WONG FONG
INDUSTRIES

As a trusted partner, we innovate with customers to deliver ***smarter engineering solutions***

ANNUAL REPORT
2017

www.wongfong.com
www.wongfongindustries.com

CONTENTS

CORPORATE PROFILE

*With origins tracing back to 1964, 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, with a presence in Singapore, Malaysia, Myanmar and the People's Republic of China ("**PRC**").*

Wong Fong is a leading provider of land transport and waste solutions in Singapore, Malaysia and Myanmar. Its manufacturing facilities in Singapore and Malaysia have a combined land area of approximately 16,500 square metres. Other than its core load handling business, it also furnishes clients with innovative waste management systems as well as assistive technology and mobility aids. Wong Fong also provides unique customised solutions, in which the Advanced Engineering Team will partner closely with the client to understand, engineer and prototype the required solutions prior to production. Having one of the largest and most advanced service centres for hydraulic and mechanical equipment, clients are assured of competent after sales service. Wong Fong Academy completes the solution by providing targeted training for users of these equipment so as to ensure that operational competency and safety standards are met.

The Group's training business segment, Wong Fong Academy ("**WFA**"), was incorporated in 2011. Started as a training service provider for truck crane users, WFA has now expanded its training services to include areas such as food hygiene, quality and service audit, consultancy, workplace safety, security and food and beverage. Currently, WFA conducts training in over 50 courses and was one of only 3 winners of the inaugural InnovPlus Flame Award for training innovation.

OUR BUSINESS

A leading provider of land transport engineering solutions and systems for various industries including logistics, construction, waste management and defence, Wong Fong has a presence in Singapore, Malaysia, Myanmar and the PRC with a broad customer base comprising more than 3,000 customers. The Group operates 4 complementary businesses comprising Equipment Sales, Projects, Repairs and Servicing, and Training.

EQUIPMENT SALES

- Specialises in the sale and installation of load handling systems and waste management systems as well as assistive technology and mobility aids.
- Range of products and solutions include truck-mounted cranes, tailgates, tippers, self-loaders, hookloaders, portable compactors and sweeper vehicles.
- Dealerships for several leading global brands such as *Dhollandia, Palfinger, Pöttinger, Bucher* and *Europress*.
- Exclusive dealer for *Palfinger*, the world's leading brand for cranes in Singapore and authorised dealer in Malaysia & Myanmar.
- Exclusive distributor for the entire range of compact sweepers and truck-mounted sweepers carried by Bucher Municipal AG, in Singapore and Myanmar.
- Offers a variety of in-house brands for construction, logistics and waste management needs.

EQUIPMENT SALES

PROJECTS

REPAIRS AND SERVICING

TRAINING

PROJECTS

- Provides design, customisation, fabrication and integration services to meet the specific requirements of customers.
- Notable projects include customisation of special purpose vehicles and solutions (defence solutions) and provision of add-on armour solutions for homeland security and defence use (extreme armour solutions).
- Team of industrial designers, engineers and technicians, with advanced facilities and comprehensive resources.

Advanced Engineering

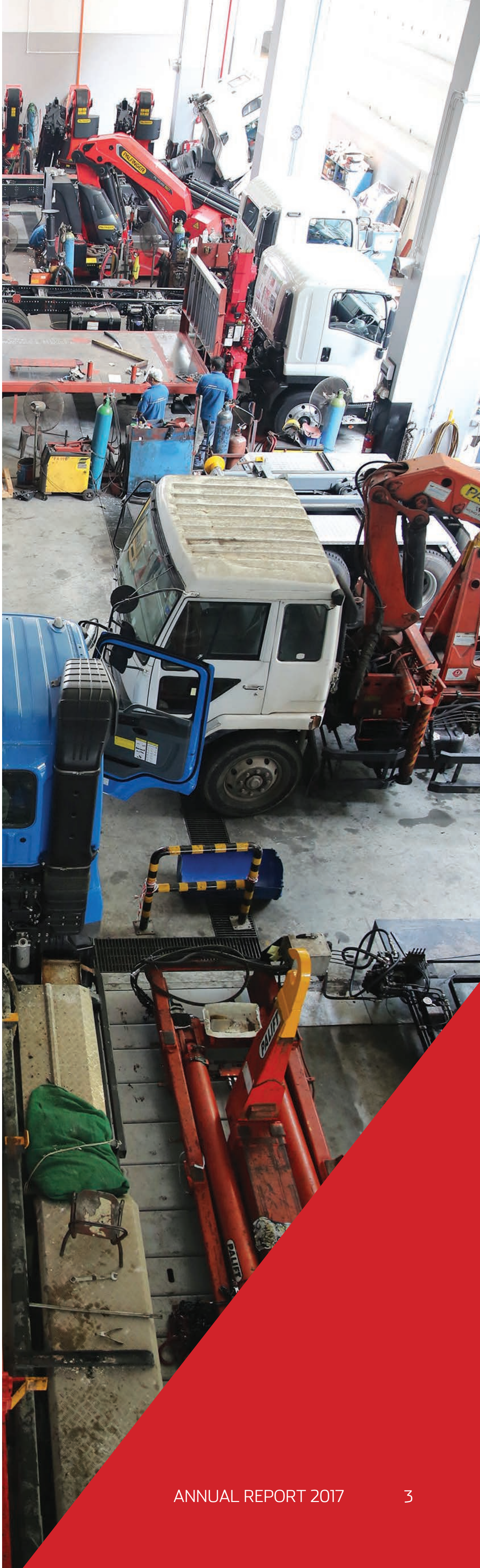
- A specialised engineering team led by the Group's Chief Technical Officer.
- Provides customers with constantly improving and innovative engineering and industrial solutions.
- Reinforces the Group's reputation as one of the leading specialists in load handling systems.
- Sources for the latest products and technology in the market.
- Products developed:
  - ZUKUN smart solutions
- Areas for product and service development:
  - Military
  - Urban material regeneration
  - Specialised vehicles
  - Electric-mobility

TRAINING

- Incorporated in 2011, the Training business unit of the Group has now expanded into a key segment with 57 staff conducting over 50 courses across 5 locations around Singapore.
- Both WFA and the Group's newly-acquired subsidiary, Ascendo International Holdings Pte. Ltd. ("**Ascendo**") are Approved Training Organisations under the Workforce Skills Qualifications Framework.
- WFA was one of only 12 training organisations to be awarded the Call for Proposal 2 (CFP2) training curriculum in May 2017.
- Provides more than 50 courses under its curriculum, many of which are accredited Singapore Workforce Skills Qualifications courses.

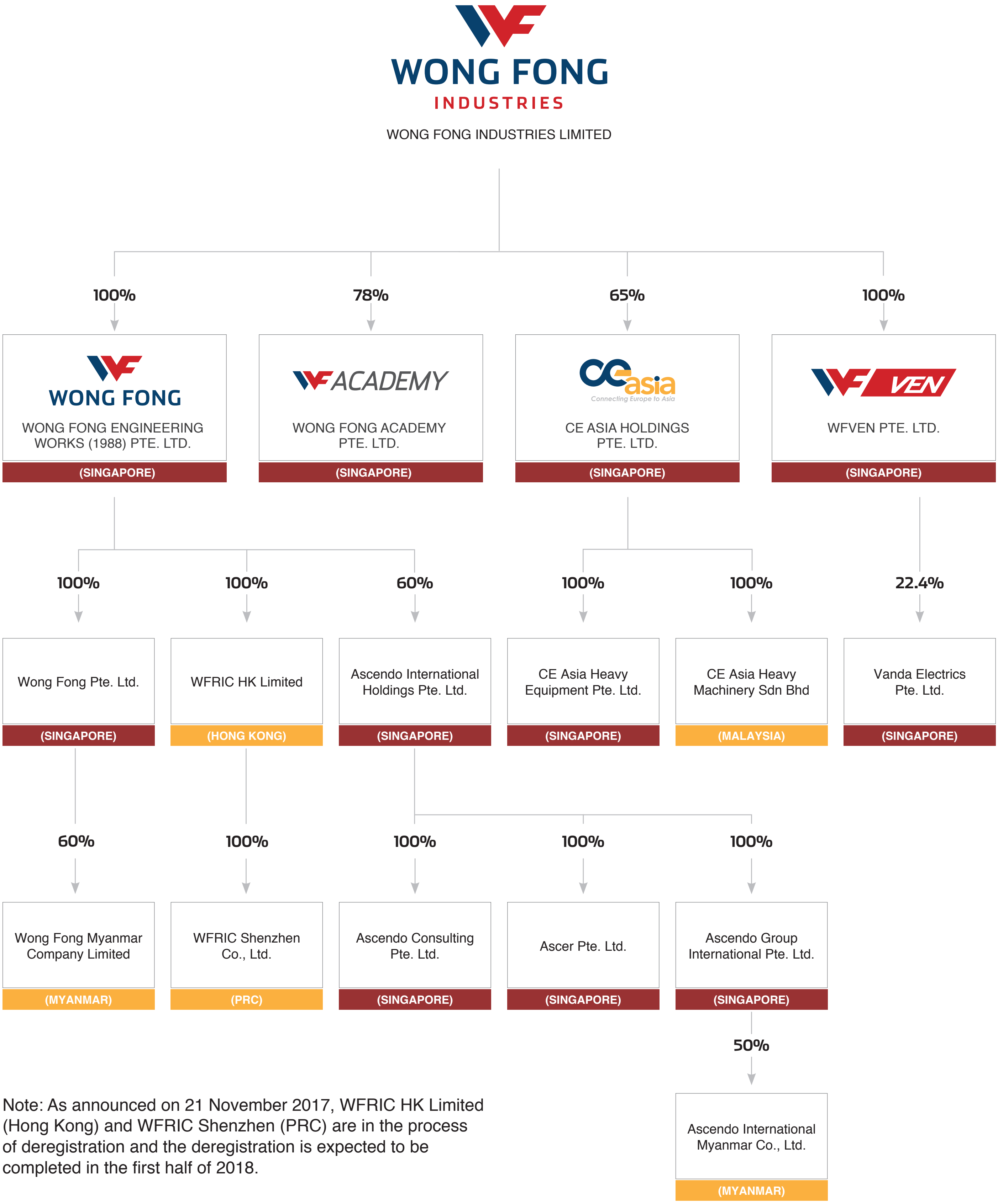
REPAIRS AND SERVICING

- Operates one of the largest service centres for truck-mounted cranes, hookloaders and tailgates in Singapore.
- Team of qualified and experienced servicing staff to handle equipment breakdowns and servicing needs.
- 24-hour standby mobile service team that carries out on-site servicing and inspections.
- Certified by the Singapore Accreditation Council to inspect and certify hookloaders and open-top container bins.



CORPORATE STRUCTURE

(As at 28 March 2018)

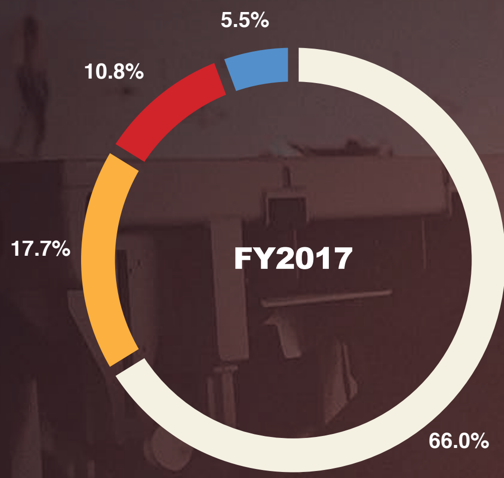


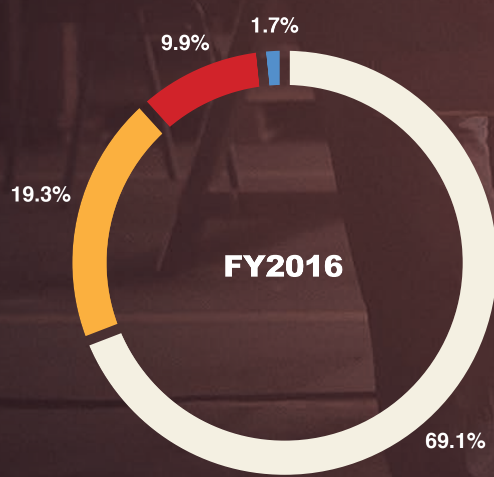
Note: As announced on 21 November 2017, WFRIC HK Limited (Hong Kong) and WFRIC Shenzhen (PRC) are in the process of deregistration and the deregistration is expected to be completed in the first half of 2018.

FINANCIAL HIGHLIGHTS

(Financial year ended 31 December)

Revenue by segments





- Equipment Sales
- Repairs and Servicing
- Projects
- Training

Revenue

S$'million	FY2017	FY2016	FY2015	FY2014
	67.3	70.2	77.6	79.7

Net attributable profit to shareholders

S$'million	FY2017	FY2016	FY2015	FY2014
	4.2	3.6	5.6	6.2

A message from our

CHAIRMAN & MANAGING DIRECTOR

Dear Shareholders

PERFORMANCE REVIEW

The financial year ended 31 December 2017 ("**FY2017**") was a challenging one for the business, with the construction industry still showing lacklustre growth and competition remaining keen. Despite the challenging business environment, we are pleased to end the year with a 17% rise in net attributable profit to owners of the Company at S$4.2 million, from S$3.6 million for the financial year ended 31 December 2016 ("**FY2016**"). This was achieved on the back of a 4% marginal decline in revenue to S$67.3 million, from S$70.2 million the year before, testifying to the effectiveness of the Group's cost control measures and revenue diversification strategy.

DIVIDENDS

To reward the Company's shareholders ("**Shareholders**"), the board of directors ("**Board**" or "**Directors**") of the Company is pleased to propose a first and final tax-exempt (one tier) cash dividend of 0.36 Singapore cents per share, which is 20% higher than the dividend paid in FY2016.

BUILDING A NEW GROWTH ENGINE

An exciting development in FY2017 to highlight was the exponential growth in our Training arm due to the strategic acquisition of a 60% stake in a hospitality consultancy and training group, Ascendo. It is a leading training specialist offering hospitality consultancy and training in safety-related services, mainly in the areas of workplace safety, security, food hygiene, and food and beverage in Singapore and Myanmar. As an Approved Training Organisation under SkillsFuture Singapore, Ascendo offers 36 Workforce Skills Qualifications ("**WSQ**") course modules. With this acquisition, the Group's WSQ course offerings has expanded from 16 to over 50, and our training staff has grown to 57.

Also, with a bigger operational base, we are able to achieve operational efficiencies in the areas of course administration, finance, management and development processes, through synergistic benefits and greater economies of scale. The increased scale also means that it is now more economically viable to invest in new educational technologies to improve the overall technical learning experience.

However, beyond just increasing our training capabilities, this acquisition allows us to leverage on Ascendo's network and track record in the hospitality sector for both our Equipment Sales and Training businesses. For example, a potential opportunity is the management of waste in food and beverage establishments. Our marketing team is stepping up efforts to innovatively create solutions for this sector so as to further expand our earnings base.

The Training segment is definitely an area that we see potential in, and we will be focusing our efforts to grow this business further.

INCREASING MARKET PENETRATION

For our Equipment Sales business, we made efforts to expand into industries with growth potential that we already have a foothold in. One such area is waste management. We plan to increase our breadth and depth in this market by offering a wider range of products that can bring innovative technology and solutions to our customers. We entered into collaborations with 2 European principals, Bucher Industries AG and Europress Group Oy, to add the established brands of *Bucher* and *Europress* to our stable of waste management systems.

For the *Bucher* brand, we are the exclusive distributor in Singapore and Myanmar for the entire range of compact sweepers and truck-mounted sweepers for a period of 2 years starting 1 May 2017. These sweepers, which are typically used for municipal services, road maintenance and facility management among other applications, provide efficient cleaning and are easy to operate with low maintenance costs.

As for the *Europress* brand, we are developing and marketing their innovative range of SMART waste compactors which are known to be user-friendly as they communicate and guide the user, and automatically order their own emptying at the right time. The first shipment of *Europress* SMART waste compactors has been delivered to Singapore for field testing and so far the response has been positive.

We are very excited about the waste management sector in Southeast Asia as the amount of solid waste output has increased significantly over the years, in tandem with economic development and growth. In Singapore, the amount of waste sent for disposal was 8,559 tonnes a day in 2016 compared to just 1,260 tonnes per day in 1970[(1)]. In Yangon City, which has a population of around 5.2 million, 1,690 tonnes of waste is generated per day[(2)]. These statistics support an increasingly pressing need to dispose and recycle waste more cost effectively and efficiently. We are very pleased to be able to join hands with *Bucher* and *Europress*, who are leading global brands in their respective fields, to provide innovative and environmentally friendly solutions for waste management in Southeast Asia.

We recently won a S$2.5 million contract to supply waste compactors and with the government expected to award new tenders in this area, we are well-positioned to tap into these opportunities.

(1) National Environment Agency, overview on Waste Management (http://www.nea.gov.sg/energy-waste/waste-management)

(2) Climate & Clean Air Coalition, Solid Waste Management City Profile (http://www.waste.ccacoalition.org/participant/yangon-myanmar)

GROWING OVERSEAS MARKETS

In Malaysia, sales have been expanding on the back of a growing order book, and we continue to look for expansion possibilities. In Myanmar, our fully-equipped Operations and Service Centre commenced operations in the second half of 2017, and has been providing on-site repairs and maintenance services. It is making good progress, having won a few tenders during the year.

OUTLOOK FOR FY2018

Notwithstanding the positive outlook on the Singapore economy, we do expect demand for new equipment to be subdued as a result of the Vehicular Emissions Scheme, based on the newly-introduced Euro 6 emission standard, which took effect in January 2018. Contribution from the Repairs and Servicing segment is expected to remain stable, while the Training segment is expected to be an important profit contributor to the Group.

Overall, we expect stable performance and profitability as we continue to manage our cost and improve productivity. We will also be looking for mergers and acquisitions possibilities, joint ventures and strategic collaborations both locally and overseas.

