



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE (“HY”) 2024**

TABLE OF CONTENTS

	<u>Page</u>
A. Condensed interim consolidated statements of profit or loss and other comprehensive income	3
B. Condensed interim statements of financial position	4
C. Condensed interim statements of changes in equity	5
D. Condensed interim consolidated statements of cash flows	7
E. Notes to the condensed interim consolidated financial statements	8
F. Other information required under the SGX-ST Listing Manual Section B: Rules of Catalyst	19

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

	Note	GROUP		Increase/ (Decrease) %
		HY2024 S\$'000	HY2023 S\$'000	
Revenue	4	27,996	38,942	(28.1)
Other operating income		665	1,001	(33.6)
Changes in inventories of finished goods and work-in-progress		(31)	(2,590)	(98.8)
Materials and consumables used and other direct costs		(15,169)	(18,856)	(19.6)
Employee benefits expense		(9,135)	(11,122)	(17.9)
Depreciation and amortisation expenses		(1,432)	(2,183)	(34.4)
Write-back / Impairment losses on financial assets		1	(189)	NM
Other operating expenses		(2,096)	(2,600)	(19.4)
Share of profit from an associate company		28	-	NM
Finance costs		(206)	(262)	(21.4)
Profit before tax	6	621	2,141	(71.0)
Income tax expense	7	(194)	(327)	(40.7)
Profit for the period		427	1,814	(76.5)
Other comprehensive income / (loss), after tax:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
- Fair value loss on investments in equity instruments designed as at FVTOCI		-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Fair value (loss) / gain on investments in debts instruments measured at FVTOCI		12	55	(78.2)
- Exchange differences on translation of foreign operations		(8)	155	NM
Other comprehensive income for the period, net of tax		4	210	(98.1)
Total comprehensive income for the period		431	2,024	(78.7)
Profit attributable to:				
Owners of the Company		354	1,751	(79.8)
Non-controlling interests		73	63	15.9
		427	1,814	(76.5)
Total comprehensive income attributable to:				
Owners of the Company		357	1,907	(81.3)
Non-controlling interests		74	117	(36.8)
		431	2,024	(78.7)

NM: Not meaningful

FVTOCI: Fair value through other comprehensive income

B. Condensed interim statements of financial position

	Note	GROUP		COMPANY	
		As at June 30, 2024 S\$'000	As at December 31, 2023 S\$'000	As at June 30, 2024 S\$'000	As at December 31, 2023 S\$'000
ASSETS					
Current assets					
Cash and bank balances		14,152	17,227	4,397	7,946
Derivative financial instruments		-	6	-	-
Trade and other receivables		10,004	12,375	871	270
Inventories		17,042	17,156	-	-
Total current assets		41,198	46,764	5,268	8,216
Non-current assets					
Property, plant and equipment	9	22,605	23,349	1	2
Right-of-use assets		6,463	6,532	-	-
Investment in subsidiaries		-	-	3,564	3,564
Investment in associates		881	1,254	-	-
Investments in financial assets	11	3,690	3,392	2,877	2,846
Other receivables		533	533	-	-
Total non-current assets		34,172	35,060	6,442	6,412
Total assets		75,370	81,824	11,710	14,628
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		9,563	10,252	214	360
Lease liabilities	12	728	671	-	-
Bank borrowings	12	1,611	1,583	-	-
Derivative financial instruments		11	-	-	-
Contract liability		1,534	2,084	-	-
Income tax payable		484	661	-	-
Total current liabilities		13,931	15,251	214	360
Non-current liabilities					
Other payables		3	4	-	-
Deferred tax liabilities		961	961	-	-
Lease liabilities	12	6,089	6,183	-	-
Bank borrowings	12	2,145	5,264	-	-
Total non-current liabilities		9,198	12,412	-	-
CAPITAL AND RESERVES					
Share capital	13	11,351	11,351	11,351	11,351
Accumulated profits / (loss)		42,199	44,195	(361)	2,424
Reserves		(340)	(342)	506	493
Equity attributable to owners of the					
Company		53,210	55,204	11,496	14,268
Non-controlling interests		(969)	(1,043)	-	-
Total equity		52,241	54,161	11,496	14,268
Total equity and liabilities		75,370	81,824	11,710	14,628

