	
	2023	2022
	\$'000	\$'000
Maturity analysis:		
Year 1	857	1,791
Year 2	832	1,324
Year 3	634	861
Year 4	416	604
Year 5	333	367
Year 6 onwards	5,837	5,990
	8,909	10,937
Less: Unearned interest	(2,055)	(2,202)
	6,854	8,735
Analysed as:		
Current	671	1,575
Non-current	6,183	7,160
	6,854	8,735

The Group does not face a significant liquidity risk with regard to its lease liabilities.

18 BANK BORROWINGS

	Group	
	2023	2022
	\$'000	\$'000
<u>Secured borrowings at amortised cost</u>		
Bank loans	6,847	8,487
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,583)	(1,604)
Amount due for settlement after 12 months	5,264	6,883

The bank borrowings are secured by the Group's land and buildings (Note 10) and corporate guarantees given by the Company and certain directors.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

18 BANK BORROWINGS (CONTINUED)

The Group's bank borrowings consist of:

- A secured term loan with carrying amount of \$808,000 (2022: \$909,000) drawn down by a subsidiary from a bank. The loan is repayable over 20 years commencing from October 2014. The loan bears interest at 2.30% per annum below the bank's base financing rate. The effective interest rate for the year is 4.27% (2022: 3.24%) per annum.
- A 5-year Temporary Bridging Loan ("TBL") under Enterprise Financing Scheme with principal amount of \$5,000,000 drawn down by a subsidiary from a bank. The TBL Programme was introduced by the Singapore Government with the purpose of providing financial support to alleviate cashflow needs of enterprises affected by COVID-19. The loan is repayable over 5 years commencing from September 2020. The loan bears interest at 2% per annum.
- A secured term loan with principal amount of \$5,184,000 drawn down by a subsidiary from a bank to finance the purchase of a property. The loan is repayable in monthly instalments over 10 years commencing from January 2022. The loan bears interest at 1.4% per annum.

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2023 \$'000	Financing cash flows ⁽¹⁾ \$'000	Non-cash changes			December 31, 2023 \$'000	
			New leases/ Extension/ Remeasurement \$'000	Disposal of subsidiaries \$'000	Foreign exchange movement \$'000		Other changes \$'000
Lease liabilities (Note 17)	8,735	(1,571)	4,016	(3,951)	–	(375)	6,854
Bank borrowings (Note 18)	8,487	(1,590)	–	–	(50)	–	6,847
	17,222	(3,161)	4,016	(3,951)	(50)	(375)	13,701

	January 1, 2022 \$'000	Financing cash flows ⁽¹⁾ \$'000	Non-cash changes			December 31, 2022 \$'000	
			New leases/ Extension \$'000	Drawdown of new loan \$'000	Foreign exchange movement \$'000		Other changes \$'000
Lease liabilities (Note 17)	7,427	(1,768)	3,079	–	–	(3)	8,735
Bank borrowings (Note 18)	4,860	(1,498)	–	5,184	(59)	–	8,487
	12,287	(3,266)	3,079	5,184	(59)	(3)	17,222

(1) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

19 DEFERRED TAX

The following are the major deferred tax liabilities and (assets) recognised by the Group, and the movements thereon, during the current and prior financial years:

	Accelerated tax depreciation \$'000	Intangible assets \$'000	Group Right-of- use assets* \$'000	Lease liabilities* \$'000	Others \$'000	Net \$'000
At January 1, 2022	1,014	514	1,204	(1,262)	(20)	1,450
Credit to profit or loss for the year (Note 26)	(17)	(65)	230	(223)	5	(70)
At December 31, 2022	997	449	1,434	(1,485)	(15)	1,380
Credit to profit or loss for the year (Note 26)	–	(65)	337	(352)	70	(10)
Disposal of subsidiaries	(16)	(384)	(661)	672	(20)	(409)
At December 31, 2023	981	–	1,110	(1,165)	35	961

* As at January 1, 2022, the Group recognises deferred tax asset of \$1,262,000 (December 31, 2022: \$1,485,000) and deferred tax liability of \$1,204,000 (December 31, 2022: \$1,434,000) in relation to its lease liabilities and right-of-use assets respectively, following the adoption of the amendments to SFRS(I) 1-12 as disclosed in Note 1.2.