APPRECIATION

In conclusion, we wish to extend our deepest gratitude to our fellow Board members for their guidance, to our business partners and customers for their loyal support, and to the management team and staff of Wong Fong for their unwavering focus in delivering a healthy performance in the face of a challenging business environment.

Yours sincerely

Jimmy Lew
Chairman

James Liew
Deputy Chairman and Managing Director

OPERATIONS AND FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

	FY2017 S$'000	FY2016 S$'000	Change %
Revenue	**67,326**	70,203	(4.1)
Other operating income	**716**	959	(25.3)
Changes in inventories of finished goods and work-in-progress, and materials and consumables used	**(43,791)**	(47,450)	(7.7)
Employee benefits expense	**(13,673)**	(12,933)	5.7
Depreciation expense	**(1,762)**	(1,631)	8.0
Other operating expenses	**(3,696)**	(4,669)	(20.8)
Finance costs	**(294)**	(314)	(6.4)
Share of results of associate	**-**	(200)	NM
Profit before tax	**4,826**	3,965	21.7
Income tax expense	**(582)**	(496)	17.3
Profit for the year	**4,244**	3,469	22.3
Profit attributable to owners of the Company	**4,192**	3,581	17.1

For FY2017, revenue decreased by S$2.9 million or 4.1% to S$67.3 million compared to S$70.2 million for FY2016. This was mainly attributable to lower revenue contribution from Equipment Sales and Repairs and Servicing segments and partially offset by an increase in revenue from Projects and Training segments.

Revenue from Equipment Sales decreased by S$4.2 million or 8.5%, from S$48.5 million in FY2016 to S$44.4 million in FY2017, while revenue from Repairs and Servicing decreased by S$1.6 million or 12.2%, from S$13.6 million in FY2016 to S$11.9 million in FY2017. The decrease was due to a challenging business environment, increased competition from new market entrants and the Euro 6 emission regulation introduced in January 2018.

Revenue from Projects increased by S$0.4 million or 5.2%, from S$6.9 million in FY2016 to S$7.3 million in FY2017 due to an increase in equipment being completed and delivered. At the same time, revenue contributed by Training increased by S$2.5 million or 218.2%, from S$1.2 million in FY2016 to S$3.7 million in FY2017 due to an increase in WDA-approved programmes secured and 4-month revenue contribution from the Group's newly acquired 60%-owned subsidiary, Ascendo. The acquisition of Ascendo was completed in August 2017.

During the year, other operating income decreased by S$0.2 million or 25.3%, from S$0.96 million in FY2016 to S$0.72 million in FY2017 mainly due to a decrease in government grants and rental income.

Changes in inventories of finished goods and work-in-progress as well as materials and consumables used by the Group decreased by S$3.7 million or 7.7%, to S$43.8 million in FY2017 from S$47.5 million in FY2016. This was mainly due to a decrease in purchases of equipment because of lower level of orders for Equipment Sales.

Meanwhile, employee benefits expense increased by S$0.8 million or 5.7%, from S$12.9 million in FY2016 to S$13.7 million in FY2017 mainly due to the additional headcount arising from the acquisition of Ascendo.

Depreciation expense increased by S$0.1 million or 8.0%, from S$1.6 million in FY2016 to S$1.7 million in FY2017 mainly due to an increase in depreciation expense for the Group's leasehold land and buildings at 79 Joo Koon Circle as a result of the completion of the four-storey annex building as well as purchases of plant and machinery.

Other operating expenses decreased by S$1.0 million or 20.8%, from S$4.7 million in FY2016 to S$3.7 million in FY2017 mainly due to the absence of one-off initial public offering ("**IPO**") expenses, and a decrease in rental expense due to expiration of rental at 11 Joo Koon Crescent and 6 Enterprise Road. Finance costs decreased by S$0.02 million or 6.4%, from S$0.31 million in FY2016 to S$0.29 million in FY2017 mainly due to repayment of bank borrowings.

As a result, the Group's profit attributable to owners of the Company increased by S$0.6 million or 17.1%, from S$3.6 million in FY2016 to S$4.2 million in FY2017.

REVIEW OF FINANCIAL POSITION

S$'000	As at 31 Dec 2017	As at 31 Dec 2016
Current assets	47,380	44,262
Non-current assets	24,712	22,222
Total assets	**72,092**	**66,484**
Current liabilities	16,531	16,095
Non-current liabilities	7,549	7,063
Total liabilities	**24,080**	**23,158**
Share capital	11,351	11,351
Retained earnings	35,875	32,388
Reserves	890	352
Non-controlling interest	(104)	(765)
Total equity	**48,012**	**43,326**

As at 31 December 2017, the Group's current assets increased by S$3.1 million or 7.0%, to S$47.4 million from S$44.3 million as at 31 December 2016. This was mainly due to a S$4.8 million increase in cash and bank balances, and a S$0.6 million increase in trade and other receivables due to the acquisition of Ascendo, partially offset by a decrease in inventories of S$2.3 million arising from lesser procurement of equipment.

Non-current assets increased by S$2.5 million or 11.2%, from S$22.2 million as at 31 December 2016 to S$24.7 million as at 31 December 2017, mainly due to an increase in intangible assets of S$3.5 million due to the acquisition of Ascendo and partially offset by a decrease in property, plant and equipment of S$1.0 million due to the depreciation during the period. Properties are stated at historical cost.

The Group's current liabilities increased by S$0.4 million or 2.7%, from S$16.1 million as at 31 December 2016 to S$16.5 million as at 31 December 2017 mainly due to an increase in trade and other payables of S$0.6 million, partially offset by a decrease in bank borrowings of S$0.2 million due to the repayment of term loan.

The Group's non-current liabilities increased by S$0.4 million or 7.0%, from S$7.1 million as at 31 December 2016 to S$7.5 million as at 31 December 2017 mainly due to an increase in other payables and deferred tax liabilities of S$1.0 million and S$0.5 million respectively. These were partially offset by the repayment of bank borrowings and finance leases of S$1.1 million.

As a result, total assets of the Group increased by S$5.6 million or 8.4% to S$72.1 million while total liabilities increased by S$0.9 million or 4.0% to S$24.1 million as at 31 December 2017, compared to S$66.5 million and S$23.2 million respectively as at 31 December 2016.

REVIEW OF CASH FLOWS

	FY2017 S$'000	FY2016 S$'000
Net cash flows generated from operating activities	8,994	3,967
Net cash flows used in investing activities	(1,879)	(2,823)
Net cash flows generated from (used in) financing activities	(2,291)	3,088
Cash and cash equivalents at beginning of the year	20,570	16,352
Net increase in cash and cash equivalents	4,824	4,232
Effect of foreign exchange rate changes	(2)	(14)
Cash and cash equivalents at end of the year[1]	25,392	20,570

(1) Excludes pledged fixed deposit of S$0.2 million (FY2016: S$0.2 million)

In FY2017, the Group generated net cash from operating activities before changes in working capital of S$7.1 million. Net cash generated from working capital amounted to S$1.9 million mainly due to a decrease in inventories of S$2.3 million, a decrease in trade and other receivables of S$0.2 million, partially offset by a decrease in trade and other payables of S$0.6 million. As such, net cash generated from operating activities amounted to S$9.0 million.

Net cash used in investing activities amounted to S$1.9 million in FY2017. This was mainly due to purchase of property, plant and equipment of S$1.1 million and net cash outflow from an acquisition of subsidiaries of S$0.8 million in relation to the acquisition of Ascendo.

Net cash used in financing activities amounted to S$2.3 million in FY2017. This mainly resulted from payment of dividends of S$0.7 million, repayment of bank borrowings and finance leases of S$1.4 million and interest paid of S$0.2 million respectively.

Consequentially, the Group's cash and cash equivalents increased by S$4.8 million to S$25.4 million in FY2017.

CORPORATE AND SOCIAL RESPONSIBILITY

SOCIAL COMMITMENT

EMPLOYMENT AND OVERALL WELL-BEING

Our staff are our greatest asset. As our people are key to our sustainable growth and long-term success, we have invested a substantial amount of resources to develop our staff to perform to the best of their ability and potential.

A vital element in the development of human capital is to build a healthy workforce. In FY2017, Wong Fong's Committed to your Health ("**C2H**") Committee organised health talks and activities to engage and encourage healthy lifestyle among Wong Fong employees, which included:

- Health talk – Strengthening of Immunity System – 12 April 2017
- Meiji Run – 20 May 2017
- Health talk – Diabetes, Hypertension and Kidney Failure – 15 September 2017
- Orange Ribbon Walk – 11 November 2017
- Standard Chartered Singapore Marathon – 3 December 2017
- Regular Zumba and Yoga classes
- Gym, cross-fit training and table tennis (we provide facilities for staff) as well as gardening

As part of our commitment to staff welfare, we also provide childcare bonus, capped at 2 children, to all staff with children 12 years and younger. To promote communications between employees, department heads are encouraged to form team bonding activities at least once per calendar year.

ENVIRONMENTAL COMMITMENT

Electricity Consumption

Wong Fong is certified with ISO14001 for Environmental Management Systems and, where we can, we adopt sustainability best practices in our business operations. We formed our ISO Committee in May 2015 whose main objectives are to reduce our environmental impact and improve environmental performance.

Through the use of solar power, generated from the 20,000 square feet of solar panels on our roof, we achieved our target of reducing annual electricity consumption by 2% in FY2017, compared to the previous year. We are continuing to work towards reducing it by another 2% in FY2018.

HEALTH AND SAFETY

Safety is a top priority at Wong Fong, and we are committed to continuously improve safety and achieve a healthy, safe and functional work environment for our people. We established a new safety and risk management team in FY2017, headed by our Executive Director, Mr Liew Chern Yean, to review and further improve the Safety and Risk Assessment standard for the Group.

To foster an accident-prevention culture at all levels of the organisation, we have also invested in training and re-training programmes on safety awareness for our staff. In recognition of our efforts to build a sustainable safety culture, WFA and Wong Fong Engineering Works (1988) Pte. Ltd. ("**WFE**") have been certified with bizSAFE Level Star and bizSAFE Level 3 respectively by the Workplace Safety and Health Council ("**WSH Council**").

TRAINING AND DEVELOPMENT

Wong Fong fully believes in workforce development and the inculcation of a continuous learning culture. We continually upgrade the skills of our engineers, technicians and support staff to equip them with the relevant skill sets and knowledge to meet operational needs and to stay abreast of technological advancement in the industry. Throughout the year, our staff attended both in-house and external training programmes.

We also award local and overseas scholarships to well-deserving and outstanding employees, who will return to Wong Fong to serve and be groomed to take on more responsibilities.

COMMUNITY INVESTMENT

At Wong Fong, we are committed to giving back to society through supporting various community programmes to help the under-privileged in Singapore. In FY2017, some of the charity drives we supported include:

- Charity movie preview - Justice League – 15 November 2017. The amount raised from this event went towards Hong Kah North's Welfare Fund to assist the needy and less-fortunate residents.
- Charity movie preview - Star Wars: The Last Jedi – 14 December 2017. The amount raised from this event went towards Riding for the Disabled Association Singapore to provide, expand and enhance free horse riding therapy for children and adults with disabilities.

INVESTOR COMMITMENT

Wong Fong is committed to disseminating accurate and up-to-date information to the market on a regular basis for all stakeholders as part of good corporate governance.

Shareholders have the opportunity to interact with the Board and the senior management at our annual general meeting ("**AGM**"). Voting is by way of polling and the results are announced immediately at the AGM and subsequently released on the SGX-ST.

Other key aspects of our investor relations ("**IR**") programme includes:

- Disclosure of accurate and timely information to the marketplace on relevant websites - Singapore Stock Exchange (www.sgx.com) and Wong Fong (www.wongfongindustries.com)
- Dedicated IR section and contact email (investors@wongfong.com) on www.wongfongindustries.com

Details of our corporate governance policies are set out on pages 34 to 48 of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lew Kit Foo @ Liew Foo (Jimmy Lew), Executive Chairman
Liew Ah Kuie (James Liew), Deputy Chairman and Managing Director
Liew Chern Yean, Executive Director
Lew Chern Yong (Eric Lew), Executive Director
Pao Kiew Tee, Lead Independent Director
Lee Yong Soon, Independent Director
Tan Soon Liang, Independent Director
Artawat Udompholkul (John Cordova), Independent Director

AUDIT COMMITTEE

Pao Kiew Tee (Chairman)
Lee Yong Soon
Tan Soon Liang
John Cordova

NOMINATING COMMITTEE

Tan Soon Liang (Chairman)
Pao Kiew Tee
Lee Yong Soon
John Cordova

REMUNERATION COMMITTEE

Lee Yong Soon (Chairman)
Pao Kiew Tee
Tan Soon Liang
John Cordova

COMPANY SECRETARY

Yeoh Kar Choo Sharon, ACIS

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AUDITOR

Deloitte & Touche LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-in-charge: Hoe Chi-Hsien
Appointed since financial year 2016

INVESTOR RELATIONS

Wong Fong Industries Limited
investors@wongfong.com

BOARD OF DIRECTORS

LEW KIT FOO @ LIEW FOO, PBM (JIMMY LEW)
Executive Chairman

Date of first appointment: 2 January 2015
Date of re-election: 28 April 2017

One of our founders, Mr Lew has been in the land transport engineering and hydraulic equipment business for more than 50 years and has been instrumental in the growth of the Group's business and operations. He oversees the overall business development and general management of the Group, formulating its strategic directions and expansion plans. He is the Vice Chairman of both Bukit Panjang Khek Community Guild and Hopo Corporation, a Patron of Jurong Green Community Club, a Trustee of Loving Heart Multi-Service Centre (Jurong) and a member of Hong Kah Secondary School Advisory Committee.

LIEW AH KUIE (JAMES LIEW)
Deputy Chairman and Managing Director

Date of first appointment: 2 January 2015
Date of re-election: 28 April 2017

One of our founders, Mr Liew 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

LIEW CHERN YEAN

Executive Director

Mr Liew joined the Group in 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 1994 to 1996.

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

Date of first appointment: 2 January 2015

LEW CHERN YONG (ERIC LEW)

Executive Director

Mr Lew joined the Group in 2003 and assists the Executive Chairman, as well as Deputy Chairman and Managing Director, to manage the Group's overall strategic planning, human resources, merger and acquisition and business development functions. He is currently the Vice Chairman of the Waste Management and Recycling Association of Singapore. He started his career as an auditor with KPMG LLP after obtaining a Bachelor's Degree in Accountancy with a minor in Banking and Finance from the Nanyang Technological University in 1997.

Date of first appointment: 28 June 2016
Date of re-election: 28 April 2017
Chairman: Audit Committee
Member: Nominating Committee and Remuneration Committee

PAO KIEW TEE

Lead Independent Director

Mr Pao 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 is currently an independent director of SGX-ST-listed companies, Mary Chia Holdings Limited, New Silkroutes Group Limited and Boldtek Holdings Limited, and is also active in various grassroots organisations.

He graduated with a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974, and is a fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

Date of first appointment: 28 June 2016
Date of re-election: 28 April 2017
Chairman: Remuneration Committee
Member: Audit Committee and Nominating Committee

LEE YONG SOON

Independent Director

Mr Lee spent 15 years as the financial controller of Keppel FELS Ltd, managing the accounting, finance and administrative functions of the company and other subsidiaries within the Keppel group. During this period, he was also seconded to Keppel Verolme BV in the Netherlands as their chief financial officer and finance director. Between 1968 and 1999, he managed several finance and administrative functions within the Keppel group, the Haw Par group and the Inchcape group of companies.

He obtained a Degree in Accountancy from the Association of International Accountants of the United Kingdom in 1981, and is a fellow of the Association of International Accountants of the United Kingdom, and an associate of the Institute of Chartered Secretaries and Administrators of Australia.

Date of first appointment: 28 June 2016
Date of re-election: 28 April 2017
Chairman: Nominating Committee
Member: Audit Committee and Remuneration Committee

TAN SOON LIANG

Independent Director

Mr Tan is currently the managing director of Ti Ventures Pte. Ltd., which invests and provides corporate development and business transformation advisory services to established SMEs since May 2009. In addition, he is a director of Omnibridge Investments Pte. Ltd., Omnibridge Capital Pte. Ltd., and Ti Investment Holdings Pte. Ltd. that focus on angel investments, early growth stage venture capital investments and entrepreneurial finance advisory services. Between 2006 and 2010, he was Head of Business Advisory and later, an Advisor at BDO Raffles Advisory Pte Ltd. He was responsible for corporate advisory work for Asian family businesses and corporations, including business transformation advisory work. Early in his career, he held a variety of positions in various companies in the financial industry. He is also an independent director of ISDN Holdings Limited, which is dual listed on the Main Board of the SGX-ST and the Stock Exchange of Hong Kong Limited and Clearbridge Health Limited which is listed on the Catalist Board of the SGX-ST. Between June 2009 to July 2014, he also served as a non-executive director of Jubilee Industries Holdings Ltd which is listed on the Catalist Board of the SGX-ST.

He obtained a Bachelor of Business (Honours) degree, majoring in Financial Analysis, from the Nanyang Technological University in 1997 and subsequently, a Master of Business Administration degree from the University of Hull, United Kingdom, in 2000. He is also a CFA charterholder since September 2000 as well as a member of the Singapore Institute of Directors since June 2011.

Date of first appointment: 28 June 2016
Date of re-election: 28 April 2017
Member: Audit Committee, Nominating Committee and Remuneration Committee

ARTAWAT UDOMPHOLKUL (JOHN CORDOVA)

Independent Director

Mr Cordova is currently a director of Rising Tide Asia Pte. Ltd. where he manages the company's investment strategies and business relationships in the Asia-Pacific region, as well as its corporate social responsibility initiatives. Prior to this, he was a partner at Rajah & Tann Singapore LLP from 2012 to 2015. Between 1998 and 2012, he worked in various law firms including Richard Chandler Capital Corporation Pte. Ltd. (now known as Orient Global Services Pte. Limited), Clifford Chance in Bangkok, and Freshfields Bruckhaus Deringer in Singapore, Bangkok, Hong Kong and London. His areas of practice included banking and finance, and corporate finance.