C. Condensed interim statements of changes in equity

Group	Note	Share capital S\$'000	Accumulated profits S\$'000	Reserves S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance as at January 1, 2024		11,351	44,195	(342)	55,204	(1,043)	54,161
Transactions with owners, recognised directly in equity:							
Dividends paid to owners of the Company	8	-	(2,350)	-	(2,350)	-	(2,350)
Dividends paid to non-controlling interests		-	-	-	-	-	-
Total		-	(2,350)	-	(2,350)	-	(2,350)
Total comprehensive income for the period:							
Profit for the period		-	354	-	354	73	427
Other comprehensive income for the period		-	-	2	2	1	3
Total		-	354	2	356	74	430
Balance as at June 30, 2024		11,351	42,199	(340)	53,210	(969)	52,241
Balance as at January 1, 2023		11,351	41,894	308	53,553	1,775	55,328
Transactions with owners, recognised directly in equity:							
Dividends paid to owners of the Company	8	-	(1,410)	-	(1,410)	-	(1,410)
Total		-	(1,410)	-	(1,410)	-	(1,410)
Total comprehensive income for the period:							
Profit for the period		-	1,751	-	1,751	63	1,814
Other comprehensive income for the period		-	-	156	156	54	210
Total		-	1,751	156	1,907	117	2,024
Balance as at June 30, 2023		11,351	42,235	464	54,050	1,892	55,942

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

Company	Note	Share capital S\$'000	Accumulated profits S\$'000	Reserves S\$'000	Total S\$'000
Balance as at January 1, 2024		11,351	2,424	493	14,268
Transaction with owners, recognised directly in equity:					
Dividends paid	8	-	(2,350)	-	(2,350)
Total comprehensive income for the period:					
Loss for the period		-	(435)	-	(435)
Other comprehensive income for the period		-	-	13	13
Total		-	(435)	13	(422)
Balance as at June 30, 2024		11,351	(361)	506	11,496
Balance as at January 1, 2023		11,351	2,672	424	14,447
Transaction with owners, recognised directly in equity:					
Dividends paid	8	-	(1,410)	-	(1,410)
Total comprehensive income for the period:					
Loss for the period		-	(335)	-	(335)
Other comprehensive income for the period		-	-	55	55
Total		-	(335)	55	(280)
Balance as at June 30, 2023		11,351	927	479	12,757

D. Condensed interim consolidated statement of cash flow

	Note	GROUP	
		HY2024 S\$'000	HY2023 S\$'000
Operating activities			
Profit before taxation		621	2,141
Adjustments for:			
Amortisation of intangible assets	6	-	191
Depreciation of property, plant and equipment	6	1,039	1,182
Depreciation of right-of-use assets	6	393	810
Fair value changes on derivative financial instruments	6	17	(28)
Gain on lease modification		-	(11)
(Write back) / Impairment losses on financial assets		(1)	189
Interest expense		183	224
Interest income	6	(127)	(55)
Loss on disposal of property, plant and equipment	6	-	4
Gain arising on financial assets measured at FVTPL ⁽¹⁾	6	(19)	(40)
Property, plant and equipment written off	6	12	-
Allowance for inventories and inventories written off	6	20	371
Share of results of an associate		(28)	-
Operating cash flows before movements in working capital		2,110	4,978
Inventories		99	2,084
Trade and other receivables		2,325	5,555
Trade and other payables		(939)	(6,817)
Cash flows generated from operations		3,595	5,800
Income tax paid		(372)	(463)
Net cash from operating activities		3,223	5,337
Interest received		132	55
Dividends received		400	-
Proceeds from disposal of property, plant and equipment		-	8
Investment in equity instrument designated at FVTOCI ⁽²⁾		(204)	-
Purchase of property, plant and equipment		(615)	(1,041)
Net cash used in investing activities		(287)	(978)
Dividends paid		(2,350)	(1,410)
Interest paid		(183)	(224)
Repayment of lease liabilities		(362)	(759)
Repayment of bank borrowings		(3,090)	(793)
Net cash used in financing activities		(5,985)	(3,186)
Net decrease in cash and cash equivalents		(3,049)	1,173
Cash and cash equivalents at beginning of the year		17,015	17,107
Effect of foreign exchange rate changes		(24)	27
Cash and cash equivalents at end of the year ⁽³⁾		13,942	18,307

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

(2) FVTOCI: Fair value through other comprehensive income.