20 SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		\$'000	\$'000
Issued and paid up:				
At the beginning and end of the year	235,000,000	235,000,000	11,351	11,351

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

21 RESERVES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Foreign exchange translation reserve	605	486	–	–
Capital reserve	(365)	473	588	588
Investments revaluation reserve	(582)	(651)	(95)	(164)
	(342)	308	493	424

Foreign exchange translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Company's functional currency, being Singapore dollars, are recognised directly in the translation reserves.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

21 RESERVES (CONTINUED)

Movement in foreign exchange translation reserve:

	Group	
	2023 \$'000	2022 \$'000
At beginning of the year	486	335
Exchange differences on translating the net assets of foreign operations	119	151
At end of the year	<u>605</u>	<u>486</u>

Capital reserve

- (i) Capital reserve at the Group level represents the gain on acquisition/disposal of additional interest in subsidiaries from/to non-controlling interest shareholders.
- (ii) Capital reserve at the Company level represents the fair value of 20% of the issued and paid-up share capital of WFA given to the founders of AIH Group as part of the acquisition of 60% shareholdings in AIH Group by WFE, a wholly owned subsidiary of the Company, in previous year. Management had assessed the fair value of 20% of the issued and paid-up share capital of WFA using the income approach, resulting in a deemed interest of \$588,000.

Investments revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated at FVTOCI and investments in debt instruments classified as at FVTOCI.

Movement in investments revaluation reserve:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At beginning of the year	(651)	(452)	(164)	(21)
Fair value loss on investments in equity instruments designated at FVTOCI	-	(56)	-	-
Fair value gain (loss) on investments in debt instruments classified as FVTOCI	69	(143)	69	(143)
At end of the year	<u>(582)</u>	<u>(651)</u>	<u>(95)</u>	<u>(164)</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

22 REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the following major revenue streams which is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 30).

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2023 \$'000	2022 \$'000
Engineering		
– Equipment sales	34,968	34,601
– Repairs and servicing	13,505	12,233
– Projects	10,662	9,588
	59,135	56,422
Training	18,823	18,877
	77,958	75,299

The transaction price allocated to partially unsatisfied performance obligations for projects revenue as at the end of the reporting period is \$1,743,000 (2022: \$12,448,000).

Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2023 will be recognised as revenue during the next reporting period.

23 OTHER OPERATING INCOME

	Group	
	2023 \$'000	2022 \$'000
Commission income	300	121
Dividend income	–	72
Gain on fair value changes on derivative financial instruments	5	48
Gain on lease modification	13	2
Government grants	906	1,144
Interest income	253	97
Net gain arising on financial assets measured at FVTPL	74	–
Rental rebates and income	72	58
Others	170	34
	1,793	1,576

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

24 OTHER OPERATING EXPENSES

	Group	
	2023 \$'000	2022 \$'000
Allowance for inventories and inventories written off	483	25
Entertainment expense	83	67
Insurance	388	387
Loss on disposal of property, plant and equipment	2	28
Loss on foreign exchange – net	283	580
Marketing expense	312	177
Net loss arising on financial assets measured at FVTPL	–	206
Printing and stationery	229	295
Professional fees	683	789
Property, plant and equipment written off	47	7
Property tax	266	252
Rental expenses	164	126
Repair and maintenance	830	963
Utility charges	585	480
Other expenses	650	553
	5,005	4,935

25 FINANCE COSTS

	Group	
	2023 \$'000	2022 \$'000
Interest on lease liabilities	267	238
Interest on bank borrowings	144	163
Others	56	83
	467	484

26 INCOME TAX EXPENSE

	Group	
	2023 \$'000	2022 \$'000
Current tax expense	770	954
Deferred tax (Note 19)	(10)	(32)
Under (Over) provision in respect of prior years:		
– current tax	9	(75)
– deferred tax (Note 19)	–	(38)
	769	809

Domestic income tax is calculated at 17% (2022: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

26 INCOME TAX EXPENSE (CONTINUED)

The total charge for the year can be reconciled to the profit before tax as follows:

	Group	
	2023	2022
	\$'000	\$'000
Profit before tax	<u>4,957</u>	<u>2,777</u>
Income tax expenses calculated at 17% (2022: 17%)	843	472
Effect of different tax rates of subsidiaries operating in other jurisdictions	(20)	45
Tax effect of items that are not deductible in determining taxable profits	1	260
Effect of tax incentives	–	(1)
Tax-exempt income and tax rebates	(52)	(35)
Under (Over) provision of tax in respect of prior years	9	(113)
Deferred tax assets not recognised	55	121
Others	<u>(67)</u>	<u>60</u>
	<u>769</u>	<u>809</u>

Subject to the agreement with the relevant tax authorities and compliance with conditions of the relevant tax legislations, the Group has the following unabsorbed capital allowance and unused tax losses available for offset against future taxable profits. No deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available.