He obtained a Bachelor of Laws with Upper Second Class Honours in Law with Philosophy from the University of Kent, Canterbury, United Kingdom, in 1995 and was admitted as a solicitor in England and Wales in September 2000.

EXECUTIVE OFFICERS

JACK WONG, Group Finance Director

Mr Wong joined the Group in 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., 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 overseas and 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 associate at PricewaterhouseCoopers LLP ("**PwC**") after graduating with a Bachelor's Degree in Accountancy with a minor in Banking and Finance 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.

CHIA KAH LAM, Operations Director

Mr Chia joined the Group in 1979 and is currently its Operations Director. He started his career in 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 subsequently took on various supervisory and managerial positions before being promoted to the position of Operations Director in 2015. He is primarily responsible for overseeing and managing the operational aspects of the Group's core business. He also works with its Sales Director in formulating marketing and sale strategies, and conducting marketing activities to promote the Group's products.

LEW SIEW CHOO, Supply Chain Management and Information Technology Director

Ms Lew joined the Group in 2001 and is currently its Director (Supply Chain Management and Information Technology). She is in charge of managing the Group's supply chain, including developing and maintaining relationships with suppliers and vendors and developing and implementing policies and procedures for the Group's supply chain operations. She also oversees the Group's administrative and information technology functions. She graduated from the National University of Singapore with a Bachelor's Degree in Business Administration in 1992.

ALBERT LEE, Sales Director

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

SUSTAINABILITY

AT WONG FONG

ABOUT THE REPORT

Wong Fong is pleased to present our inaugural Sustainability Report in 2017 which was prepared in accordance with Global Reporting Initiative ("**GRI**") G4 guidelines - Core level. 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.

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 sustainability that are relevant to our stakeholders. We have not sought external assurance for this sustainability report.

SUSTAINABILITY AT WONG FONG

SUSTAINABILITY VISION

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.

OUR APPROACH ON REPORTING FRAMEWORK

To better integrate sustainability across Wong Fong, our approach to materiality has evolved to be in line with the GRI framework (G4 Sustainability Report Guidelines) as it is a common language for sustainability reporting and multi-stakeholder consensus. We seek to engage our stakeholders (who includes 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, WFE which accounted for more than 90% of our revenue. We will extend data collection to our other subsidiaries in Malaysia and Myanmar in the near future.

Further information on our Environmental, Social and Governance factors, which are part of sustainability, can be found on pages 21 to 29. This sustainability report covers the financial year from 1 January 2017 to 31 December 2017.

SENIOR MANAGEMENT ENGAGEMENT

Wong Fong's sustainability is driven by the management team which is chaired by the Deputy Chairman and Managing Director, Mr. James Liew. The sustainability steering committee ("**SSC**") is made up of members from our management team, comprising our Group Finance Director, Chief Technology Officer, Group Finance Manager, Operations Director, Sales Director and Supply Chain Director.

The SSC meets half yearly 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.

1 IDENTIFY POTENTIAL ISSUES

Wong Fong compiled a list of 19 potentially relevant issues from various sources such as ongoing engagement with stakeholders, internal policies and management reports, and GRI G4 indicators.

2 PRIORITISE ISSUES

Shortlisted 5 key focus groups mainly suppliers, customers, employees, shareholders and management team.
Conducted questionnaire to rate the importance of each relevant issue from stakeholder using a scale of 1 to 5 (1 = not relevant, 5 = extremely important).
Developed the materiality matrix based on the scores from the questionnaire.

3 VALIDATE AT SENIOR MANAGEMENT LEVEL

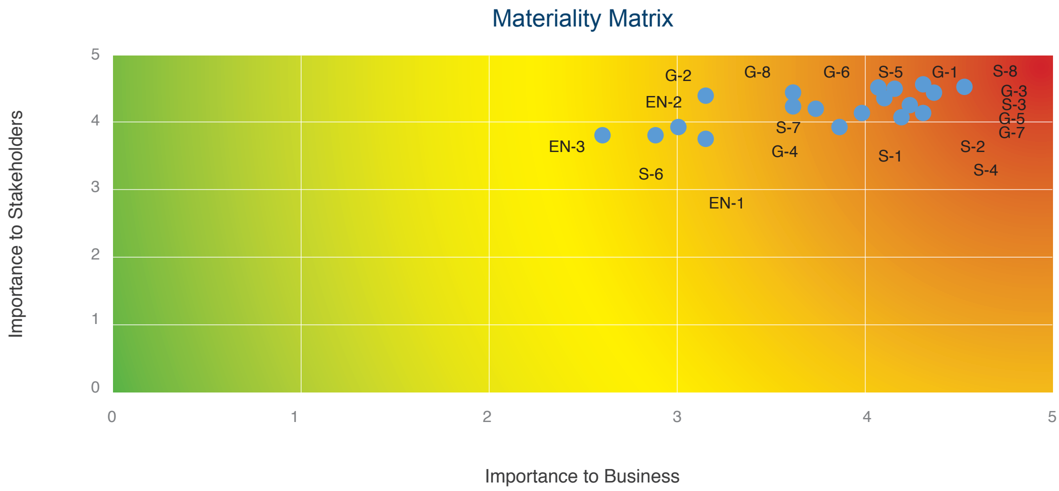
Wong Fong's senior management team will review on an annual basis the materiality matrix to ensure it reflects the vision of the Group.

4 REVIEW REGULARLY

Wong Fong's senior management team reviewed the materiality matrix.
The threshold for materiality was set with a score of 5 rated as extremely important.
As a result, 9 of the 19 issues, with an overall score of 4.5 or above from a stakeholder perspective, were prioritised as the most important sustainability issues for Wong Fong to address and report on.

MATERIALITY MATRIX – IDENTIFICATION OF KEY SUSTAINABILITY ISSUES

The Group has adopted the materiality matrix approach to identify and prioritise key sustainability issues. Questionnaire feedback was gathered from stakeholders which formed the basis for determining the Wong Fong's materiality matrix. All issues will be reviewed on an ongoing basis.



LIST OF IMPORTANT SUSTAINABILITY ISSUES

The materiality matrix shows 19 identified issues (as listed below) according to their importance to stakeholders and importance to business. The 9 issues ranked as the most important are in bold and are identified below.

Governance	Environment	Social
G-1 Ethics & Integrity	EN-1 Operational Eco-efficiency	S-1 Employment & Welfare
G-2 Human Rights	EN-2 Waste Generation & Disposal	**S-2 Employees & Talent**
G-3 Compliance with Regulation	EN-3 Green Construction	**S-3 Health & Safety**
G-4 Governance & Accountability		S-4 Training & Education
G-5 Risk Management		**S-5 Product Safety**
G-6 Transparency & Reporting		S-6 Community Investment
G-7 Succession Planning		S-7 Innovation & Technology
G-8 Data Security & Privacy		**S-8 Customer Satisfaction of Services and Products Provided**

SUSTAINABILITY AT WONG FONG

ACCOUNTABILITY TO OUR STAKEHOLDERS

Our stakeholders are important to Wong Fong's long-term success and sustainability. We seek to engage stakeholders' concerns through multiple communication platforms. Wong Fong stakeholders comprise shareholders, employees, suppliers, customers and management.

Stakeholders	Wong Fong's Commitment
Our Shareholders	Maximise shareholders' returns through strong business and operations performance.
Our Employees	Optimise workforce motivation through employment welfare and career progression.
Our Suppliers	Maximise our role through partnership in pursuit of achieving the highest product safety.
Our Customers	Maximise customer satisfaction through quality of services and products provided.
Our Management	Optimise governance and accountability through transparency and reporting.

Methods of Engagement	Frequency of Engagement	Our Response
• AGM • Corporate announcements • Investor meetings	Ongoing	• Increase frontline engagement for growth and returns
• Induction programme • Team bonding session • Staff appraisal • Staff training	Once or annually	• All employees undergo performance evaluations and the company rewards long-serving employees • Training to equip staff with the necessary knowledge and skills
• Partnering with new suppliers • Frequent meeting with major suppliers	Ongoing	• Communicate and provide feedback regarding their services and products • Ensure that the suppliers' business complies with contract terms
• Calls received via main hotline • Email correspondence • Frontline interaction at the service counters	Ongoing	• Improving customer satisfaction via customer surveys
• Management meetings • Email correspondence	Ongoing	• Provide the management with timely updates and follow-ups with detailed analysis of the results

G-1 ETHICS & INTEGRITY

Wong Fong has established a Conflict of Interest Policy and Code of Dealing in Securities that sets the principles of conduct and business ethics which applies to all employees of the Group. All Directors, key executives and employees are expected to have high standards of integrity which are in compliance with the Group's policies.

A whistle-blowing policy was also established to conform to the guidance set out in the Code of Corporate Governance 2012 which encourages employees to raise concerns, in confidence about possible irregularities. It also encourages proper work ethics and eradicates any internal improprieties, unethical acts, malpractices and/or fraudulent acts in the Group.

Interested Person Transactions ("**IPT**") Policy was established to ensure that all transactions with an interested party will be at arm's length on normal commercial terms and not prejudiced to the interests of minority shareholders. IPTs will be reviewed by the Audit Committee.

Wong Fong does not engage in child labour or take 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.

G-3 COMPLIANCE WITH REGULATION

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 regulations in FY2017.

G-4 GOVERNANCE & ACCOUNTABILITY

Wong Fong maintains a high standard of integrity, accountability and responsible governance and follows the Code of Corporate Governance 2012 and the Catalist Rules prescribed by the authorities. Wong Fong complies with internal policies and internal audit processes which includes business conduct, insider dealing, risk management and fraud. More details on Corporate Governance can be found in pages 34 to 48 in this Annual Report.

G-5 RISK MANAGEMENT

Business & Strategy Risk

Description of Risks	Managing of Risks
Strategy Risks	
- The Group is exposed to risks associated with its expansion plans such as mergers and acquisitions and setting up new business units. - In addition, the Group cannot give assurance that its future plans will be successful.	- All new business collaborations, mergers and acquisitions are reviewed and approved by the Board. - Upon the Board's approval, professional parties are engaged to perform the necessary due diligence to ensure information and data consistency. Thereafter, the findings would be presented to the Board before the final agreement is signed.
Competition Risks	
- 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. - No long-term contracts with customers thus customers may decide to make purchases from competitors.	- The Group strives to maintain competitiveness through carrying a wide range of products, maintaining a high level of engineering expertise and design capabilities, strong brands and high levels of customer service. - Employees are regularly sent for skills upgrading and product knowledge training. Outstanding employees are provided with scholarship and they return to serve the Group thereafter.

Description of Risks	Managing of Risks
Market & Political Risks	
- 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.	- 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 country and industry risks.
Regulatory Risks	
- 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.	- 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	
- The Group may face negative publicity if there is mishandling of transactions or events.	- 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	
- An organisation may face unforeseen incidents or disasters which prevent the continuation of the business operations.	- The Group seeks to diversify the business continuity risks via country and business diversifications in order to reduce the potential impact from the fallout of any business unit.

Description of Risks	Managing of Risks
Foreign Labour Risks	
- Dependent on foreign labour and may face labour shortages or increased costs of labour for Singapore and overseas operations.	- 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 Risk	
- Subject to claims for infringement of third parties' intellectual property rights or may not be able to protect intellectual property rights.	- The Group has registered, and has applied to register, trademarks and patents in Singapore to ensure protection of IPs rights.

Financial Risk

Description of Risks	Managing of Risks
Liquidity Risks	
- The Group funds its growth and operations through a combination of shareholders' equity (including accumulated profits) and net cash generated from operating activities and bank borrowings.	- The Group monitors its net operating cash flow periodically 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	
- 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.	- 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 forex exposure is minimised. Wherever possible, the Group would adopt similar foreign currency for the buying and selling of the imported product.

Description of Risks	Managing of Risks
Credit Risks	
- Credit risk arises as there are uncertainties over the timeliness of customer's payments and their ability to meet their contractual payment obligations to the Group.	- The credit terms to customers are determined on a case-by-case basis depending on, amongst others, their credit and payment histories. - Major collectibility issues, if any, are highlighted during monthly sales and management meetings. - Outstanding receivables are monitored and followed up closely by the finance department. Delinquent accounts are flagged out for further actions.
Interest Rate Risks	
- The Group is exposed to interest rate fluctuations from bank borrowings.	- The Group's cash balances are placed with reputable banks. - For bank borrowings, the Group ensures 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.
Capital Structure Risks	
- 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.	- 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	
- 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.	- The Group manages its price risks by fixing its material prices upon contract confirmation and may have a price adjustment arrangement with its supplier and/or clients should there be wide fluctuations in the prices.
Cost Overruns Risks	
- Unforeseen additional costs such as price fluctuations, increase in labour costs and/or omission in estimation of internal costing may arise.	- 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 Risk

Description of Risks	Managing of Risks
Operational Risks	
- 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.	- The Group strives to minimise unexpected losses and manages losses through standard operating procedures. - The Group has been awarded ISO 9001:2008 and ISO 17020:2012 certification for its local subsidiaries. - It has also achieved ISO 14001:2004 certification for its environmental management system to preserve natural resources and minimise wastage.
People Risks	
- 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 the Executive Officers, all of whom have extensive experience in the Group's business and relevant industries. - Resignation and loss of the services of any Executive Directors, Executive Officers or other key 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.	- 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	
- 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.	- 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	
- 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.	- 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	
- 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.	- 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. - Purchase insurance as required by law.
Delivery Risks	
- 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.	- 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	
- Wong Fong's projects are subject to stringent international quality codes and standards and certification for quality control.	- 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.
Health and Safety Risks	
- 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.	- The Group has set up a Workplace, Safety & Health Committee ("**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.

SUSTAINABILITY AT WONG FONG

Compliance Risk

Description of Risks	Managing of Risks
Compliance Risk	
- 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.	- The Company had 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 KPMG Services Pte. Ltd. to conduct an annual review of its internal controls and reported their findings to the Audit Committee.

Information Technology Risk

Description of Risks	Managing of Risks
Information Technology Risk	
- Information technology ("**IT**") risks includes hardware and software failure, spam, viruses and malicious attacks.	- 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 requirements. - It has adopted the necessary IT controls to alleviate the risk and is arranging for all relevant employees to attend IT Security Awareness Training.

G-7 SUCCESSION PLANNING

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 in the Group to be ready for its future needs and are in place to handle the change.

S-2 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 substantial amount of resources to develop and grow our human capital.

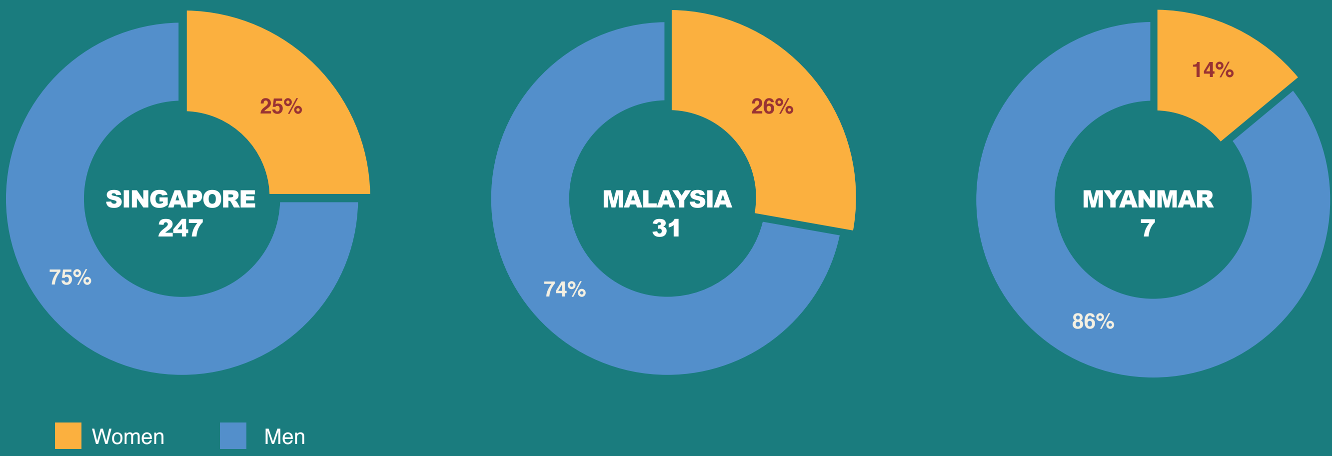
The C2H Committee was formed in January 2016 with the belief that healthy employees would lead to a more efficient and productive organisation. In FY2017, the C2H Committee organised many fun-filled activities to engage and encourage a healthy lifestyle amount Wong Fong employees.

Activities included:
- Regular lunch talks by health professionals
- Zumba lessons and Yoga lessons
- Labour Day celebration
- Orange Ribbon Walk, Meji Run 2017 and Standard Chartered Singapore Marathon 2017
- Free movie preview tickets

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 working hand in hand in the spirit of mutual respect is vital to the firm. To promote communications between employees, department heads are encouraged to form team bonding activities at least once per calendar year.

Wong Fong has in place a career development programme. This is to ensure that our employees are able to meet the changes and its future needs. All employees in the Group are given priority 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.

EMPLOYEES BY COUNTRY



A TOTAL OF 285 EMPLOYEES

AS AT 31 DECEMBER 2017

S-3 HEALTH & SAFETY

Wong Fong has always placed safety as a top priority and we continuously strive to provide healthy, safe and functional work environment for our people. Hence, we have established the WSHC headed by a Board member, which actively seeks to adopt and inculcate the highest possible safety and health best practice throughout the workplace.

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

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

In 2017, there were 5 work-related incidents (no fatalities) in Singapore, all of which involved male employees. Our Operations Managers constantly remind our staff to be careful in work. Wong Fong regularly sends its staff for workplace safety and first aid training. Our human resource department tracks and reports on industrial accidents to the Ministry of Manpower.

S-5 PRODUCT SAFETY

Wong Fong's supply chain ensures a systematic approach in the control of purchases and warehousing activities, and to ensure that materials, products and services supplied conform to customer's specifications and/or in-house requirements.