(3) Excludes pledged fixed deposit of S\$0.2 million in HY2024 (HY2023: S\$0.2 million).

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

WONG FONG INDUSTRIES LIMITED (“Wong Fong” or the “Company”) (Registration No. 201500186D) is incorporated in Singapore with its principal place of business and registered office at 79 Joo Koon Circle, Singapore 629107. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “Group”).

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

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

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December (“FY”) 2023.

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

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

2.1. New and amended standards adopted by the Group

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

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2023.

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

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

(a) Allowance for inventories

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

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

(b) Calculation of loss allowance for trade receivables

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

(c) Impairment assessment of investment in subsidiaries

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

(d) Partial disposal of subsidiaries

On 29 December 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 the AIH Group reduced from 60% to 20% and the Group relinquished control over the AIH Group but retains an associate interest.

3. Seasonal operations

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

4. Segment and revenue information

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

Segment revenue and results

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

	Group			
	Revenue		Net Profit	
	HY2024	HY2023	HY2024	HY2023
	S\$'000	S\$'000	S\$'000	S\$'000
Engineering	23,002	30,186	60	974
Training	4,994	8,756	602	1,375
	<u>27,996</u>	<u>38,942</u>	<u>662</u>	<u>2,349</u>
Interest income			127	55
Other operating expenses ⁽¹⁾			10	(1)
Share of results of an associate			28	-
Finance costs			(206)	(262)
Profit before tax			621	2,141
Income tax expense			(194)	(327)
Profit for the period			<u>427</u>	<u>1,814</u>

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

Revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of research and development related expenses, 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	
	As at June	As at
	30,	December 31,
	2024	2023
	S\$'000	S\$'000
Engineering	60,472	63,878
Training	6,207	5,879
Total segment assets	<u>66,679</u>	<u>69,757</u>
Unallocated assets	8,691	12,067
Consolidated total assets	<u>75,370</u>	<u>81,824</u>

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

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

Other segment information

	Group			
	Depreciation and amortisation		Additions to non-current assets	
	HY2024	HY2023	HY2024	HY2023
	S\$'000	S\$'000	S\$'000	S\$'000
Engineering	978	1,059	197	262
Training	453	1,123	240	2,204
Unallocated	1	1	-	-
Total	1,432	2,183	437	2,466

Geographical information

The Group's operates predominantly in Singapore (country of domicile), with 2 (June 30, 2023: 2) subsidiaries operating in Malaysia and Myanmar.

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

	Group	
	Revenue from external customers	
	HY2024	HY2023
	S\$'000	S\$'000
<u>Based on location of customer</u>		
Singapore	25,334	36,561
Others	2,662	2,381
	27,996	38,942

Information about major customers

No single customer accounted for more than 10% of the Group's total revenue in HY2024.

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

5. Financial assets and financial liabilities

The following table sets out the financial instruments as at 30 June 2024 and 31 December 2023:

	Group		Company	
	As at June 30, 2024	As at June 30, 2023	As at June 30, 2024	As at June 30, 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost	24,277	29,646	5,253	6,868
Derivative financial instruments	-	30	-	-
Financial assets measured at FVTPL	1,959	2,130	1,959	1,658
Financial assets at FVTOCI:				
Debt instruments classified as at FVTOCI	918	891	917	891
Equity instruments designated as at FVTOCI	813	84	-	-
Financial liabilities				
Financial liabilities at amortised cost	12,748	15,486	214	230
Derivative financial instruments	11	-	-	-
Lease liabilities	6,817	9,457	-	-

6. Profit before tax

6.1 Significant items

	<u>Group</u>	
	<u>HY2024</u>	<u>HY2023</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<u>Material items included in other operating income:</u>		
Commission income	57	92
Fair value changes on derivative financial instruments	(17)	28
Government grants	269	651
Gain on lease modification	-	11
Interest income	127	55
Other income	2	134
Rental rebates and income	77	26
Gain on disposal of property, plant and equipment	-	4
Net gain arising on financial assets measured at FVTPL	19	40
Management income	131	-
 <u>Material items included in other operating expenses:</u>		
Allowance for inventories and inventories written off	20	371
Loss on disposal of property, plant and equipment	-	4
Loss on foreign exchange - net	193	221
 <u>Others:</u>		
Depreciation of property, plant and equipment	1,039	1,182
Depreciation of right-of-use assets	393	810
Amortisation of intangible assets	-	191
Interest expense	183	224