	Group Unabsorbed capital allowance and unutilised tax losses \$'000
At January 1, 2022	4,552
Adjustment during the year	<u>(424)</u>
At December 31, 2022	4,128
Adjustment during the year	(490)
Disposal of subsidiaries	<u>(1,822)</u>
At December 31, 2023	<u>1,816</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

27 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2023	2022
	\$'000	\$'000
Depreciation and amortisation:		
– Depreciation of property, plant and equipment	2,389	2,244
– Depreciation of right of use assets	1,667	1,727
– Amortisation of intangible assets	382	383
Employment benefits expenses – directors of the Company:		
– Short term benefits	814	727
– Defined contribution plans	23	26
Employment benefits expenses – directors of subsidiaries:		
– Short term and other long term benefits	2,190	2,153
– Defined contribution plans	139	167
Directors' fees:		
– Directors of the Company	140	138
– Director of a subsidiary	2	2
Employee benefit expenses (including directors' remuneration):		
– Defined contribution plans	1,590	1,706
– Others	20,643	19,519
Audit fees:		
– paid to auditors of the Company	183	165
– paid to other auditors	25	23
Non-audit fees:		
– paid to auditors of the Company	29	29
– paid to other auditors	4	4
Impairment loss on financial assets:		
– Allowance for doubtful debts – trade	85	5
– Bad debts written off – trade	67	43
Net foreign exchange losses	282	580
Cost of inventories recognised as an expense	39,186	36,377
Fair value gain on derivative financial instruments	(5)	(48)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

28 DIVIDEND

2023

- The Company declared and paid one-tier tax exempt final dividend of \$0.006 per share (total of \$1,410,000) to the shareholders of the Company in respect of financial year ended December 31, 2022. The dividend has been paid on May 23, 2023.

2022

- The Company declared and paid one-tier tax exempt final dividend of \$0.008 per share (total of \$1,880,000) to the shareholders of the Company in respect of financial year ended December 31, 2021. The dividend has been paid on May 23, 2022.

In respect of the current financial year, the directors proposed that final dividend of \$0.006 per share (total of \$1,410,000) and special dividend of \$0.004 per share (total of \$940,000) to be paid to the shareholders. The dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these financial statements. The total estimated final dividend to be paid is \$2,350,000.

29 COMMITMENTS

	Group	
	2023 \$'000	2022 \$'000
Capital expenditure	<u>164</u>	<u>357</u>

30 SEGMENT 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Engineering	<u>59,135</u>	56,422	<u>2,397</u>	2,444
Training	<u>18,823</u>	18,877	<u>2,789</u>	722
	<u>77,958</u>	<u>75,299</u>	<u>5,186</u>	3,166
Interest income			253	97
Other operating expenses ⁽ⁱ⁾			(15)	(2)
Finance costs			(467)	(484)
Profit before tax			<u>4,957</u>	2,777
Income tax expense			<u>(769)</u>	(809)
Profit for the year			<u>4,188</u>	<u>1,968</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

30 SEGMENT INFORMATION (CONTINUED)

Revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's material accounting policy information described in Note 2. 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

	Group	
	2023 \$'000	2022 \$'000
Engineering	63,878	69,217
Training	5,879	15,232
Total segment assets	69,757	84,449
Unallocated assets	12,067	8,134
Consolidated total assets	81,824	92,583

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 (Note 13), investments in associate and joint venture (Note 14) and investments in financial assets (Note 15). 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

	Depreciation and amortisation		Group Additions to non-current assets		Impairment of goodwill	
	2023	2022	2023 ⁽¹⁾	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Engineering	2,131	1,997	893	10,571	–	–
Training	2,305	2,351	1,715	2,242	–	1,299
Unallocated	2	6	–	–	–	–
Total	4,438	4,354	2,608	12,813	–	1,299

(1) Excludes additions to non-current assets of the disposed subsidiaries.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

30 SEGMENT INFORMATION (CONTINUED)

Geographical information

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

The Group's revenue from external customers and information about its segment assets (non-current assets excluding investment in associate and joint venture and financial instruments) by geographical location are detailed below:

	Group			
	Revenue from external customers		Non-current assets	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Based on location of customer</u>				
Singapore	73,535	71,366	28,821	33,556
Others	4,423	3,933	1,593	1,720
	77,958	75,299	30,414	35,276

Information about major customers

Approximately 13% of the Group's total revenue during the year arose from sales to one major customer from the Engineering segment. There is no single customer accounted for more than 10% of the Group's total revenue in 2022.