SELECTION CRITERIA	SUPPLIERS CATEGORIES/ CLASSIFICATION	MONITORING OF SUPPLIERS PERFORMANCE
PRICE	MASTER	MEET DELIVERY SCHEDULE
QUALITY	ACTIVE	TERM OF PAYMENT
SERVICE	PROJECT BASIS	RESPONSE TO INSTRUCTION/ SERVICE
DELIVERY	AD-HOC BASIS	QUALITY OF GOODS
PREFER ISO CERTIFIED COMPANY	SUB-CON	PRICE COMPETITIVENESS
PREFER ENVIRONMENTAL COMPLIANCE COMPANY	NON-TRADE	ENVIRONMENTAL COMPLIANCE
	DE-LIST	

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 engages in a process where we understand consumer requirements in order to market quality products that consumers will buy and continue to use over a period of time. All products sold in the market has gone through thorough inspection by third party professional engineers and the Land Transport Authority ("**LTA**") to ensure lifting equipment and vehicles are properly mounted and safe for the road. There was no incident of non-compliance with regulations in FY2017.

S-8 CUSTOMER SATISFACTION OF SERVICES AND PRODUCTS PROVIDED

Wong Fong is committed to excellence in customer service. To underscore our commitment in providing services and products that impart customer satisfaction, we conduct annual customer feedback surveys. All customer feedback received are reviewed and monitored to ensure our continual improvement in delivering quality and reliable services and products.

GRI STANDARD DISCLOSURES AND INDICATORS TABLE

GRI REF.	GRI INDICATOR	Annual Report PAGE REF	Annual Report SECTION
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organisation.	Pages 6 to 7	A message from our Chairman and Managing Director
ORGANISATIONAL PROFILE			
G4-3	The name of the organisation.	Front Cover	Annual Report Front Cover
G4-4	The primary brands, products, and services.	Pages 2 to 3	Our Business
G4-5	The location of the organisation's headquarters.	Back Cover	Annual Report Back Cover
G4-6	The number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Page 4	Corporate Structure
G4-7	The nature of ownership and legal form.	Page 4 Pages 105 to 106	Corporate Structure Shareholding Statistics
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Page 5 Pages 8 to 9	Financial Highlights Operations and Financial Review
G4-9	Scale of the reporting organisation.	Page 5 Pages 8 to 9 Pages 27 to 28	Financial Highlights Operations and Financial Review Sustainability Report: Employees & Talent
G4-10	Employment profile.	Page 28	Sustainability Report: Employees & Talent
G4-11	The percentage of total employees covered by collective bargaining agreements.	NA	There are no collective bargaining agreements
G4-12	The organisation's supply chain.	Page 29	Sustainability Report: Product Safety
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	NA	There are no significant changes
G4-14	Whether and how the precautionary approach or principle is addressed by the organisation.	Pages 34 to 48	Corporate Governance Report
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	Pages 34 to 48 Pages 27 to 28	Corporate Governance Report Sustainability Report: Employees & Talent
G4-16	List of memberships of associations (such as industry associations).	NA	- 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)

GRI STANDARD DISCLOSURES AND INDICATORS TABLE

GRI REF.	GRI INDICATOR	Annual Report PAGE REF	Annual Report SECTION
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List all entities in the consolidated financial statements.	Pages 88 to 93	Notes to Financial Statements
G4-18	Process for defining report content and the aspect boundaries and explain how the reporting principles has been implemented.	Page 19	Sustainability Report: Materiality Matrix
G4-19	List of the material aspects identified.	Page 19	Sustainability Report: Materiality Matrix
G4-20	Boundary within the organisation for each material aspect.	Page 19	Sustainability Report: Materiality Matrix
G4-21	Boundary outside the organisation for each material aspect.	Page 19	Sustainability Report: Materiality Matrix
G4-22	Explanation of the effect of any restatements.	NA	Not applicable – 1st sustainability report
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	NA	Not applicable – 1st sustainability report
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organisation.	Page 20	Sustainability Report: Accountability to our Stakeholders
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Page 20	Sustainability Report: Accountability to our Stakeholders
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Page 20	Sustainability Report: Accountability to our Stakeholders
G4-27	Key topics and concerns raised through stakeholder engagement, and how the organisation has responded to those key topics and, concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Page 20	Sustainability Report: Accountability to our Stakeholders

GRI STANDARD DISCLOSURES AND INDICATORS TABLE

GRI REF.	GRI INDICATOR	Annual Report PAGE REF	Annual Report SECTION
REPORT PROFILE			
G4-28	Reporting Period.	Page 18	Sustainability Report: Our Approach on Reporting Framework
G4-29	Date of most recent previous report.	NA	Not applicable – 1st sustainability report
G4-30	Reporting cycle.	Page 17	Sustainability Report: About the Report
G4-31	The contact point for questions regarding the report or its contents.	Page 12	Annual Report
G4-32	a) Report the 'in accordance' option the organisation has chosen. b) Report the GRI Content Index for the chosen option.	Page 17	Sustainability Report: About the Report
G4-33	Policy and current practice with regard to seeking external assurance for the report.	Page 17	Sustainability Report: About the Report
GOVERNANCE			
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Page 18	Sustainability Report: Senior Management Engagement
ETHICS AND INTEGRITY			
G4-56	Describes the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Page 21 Pages 34 to 48	Sustainability Report: Ethics & Integrity Corporate Governance Report

GRI STANDARD DISCLOSURES AND INDICATORS TABLE

GRI REF.	GRI INDICATOR	Annual Report PAGE REF	Annual Report SECTION
SPECIFIC STANDARD DISCLOSURES			
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G4-EC1	Direct economic value generated and distributed.	Page 5	Annual Report
Category: Social			
Aspect: Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Page 28	Sustainability Report: Employees & Talent
Aspect: Occupational Health and Safety			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender.	Page 28	Sustainability Report: Health & Safety
Aspect: Diversity and Equal Opportunity			
G4-LA12	Composition of governance bodies and breakdown by employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Page 28	Sustainability Report: Employees & Talent
Category: Society			
Aspect: Compliance			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Page 21	Sustainability Report: Compliance with Regulation
Category: Product Responsibility			
Aspect: Customer Health and Safety			
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	Page 29	Sustainability Report: Product Safety
Aspect: Compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Page 21	Sustainability Report: Compliance with Regulation

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

The Group has adopted the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore on 2 May 2012 and the disclosure guide (the "**Disclosure Guide**") issued by the SGX-ST in the preparation of this report.

The Group has substantially complied with the principles and guidelines of the Code and the Disclosure Guide. Where there are deviations from the recommendations of the Code, we have provided the reasons and explanations, where appropriate.

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with the management to achieve this objective and the management remains accountable to 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. The Directors are aware of their responsibilities to all stakeholders of the Company.

The roles taken by 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 for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and ensuring that the processes are adequate and effective;
- reviewing financial plans, major acquisitions and divestments, funding and investment proposals;
- monitoring the performance of the management;
- setting the Company's values and standards (including ethical standards);
- assuming responsibility for corporate governance; and
- considering environmental and social factors.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and makes objective decisions in the best interest of the Company.

To assist the Board in the discharge of its responsibilities, various Board Committees, namely the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**") have been constituted with clearly written terms of reference.

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 and kept updated as to the proceedings and matters discussed during such meetings.

The Board meets regularly and as warranted by circumstances. The schedule of all the Board and Board Committee meetings as well as the 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 FY2017, 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	2	2
Number of meetings attended:				
Jimmy Lew	2	2*	2*	2*
James Liew	2	2*	2*	2*
Liew Chern Yean	2	2*	2*	2*
Eric Lew	2	2*	2*	2*
Pao Kiew Tee	2	2	2	2
Lee Yong Soon	2	2	2	2
Tan Soon Liang	2	2	2	2
John Cordova	1	1	1	1

* Attendance by invitation of the committee

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.

A formal letter of appointment is sent to the newly appointed Directors explaining clearly their duties and responsibilities as 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 roles and responsibilities as well as the business of the Group. Such orientation programmes include relevant training for newly appointed Director who does not have any experience of being a director of a listed company in Singapore, 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 in, through in-house training or external courses. In FY2017, some Directors attended talks on topics relating to corporate governance and sustainability reporting organised by the SGX-ST. Site visits to CE Asia Heavy Machinery Sdn Bhd in Malaysia and office of the newly acquired subsidiary, Ascendo, were also organised for Directors to familiarise them with the operations of the existing and new businesses, so as to furnish them with sufficient relevant knowledge and information for decision-making and enhancing their performance as Board members.

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from the management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

The Board consists of 8 Directors, 4 of whom are Independent Directors and is constituted as follows:

Jimmy Lew (Executive Chairman)
James Liew (Deputy Chairman and Managing Director)
Liew Chern Yean (Executive Director)
Eric Lew (Executive Director)
Pao Kiew Tee (Lead Independent Director)
Lee Yong Soon (Independent Director)
Tan Soon Liang (Independent Director)
John Cordova (Independent Director)

As the Chairman of the Board is part of the management team, the Independent Directors make up half 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, considering 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 none of them has any relationships with the Company, its related corporations, the other Directors, its 10% 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 have 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, the requirements of the business and the need to avoid undue disruptions from the changes to the composition of the Board and the Board Committees, the Board believes that the current composition and size of the Board and the Board Committees is appropriate to ensure the effectiveness of the decision-making process.

The NC has conducted its review of the Board and the Board Committees on the appropriate balance and diversity of skills, experience and knowledge of the Group and was satisfied that all the Directors possess the relevant core competencies in areas such as accounting and finance, legal, business and management experience, industry knowledge, strategic planning and customer-based experience.

The Independent Directors also actively participate in setting strategies and goals for the Company and regularly review the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance. In addition, the Independent Directors meet regularly and on a need-basis without the presence of the management to discuss matters such as corporate governance initiatives, board processes, succession planning and leadership development, performance management and the remuneration of the Executive Directors.

Principle 3: There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company has a separate Chairman and Managing Director. Mr Jimmy Lew is the Executive Chairman and Mr James Liew is the Deputy Chairman and Managing Director. Mr Jimmy Lew and Mr James Liew are siblings and are part of the management team. The roles of the Executive Chairman and the Managing Director are separate and distinct with their own areas of responsibilities.

The Executive Chairman, Mr Jimmy Lew, plays a principal role in managing and providing leadership to the Board. In addition to overseeing the overall business development of the Group and formulating the Group's strategic directions and expansion plans, he ensures liaison between the management and the Board and also ensures that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgements.

The Managing Director, Mr James Liew, oversees the Group's general operations, including human resources, management and general administration, as well as strategic planning for the Group's business expansion.

Given that the Chairman of the Board, Mr Jimmy Lew and the Managing Director, Mr James Liew are siblings, the Board has appointed Mr Pao Kiew Tee as the Lead Independent Director and is available to Shareholders where they have concerns and for which contact through the normal channels of the Chairman or the Group Finance Director has failed to resolve or is inappropriate. The Lead Independent Director also assures the effectiveness of corporate governance in managing the affairs of the Company.

The Board is of the view that given the current composition of the Board, there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on shared agreement without any individual exercising any significant power or influence.

The Independent Directors led by the Lead Independent Director, meet periodically without the presence of the Executive Directors, and the Lead Independent Director provides feedback to the Executive Chairman after such meetings.

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

The NC comprises the Independent Directors, Mr Pao Kiew Tee, Mr Lee Yong Soon, Mr Tan Soon Liang and Mr John Cordova. The Chairman of the NC is Mr Tan Soon Liang. 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.

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

- reviewing and recommending the appointment of new Directors and executive officers 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 of the Company;

- 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.

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 specialization.

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 process. 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.

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 would be formalized by a Board resolution and the requisite announcement made on SGXNET.

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 Director, he will hold the office until the next AGM and shall be eligible 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 voting on any resolutions in respect of his re-nomination and re-election.

The NC has reviewed and recommended the re-election of Mr Liew Chern Yean, Mr Lew Chern Yong and Mr Artawat Udompholkul under Regulation 114 of the Constitution who will be retiring as Directors at the forthcoming AGM. Mr Artawat Udompholkul has expressed his intention to step down after the conclusion of the AGM whereas Mr Liew Chern Yean and Mr Lew Chern Yong have offered themselves for re-election and the Board has accepted the recommendations of the NC.

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 number of public listed company board representations and other principal commitments, each 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 NC, having considered the multiple board seats held by the Directors, their principal time commitments, their attendance at the Board and Board Committee meetings, is satisfied that the Directors have been able to devote sufficient time and resources to the matters of the Group and as such, the Board deemed that it is not necessary to set a limit on the number of listed board representations that any Director may hold.

None of the Directors had appointed an alternate director in FY2017.

Key information regarding the Directors is set out on pages 13 to 15 in this Annual Report.

Principle 5: There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

The Board has implemented a process to be carried out by the NC for the evaluation of the effectiveness of the Board annually. The NC is tasked with proposing objective performance criteria, subject to approval of the Board, for assessing how the Board and the Board Committees have enhanced long-term Shareholders' value. The NC may also engage an external facilitator for the evaluation process. For FY2017, the NC has not engaged any external facilitator for the evaluation process.

During each financial year, all Directors will complete a Board Evaluation Form and to ensure confidentiality, the forms will be submitted to the Company Secretary directly for collation and the consolidated responses were 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 CEO/senior management and standard code of conduct of the Board members. For FY2017, the NC has reviewed the performance and effectiveness of the Board as a whole and is of the view that performance and effectiveness of the Board had been satisfactory and the Board had 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 Director 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:

- the principal occupation and commitments of the Directors, including the number of listed company board representations that each of them has;
- the attendance at board meetings of listed companies that each of the Directors serves as director;
- the 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.

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 Committees papers are disseminated to the Directors to allow them sufficient time to prepare for the items to be discussed during the meetings.

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 half-yearly financial statements, annual budgets and explanations on any material variance between the projections and actual results. Apart from the regular scheduled Board and Board Committee meetings, the Directors may meet to deliberate on matters relating to 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 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 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 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.

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises the Independent Directors, Mr Pao Kiew Tee, Mr Lee Yong Soon, Mr Tan Soon Liang and Mr John Cordova. The Chairman of the RC is Mr Lee Yong Soon.

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 the executive officers, 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 the executive officers' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. 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 related to the Directors and/or substantial Shareholders 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 where necessary. During FY2017, the RC did not engage the service of an external remuneration consultant.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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

The Company has entered into separate service agreements with the Executive Directors for an initial 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 diligently to attend to his duties hereunder. 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, which is calculated based on the 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 reflect the correction of a misstatement due to error or fraud during the financial year, or misconduct of the Executive Director resulting in financial loss to the Company.

Each Independent Director receives a director's fee which takes into account factors such as effort and time spent and scope of responsibilities. The fees for Independent Directors are subject to Shareholders' approval at the AGM.

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.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

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 so as to promote long-term sustainability of the Group.

The short-term incentive scheme includes salary, variable performance bonus and variable year-end bonus shall be subject to annual review by the RC and to be approved by the Board. The long-term incentive scheme would be the Wong Fong Performance Share Plan. If the Executive Director is a member of the RC and/or the Board, he shall not participate in the deliberation or vote on any matter in which he is interested.

Performance conditions such as the financial performance of the Group, leadership skills and teamwork which may from time to time be determined by the Board are used to determine the Executive Directors and the key management personnel's entitlement under the short-term and long-term incentive schemes.

For FY2017, the RC is of the view that the performance conditions were met by each of the Executive Directors and the key management personnel.

Remuneration of Directors

The breakdown of the total remuneration of the Directors for FY2017 is set out below:

	Directors' fees(1)	Salary(2)	Bonus	Other benefits	Total remuneration
Above S$500,000 and up to S$750,000					
Jimmy Lew	–	72%	6%	22%	100%
Above S$250,000 and up to S$500,000					
James Liew	–	88%	7%	5%	100%
S$250,000 and below					
Liew Chern Yean	–	91%	7%	2%	100%
Eric Lew	–	87%	6%	7%	100%
Pao Kiew Tee	100%	–	–	–	100%
Lee Yong Soon	100%	–	–	–	100%
Tan Soon Liang	100%	–	–	–	100%
John Cordova	100%	–	–	–	100%

Notes:

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

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

No compensation was paid or is to be paid in the form of share awards to any of the Directors in FY2017.

Remuneration of key management personnel

The breakdown of the total remuneration of the key management personnel of the Group (who are not Directors or the CEO) for FY2017 is set out below:

	Salary[1]	Bonus	Other benefits	Total remuneration
S$250,000 and below				
Jack Wong	79%	15%	6%	100%
Chia Kah Lam	71%	26%	3%	100%
Lew Siew Choo	84%	16%	0%	100%
Albert Lee	82%	16%	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 any of the key management personnel of the Group in FY2017.

The aggregate remuneration paid to the key management personnel of the Group in FY2017 was approximately S$628,000.

Remuneration of employees who are immediate family members of a Director or the CEO

The breakdown of the total remuneration of employees who are immediate family members of a Director or the CEO and whose remuneration exceed S$50,000 in FY2017 is set out below:

	Remuneration for FY2017
Jean Liew[1]	Between S$100,001 and S$150,000
Liu Shanni[2]	Between S$100,001 and S$150,000
Liu Weilong[2]	Between S$50,001 and S$100,000
Ng Chin Yee[3]	Between S$50,001 and S$100,000

Notes:

(1) Ms Jean Liew is the sister of Mr Jimmy Lew, Executive Chairman and Mr James Liew, Deputy Chairman and Managing Director.

(2) Mr Liu Shanni and Mr Liu Weilong is the child of Mr James Liew, Deputy Chairman and Managing Director.

(3) Mr Ng Chin Yee is the father-in-law of Mr Eric Lew, Executive Director.

No compensation was paid or is to be paid in the form of share awards to employees who are immediate family members of a Director or the CEO in FY2017.

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 bands of S$250,000 would provide 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.

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

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

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. The Board reviews and approves the half-yearly and full year results as well as any 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 are also disseminated to Shareholders through announcements via SGXNET, press releases and the Company's website.

The Board reviews and take adequate steps to ensure compliance with legislative and regulatory requirements under the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"). For the half-yearly announcement of financial results, 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.