6.2 Related party transactions

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

	<u>Group</u>	
	<u>HY2024</u>	<u>HY2023</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<u>Transaction with ultimate holding company</u>		
Dividends – Ordinary	1,410	1,410
– Special	940	-

7. Income tax expense

	<u>Group</u>	
	<u>HY2024</u>	<u>HY2023</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Current income tax expense	194	327

8. Dividends

HY2024

- The Company declared and paid a tax exempt (one-tier) final dividend of S\$0.0060 per share (total of S\$1,410,000) and special dividend of S\$0.0040 per share (total of S\$940,000) to shareholders of the Company in respect of FY2023. The total final and special dividend paid to shareholders of the Company was S\$2,350,000. The dividend was paid on 30 May 2024.

HY2023

- The Company declared and paid a tax exempt (one-tier) final dividend of S\$0.0060 per share (total of S\$1,410,000) to the shareholders of the Company in respect of FY2022. The dividend was paid on 30 May 2023.

9. Property, plant and equipment

During HY2024, the Group acquired property, plant and equipment with an aggregate cost of S\$312,000 (HY2023: S\$1,041,000 and disposed of assets amounting to S\$NIL (HY2023: S\$8,000).

10. Intangible assets

<u>Group</u>	Accreditation and copyright⁽¹⁾	Total
	S\$'000	S\$'000
At 31 December 2023:		
Opening net book amount	2,549	2,549
Amortisation charge and impairment for the year	(382)	(382)
Disposal of subsidiaries	(2,167)	(2,167)
Closing net book amount	-	-
At 30 June 2024:		
Opening net book amount	-	-
Amortisation charge and impairment for the year	-	-
Disposal of subsidiaries	-	-
Closing net book amount	-	-

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

11. Investments in financial assets

	<u>Group</u>		<u>Company</u>	
	As at June 30, 2024	As at December 31, 2023	As at June 30, 2024	As at December 31, 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Investments in debt instruments classified as at FVTOCI (i)				
Corporate bonds	918	905	918	905
Investments in equity instruments designated as at FVTOCI (ii)				
Unlisted shares	84	84	-	-
Preference shares	729	-	-	-
	813	84	-	-
Financial assets measured at FVTPL (iii)				
Corporate bonds	1,959	1,941	1,959	1,941
Loan	-	462	-	-
	1,959	2,403	1,959	1,941
	3,690	3,392	2,877	2,846

(i) The investments in listed corporate bonds pay interest at rates ranging from 2.15% to 2.90% (December 31, 2023: 2.15% to 2.90%) per annum and the bonds will mature between year 2031 and year 2032 (December 31, 2023: year 2031 to year 2032). At maturity, the Group will receive nominal amount of S\$1,000,000 (December 31, 2023: S\$1,000,000). The corporate bonds are held by the Group with the objectives of collecting their contractual cash flows comprising payments of principal and interest on the principal amount outstanding and/or to sell these financial assets. Hence the corporate bonds are classified as at FVTOCI. See below for impairment assessment.

(ii) The Group holds 11.00% (December 31, 2023: 13.03%) of the share capital of Botsync Pte. Ltd. ("**Botsync**"), a Singapore-based robotics start-up.

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

In HY2024, the Group invested US\$150,000 (equivalent to S\$203,000) in Botsync's Series A1 Preferred Shares Equity Financing for an aggregate of 55,913 preference shares in Botsync ("**Botsync Preference Shares**"), increasing the total number of Botsync Preference Shares owned by the Group to 236,730.

No shares have been disposed of during the current reporting period. However, the Group's shareholding in Botsync was diluted due to investments by new investors.

(iii) The Group holds 10.3% (December 31, 2023: 10.3%) interest in Vanda Electrics Pte. Ltd. The investment is classified as financial asset measured at FVTPL. Management estimated the fair value of the investment to be S\$Nil (December 31, 2023: S\$Nil) in view of the operating losses and net capital deficiency position of the entity.