31 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2023	2022
	\$'000	\$'000
<u>Earnings per ordinary share ("EPS")</u>		
Profit for the year attributable to owners of the Company	3,684	2,188
Weighted average number of ordinary shares for the purpose of earnings per share	235,000,000	235,000,000
EPS – Basic and diluted (cents)	1.57	0.93

There were no dilutive equity instruments for 2023 and 2022.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

32 DISPOSAL OF SUBSIDIARIES

- (a) On December 29, 2023, the Group completed partial disposal of 40% interest in Ascendo International Holdings Pte Ltd and its subsidiaries (“AIH Group”). Consequently, the Group’s shareholding in AIH Group reduced from 60% to 20% and the Group lost control over AIH Group but retains an associate interest.

The aggregate consideration for the partial disposal comprises of cash, deferred consideration and the transfer of 20% interest in Wong Fong Academy Pte Ltd (“WFA”) from the purchasers to the Group. The Group has determined the fair value of 20% interest in WFA to be \$1.4 million, which formed part of the consideration received for the partial disposal, and the fair value of retained interest of 20% in AIH Group to be \$1.3 million.

As part of the partial disposal, the purchasers granted the Group a put option over the remaining interest of 20% held by Group and the Group has committed to provide an interest-free loan of \$500,000 to AIH Group if a written request is made by the purchasers. Management has assessed the fair values of put option and loan commitment and concluded the amounts to be negligible.

The net assets of AIH Group recognised in these consolidated financial statements at the date of disposal were as follows:

	2023 \$'000
Current assets	
Cash and cash equivalents	3,873
Trade and other receivables	2,540
Non-current assets	
Plant and equipment	498
Right-of-use assets	3,887
Intangible assets	2,167
Current liabilities	
Trade and other payables	(2,002)
Lease liabilities	(1,177)
Income tax payable	(186)
Non-current liabilities	
Lease liabilities	(2,774)
Deferred tax liability	(409)
Net assets disposed off	6,417
	2023 \$'000
<u>Consideration received</u>	
Cash	100
Deferred consideration ⁽¹⁾	2,124
Fair value of 20% interest in WFA	1,403
Total consideration received	3,627

(1) The deferred consideration will be settled in cash by the purchasers by instalments before December 31, 2026.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

32 DISPOSAL OF SUBSIDIARIES (CONTINUED)

	<u>2023</u> <u>\$'000</u>
<u>Gain on disposal</u>	
Consideration received	3,627
Net assets derecognised	(6,417)
Non-controlling interest derecognised	2,582
Fair value of retained interest accounted for as the cost on initial recognition of an investment in an associate (Note 14(a))	<u>1,254</u>
Gain on disposal of AIH Group	<u>1,046</u>
	<u>2023</u> <u>\$'000</u>
<u>Net cash outflow arising on disposal</u>	
Cash consideration received	100
Less: Cash and cash equivalents disposed of	<u>(3,873)</u>
	<u>(3,773)</u>

- (b) During the year, the Group also disposed of its interest in Lian Hup Seng Truck Body Pte. Ltd. at consideration of \$102,000 with net cash inflow of \$65,000 and recorded loss on disposal of \$11,000 which does not have a material effect to the Group.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2024

Number of issued shares	:	235,000,000
Issued and fully paid-up capital	:	\$11,890,000.00
Number of treasury shares held	:	Nil
Number of subsidiary holdings	:	Nil
Class of Shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 18 March 2024, approximately 26.62% of the issued ordinary shares of the Company were held in the hands of the public and therefore Rule 723 of the Catalist Rules has been complied with.