Principle 11: The board is responsible for the governance of risk. The board should ensure that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risks and oversees the management in the design, implementation and monitoring of risk management and internal control systems to safeguard Shareholders' interest and the Group's assets. The Board is cognizant that no cost-effective risk management and internal controls system will preclude all errors and irregularities. The risk management policies and internal control 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 control systems addressing financial, operational, compliance and information technology risks. The review of the adequacy and effectiveness of such risk management and internal controls 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, KPMG Services Pte. Ltd. (the "**Internal Auditors**"). The AC reviews the audit plans and the findings of the External Auditors and the Internal Auditors and ensures measures are implemented to address those issues and internal controls weaknesses highlighted by the External and the Internal Auditors.

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 Board, the AC and the management, the Board, with the concurrence of the AC, is of the view that for FY2017, the internal controls of the Group addressing financial, operational, compliance and information technology risks and risk management systems are adequate and effective.

The Board and the AC have also received assurances from the Deputy Chairman and Managing Director and the Group Finance Director 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 risk management and internal control systems are adequate and effective in addressing financial, operational, compliance and information technology risks.

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

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The AC comprises the Independent Directors, Mr Pao Kiew Tee, Mr Lee Yong Soon, Mr Tan Soon Liang and Mr John Cordova. The Chairman of the AC is Mr Pao Kiew Tee. The quorum shall be any 3 members, including 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, while Mr Lee Yong Soon was formerly the financial controller of Keppel FELS Limited prior to his retirement in 2014. In addition, Mr Pao Kiew Tee is a fellow of the Institute of Singapore Chartered Accountants while Mr Lee Yong Soon is a fellow of the Association of International Accountants of the United Kingdom.

The members of the AC are appropriately qualified and possess the relevant accounting or related financial management expertise or experience to discharge their duties. No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The key terms of reference of the AC includes:

- 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 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;

- reviewing and reporting to the Board, at least annually, the effectiveness and adequacy of the Group's risk management systems and internal control procedures addressing financial, operational, compliance and information technology risks and discuss issues and concerns, if any, arising from the internal audits;

- reviewing the Group's key financial risk areas, with a view to providing 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 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 shall 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 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.

A breakdown of the fees paid to the External Auditors and others auditors of the Group for audit and non-audit services for FY2017 is as follows:

	S$'000	**% of total fees**
Audit services	151	71
Non-audit services (mainly as tax consultants)	61	29
Total fees	212	100

Please refer to page 99 of this Annual Report for breakdown of the audit and non-audit fees.

Having undertaken a review of the non-audit services provided during the year, the AC is of the view that the non-audit services provided by the External Auditors would not impair their objectivity and independence as External Auditors. The Company confirms that it complies with Rules 712 and 715 of the Catalist Rules on the appointment of auditing firms for the Company, subsidiaries and significant associated companies. The External Auditors are registered with the Accounting and Corporate Regulatory Authority of Singapore.

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 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. There were no reported incidents pertaining to whistle-blowing for FY2017.

The AC is kept abreast by the management, 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.

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC oversees the Group's internal controls and risk management 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 KPMG Services Pte. Ltd.

The internal audit plans are reviewed and approved by the AC and the Board and the Internal Auditors plan its schedule in consultation with the management. The Internal Auditors have unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC.

The Internal Auditors report their findings to the AC and the Board. The management is responsible for ensuring that appropriate measures are implemented to address the internal control weaknesses highlighted by the Internal Auditors.

Based on the scope of work performed by the Internal Auditors for FY2017, there were no material weaknesses identified.

The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company. The Internal Auditors are a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The internal audit is guided by the Internal Auditors' methodology which is aligned to the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' right, and continually review and update such governance arrangements.

The Company believes in providing Shareholders with sufficient information in relation to the Company 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 circulars sent to them. 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 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, Chapter 50 of Singapore, corporate shareholders of the Company 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.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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 www.wongfongindustries.com.

The Group's financial results and annual reports 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 Group Finance Director 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 Group Finance Director, 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.

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. The Board has recommended a first and final tax exempt (one-tier) dividend of 0.36 Singapore cents per ordinary share for FY2017 for approval by Shareholders at the forthcoming AGM.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are informed of Shareholders' meetings in advance through notices published in newspapers, circulars and annual reports sent to them. Shareholders are encouraged to attend the general meetings to stay informed of the Group's strategies and developments.

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 electronic 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 auditors' report.

The minutes of general meetings, which include all queries from Shareholders and responses from the Board and the management, are available to Shareholders upon written request.

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.

All Directors and officers of the Group are expected to observe insider trading laws at all times. In particular, they are aware that dealing in the Company's securities, when they are in possession of unpublished material price sensitive information in relation to those securities, is an offence. The Directors and officers of the Group are also discouraged from dealing in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with an interested party 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 FY2017.

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 CEO, any Director or controlling Shareholder which is either subsisting at the end of FY2017 or, if not then subsisting, entered into since the end of FY2016.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2017.

USE OF PROCEEDS FROM THE IPO

The Company received net proceeds from the IPO of S$8.3 million (the "**Net Proceeds**"). As at the date of this Annual Report, the Net Proceeds have been utilised as follows:

Purpose	Allocation of Net Proceeds (as disclosed in the offer document) S$'000	Net Proceeds utilised as at the date of this Annual Report S$'000	Balance of Net Proceeds as at the date of this Annual Report S$'000
Expansion and diversification of our operations and product offerings through, *inter alia*, investments, mergers and acquisitions, joint ventures and/or strategic collaborations	2,500	(1,600)	900
Enhancement of service and production facilities	2,000	(2,000)	–
Developing new products and services	1,000	(1,000)	–
Working capital and general corporate purposes[1]	2,800	(2,800)	–
	8,300	(7,400)	900

Note:

(1) Mainly comprise equipment purchase for fulfilment of project delivery.

The use of the Net Proceeds was in accordance with the purposes and the proportional allocation as stated in the offer document.

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, 2017.

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 56 to 104 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, 2017, 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:

Lew Kit Foo @ Liew Foo
Liew Ah Kuie
Lew Chern Yong (Liu Zhengrong)
Liew Chern Yean
Pao Kiew Tee
Lee Yong Soon
Artawat Udompholkul
Tan Soon Liang

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 Singapore Companies Act except as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Ultimate holding company Wong Fong Investments Pte. Ltd. (Ordinary shares)				
Lew Kit Foo @ Liew Foo	–	–	650,000	650,000
Liew Ah Kuie	450,000	450,000	–	–
Lew Chern Yong (Liu Zhengrong)	–	–	650,000	650,000
Liew Chern Yean	–	–	650,000	650,000
The Company Wong Fong Industries Limited (Ordinary shares)				
Lew Kit Foo @ Liew Foo	–	–	161,420,000	158,420,000
Liew Ah Kuie	–	–	161,280,000	158,280,000
Lew Chern Yong (Liu Zhengrong)	–	–	161,280,000	158,280,000
Liew Chern Yean	–	–	161,280,000	158,280,000

3 **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)**

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

There have been no changes in the above directors' interests as at January 21, 2018.

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 Lee Yong Soon (Chairman), Pao Kiew Tee, Tan Soon Liang and Artawat Udompholkul.

(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 and all independent directors, is chaired by Mr Pao Kiew Tee, and includes Mr Lee Yong Soon, Mr Tan Soon Liang and Mr Artawat Udompholkul. 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 auditors' report on those financial statements;

(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 co-operation and assistance given by the management to the Group's external auditors; and

(f) The re-appointment of the external auditors of the Group.

5 AUDIT COMMITTEE (CONTINUED)

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

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Lew Kit Foo@ Liew Foo

....

Lew Chern Yong (Liu Zhengrong)

March 28, 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying 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, 2017, 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 a summary of significant accounting policies as set out on pages 56 to 104.

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, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") 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, 2017 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 ("ACRA") *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.

Allowance for inventories

The Group holds significant inventories carried at the lower of cost and net realisable value. Such inventories include cranes and other truck-mount equipment, which account for approximately 20% of the Group's current assets. 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 judgement 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, and the demand for the 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 and 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.

Allowance for trade receivables

As at December 31, 2017, the Group has trade receivables of $10.01 million, representing 21% of the Group's current assets. Significant judgement is required by management in assessing the recoverability of trade receivables including those that are past due but not provided for and the level of allowance for doubtful debts that may be required. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables.

The Group's disclosure on trade receivables is set out in Note 7 to the financial statements.

Our audit performed and responses thereon

We performed procedures to understand management's process over the monitoring of trade receivables and the assessment of allowance for doubtful debts.

We evaluated and challenged management's assessment of the recoverability of the Group's significant past due trade receivables as at the reporting date, including the assessment of any allowance to be made in respect of these past due debts.

We discussed with management on the reasons for the delay in payments for significant aged debts and assessed the appropriateness of any allowance for doubtful debts to be made, by considering amongst other factors such as, subsequent cash receipts, payment history, settlement arrangement or the ongoing business relationship with the debtors involved.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Acquisition of subsidiaries

On August 31, 2017, Wong Fong Engineering Works (1988) Pte. Ltd. had acquired 60% shareholdings in Ascendo International Holdings Pte. Ltd. ("Ascendo Group") from the owners/founders of the company for a total consideration of $4,371,127. Ascendo Group includes three other subsidiaries.

The management has engaged an external valuation specialist ("management's expert") to determine the allocation of the purchase price to the identifiable assets and liabilities acquired, and arising from this, the Group recorded intangible assets of $3,594,736, including goodwill of $1,299,358.

The fair value of the identifiable assets acquired and liabilities assumed, including the intangible assets identified for this acquisition, required a significant number of management's judgement and estimates, including the identification of intangible assets and discount rates.

Our audit performed and responses thereon

We reviewed the purchase agreement to obtain an understanding of the key terms and transaction. We have evaluated the competency and objectivity of the management's expert, obtained an understanding of the work of the expert, and evaluated the appropriateness of the expert's work in relation to the Purchase Price Allocation ("PPA"), including the identification and fair value measurement of the acquired assets and liabilities.

We involved our internal specialists to review the PPA and the reasonableness of the underlying key assumptions and valuation methodology, including the adequacy of the work performed by the management's expert. Based on our procedures, we noted that the PPA exercise has been performed in accordance with FRS 103 *Business Combinations* and that management's key assumptions applied in the PPA exercise in arriving at the fair values of the assets acquired and liabilities assumed to be within a reasonable range of our expectations.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements in Note 31.

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

Management is responsible for the other information. The other information comprises the Corporate Profile, Business Highlights, Key Milestones, Message from Chairman and Managing Director, Financial Highlights, Corporate Structure, Operations and Financial Review, Corporate and Social Responsibility Report, Information on Board of Directors and Executive Officers, Corporate Information, Sustainability Report, Corporate Governance Report, Directors' Statement and Statistics of Shareholdings 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.

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 FRSs, 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 view 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.

(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 responsible for the audit resulting in this independent auditor's report is Hoe Chi-Hsien.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 28, 2018

STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		2017	2016	2017	2016
		$	$	$	$
ASSETS					
Current assets					
Cash and bank balances	6	25,592,172	20,769,639	14,864,111	13,775,057
Trade and other receivables	7	10,773,714	10,141,853	132,950	131,265
Derivative financial instruments	8	405	3,224	–	–
Inventories	9	11,013,453	13,347,017	–	–
Total current assets		47,379,744	44,261,733	14,997,061	13,906,322
Non-current assets					
Property, plant and equipment	10	21,165,697	22,217,040	–	–
Intangible assets	11	3,546,353	5,415	–	–
Investment in subsidiaries	12	–	–	3,563,938	2,475,581
Investment in associate	13(a)	–	–	–	–
Investment in joint venture	13(b)	–	–	–	–
Total non-current assets		24,712,050	22,222,455	3,563,938	2,475,581
Total assets		72,091,794	66,484,188	18,560,999	16,381,903
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	14	14,724,968	14,154,574	257,935	273,569
Finance leases	15	211,136	328,401	–	–
Bank borrowings	16	982,081	1,093,243	–	–
Derivative financial instruments	8	914	989	–	–
Income tax payable		611,630	518,774	–	–
Total current liabilities		16,530,729	16,095,981	257,935	273,569
Non-current liabilities					
Other payables	14	1,065,902	30,932	–	–
Deferred tax liabilities	17	942,177	429,000	–	–
Finance leases	15	267,407	435,356	–	–
Bank borrowings	16	5,273,694	6,168,040	–	–
Total non-current liabilities		7,549,180	7,063,328	–	–
CAPITAL AND RESERVES					
Share capital	18	11,350,674	11,350,674	11,350,674	11,350,674
Accumulated profits		35,936,259	32,387,792	6,364,033	4,757,660
Reserves	19	739,626	352,448	588,357	–
Equity attributable to owners of the Company		48,026,559	44,090,914	18,303,064	16,108,334
Non-controlling interests		(14,674)	(766,035)	–	–
Total equity		48,011,885	43,324,879	18,303,064	16,108,334
Total equity and liabilities		72,091,794	66,484,188	18,560,999	16,381,903

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 2017 $	Group 2016 $
Revenue	20	67,326,151	70,202,972
Other operating income	21	716,287	958,750
Changes in inventories of finished goods and work-in-progress		(2,222,989)	273,412
Materials and consumables used		(41,568,421)	(47,723,497)
Employee benefits expense		(13,673,595)	(12,932,544)
Depreciation expense	10	(1,761,760)	(1,630,748)
Other operating expenses	22	(3,695,763)	(4,668,887)
Share of loss from associate	13	–	(200,000)
Finance costs	23	(294,176)	(314,449)
Profit before tax		4,825,734	3,965,009
Income tax expense	24	(581,690)	(496,540)
Profit for the year	25	4,244,044	3,468,469
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translation of foreign operations		(49,885)	55,388
Other comprehensive (loss) income for the year, net of tax		(49,885)	55,388
Total comprehensive income for the year		4,194,159	3,523,857
Profit (Loss) attributable to			
Owners of the Company		4,253,467	3,581,053
Non-controlling interests		(9,423)	(112,584)
		4,244,044	3,468,469
Total comprehensive income (loss) attributable to			
Owners of the Company		4,232,434	3,617,304
Non-controlling interests		(38,275)	(93,447)
		4,194,159	3,523,857
Basic and diluted earnings per share (cents)	30	1.81	3.02

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Group	Note	Share capital $	Accumulated profits $	Reserves $	Equity attributable to owners of the Company $	Non-controlling interests $	Total $
Balance as at January 1, 2016		4,800,000	31,023,065	316,197	36,139,262	(697,588)	35,441,674
Transactions with owners, recognised directly in equity:							
Issue of Placement Shares pursuant to the Placement	18	9,350,674	–	–	9,350,674	–	9,350,674
Share buy-back from a financial investor	18	(2,800,000)	(16,326)	–	(2,816,326)	–	(2,816,326)
Adjustment from share transfer in a subsidiary to non-controlling interest shareholder		–	–	–	–	25,000	25,000
Dividends paid	26	–	(2,200,000)	–	(2,200,000)	–	(2,200,000)
Total		6,550,674	(2,216,326)	–	4,334,348	25,000	4,359,348
Total comprehensive income for the year:							
Profit for the year		–	3,581,053	–	3,581,053	(112,584)	3,468,469
Other comprehensive income for the year		–	–	36,251	36,251	19,137	55,388
Total		–	3,581,053	36,251	3,617,304	(93,447)	3,523,857
Balance as at December 31, 2016		11,350,674	32,387,792	352,448	44,090,914	(766,035)	43,324,879
Balance as at January 1, 2017		11,350,674	32,387,792	352,448	44,090,914	(766,035)	43,324,879
Transactions with owners, recognised directly in equity:							
Contribution by non-controlling interests		–	–	–	–	110,524	110,524
Non-controlling interest arising from acquisition of subsidiaries		–	–	–	–	679,112	679,112
Effects of acquiring part of non-controlling interest in subsidiaries	19	–	–	408,211	408,211	–	408,211
Dividends paid	26	–	(705,000)	–	(705,000)	–	(705,000)
Total		–	(705,000)	408,211	(296,789)	789,636	492,847
Total comprehensive income for the year:							
Profit for the year		–	4,253,467	–	4,253,467	(9,423)	4,244,044
Other comprehensive loss for the year		–	–	(21,033)	(21,033)	(28,852)	(49,885)
Total		–	4,253,467	(21,033)	4,232,434	(38,275)	4,194,159
Balance as at December 31, 2017		11,350,674	35,936,259	739,626	48,026,559	(14,674)	48,011,885

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Company	Note	Share capital $	Accumulated profits $	Reserves $	Total $
Balance as at January 1, 2016	18	4,800,000	3,783,535	–	8,583,535
Transaction with owners, recognised directly in equity:					
Issue of Placement Shares pursuant to the Placement	18	9,350,674	–	–	9,350,674
Share buy-back from a financial investor	18	(2,800,000)	(16,326)	–	(2,816,326)
Dividends paid	26	–	(2,200,000)	–	(2,200,000)
Profit for the year, representing total comprehensive income for the year		–	3,190,451	–	3,190,451
Balance as at December 31, 2016		11,350,674	4,757,660	–	16,108,334
Balance as at January 1, 2017	18	11,350,674	4,757,660	–	16,108,334
Transaction with owners, recognised directly in equity:					
Deemed interest	19	–	–	588,357	588,357
Dividends paid	26	–	(705,000)	–	(705,000)
Profit for the year, representing total comprehensive income for the year		–	2,311,373		2,311,373
Balance as at December 31, 2017		11,350,674	6,364,033	588,357	18,303,064

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	2017	2016
	$	$
Operating activities		
Profit before taxation	4,825,734	3,965,009
Adjustments for:		
Interest income	(30,213)	(743)
Depreciation expense	1,761,760	1,630,748
Property, plant and equipment written off	22,519	13,033
Bad debts written off	43,552	1,729
Bad debts recovered	(100)	–
Allowance for doubtful debts – trade	13,719	129,393
Allowance for doubtful debts – non-trade	114,250	–
Loss (Gain) on disposal of property, plant and equipment (Note B)	1,390	(274,379)
Interest expense	226,645	250,630
Fair value changes on derivative financial instruments	2,744	9,951
Allowance for inventories and inventories written off	93,230	135,278
Amortisation of intangible assets	70,020	1,083
Share of loss from associate	–	200,000
Operating cash flows before movements in working capital	7,145,250	6,061,732
Inventories	2,330,919	(347,676)
Trade and other receivables	134,628	2,458,704
Trade and other payables (Note A)	(615,972)	(3,858,972)
Cash generated from operations	8,994,825	4,313,788
Income tax paid	(811)	(345,493)
Net cash from operating activities	8,994,014	3,968,295
Investing activities		
Interest received	30,213	743
Proceeds from disposal of property, plant and equipment	489	1,500
Purchase of intangible assets	(6,000)	(6,498)
Purchase of property, plant and equipment (Note A)	(1,097,454)	(2,619,854)
Investment in associate	–	(200,000)
Net cash outflow from acquisition of subsidiaries (Note 31)	(806,504)	–
Net cash used in investing activities	(1,879,256)	(2,824,109)
Financing activities		
Dividends paid	(705,000)	(2,200,000)
Increase in pledged fixed deposits	(100)	(103)
Interest paid	(226,645)	(250,630)
Repayment of bank borrowings	(1,027,868)	(759,525)
Repayment of obligations under finance leases	(330,824)	(236,658)
Proceeds from issue of shares	–	9,350,674
Share buy-back	–	(2,816,326)
Net cash (used in) from financing activities	(2,290,437)	3,087,432
Net increase in cash and cash equivalents	4,824,321	4,231,618
Cash and cash equivalents at beginning of the year	20,569,158	16,351,619
Effect of foreign exchange rate changes	(1,888)	(14,079)
Cash and cash equivalents at end of the year (Note 6)	25,391,591	20,569,158

Note A

Included in trade and other payables is an amount of $999 (2016: $502,520) relating to the acquisition of property, plant and equipment ("PPE"). This includes retention sum payable of $Nil (2016: $249,999).