The Group has also invested in perpetual debt instruments which pay variable interest rates ranging from 2.97% to 4.48% (December 31, 2023: 2.97% to 4.48%) per annum.

In FY2022, the Group extended a loan of US\$350,000 (equivalent to S\$462,000) to Botsync under a Convertible Agreement Regarding Equity ("CARE"). Under the terms of the CARE, the loan may be converted into shares in the capital of Botsync. Pending the conversion of the loan into shares, the loan bears interest at a rate of 5% per annum. In HY2024, Botsync raised Series A1 Preferred Shares Equity Financing. As such, pursuant to the CARE, the US\$350,000

loan (equivalent to S\$462,000) was automatically converted into 180,817 Botsync Preference Shares. Further to the conversion, the investment was classified as investments in equity instruments designated as at FVTOCI.

Impairment of financial assets

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

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

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

Fair value measurement

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

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

The following table presented the assets measured at fair value:

Financial assets/ financial liabilities	Group Fair value as at (S\$'000)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	June 30, 2024		December 31, 2023					
	Assets	Liabilities	Assets	Liabilities				
Financial assets measured at FVTPL								
Listed corporate bonds	1,959	-	1,941	-	Level 1	Quoted bid prices in an active market	n.a.	n.a.
Convertible loan	-	-	462	-	Level 3	Equity value of the borrower	Equity value	The higher the equity value, the higher the fair value
Financial assets measured at FVTOCI								
Listed corporate bonds	918	-	905	-	Level 1	Quoted bid prices in an active market	n.a.	n.a.
Investment in unlisted shares	84	-	84	-	Level 3	Market comparable analysis using enterprise value to revenue multiple	Revenue	The higher the revenue, the higher the fair value
Investment in preference shares	729	-	-	-	Level 3	Conversion price and issue price	n.a.	n.a.

Company								
Financial assets/ financial liabilities	Fair value as at (S\$'000)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	June 30, 2024		December 31, 2023					
	Assets	Liabilities	Assets	Liabilities				
Financial assets measured at FVTPL								
Listed corporate bonds	1,959	-	1,941	-	Level 1	Quoted bid prices in an active market	n.a.	n.a.
Financial assets measured at FVTOCI								
Listed corporate bonds	918	-	905	-	Level 1	Quoted bid prices in an active market	n.a.	n.a.

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

12. Bank borrowing and lease liabilities

Aggregate amount of group's borrowings and debts securities.

Amount repayable in one year or less, or on demand

June 30, 2024		December 31, 2023	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,339	-	2,254	-

Amount repayable after one year

June 30, 2024		December 31, 2023	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,234	-	11,447	-

Details of any collateral

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

13. Share capital

	Group and Company			
	As at June 30, 2024	As at December 31, 2023	As at June 30, 2024	As at December 31, 2023
	Number of ordinary shares		S\$'000	
Issued and paid up:				
At the beginning and end of the year	235,000,000	235,000,000	11,351	11,351

14. Subsequent events

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

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

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

	Number of shares	Issued and paid-up share capital S\$
Balance as at 30 June 2024 and 31 December 2023	235,000,000	11,350,674

There were no outstanding options, convertibles or treasury shares held by the Company or subsidiary holdings as at 30 June 2023 and 30 June 2024.

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

	As at 30 June 2024	As at 31 December 2023
Total number of issued shares excluding treasury shares	235,000,000	235,000,000

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

There were no treasury shares held by the Company.

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

There were no subsidiary holdings.

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

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

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

Not applicable.

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for HY2024 as those applied in its most recently audited financial statements for FY2023.

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

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

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

	<u>Group</u> <u>HY2024</u>	<u>Group</u> <u>HY2023</u>
Profit attributable to owners of the Company (S\$'000)	354	1,751
Weighted average number of shares ('000)	235,000	235,000
Basic and diluted earnings per share (cents)	0.15	0.75

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>As at</u> <u>30 June</u> <u>2024</u>	<u>As at</u> <u>31 December</u> <u>2023</u>	<u>As at</u> <u>30 June</u> <u>2024</u>	<u>As at</u> <u>31 December</u> <u>2023</u>
Net asset value (S\$'000)	53,210	55,204	11,496	14,268
Number of shares ('000)	235,000	235,000	235,000	235,000
Net asset value per share (cents)	22.64	23.49	4.89	6.07

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

REVIEW OF INCOME STATEMENT

Revenue

Revenue decreased by S\$10.9 million or 28.1% from S\$38.9 million in HY2023 to S\$28.0 million in HY2024. This was mainly attributable to a decrease in revenue from the Engineering business of S\$7.6 million and a decrease in revenue from the Training business of S\$3.3 million.