<u>SIZE OF SHAREHOLDINGS</u>	<u>NO. OF SHAREHOLDERS</u>	<u>%</u>	<u>NO. OF SHARES</u>	<u>%</u>
1 – 99	0	0.00	0	0.00
100 – 1,000	13	3.96	8,000	0.00
1,001 – 10,000	75	22.87	524,800	0.22
10,001 – 1,000,000	226	68.90	22,127,100	9.42
1,000,001 & above	14	4.27	212,340,100	90.36
TOTAL	328	100.00	235,000,000	100.00

TOP TWENTY SHAREHOLDERS

	<u>NAME OF SHAREHOLDERS</u>	<u>NO. OF SHARES</u>	<u>% OF SHARES</u>
1	WONG FONG INVESTMENTS PTE LTD	158,280,000	67.35
2	LEE CHONG SENG	11,520,000	4.90
3	LIAN HUP METAL CO PTE LTD	9,600,000	4.09
4	UOB KAY HIAN PTE LTD	5,300,000	2.25
5	LEW SIEW CHOO	4,745,000	2.02
6	LIEW AH KUIE	4,380,000	1.86
7	DBS NOMINEES PTE LTD	3,867,600	1.64
8	NG ENG SENG	3,740,600	1.59
9	LEW SIEW CHENG	3,000,000	1.28
10	PHILLIP SECURITIES PTE LTD	1,852,900	0.79
11	PE KOK BOON	1,800,000	0.77
12	TAN ENG HUI	1,800,000	0.77
13	WONG SIEW KEONG	1,356,000	0.58
14	HAN SEE KWANG	1,098,000	0.47
15	HAN CHOON SIANG	896,500	0.38
16	SIM SEM PENG	800,000	0.34
17	TEH SIEW LYE	730,000	0.31
18	TEHC INTERNATIONAL PTE LTD	530,000	0.23
19	ER KEE SING	500,000	0.21
20	LILY LIM HWEE LI	500,000	0.21
		216,296,600	92.04

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2024

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Wong Fong Investments Pte. Ltd.	158,280,000	67.35	–	–
Liew Ah Kuie ⁽¹⁾	4,380,000	1.86	158,280,000	67.35
Jimmy Lew Holding Pte. Ltd. ⁽²⁾	–	–	158,280,000	67.35
Liew Chern Yean ⁽³⁾⁽⁴⁾	–	–	159,010,000	67.66
Lew Chern Yong (Liu Zhengrong) ⁽³⁾	–	–	158,280,000	67.35
Ng Thye Eng ⁽⁵⁾	140,000	0.06	158,280,000	67.35

Notes:

- (1) Liew Ah Kuie holds approximately 27.96% of the issued and paid-up share capital in Wong Fong Investments Pte. Ltd. ("**Wong Fong Investments**"), which in turn holds 158,280,000 shares in the Company. Accordingly, Liew Ah Kuie is deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the Securities and Futures Act 2001 ("**SFA**").
- (2) Jimmy Lew Holding Pte. Ltd. ("**Jimmy Lew Holding**") holds approximately 40.39% of the issued and paid-up share capital in Wong Fong Investments, which in turn holds 158,280,000 shares in the Company. Accordingly, Jimmy Lew Holding is deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the SFA.
- (3) Liew Chern Yean and Lew Chern Yong (Liu Zhengrong) each holds 25% of the issued and paid-up share capital in Jimmy Lew Holding, which in turn is deemed interested in the 158,280,000 shares held by Wong Fong Investments. Accordingly, Liew Chern Yean and Lew Chern Yong (Liu Zhengrong) are deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the SFA.
- (4) Liew Chern Yean is deemed to be interested in the 730,000 shares held by his spouse, Teh Siew Lye, by virtue of Section 7 of the Companies Act 1967 of Singapore.
- (5) Ng Thye Eng holds 20% of the issued and paid-up share capital in Jimmy Lew Holding, which in turn is deemed interested in the 158,280,000 shares held by Wong Fong Investments. Accordingly, Ng Thye Eng is deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the SFA. Ng Thye Eng is the spouse of the late Lew Kit Foo @ Liew Foo who ceased to be a substantial Shareholder subsequent to his demise on 10 August 2018.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**”) of **Wong Fong Industries Limited** (the “**Company**”) will be held at 79 Joo Koon Circle, Singapore 629107 on Friday, 26 April 2024 at 10.00 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the directors’ statement and the audited financial statements of the Company for the financial year ended 31 December 2023 (“**FY2023**”) together with the auditors’ report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of 0.60 Singapore cents per ordinary share and special tax exempt (one-tier) dividend of 0.40 Singapore cents per ordinary share for FY2023. **(Resolution 2)**
3. To re-elect the following directors of the Company (“**Directors**”) retiring in accordance with Regulation 114 of the Company’s constitution (“**Constitution**”).
 - (i) Mr Liew Ah Kuie **(Resolution 3)**
 - (ii) Mr Lew Chern Yong (Liu Zhengrong) **(Resolution 4)**[See Explanatory Notes (i) and (ii)]
4. To approve the sum of S\$140,000 as Directors’ fees for the financial year ending 31 December 2024 and the payment thereof semi-annually in arrears. **(Resolution 5)**
5. To re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other business that may be transacted at an AGM.