During the year, the Group acquired property, plant and equipment with an aggregate cost of $640,286 (2016: $3,751,362), of which $44,456 (2016: $540,666) were acquired under finance leases, $Nil (2016: $411,352) were acquired under bank borrowings, $Nil (2016: $283,865) were acquired under trade-in, $594,831 (2016: $2,262,958) were paid in cash and $999 (2016: $252,521) remains unpaid at the end of the reporting period and is recorded as other payables.

During the year, the Group had also drawn down bank borrowings of $Nil (2016: $1,387,022) and made cash payment of $502,522 (2016: $356,896) relating to PPE acquired in prior year which were unpaid then.

Note B

In 2016, the disposal on property, plant and equipment included a trade-in value of $283,865.

See accompanying notes to financial statements.

1 GENERAL

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 on January 2, 2015, which is also the ultimate holding company.

The principal activities of the subsidiaries, an associate and a joint venture are disclosed respectively in Notes 12, 13(a) and 13(b) to the financial statements.

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, 2017 were authorised for issue by the Board of Directors on March 28, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 which market participants would take 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 FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, 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:

- 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.

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of a new financial reporting framework in 2018

In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group will be adopting the new framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

As a first-time adopter, the Group is to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed an analysis of the transition options and other requirements of SFRS(I) and has preliminary determined that there will be no significant change to the Group's and Company's current accounting policies or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SRFS(I) 1, including:

- Option to use fair value as deemed cost for certain property, plant and equipment; and

- Option to reset the translation reserve to zero as at date of transition.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at December 31, 2018, they may impact the disclosures of estimated effects discussed above.

New SFRS(I) and SFRS(I) INT that may have impact – The following SFRS(I) pronouncements are expected to have an impact to the group and the company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1 – 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Consequential amendments were also made to various standards as a result of these new/revised standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities; and (ii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments 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 outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management has performed a detailed analysis of the requirements of the initial application of the new SFRS(I) 9 which will result in changes to the accounting policies relating to the impairment provisions of financial assets.

Based on the assessment by the management, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group and the Company as at January 1, 2018 may be increased as compared to the accumulated amount recognised under FRS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would reduce the opening revenue reserve and increase the unrecorded deferred tax assets at January 1, 2018 but is expected not to have a material impact on the Group's and the Company's financial performance in the foreseeable future.

Management does not plan to early adopt SFRS(I) 9.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management has performed an analysis of the requirements of the initial application of SFRS(I) 15. Management has identified the performance obligations with respect to the various revenue streams of the Group and the Company. Based on the performance obligations identified, management has assessed that the application of SFRS(I) 15 may result in changes to the accounting policies relating to revenue recognition for certain revenue streams and is in process of assessing the impact. The application of SFRS(I) 15 may also result in additional disclosures including:

- Qualitative descriptions of the types of goods or services, significant payment terms and typical timing of satisfying obligations of an entity's contracts with customers; and

- A description of the significant judgements about the amount and timing of revenue recognition

Management does not plan to early adopt SFRS(I) 15.

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management anticipates that the initial application of the new SFRS(I) 16 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. As at December 31, 2017, the Group has certain non-cancellable operating lease commitments as disclosed on Note 27 to the financial statements. Under the new SFRS(I) 16, a leased asset will be recognised on statement of financial position, representing the group's right to use the leased asset over the lease term and, recognise a corresponding liability to make lease payments. Management does not plan to early adopt the above new SFRS(I) 16.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- 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.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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 FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate.

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

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year from acquisition date.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on 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 instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or 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 instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into 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 the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing loans and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates.

The Group uses derivative financial instruments (mainly foreign currency forward contracts) to manage its risks associated with fluctuations of foreign currency. Further information on the derivative financial instruments are disclosed in Note 8 to the financial statements.

The Group does not use derivative financial instruments for speculative purposes.

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

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 expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 basis 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.

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

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and buildings	–	Over the term of lease of 25 years to 33 years
Freehold building	–	50 years
Motor vehicles	–	5 years
Office equipment, furniture and fittings	–	3 to 10 years
Computers	–	1 to 5 years
Plant and machinery	–	10 years

Freehold land and construction-in-progress are not depreciated.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL – Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liability assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of the acquirer's previous held equity interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS – Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION – Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

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.

Accreditation and copyright

Costs relating to accreditation and copyright, which are acquired and capitalised are amortised on a straight-line basis over their useful lives of 12 years.

Favourable leases

Costs relating to leases of its premises at lower than market rate, which are acquired and capitalised are amortised on a straight-line basis over their useful lives of 2 years.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

ASSOCIATE AND JOINT VENTURE – 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.

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.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. 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. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate or a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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 Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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 end of the reporting period, 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 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.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates and other similar allowances.

Sale of goods and project revenue

Project revenue relates to the customisation, engineering and installation of products and solutions on a project basis.

Revenue from the sale of goods and project revenue is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from repairs and servicing and training is recognised when the relevant services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above under the accounting policy for leases.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with 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 – Employee entitlements to annual leave 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.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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 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 individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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 arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash at bank and on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

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 have a significant risk of causing 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 policy in assessing allowance for inventories is based on management's best estimate of the net realisable value of inventories that are subjected to obsolescence.

Management reviews the inventory aging listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value and takes into consideration where appropriate the age and type of such inventory items, past sales history, customers' demand, selling prices and condition of these inventory items. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the Group conducts physical counts on its inventories on a periodic basis in order to determine whether any allowance is required to be made. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements. The carrying amount of the Group's inventories and allowance for inventories recorded are disclosed in Note 9.

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

(b) Allowance for trade receivables

The Group makes allowances for doubtful trade receivables based on ongoing assessments by management on the recoverability of these receivables by determining whether there is any objective evidence that a receivable is impaired. This includes evaluation of the current credit worthiness, aging analysis of outstanding debts, the past collection history of the debtor involved, any settlement arrangements and the ongoing dealings with these parties by management. Allowances are estimated and applied to these receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and any changes to impairment loss is recorded in the period in which such estimate has changed.

The carrying amounts of the Group's trade and other receivables and allowance for doubtful debts 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 judgement 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 12 to the financial statements.

(d) Acquisition of subsidiaries

On August 31, 2017, the Group acquired 60.0% of the issued and paid-up ordinary share capital in Ascendo International Holdings Pte. Ltd. from the owners/founders of Ascendo Group for a consideration of $4,371,127.

In accounting for business combinations using the purchase price allocation method, judgement is required in determining the identification of the acquired assets and liabilities and allocating the purchase price into the various identifiable assets and liabilities acquired from the new business. The fair value measurement of assets and liabilities identified during acquisition is based on management's assessment of fair values.

Fair value is the estimated amount for which these assets and liabilities could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction and involved using appropriate valuation techniques were fair value is not readily observable from market data. In making this judgement and estimates, the Group evaluates, among other factors, the amount and timing of future cash flows expected from the assets and liabilities.

As the initial accounting for business combination is incomplete by the end of the reporting period in which the acquisition occurs, the Group reports provisional amounts for the intangible assets and goodwill in Note 11 to the financial statements.

Fair value of the identifiable assets and liabilities at the acquisition date is disclosed in Note 31 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Financial assets				
Derivative financial instruments	405	3,224	–	–
Loans and receivables (including cash and equivalents)	36,180,549	30,703,406	14,976,411	13,896,088
	36,180,954	30,706,630	14,976,411	13,896,088
Financial liabilities				
Derivative financial instruments	914	989	–	–
Amortised cost	19,791,246	18,402,685	252,848	273,569
	19,792,160	18,403,674	252,848	273,569

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Group and the Company do not have any financial instruments which are subject to offsetting enforceable master netting arrangements or similar agreements.

(c) *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 forward exchange 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 foreign exchange risk. Significant foreign currencies include the Australian dollar, Chinese yuan, Euro, Singapore dollar and United States dollar.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currency are as follows:

	Group			
	Assets		Liabilities	
	2017	2016	2017	2016
	$	$	$	$
Australian dollar	7,503	8,503	–	–
Chinese yuan	–	–	136,937	273,569
Euro	3,349,468	1,660,992	3,663,819	638,675
Singapore dollar	68,497	57,843	5,930,221	5,035,813
United States dollar	336,070	207,127	192,493	150,193

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

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant currencies against the respective functional currencies of the entities in the Group. 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.

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

	Group	
	2017	**2016**
	$	**$**
Australian dollar	(375)	(425)
Chinese yuan	6,846	13,678
Euro	15,718	(51,116)
Singapore dollar	293,086	248,899
United States dollar	(7,178)	(2,847)

If the relevant foreign currency strengthen by 5%, there would be an equal and opposite impact on the Group's profit or loss.

No sensitivity analysis is prepared at the Company level as the impact is not significant.

(ii) Interest rate risk management

The Group's primary interest rate risk relates to its bank borrowings (Note 16) which have floating rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when assessing interest rate risk and represents the management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax would decrease/increase by:

	Group	
	2017	**2016**
	$	**$**
Decrease/Increase by	31,279	36,306

No sensitivity analysis is prepared at Company level as the Company does not have interest-bearing financial assets and liabilities except for cash at bank.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. 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. For sales of crane and trucks, sales proceeds are fully settled concurrently with delivery of crane and trucks.

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

The Group is exposed to a concentration of credit risk as 21.0% (2016: 27.0%) of its total receivables are due from a single counterparty.

The Group places its cash and bank balances with reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements, represents the Group's and Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(iv) Liquidity risk management

The Group maintains cash and cash equivalents and internally generated cash flows to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available (Note 16).

As at December 31, 2017, the Company has provided corporate guarantees to a bank in respect of the banking facilities granted to its subsidiaries amounting to $30,381,000 (2016: $25,700,000), of which $10,599,000 (2016: $10,900,000) was utilised at the end of the reporting period.

The maximum amount that the Group 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 Group considers that it is more likely than not that no amount will be payable under the arrangement.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have 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. The adjustment column represents the estimated future interest attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

Group	Weighted effective average interest rate %	On demand or within 1 year $	Within 2 to 5 years $	After 5 years $	Adjustments $	Total $
2017						
Non-interest bearing	–	12,011,926	1,045,002	–	–	13,056,928
Derivative financial instruments	–	914	–	–	–	914
Variable interest rate instruments	2.93	1,184,159	3,925,863	2,179,749	(1,033,996)	6,255,775
Fixed interest rate instruments	5.14	230,397	282,069	–	(33,923)	478,543
Total		13,427,396	5,252,934	2,179,749	(1,067,919)	19,792,160
2016						
Non-interest bearing	–	10,346,713	30,932	–	–	10,377,645
Derivative financial instruments	–	989	–	–	–	989
Variable interest rate instruments	2.87	1,288,392	4,037,402	3,067,242	(1,131,753)	7,261,283
Fixed interest rate instruments	4.16	358,288	463,349	–	(57,880)	763,757
Total		11,994,382	4,531,683	3,067,242	(1,189,633)	18,403,674
Company						
2017						
Non-interest bearing		252,848	–	–	–	252,848
2016						
Non-interest bearing	–	273,569	–	–	–	273,569

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

Non-derivative financial assets

The Group's non-derivative financial assets as at the end of the financial year ended December 31, 2017 and 2016 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 as disclosed in Note 6.

All financial assets of the Company in 2017 are non-interest bearing and repayable on demand or due within 1 year from the end of the reporting period.

Derivative financial instruments

The Group's derivative financial instruments as at the end of the financial year ended December 31, 2017 and 2016, comprising of forward foreign currency contracts with net contracted cash inflow (outflow) and their maturity dates are as disclosed in Note 8.

(v) Fair value of financial assets and financial liabilities

The Group's and Company's carrying value of the cash and bank balances, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial assets and financial liabilities. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and liabilities are determined.

Group						
Financial assets/ financial liabilities	**Fair value as at**				**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	2017		**2016**			
	Assets	**Liabilities**	**Assets**	**Liabilities**		
Derivative financial instruments (Note 8)						
Forward foreign exchange contract	405	(914)	3,224	(989)	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.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year.

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

(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 capital structure of the Group consists of issued capital, reserves and accumulated profits.

The Group's overall strategy remains unchanged from the preceding year.

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.

Some of the Group's transactions and arrangements are with the holding company and related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand, unless otherwise stated.

During the year, other than as disclosed elsewhere in the financial statements, transactions with the holding company and related parties are as follows:

	2017 $	2016 $
Transaction with ultimate holding company		
Dividend paid	483,840	1,656,735
Transactions with company which certain shareholders have interest in		
Services rendered	(12,000)	–
Sales	(1,909)	(193)
Transactions with associate		
Services rendered	53,164	–
Recovery of expenses incurred on behalf	–	106,805

Compensation of directors and key management personnel

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

	Group 2017 $	 2016 $
Short-term benefits	1,895,810	1,889,621
Post-employment benefits	99,484	100,408
Other long-term benefits	51,122	75,401
	2,046,416	2,065,430

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 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Fixed deposits	10,220,924	200,481	10,000,000	–
Cash in hand	240,998	5,926	–	–
Bank balances	15,130,250	20,563,232	4,864,111	13,775,057
	25,592,172	20,769,639	14,864,111	13,775,057
Less: Pledged fixed deposits	(200,581)	(200,481)	–	–
Cash and cash equivalents per statement of cash flows	25,391,591	20,569,158	14,864,111	13,775,057

Fixed deposits are pledged as collaterals for certain bank facilities. The fixed deposits have maturity of one to twelve months (2016: one month) and bear interest at 0.96% (2016: 0.05%) per annum.

7 TRADE AND OTHER RECEIVABLES

	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Trade receivables:				
– outside parties	10,420,699	9,077,094	–	–
– subsidiary companies	–	–	83,742	84,446
Less: Allowance for doubtful debts	(409,223)	(150,627)	–	–
	10,011,476	8,926,467	83,742	84,446
Accrued revenue	1,622	215,000	–	–
	10,013,098	9,141,467	83,742	84,446
Other receivables:				
– outside parties	249,811	185,256	28,558	–
– associate	114,250	114,250	–	–
– related party[(1)]	86,400	–	–	–
– deposits	235,868	448,909	–	–
– prepayments	185,337	208,086	20,650	10,234
– staff loans	6,200	7,300	–	–
– others	–	36,585	–	36,585
Less: Allowance for doubtful debts	(114,250)	–	–	–
	760,616	1,000,386	49,208	46,819
Total	10,773,714	10,141,853	132,950	131,265

(1) Related party refers to a company which the directors of a subsidiary have interest in.

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2016: 30 to 60 days) credit terms. Allowances for doubtful debts are recognised against trade receivables when there are objective evidence that the trade receivables are impaired.

Movements in allowance for doubtful trade debts:

	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Balance at beginning of the year	150,627	21,248	–	–
Acquired on acquisition of subsidiaries (Note 31)	245,563	–	–	–
Charge to profit or loss for the year	13,719	129,393	–	–
Exchange alignment	–	(14)	–	–
Written off against allowance	(686)	–	–	–
Balance at end of the year	409,223	150,627	–	–

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the Group's and Company's trade receivable balances are debtors with a carrying amount of $6,521,792 (2016: $5,869,243) and $19 (2016: $3,333) respectively which are past due at the end of the reporting period for which the Group and Company have not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold collateral over these balances. Management believes that there are no further credit allowances required in excess of the allowance for doubtful debts.

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Not past due and not impaired[(i)]	3,489,684	3,057,224	83,723	81,113
Past due and not impaired[(ii)]	6,521,792	5,869,243	19	3,333
	10,011,476	8,926,467	83,742	84,446
Impaired receivables – collectively assessed[(iii)]	409,223	150,627	–	–
Less: Allowance for impairment	(409,223)	(150,627)	–	–
	–	–	–	–
Total trade receivables, net	10,011,476	8,926,467	83,742	84,446

(i) Management has assessed that there is no significant change in credit quality and the amounts are still considered recoverable.

(ii) Aging of receivables that are past due but not impaired:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
< 3 months	5,436,819	4,859,151	–	795
3 months to 6 months	667,219	803,237	–	1,009
6 months to 12 months	401,524	194,454	–	1,111
> 12 months	16,230	12,401	19	418
	6,521,792	5,869,243	19	3,333

(iii) These amounts are stated before any deduction for allowance for impairment.