The Engineering business comprises equipment sales, repairs and servicing and projects. The decrease in revenue from Engineering business was mainly due to slow demand for equipment in the domestic market.

On 29 December 2023, the Group completed the partial disposal of 40% interest in the AIH Group, reducing its shareholding from 60% to 20%. As a result, from FY2024 onwards, the AIH Group is now classified as an associate and no longer consolidated into the Group's financial statements ("Non-Consolidation"). The decrease in revenue from the Training business of S\$3.3 million was mainly attributable to the Non-Consolidation of the AIH Group in HY2024.

Other operating income

Other operating income decreased by S\$0.3 million or 33.6% from S\$1.0 million in HY2023 to S\$0.7 million in HY2024. The decrease was mainly attributable to a decrease in government grant received by the AIH Group in HY2023.

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

Changes in inventories of finished goods and work-in-progress, materials and consumables used and other direct costs, decreased by S\$6.2 million in aggregate or 29.1%, from S\$21.4 million in HY2023 to S\$15.2 million in HY2024 mainly due to lower sales.

Employee benefits expense

Employee benefits expense decreased by S\$2.0 million or 17.9% from S\$11.1 million in HY2023 to S\$9.1 million in HY2024. The decrease was mainly attributable to the Non-Consolidation of the AIH Group of S\$1.5 million and a decrease in employee benefits expenses of S\$0.5 million due to a reduction in headcount for the Training business as well as lesser overtime payments and lower bonus provision for the Engineering business.

Depreciation and amortisation expenses

Depreciation and amortisation expenses decreased by S\$0.8 million or 34.4% from S\$2.2 million in HY2023 to S\$1.4 million in HY2024. The decrease was mainly attributable to the Non-Consolidation of the AIH Group.

Write-back / Impairment losses on financial assets

Write-back on financial assets was S\$1,000 in HY2024, whereby impairment losses on financial assets was S\$0.2 million in HY2023. Impairment loss in HY2023 was mainly attributable to the AIH Group of S\$0.15 million.

Other operating expenses

Other operating expenses decreased by S\$0.5 million or 19.4% from S\$2.6 million in HY2023 to S\$2.1 million in HY2024, the decrease was mainly attributable to the Non-Consolidation of the AIH Group of S\$0.5 million and the decrease in impairment on inventories of S\$0.3 million.

Share of profit from an associate company

Share of profit attributable to the AIH Group was S\$28,000 in HY2024.

Finance costs

Finance costs decreased by S\$0.1 million or 21.4% from S\$0.3 million in HY2023 to S\$0.2 million in HY2024 due to partial loan repayment.

Income tax expense

The Group recorded an income tax expense of S\$0.3 million and S\$0.2 million in HY2023 and HY2024 respectively.

Profit for the period

As a result of the foregoing, profit for the period decreased by S\$1.4 million or 76.5% from S\$1.8 million in HY2023 to S\$0.4 million in HY2024.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets decreased by S\$5.6 million or 11.9% from S\$46.8 million as at 31 December 2023 to S\$41.2 million as at 30 June 2024. This was mainly due to:

- (i) a decrease in cash and bank balances of S\$3.0 million was mainly due to partial loan repayment of S\$2.3 million and dividend payment of S\$0.9 million;
- (ii) a decrease in trade and other receivables of S\$2.4 million mainly due to collections; and
- (iii) a decrease in inventories of S\$0.1 million following fulfillment of orders.

Non-current assets

The Group's non-current assets decreased by S\$0.9 million or 2.5% from S\$35.1 million as at 31 December 2023 to S\$34.2 million as at 30 June 2024. This was mainly due to:

- (i) a decrease in property, plant and equipment of S\$0.7 million arising from depreciation;
- (ii) a decrease in investment in associates as a result of dividend received for S\$0.4 million; and
- (iii) partially offset by an increase in investment in financial assets of S\$0.3 million.