As Special Business

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

7. **Authority to allot and issue shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act 1967 (“**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”) and the Constitution, authority be and is hereby given to the Directors to:

- (i) allot and issue new ordinary shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:
- (a) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) to be issued pursuant to this resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company (“**Shareholders**”) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);
 - (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution, after adjusting for (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (ii) new Shares arising from exercising of any share options or vesting of share awards outstanding and/or subsisting at the time of passing of this resolution provided that such options or awards (as the case may be) were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares;
 - (c) in exercising such authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being; and
 - (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next AGM; or (ii) the date by which the next AGM is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 7)

8. **Authority to grant awards and issue Shares pursuant to the Wong Fong Performance Share Plan**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

- (i) offer and grant awards (“**Awards**”) from time to time in accordance with the provisions of the Wong Fong Performance Share Plan (the “**PSP**”); and
- (ii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

NOTICE OF ANNUAL GENERAL MEETING

provided always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the PSP, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 8)

9. RENEWAL OF THE SHARE BUYBACK MANDATE

That:

- (i) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:
 - (A) on-market purchases, transacted on the SGX-ST through the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose (“**Market Purchase**”); and/or
 - (B) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) which shall satisfy all the conditions prescribed by the Companies Act, as may be determined or formulated by the Directors as they may consider fit (“**Off-Market Purchase**”),

and otherwise in accordance with all other laws, regulations and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (ii) the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of passing of this resolution and expiring on the earliest of:
 - (A) the date on which the next AGM is held or required by law to be held;
 - (B) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
 - (C) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting,

(the “**Relevant Period**”);

NOTICE OF ANNUAL GENERAL MEETING

(iii) in this resolution:

“Prescribed Limit” means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares (excluding any treasury shares and subsidiary holdings) as altered after such capital reduction;

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (A) in the case of a Market Purchase, 105% of the Average Closing Price (as defined herein); and
- (B) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, where:

where:

“Average Closing Price” means the average of the closing market prices of the Shares traded on the SGX-ST over the last five (5) market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) market days and the day on which the purchases are made; and

“date of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

[See Explanatory Note (v)]

(Resolution 9)

By Order of the Board

Maureen Low Mei Mei
Lai Foon Kuen
Company Secretary

Singapore, 11 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes on ordinary resolutions to be passed:

- (i) **Resolution 3** – Detailed information on Mr Liew Ah Kuie can be found on pages 64 to 65 of the Company’s annual report for FY2023 (“**FY2023 Annual Report**”). Mr Liew Ah Kuie, if re-elected as a Director, will remain as Co-Founder and Group CEO. Mr Liew Ah Kuie has a direct interest of 4,380,000 Shares. Mr Liew Ah Kuie currently holds approximately 27.96% of the issued and paid-up share capital in Wong Fong Investments Pte. Ltd. (“**Wong Fong Investments**”) which in turn holds 158,280,000 Shares. Accordingly, Mr Liew Ah Kuie is deemed interested in the 158,280,000 Shares held by Wong Fong Investments pursuant to Section 4 of the Securities and Futures Act 2001 (“**SFA**”). Mr Liew Ah Kuie is the uncle of Mr Liew Chern Yean (Executive Director) and Mr Lew Chern Yong (Liu Zhenrong) (Non-Independent Non-Executive Director).
- (ii) **Resolution 4** – Detailed information on Mr Lew Chern Yong (Liu Zhengrong) can be found on pages 64 to 65 of the Company’s FY2023 Annual Report. Mr Lew Chern Yong (Liu Zhengrong), if re-elected as a Director, will remain as Non-Independent Non-Executive Director and member of the Audit Committee, Remuneration and Nominating Committees respectively. He will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Lew Chern Yong (Liu Zhengrong) is the brother of Mr Liew Chern Yean (Executive Director) and nephew of Mr Liew Ah Kuie (Co-Founder and Group CEO). Mr Lew Chern Yong (Liu Zhengrong) holds 25% of the issued and paid-up share capital in Jimmy Lew Holding Pte. Ltd., which in turn is deemed interested in the 158,280,000 Shares held by Wong Fong Investments. Accordingly, Lew Chern Yong (Liu Zhengrong) is deemed to be interested in the 158,280,000 Shares held by Wong Fong Investments pursuant to Section 4 of the SFA.
- (iii) **Resolution 7** if passed, will empower the Directors to allot and issue Shares and convertible securities in the Company up to an amount not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares issued other than on a pro rata basis to existing Shareholders, shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).
- (iv) **Resolution 8** if passed, will empower the Directors to offer and grant Awards under the PSP, and to allot and issue Shares pursuant to the vesting of Awards granted under the PSP, provided that the aggregate number of Shares issued and issuable pursuant to the PSP, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or Awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.
- (v) **Resolution 9**, if passed, will empower the Directors, from the date of the AGM until the next AGM is held or is required by law to be held, or until it is varied or revoked by the Company in a general meeting, whichever is earlier, to purchase or otherwise acquire issued Shares by way of Market Purchases or Off-Market Purchases, up to the Prescribed Limit at the Maximum Price in accordance with the terms and conditions set out in the appendix in the FY2023 Annual Report (“**Appendix**”). Please refer to the Appendix for more details.