In respect of other receivables, the amounts are unsecured, non-interest bearing and repayable on demand. Management has assessed that there has not been a significant change in credit quality of these other receivables and these amounts are considered recoverable, except for amount due from associate of $114,250 (2016: $Nil) which is fully provided in current year as management has assessed and deemed the amount to be non-recoverable.

8 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2017		2016	
	Assets $	Liabilities $	Assets $	Liabilities $
Current				
Not designated in hedge accounting relationships	405	(914)	3,224	(989)

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	Group	
	2017 $	2016 $
Forward foreign exchange contracts	959,740	913,480

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

Group	Average exchange rate		Foreign currency		Contract value		Fair value (loss) gain	
	2017	2016	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $	2016 $
Buy EUR: less than 3 months	1.600	1.522	600	600	960	913	(509)	2,235

9 INVENTORIES

	Group	
	2017 $	2016 $
Materials	7,836,425	8,796,547
Work-in-progress	1,768,936	3,377,595
Goods-in-transit	1,512,368	1,277,084
	11,117,729	13,451,226
Less: Allowance for inventories	(104,276)	(104,209)
	11,013,453	13,347,017

Movement in allowance for inventories:

	Group	
	2017 $	2016 $
Balance at beginning of the year	104,209	25,121
(Credit) Charge to profit or loss for the year	(408)	79,536
Exchange realignment	475	(448)
Balance at end of the year	104,276	104,209

10 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings $	Freehold land and buildings[1] $	Construction-in-progress $	Motor vehicles $	Office equipment, furniture and fittings $	Computers $	Plant and machinery $	Total $
Cost:								
At January 1, 2016	13,347,505	1,918,396	5,967,630	1,661,190	914,224	1,263,368	3,057,043	28,129,356
Additions	–	–	1,852,849	951,627	87,971	222,846	636,069	3,751,362
Reclassification	7,402,296	–	(7,733,529)	–	331,233	–	–	–
Exchange realignment	–	(34,269)	–	(557)	(4,673)	(446)	(5,343)	(45,288)
Disposals	–	–	–	(797,600)	–	–	(16,750)	(814,350)
Written off	–	–	–	–	(23,614)	(31,833)	(350)	(55,797)
At December 31, 2016	20,749,801	1,884,127	86,950	1,814,660	1,305,141	1,453,935	3,670,669	30,965,283
Additions	–	–	142,680	18,757	107,592	266,437	104,820	640,286
Acquired on acquisition of subsidiaries (Note 31)	–	–	33,000	–	16,295	5,532	–	54,827
Reclassification	–	–	(26,950)	–	–	26,950	–	–
Exchange realignment	–	36,333	–	590	2,693	473	5,665	45,754
Disposals	–	–	–	–	(5,489)	–	–	(5,489)
Written off	–	–	–	–	(25,898)	(31,642)	(9,600)	(67,140)
At December 31, 2017	20,749,801	1,920,460	235,680	1,834,007	1,400,334	1,721,685	3,771,554	31,633,521
Accumulated depreciation:								
At January 1, 2016	4,456,443	26,912	–	1,160,694	393,921	610,419	1,321,283	7,969,672
Depreciation for the year	612,887	23,617	–	280,033	183,990	249,636	280,585	1,630,748
Exchange realignment	–	(1,271)	–	(657)	(1,521)	(516)	(2,084)	(6,049)
Eliminated on disposal	–	–	–	(791,175)	–	–	(12,189)	(803,364)
Written off	–	–	–	–	(10,581)	(31,832)	(351)	(42,764)
At December 31, 2016	5,069,330	49,258	–	648,895	565,809	827,707	1,587,244	8,748,243
Depreciation for the year	706,828	22,715	–	304,563	169,347	254,965	303,342	1,761,760
Exchange realignment	–	1,503	–	590	1,102	470	2,387	6,052
Disposal	–	–	–	–	(3,610)	–	–	(3,610)
Written off	–	–	–	–	(10,659)	(31,642)	(2,320)	(44,621)
At December 31, 2017	5,776,158	73,476	–	954,048	721,989	1,051,500	1,890,653	10,467,824
Carrying amount:								
At December 31, 2017	14,973,643	1,846,984	235,680	879,959	678,345	670,185	1,880,901	21,165,697
At December 31, 2016	15,680,471	1,834,869	86,950	1,165,765	739,332	626,228	2,083,425	22,217,040

The carrying amount of the Group's plant and equipment includes an amount of $1,196,455 (2016: $1,494,171) secured in respect of assets held under finance leases.

The Group has pledged leasehold and freehold land and buildings with a carrying amount of approximately $16,820,627 (2016: $17,515,340) to secure banking facilities granted to the Group.

(1) Includes a foreign subsidiary's freehold land of $757,054 (2016: $742,731).

11 INTANGIBLE ASSETS

Group

	Goodwill[1]	Accreditation and copyright[1][2]	Favourable leases[1][3]	Other intangible assets[4]	Total
	$	$	$	$	$
Cost:					
At January 1, 2016	–	–	–	–	–
Additions	–	–	–	6,498	6,498
At December 31, 2016	–	–	–	6,498	6,498
Due to acquisition of subsidiaries	1,299,358	2,246,414	59,186	–	3,604,958
Additions	–	6,000	–	–	6,000
At December 31, 2017	1,299,358	2,252,414	59,186	6,498	3,617,456
Amortisation:					
At January 1, 2016	–	–	–	–	–
Amortisation for the year	–	–	–	1,083	1,083
At December 31, 2016	–	–	–	1,083	1,083
Amortisation for the year	–	62,942	4,912	2,166	70,020
At December 31, 2017	–	62,942	4,912	3,249	71,103
Carrying amount:					
At December 31, 2017	1,299,358	2,189,472	54,274	3,249	3,546,353
At December 31, 2016	–	–	–	5,415	5,415

(1) Arising from the acquisition of Ascendo Group (Note 31), the initial accounting has been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations for the items listed above had not been finalised and these have therefore been provisionally determined based on the management's best estimate of the likely values.

(2) 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. Out of the $2,246,414 addition during the year attributable to the acquisition of subsidiaries, $10,222 pertains to the non-controlling shareholders. The accreditation and copyright has finite useful life of 12 years, over which the assets, are amortised.

(3) The favourable leases pertain to the rental agreements entered relating to the rental of classrooms and office space based on favourable rates, and has finite useful life of 2 years, over which the asset is amortised.

(4) The intangible asset pertains to exclusive rights to use certain intellectual property, and has finite useful life of 3 years (2016: 3 years), over which the asset is amortised.

The amortisation expense has been included in the line item "Other operating expenses" in the consolidated statement of profit or loss and other comprehensive income.

12 INVESTMENT IN SUBSIDIARIES

	Company 2017 $	Company 2016 $
Equity shares at cost – unquoted	3,625,581	3,125,581
Deemed interest[1]	588,357	–
Less: Allowance for impairment	(650,000)	(650,000)
	3,563,938	2,475,581

(1) As part of the acquisition of 60% shareholdings in Ascendo Group during the year, the owners/founders of Ascendo Group, also appointed as directors of Ascendo Group, are given 20% of the issued and paid-up share capital of Wong Fong Academy ("WFA") for a cash consideration of $2.

Management has assessed the fair value of 20% of the issued and paid-up share capital of WFA, of which the present value of the discounted cashflow is discounted at 16.12%, resulting in a deemed interest of $588,357.

Details of the Group's significant subsidiaries at December 31, 2017 are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting power held 2017 %	2016 %
Held by the Company				
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	78[4]	95[4]
CE Asia Holdings Pte. Ltd.[1]	Investment holding	Singapore	65	65
WFVEN Pte. Ltd.[1]	Investment holding	Singapore	100	100
Subsidiaries held by Wong Fong Engineering Works (1988) Pte. Ltd.				
Wong Fong Pte. Ltd.[1]	Investment holding	Singapore	100	100
WFRIC HK Limited[6]	Investment holding	Hong Kong	100	100
Ascendo International Holdings Pte. Ltd.[1][5]	Investment holding	Singapore	60	–

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting power held 2017 %	2016 %
Subsidiary held by Wong Fong Pte. Ltd.				
Wong Fong Myanmar Company Limited[(3)]	Distribution, rental and marketing services of heavy machinery and construction machinery including their spare parts, accessories and engineering works	Myanmar	60	60
Subsidiary held by WFRIC HK Limited				
WFRIC Shenzhen Co., Ltd[(6)]	Research and development and trading of equipment	People's Republic of China ("PRC")	100	100
Subsidiaries held by CE Asia Holdings Pte. Ltd.				
CE Asia Heavy Equipment Pte. Ltd.[(1)]	Traders of industrial, construction and related machinery and equipment	Singapore	100	100
CE Asia Heavy Machinery Sdn Bhd[(2)]	Mechanical engineering works and installation of industry machinery and all kinds of machinery component parts	Malaysia	100	100
Subsidiaries held by Ascendo International Holdings Pte. Ltd.[(1)(5)]				
Ascendo Consulting Pte. Ltd.[(1)(5)]	Business management, consultancy services and conducting of food hygiene courses.	Singapore	100	–
Ascer Pte. Ltd.[(1)(5)]	Corporate training services in safety and consultancy services in risk management	Singapore	100	–
Ascendo Group International Pte. Ltd.[(1)(5)]	Corporate training services and motivational course provider	Singapore	100	–

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

(2) Audited by an overseas practice of Deloitte Touche Tohmatsu Limited.

(3) Newly incorporated on October 21, 2016. Not audited for consolidation purposes as the management is of the opinion that the results of the subsidiary for the year is insignificant.

(4) In 2016, 5% of shareholdings was transferred to an individual. The Group further injected another 500,002 of share capital in 2017 and subsequently during the year, 20% was given to the owners/founders of Ascendo International Holdings Pte. Ltd. as part of Wong Fong Engineering Works (1988) Pte. Ltd. ("WFE")'s acquisition of Ascendo Group during the financial year. This resulted in the individual's shareholdings to be at 2% as at year end.

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(5) On August 31, 2017, WFE acquired 96,000 ordinary shares in Ascendo International Holdings Pte. Ltd. from the owners/founders, representing 60.0% of the issued and paid-up ordinary share capital and upon completion of the aforesaid acquisition, Ascendo International Holdings Pte. Ltd. became a subsidiary of WFE.

(6) Based on latest available management accounts as these are not significant subsidiaries.

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 2017	Number of wholly owned subsidiaries 2016
Investment holding	Singapore and Hong Kong	3	3
Trading of machinery and equipment, and after sales services and repairs	Singapore and PRC	2	2
		5	5

Principal activities	Place of incorporation and operation	Number of non-wholly owned subsidiaries 2017	Number of non-wholly owned subsidiaries 2016
Investment holding	Singapore	2	1
Training and consultancy services	Singapore	4	1
Trading of machinery and equipment	Singapore, Malaysia and Myanmar	3	3
		9	5

Details of non-wholly owned subsidiaries that have non-controlling interests to the Group are disclosed 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		Accumulated non-controlling interests	
		2017	2016	2017	2016	2017	2016
		%	%	$	$	$	$
CE Asia Holdings Pte. Ltd.	Singapore	35	35	(41,631)	(112,584)	(858,597)	(791,035)
Wong Fong Academy Pte. Ltd.	Singapore	22	5	51,950	–	228,240	25,000
Ascendo International Holdings Pte. Ltd.[1]	Singapore	40	–	26,878	–	554,696	–
Wong Fong Myanmar Company Limited	Myanmar	40	–	(46,620)	–	60,987	–
				(9,423)	(112,584)	(14,674)	(766,035)

[1] Acquired during the year (Note 31).

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information in respect of the Group's subsidiaries that have 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.[1]
	2017	2016	2017	2016	2017
	$	$	$	$	$
Current assets	2,654,242	1,795,804	1,215,018	259,083	1,862,543
Non-current assets	2,132,859	2,151,335	489,205	353,582	241,121
Current liabilities	(5,060,832)	(4,966,626)	(580,493)	(263,840)	(698,663)
Non-current liabilities	(2,179,402)	(1,240,612)	(56,224)	(41,046)	(18,261)
Equity attributable to owners of the Company	(1,594,536)	(1,469,064)	839,264	282,779	832,044
Non-controlling interests	(858,597)	(791,035)	228,240	25,000	554,696
Revenue	2,784,179	2,232,500	2,601,298	1,194,370	1,163,632
Expenses	(2,903,123)	(2,554,168)	(2,341,571)	(1,258,404)	(1,096,437)
(Loss) Profit for the year	(118,944)	(321,668)	259,727	(64,034)	67,195
(Loss) Profit attributable to owners of the Company	(77,313)	(209,084)	207,777	(64,034)	40,317
(Loss) Profit attributable to non-controlling interests	(41,631)	(112,584)	51,950	–	26,878
(Loss) Profit for the year	(118,944)	(321,668)	259,727	(64,034)	67,195
Other comprehensive (loss) income attributable to owners of the Company	(48,158)	35,540	–	–	–
Other comprehensive (loss) income attributable to non-controlling interests	(25,932)	19,137	–	–	–
Other comprehensive (loss) income for the year	(74,090)	54,677	–	–	–
Total comprehensive (loss) income attributable to owners of the Company	(125,472)	(173,544)	207,777	(64,034)	40,317
Total comprehensive (loss) income attributable to non-controlling interests	(67,562)	(93,447)	51,950	–	26,878
Total comprehensive (loss) income for the year	(193,034)	(266,991)	259,727	(64,034)	67,195
Net cash inflow from operating activities	122,771	239,046	544,177	152,346	216,400
Net cash (outflow) inflow from investing activities	(12,047)	13,674	(352,449)	(191,214)	(169,851)
Net cash (outflow) inflow from financing activities	(142,176)	(149,839)	494,321	(4,166)	–
Net cash (outflow) inflow	(31,452)	102,881	686,049	(43,034)	46,549

[1] Acquired during the year (Note 31).

13(a) INVESTMENT IN ASSOCIATE

	Group 2017 $	Group 2016 $
Cost of investment in an associate	200,000	200,000
Share of post-acquisition loss, net of dividends received	(200,000)	(200,000)
	–	–

The details of associate company are as follows:

Name of associate	Country of incorporation and operations	Proportion of ownership interest 2017 %	Proportion of ownership interest 2016 %	Proportion of voting power held 2017 %	Proportion of voting power held 2016 %	Principal activities
Vanda Electrics Pte. Ltd.[(1)]	Singapore	22.4	48	22.4	48	Developing, owning and producing electric vehicles with a focus on the development and production of supercars, premium passenger cars, ant trucks and electric bicycles.

(1) Newly incorporated in January 2016. In 2017, the Group's interest in associate is diluted to 22.4% due to additional share capital injection from other investors into the associate.

The associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of the associate as at December 31, 2017 is set out below.

	2017 $	2016 $
Current assets	504,513	77,360
Non-current assets	–	–
Total assets	504,513	77,360
Current liabilities	(1,811,066)	(3,486,945)
Non-current liabilities	–	–
Total liabilities	(1,811,066)	(3,486,945)
Net liabilities	(1,306,553)	(3,409,585)
Group's share of associate's net assets (FY2017: 22.4%; FY2016: 48%)	–	–
Revenue	118,107	–
Loss for the year	(620,143)	(4,915,006)
Group's share of associate's loss for the year	–	(200,000)
Cash and cash equivalents included in current assets	38,663	42,217

The Group's share of losses for the year not recognised was $138,912 (2016: $2,159,203).

13(b) INVESTMENT IN JOINT VENTURE

	Group 2017 $
Cost of investment in joint venture	75,555
Share of pre-acquisition loss, net of dividends received	(75,555)
	–

The details of joint venture company are as follows:

Name of joint venture	Country of incorporation and operations	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2017 %	2016 %	2017 %	2016 %	
Ascendo International Myanmar Co. Limited[(1)]	Myanmar	30	–	30	–	Corporate training and consultancy services

(1) Joint venture of a subsidiary acquired during the year.

The joint venture is accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of the joint venture as at December 31, 2017 is set out below.

	2017 $
Current assets	1,237
Non-current assets	–
Total assets	1,237
Current liabilities	(51,431)
Non-current liabilities	–
Total liabilities	(51,431)
Net liabilities	(50,194)
Group's share of joint venture's net assets (30%)	–
Revenue	–
Loss for the year	(168,030)
Group's share of joint venture's loss for the year	–
Cash and cash equivalents included in current assets	1,237

The Group's share of losses for the year not recognised was $5,076.

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
Current liabilities	$	$	$	$
Trade payables:				
– outside parties	7,995,082	6,761,338	–	4,460
Other payables:				
– outside parties	787,904	409,414	–	–
– related parties[1]	1,487,770	350,002	–	–
– advanced billings	1,872,602	3,351,585	–	–
– accrued expenses	2,205,416	2,941,153	252,848	269,109
– others	376,194	341,082	5,087	–
	6,729,886	7,393,236	257,935	269,109
Total	14,724,968	14,154,574	257,935	273,569
Non-current liabilities				
Other payables:				
– outside parties	20,900	30,932	–	–
– related parties[1]	1,045,002	–	–	–
	1,065,902	30,932	–	–

[1] $350,002 (2016: $350,002) pertains to payables to directors of a subsidiary and $2,182,770 (2016: $Nil) pertains to the earn-out payable to owners/founders of Ascendo Group (Note 31) who remained as directors of the subsidiary. The earn-out payable approximates its fair value.

Trade payables are unsecured, non-interest bearing and are normally settled on 60 days (2016: 60 days) credit terms.

Payables due to related parties are unsecured, non-interest bearing and repayable on demand.

15 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	$	$	$	$
Within one year	230,397	358,288	211,136	328,401
In second to fifth year inclusive	282,069	463,349	267,407	435,356
	512,466	821,637	478,543	763,757
Less: Future finance charges	(33,923)	(57,880)	–	–
Present value of lease obligations	478,543	763,757	478,543	763,757
Less: Amount due for settlement within 12 months			(211,136)	(328,401)
Amount due for settlement after 12 months			267,407	435,356

The Group leases certain of its plant and equipment under finance leases. The lease term is for a period of 3 to 5 years (2016: 1 to 5 years) with an average effective interest rate of 5.14% (2016: 4.16%) per annum.