Current liabilities

The Group's current liabilities decreased by S\$1.4 million or 8.7% from S\$15.3 million as at 31 December 2023 to S\$13.9 million as at 30 June 2024. This was mainly due to:

- (i) a decrease in trade and other payables of S\$0.7 million, mainly attributable to a decrease in accrued liabilities;
- (ii) a decrease in income tax payable of S\$0.2 million; and
- (iii) a decrease in contract liability of S\$0.6 million as a result of a decrease in deposit received and deferred revenue.

Non-current liabilities

The Group's non-current liabilities decreased by S\$3.2 million or 25.9% from S\$12.4 million as at 31 December 2023 to S\$9.2 million as at 30 June 2024. This was mainly due to:

- (i) a decrease in lease liabilities of S\$0.1 million; and
- (ii) a decrease in bank borrowings of S\$3.1 million due to repayment of loan.

REVIEW OF CASH FLOWS

In HY2024, the Group generated net cash from operating activities before changes in working capital of S\$2.1 million. Net cash generated from working capital amounted to S\$1.5 million mainly due to a decrease in inventories of S\$0.1 million, and a decrease in trade and other receivables of S\$2.3 million which were partially offset by a decrease in trade and other payables of S\$0.9 million. The Group paid income tax of S\$0.4 million. As a result, net cash generated from operating activities amounted to S\$3.2 million.

Net cash used in investing activities amounted to S\$0.3 million in HY2024, mainly due to purchase of property, plant and equipment of S\$0.6 million as well as purchase of financial assets measured at FVTOCI of S\$0.2 million and partially offset by dividend received of S\$0.4 million.

Net cash used in financing activities amounted to S\$6.0 million in HY2024, mainly due to dividends paid of S\$2.4 million, interest paid of S\$0.2 million, repayment of loan of S\$3.1 million and repayment of lease liabilities of S\$0.4 million.

As a result of the above, the Group's cash and cash equivalents decreased by S\$3.0 million to S\$13.9 million in HY2024.

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

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

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

With the continued high interest rates, high labour costs and inflationary pressures, businesses were more cautious with their capital expenditures. This translated to reduced demand for new equipment in the HY2024. However, the recent weaker-than-expected USA jobs report released in August 2024 increased expectations for an interest rate cut sooner rather than later to avoid a recession. While the envisaged interest rate cut is expected to boost demand, escalating geopolitical tensions continues to present the region with robust challenges.

Based on advanced estimates, the Ministry of Trade and Industry envisages Singapore to grow by 2.9% on a year-on-year basis in the second quarter of 2024. Provided that the fragile geopolitical situation does not materially worsen, we envisage the current sale of equipment to be steady with a gradual downward bias for the next 12 months. Demand for repairs and servicing should also remain resilient.

Consistent with the above, the Company envisages reduced demand for training courses in the next 12 months. From FY2024 onwards, the AIH Group will be treated as an associate and as such, training revenue from the AIH Group will not be consolidated into the Group. Barring unforeseen circumstances, Wong Fong Academy expects to increase its course offerings in FY2024 which should partially mitigate the envisaged decrease in the Training business revenue.

Due to the current multi-faceted economic and geopolitical challenges, the Company's management is closely monitoring its businesses and stands ready to respond to these challenges. With the Group's healthy financials and efficient order book execution, the Company endeavours to continue working closely with its partners in ensuring that the Group is able to deliver sustainable long-term value to all its stakeholders.

11. Dividend

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

Nil

(b) (i) Amount per share

Nil

(iv) Previous corresponding period

Nil

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared / recommended by the board of directors of the Company ("Board" or "Directors") in respect of HY2024 as the Group intends to conserve its cash. The Directors will review the Group's financial performance for the current financial year ended 31 December 2024 before recommending any dividend payment to shareholders.

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

The Group has not obtained a general mandate from shareholders for interested person transactions. There was no interested person transaction of S\$100,000 or more in HY2024.

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

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

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

The Board confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of the Group for HY2024 to be false or misleading in any material aspect.

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

There was no acquisition and/or sale of shares by the Company during HY2024 which requires disclosure pursuant to Rule 706A of the Catalist Rules.

BY ORDER OF THE BOARD

Pao Kiew Tee
Independent Chairman

James Liew
Co-Founder and Group Chief Executive Officer

8 August 2024

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

The contact 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.