Notes:

1. The AGM will be held physically at the venue, date and time stated above. There will be no option for members to participate virtually. Printed copies of this notice of AGM, proxy form and request form will be sent to members. These documents are available to members by electronic means via publication on the SGX’s website at <https://www.sgx.com/securities/company-announcements> and on the Company’s corporate website at <https://wongfong.com/news-events/>. A member will need an internet browser and PDF reader to view these documents.

Shareholders who wish to receive a printed copy of the FY2023 Annual Report may do so by completing the request form and sending it via email to investors@wongfong.com to the Company by **10.00 a.m. on 23 April 2024**.

Register in person to attend the AGM

2. Pre-registration is not required. Members are invited to attend the AGM in person. Members are required to bring along their NRIC/passport to enable the Company to verify their identity. Members who are feeling unwell on the date of the AGM are strongly encouraged not to attend the AGM.

Voting by Proxy

3. A member entitled to attend and vote at the AGM is entitled to appoint no more than 2 proxies to attend and vote on his behalf. Where a member appoints more than 1 proxy, he shall specify the proportion of his Shares to be represented by each proxy.
4. Pursuant to Section 181 of the Companies Act, any member who is a relevant intermediary is entitled to appoint 1 or more proxies to attend and vote at the AGM. Relevant intermediary is either:
 - (a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

NOTICE OF ANNUAL GENERAL MEETING

- (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or
 - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors.
5. A proxy or attorney need not be a member of the Company.
6. SRS Investors who hold Shares through SRS Operators:
- (a) may vote at the AGM if they are appointed as proxies by their SRS Operators, and should contact their SRS Operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their SRS Operators at least 7 working days before the AGM to submit their votes by 10.00 a.m. on 17 April 2024.
7. The duly executed proxy form must be submitted in the following manner: (i) if submitted by post, be lodged at the registered office of the Company at 79 Joo Koon Circle, Singapore 629107; or (ii) if submitted electronically, be submitted via email to the Company at investors@wongfong.com, in either case, by **10.00 a.m. on 23 April 2024** (being not less than 72 hours before the time appointed for holding the AGM).

Submission of questions prior to the AGM

8. (a) Members may also submit questions related to the resolutions to be tabled for approval at the AGM. All questions, together with the members’ full names, identification numbers, contact numbers and email addresses and manner in which they hold Shares, must be submitted no later than **10.00 a.m. on 18 April 2024** or by post to the registered office of the Company at 79 Joo Koon Circle, Singapore 629107.
- (b) The Company will endeavour to address relevant and substantial questions (as may be determined by the Company in its sole discretion) received before and during the AGM, at the AGM.
- (c) Minutes of AGM – The Company will, within 1 month after the AGM, publish the minutes of the AGM on SGXNET and on the Company’s corporate website, and the minutes will include the responses to the questions which are addressed during the AGM, if any.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such purpose.

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WONG FONG INDUSTRIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201500186D)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT:

1. The annual general meeting ("AGM") will be held physically with no option to attend virtually.
2. The notice of AGM together with this proxy form and request form will be printed and sent by post to members. Unless otherwise defined herein, all capitalised terms used in this proxy form shall bear the same meanings ascribed to them in the Company's FY2023 annual report. These documents will also be made available to members by electronic means via publication on the SGX's website and on the Company's corporate website.
3. A relevant intermediary may appoint more than 2 proxies to attend the AGM and vote (please see note 4 for the definition of "relevant intermediary").
4. This proxy form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should approach their Relevant Intermediary as soon as possible to specify voting instructions. SRS investors should approach their respective SRS Operators at least 7 working days before the AGM to ensure their votes are submitted.
5. PLEASE READ THE NOTES TO THIS PROXY FORM.

I/We _____ NRIC/Passport/Co.Registration No. _____

of _____
being a member/members of WONG FONG INDUSTRIES LIMITED hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the AGM, as my/our proxy/proxies, to attend and vote for or against or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder, for me/us and on my/our behalf at the AGM to be held at **79 Joo Koon Circle, Singapore 629107** on Friday, **26 April 2024 at 10.00 a.m.** and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Resolutions Relating To:	Number of Votes		
		For*	Against*	Abstain*
AS ORDINARY BUSINESS				
1	Directors' statement and the audited financial statements of the Company for the financial year ended 31 December 2023 ("FY2023") together with the auditors' report thereon			
2	Payment of proposed first and final tax exempt (one-tier) dividend of 0.60 Singapore cents per ordinary share and special tax exempt (one-tier) dividend of 0.40 Singapore cents per ordinary share for FY2023			
3	Re-election of Mr Liew Ah Kui as a director of the Company ("Director")			
4	Re-election of Mr Lew Chern Yong (Liu Zhengrong) as a Director			
5	Approval of Directors' fees for the financial year ending 31 December 2024 and the payment thereof semi-annually in arrears			
6	Re-appointment of Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration			
AS SPECIAL BUSINESS				
7	Authority to allot and issue shares in the capital of the Company			
8	Authority to grant awards and issue shares pursuant to the Wong Fong Performance Share Plan			
9	Renewal of the Share Buyback Mandate			

I/We have directed my/our proxy/proxies to vote "For" or "Against" or "Abstain" the Resolutions with a "J" within the boxes provided.

Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or to abstain from voting in respect of the resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number "Abstain" in the boxes provided for the resolutions.

Dated _____ this day of _____ 2024

Total Number of Shares Held

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of shares you hold. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the register of shareholders of our Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the register of shareholders, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the register of shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares in the capital of the Company held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than 1 proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any subsequent named proxy as an alternate to the earlier named. The proxy form may be accessed and downloaded from SGXNET and the Company's website.
4. A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than 2 proxies to attend and vote at the AGM instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than 2 proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act 1967 who is either:

- (a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
- (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and
- (c) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953 in respect of shares purchased on behalf of CPF investors.

Investors whose shares are held with relevant intermediaries including SRS investors, who wish to appoint the Chairman of the AGM as proxy, should approach their respective intermediaries such as SRS Operators at least 7 working days before the AGM to submit their voting instructions by **10.00 a.m. on 17 April 2024**.

5. A member can appoint the Chairman of the AGM, who need not be a member of the Company, as his/her/its proxy, but this is not mandatory.
6. This proxy form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the registered office of the Company at **79 Joo Koon Circle, Singapore 629107**; or
 - (b) if submitted electronically, be submitted via email to the Company at investors@wongfong.com,in either case, by **10.00 a.m. on 23 April 2024** (being not less than 72 hours before the time appointed for holding the AGM).
7. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing or where it is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall if required by law, be duly stamped must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy/(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of AGM dated 11 April 2024.

SINGAPORE

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www.wongfong.com

Wong Fong Production Facilities
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Tel: (65) 6863 0063

38 Joo Koon Road, Singapore 628990
Tel: (65) 6908 0946 Fax: (65) 6908 0764

1Summit Global Pte. Ltd.
Wong Fong Academy Pte. Ltd.
79 Joo Koon Circle, Singapore 629107
Tel: (65) 6863 3686 Fax: (65) 6863 3885
www.wfa.sg

Ascendo Academy Pte. Ltd.
Ascer Pte. Ltd.
9 Little Road, #02-01, Singapore 536985
Tel: (65) 6398 0067 Fax: (65) 6309 0503
www.ascendo.sg
www.ascerhr.com

Educare Human Capital Private Limited
Educare International Consultancy Pte. Ltd.
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www.eic.educare.sg

Educare Global Academy Pte. Ltd.
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www.ega.edu.sg

Interactive Apps Pte. Ltd.
79 Joo Koon Circle, Singapore 629107
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MALAYSIA

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