Interest rates are fixed at the contract date and thus exposes the Group to fair value interest rate risk. All leases are on fixed repayment basis and no contingent arrangement have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 10).

16 BANK BORROWINGS

	Group 2017 $	Group 2016 $
Secured – at amortised cost		
Bank borrowings	6,255,775	7,261,283
Less: Amount due for settlement within 12 months (shown under current liabilities)	(982,081)	(1,093,243)
Amount due for settlement after 12 months	5,273,694	6,168,040

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

The Group's bank borrowings consist of:

(a) A secured term loan with carrying amount of $91,764 (2016: $362,357) drawn down by a subsidiary from a bank. The loan is repayable in 10 years commencing from May 2008. The loan bears interest ranging from 2.33% to 2.78% (2016: 2.25% to 3.38%) per annum, based on 0.5% over the bank's commercial financing rate.

(b) A secured term loan with carrying amount of $1,193,023 (2016: $1,212,938) 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 4.53% (2016: 4.55%).

(c) A secured term loan with carrying amount of $4,970,988 (2016: $5,685,988) drawn down by a subsidiary from a bank. The loan is repayable in 10 years commencing from August 2016. The loan bears interest ranging from 2.47% to 2.64% (2016: 2.32% to 2.45%) per annum.

17 DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation $	Provisions $	Total $
At January 1, 2016	395,061	31,938	426,999
Charge (Credit) to profit or loss for the year (Note 24)	54,171	(52,170)	2,001
At December 31, 2016	449,232	(20,232)	429,000
Charge (Credit) to profit or loss for the year (Note 24)	535,486	(22,309)	513,177
At December 31, 2017	984,718	(42,541)	942,177

	Group 2017 $	Group 2016 $
Deferred tax liabilities	984,718	449,232
Deferred tax assets	(42,541)	(20,232)
	942,177	429,000

18 SHARE CAPITAL

	Group		Company	
	Number of shares	Issued and paid up $	Number of shares	Issued and paid up $
Ordinary shares				
Issued and paid up:				
At January 1, 2016	19,600,000	4,800,000	19,600,000	4,800,000
Share buy-back from a financial investor	(1,600,000)	(2,800,000)	(1,600,000)	(2,800,000)
After the share split[a]	192,000,000	2,000,000	192,000,000	2,000,000
Issue of Placement Shares pursuant to the Placement[b]	43,000,000	9,350,674	43,000,000	9,350,674
At December 31, 2016 and at December 31, 2017	235,000,000	11,350,674	235,000,000	11,350,674

[a] On July 13, 2016, the Company sub-divided its existing 18,000,000 ordinary shares into 32 shares with every 3 ordinary shares, resulting in an issued and paid up capital of $2,000,000 comprising 192,000,000 ordinary shares.

[b] Placement Shares were new shares issued to the Placement Agent (a financial institution) on behalf of the Company for subscription at the issue price in relation to the IPO on the Catalist board of SGX-ST that took place in 2016. A total of 43,000,000 shares were offered to the public at $0.23 per share. This also took into account the capitalisation of listing expenses of $539,326.

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.

19 RESERVES

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Foreign currency translation reserve[a]	319,299	340,332	–	–
Capital reserve[b][c]	420,327	12,116	588,357	–
	739,626	352,448	588,357	–

(i) Movement in foreign currency translation reserve:

	Group	
	2017 $	2016 $
At beginning of the year	340,332	304,081
Other comprehensive (loss) income	(21,033)	36,251
At end of the year	319,299	340,332

(ii) Movement in capital reserve:

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
At beginning of the year	12,116	–	–	–
Transaction with owners	408,211	12,116	588,357	–
At end of the year	420,327	12,116	588,357	–

[a] Foreign currency translation reserve represents exchange differences relating to the translation from the functional currency of the Group's foreign subsidiaries into Singapore dollars and are recorded in the foreign currency translation reserve.

[b] Capital reserve at the Group level represents the gain on acquisition/disposal of additional interest in subsidiaries from/to non-controlling interest shareholders.

[c] Capital reserve at the Company level represents the difference between the fair value of a subsidiary at the date on which they were deemed acquired by the subsidiary and the purchase consideration paid by the Company for the acquisition. Management has assessed the fair value of 20% of the issued and paid-up share capital of WFA, of which the present value of the forecasted cashflow is discounted at 16.12%, resulting in a deemed interest of $588,357.

20 REVENUE

	Group 2017 $	Group 2016 $
Equipment Sales	44,392,747	48,539,006
Repairs and Servicing	11,906,900	13,558,832
Projects	7,292,729	6,931,610
Training	3,733,775	1,173,524
	67,326,151	70,202,972

21 OTHER OPERATING INCOME

	Group 2017 $	Group 2016 $
Commission income	70,274	96,294
Gain on disposal of property, plant and equipment	–	274,379
Gain on foreign exchange – net	153,152	–
Interest income	30,213	743
Government grants	322,857	391,955
Rental income	1,791	80,676
Others	138,000	114,703
	716,287	958,750

22 OTHER OPERATING EXPENSES

	Group 2017 $	Group 2016 $
Insurance	285,676	345,375
Professional fees	761,378	1,026,413
Rental expenses	421,212	540,835
Repair and maintenance	512,653	467,041
Marketing expense	135,366	303,237
Entertainment expense	140,642	261,609
Loss on foreign exchange – net	–	269,907
Allowance for doubtful debts – trade	13,719	129,393
Allowance for doubtful debts – non-trade	114,250	–
Bad debts written off – trade	43,552	1,729
Fixed assets written off	22,519	13,033
Loss on disposal of property, plant and equipment	1,390	–
Allowance for inventories	–	79,536
Inventories written off	93,638	55,742
Other expenses	1,149,768	1,174,037
	3,695,763	4,668,887

23 FINANCE COSTS

	Group	
	2017	2016
	$	$
Interest on obligations under finance leases	30,488	19,773
Interest on bank borrowings	196,157	230,857
Others	67,531	63,819
	294,176	314,449

24 INCOME TAX EXPENSE

	Group	
	2017	2016
	$	$
Current tax expense	684,820	524,000
Adjustment in respect of pre-acquisition	(25,154)	–
(Over) Underprovision in respect of prior years		
– current tax	(591,153)	(29,461)
– deferred tax	463,905	–
Deferred tax (Note 17)	49,272	2,001
	581,690	496,540

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2017	2016
	$	$
Profit before tax	4,825,734	3,965,009
Income tax expenses calculated at 17% (2016: 17%)	820,375	674,052
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5,073)	(9,144)
Tax effect of items that are non-deductible (taxable) in determining taxable profits	122,353	238,195
Effect of tax incentives	(201,389)	(354,779)
Tax-exempt income and tax rebates	(42,952)	(58,902)
Overprovision of tax in respect of prior years	(127,248)	(29,461)
Deferred tax assets not recognised	26,880	16,320
Others	(11,256)	20,259
	581,690	496,540

Subject to the agreement with the relevant tax authorities and compliance with conditions of the relevant tax legislations, certain subsidiaries have the following deductible temporary differences, unabsorbed capital allowance and unutilised tax losses which are available for offset against any future taxable profits. No deferred tax asset has been recognised due to unpredictability of future profit stream.

24 INCOME TAX EXPENSE (CONTINUED)

	Group			
	Deductible temporary differences $	Unutilised capital allowances $	Unutilised tax losses $	Total $
At January 1, 2016	4,174,000	273,000	2,050,000	6,497,000
Adjustment during the year	273,000	(273,000)	–	–
(Reduction) Addition during the year	(532,000)	–	600,000	68,000
At December 31, 2016	3,915,000	–	2,650,000	6,565,000
Adjustment during the year	(1,458,000)	–	–	(1,458,000)
Addition during the year	–	–	112,000	112,000
At December 31, 2017	2,457,000	–	2,762,000	5,219,000

25 PROFIT FOR THE YEAR

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

	Group	
	2017 $	2016 $
Depreciation and amortisation		
– Depreciation of property, plant and equipment	1,761,760	1,630,748
– Amortisation of intangible assets	70,020	1,083
Employment benefits – directors of subsidiaries		
– Short term and other long term benefits	2,394,599	2,019,205
– Defined contribution plans	142,060	135,984
Directors’ fees		
– Directors of the Company	94,658	170,000
– Directors of the Subsidiary	1,607	–
Employee benefit expense (including directors’ remuneration)		
– Defined contribution plans	1,217,700	1,020,458
– Others	12,455,895	11,912,086
Audit fees		
– paid to auditors of the Company	145,000	122,800
– paid to other auditors	6,400	17,868
Non-audit fees		
– paid to auditors of the Company	59,700	27,700
– paid to other auditors	1,300	1,300
Cost of inventories recognised as an expense	43,791,410	47,450,085
Expenses relating to the Company’s IPO	–	552,373
Allowance for doubtful debts – trade	13,719	129,393
Allowance for doubtful debts – non-trade	114,250	–
Bad debts written off – trade	43,552	1,729
Loss (Gain) on disposal of property, plant and equipment	1,390	(274,379)
Government grants	(322,857)	(391,955)
(Gain) Loss on foreign exchange – net	(153,152)	269,907
Loss on fair value change on derivative financial instruments	2,744	9,951
(Reversal of) Allowance for inventories	(408)	79,536
Inventories written off	93,638	55,742

26 DIVIDEND

2017

– The Company declared and paid one-tier tax exempt final dividend of S$0.003 per share (total of S$705,000) to the shareholders of the Company in respect of financial year ended December 31, 2016. The dividend has been paid on May 22, 2017.

2016

– The Company declared and paid one-tier tax exempt interim dividend of $0.11 per share (total of $2,200,000) to the shareholders of the Company in respect of the financial year ended December 31, 2016. The dividend has been paid on May 5, 2016 to the respective shareholders then.

In respect of the current financial year, the directors proposed that a dividend of $0.0036 to be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $846,000.

27 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2017	**2016**
	$	**$**
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	414,488	530,631

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2017	**2016**
	$	**$**
Within one year	347,324	267,908
In the second to fifth years inclusive	961,681	937,035
After five years	5,329,656	5,721,858
	6,638,661	6,926,801

Operating lease payments represent rentals payable by the Group for lease of lands, warehouse, industrial training spaces and office premise. The lands' leases are for an average term of 30 years and include an option to extend ranging from 19 to 30 years. Rentals are subject to annual review by landlord.

Rentals for warehouse, industrial training spaces and office premises are for an average term of 1 to 3 years and are fixed for the lease period.

28 COMMITMENTS

As at the end of the financial year, the Group has the following capital commitments:

	Group	
	2017	**2016**
	$	**$**
Capital expenditure commitment	–	205,402

29 SEGMENT INFORMATION

For purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn are segregated based on the type of goods and services supplied. This forms the basis of identifying the segments of the Group under FRS 108 *Operating segments* as follows:

(i) Equipment Sales

(ii) Repairs and Servicing

(iii) Projects

(iv) Training

Information regarding the operations of each reportable segment is included below.

Segment revenue and results

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

	Group			
	Revenue		Profit before income tax	
	2017	2016	2017	2016
	$	$	$	$
Equipment Sales	44,392,747	48,539,006	1,106,933	1,153,245
Repairs and Servicing	11,906,900	13,558,832	3,518,162	4,275,713
Projects	7,292,729	6,931,610	266,875	602,326
Training	3,733,775	1,173,524	553,418	(88,665)
	67,326,151	70,202,972	5,445,388	5,942,619
Employee benefit expense[i]			(294,794)	(506,785)
Other operating expenses[i]			(60,897)	(957,119)
Share of loss from associate			–	(200,000)
Interest income			30,213	743
Finance costs			(294,176)	(314,449)
Profit before income tax expense			4,825,734	3,965,009
Income tax expense			(581,690)	(496,540)
Profit for the year			4,244,044	3,468,469

[i] Pertains mainly to research and development related expenses. In 2016, expenses included listing 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 described in Note 2. Segment profit represents the profit earned by each segment without allocation of research and development expenses, dividend income from available-for-sale investments, interest income, finance costs, and income tax expense. In 2016, it also excluded allocation of listing related expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

29 SEGMENT INFORMATION (CONTINUED)

Segment assets

	Group	
	2017	2016
	$	$
Equipment Sales	35,521,124	36,860,884
Repairs and Servicing	8,976,009	9,966,101
Projects	5,210,921	4,877,102
Training	6,997,632	604,377
Total segment assets	56,705,686	52,308,464
Unallocated assets	15,386,108	14,175,724
Consolidated total assets	72,091,794	66,484,188

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitors the tangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than group entities that are investment holding in nature (Note 12) and investment in associate (Note 13). 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	
	2017	2016	2017	2016
	$	$	$	$
Equipment Sales	1,170,468	1,102,245	172,937	2,493,536
Repairs and Servicing	311,109	309,963	43,857	701,408
Projects	184,712	149,989	24,995	362,313
Training	165,491	69,634	2,710,097	200,603
Total	1,831,780	1,631,831	2,951,886	3,757,860

Geographical information

The Group's operations are carried out predominately in Singapore (country of domicile), except for four subsidiaries operating in Malaysia, Hong Kong, People's Republic of China and Myanmar.

During the year, the Group's revenue attributed to customers located in Singapore constitutes approximately 91% (2016: 95%), with the remaining revenue attributed to customers from foreign countries.

Information about major customers

No single customer accounted for more than 10% of the Group's total revenue during the financial year. The top five customers represents 20% (2016: 22%) of the Group's total revenue.

30 EARNINGS PER SHARE

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

	Group	
	2017	2016
	$	$
Earnings per ordinary share ("EPS")		
Profit attributable to owners of the Company	4,253,467	3,581,053
Weighted average number of ordinary shares for purpose of earnings per share[(a)]	235,000,000	118,509,589
EPS – Basic and diluted (cents)	1.81	3.02

There were no dilutive equity instruments for 2017 and 2016.

(a) In 2016, the Company sub-divided its existing 18,000,000 ordinary shares into 32 shares with every 3 ordinary shares, followed by an additional issuance of 43,000,000 ordinary shares during the year, resulting in an issued and paid up capital of 235,000,000 ordinary shares. This had resulted in a decrease in weighted average number of shares for the year.

31 ACQUISITION OF SUBSIDIARIES

On August 31, 2017, the Group acquired 96,000 ordinary shares in Ascendo International Holdings Pte. Ltd. from its owners/founders, representing 60% of the issued and paid-up ordinary share capital, for a consideration of $4,371,127.

The acquisition of Ascendo International Holdings Pte. Ltd. and its subsidiaries ("Ascendo Group") is accounted for by the acquisition method of accounting and fair value of assets and liabilities have been disclosed below.

The Group has acquired Ascendo Group to complement and further boost its existing training and consultancy business; to establish its market presence and expand its market share in Singapore and potentially derive synergies within the Group.

Assets acquired and liabilities assumed at the date of acquisition

Ascendo International Holdings Pte. Ltd. and its subsidiaries.

	August 31, 2017
	$
Current assets	
Cash and cash equivalents	793,496
Trade and other receivables, net of allowance	925,530
Non-current asset	
Property, plant and equipment	54,827
Intangible assets	25,558
Current liabilities	
Trade and other payables	(454,712)
Income tax payable	(25,155)
Assets acquired net of liabilities assumed	1,319,544

31 ACQUISITION OF SUBSIDIARIES (CONTINUED)

The receivables acquired (which principally comprised trade receivables) in the above acquisition with a fair value of $925,530 has gross contractual amounts of $925,530. The best estimate at acquisition date of the contractual cash flows not expected to be collected was $Nil.

The results of Ascendo Group acquired in 2017 were included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition.

Goodwill arising on acquisition of subsidiaries

	Total $
Total consideration	4,371,127
Less: Fair value of Ascendo Group's identifiable net assets acquired	(3,071,769)
Goodwill arising on acquisition (Note 11)	1,299,358

Net cash outflow on acquisition of subsidiaries

	Total $
Consideration paid in cash[1]	1,600,000
Less: Ascendo Group's cash and cash equivalent balances acquired	(793,496)
	806,504

(1) Of the total consideration of $4,371,127, $2,182,770 remains unpaid as at December 31, 2017 and is included in other payables in Note 14 to the financial statements. The remaining balance of $588,357 pertains to the fair value of 20% issued and paid-up share capital of WFA (Note 12).

Impact of acquisition on the results of the Group

Included in the profit for the year 2017 is a profit of $67,195 attributable to the subsidiary corporations acquired. Revenue for the period contributed by the subsidiary corporations from the acquisition date up to the financial year end amounted to approximately $1,164,000 after eliminating for intercompany sales.

Had the business combination been effected at January 1 2017, the revenue and the profit of the Group for 2017 would have been approximately $3,568,000 and $467,900 respectively.

32 EVENTS AFTER THE REPORTING PERIOD

On March 19, 2018, Wong Fong Academy Pte Ltd ("WFA"), entered into a sale and purchase agreement to acquire 500,000 issued and paid-up share capital of Smatra Training Hub Pte. Ltd. ("Smatra"). Upon completion of the proposed acquisition, Smatra will be a wholly-owned subsidiary of WFA.

Smatra was incorporated in Singapore on July 30, 2012 and its principal activities are those of safety, quality consultancy, management services, training and education services.

The acquisition is not expected to have any material impact on the earnings per share and net tangible assets of the Group for the financial year ended December 31, 2017.

AS AT 16 MARCH 2018

SHAREHOLDING STATISTICS

Number of issued shares	:	235,000,000
Issued and fully paid-up capital	:	S$11,350,674
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 information available to the Company as at 16 March 2018, approximately 22.34% of the issued ordinary shares of the Company were held by the public and therefore Rule 723 of the Catalist Rules has been complied with.

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	12	2.96	6,700	0.00
1,001 – 10,000	105	25.93	759,000	0.32
10,001 – 1,000,000	278	68.64	25,605,500	10.90
1,000,001 and above	10	2.47	208,628,800	88.78
	405	100.00	235,000,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of shareholder	No. of shares	%
1	WONG FONG INVESTMENTS PTE LTD	158,280,000	67.35
2	LEE TECK LEONG	19,200,000	8.17
3	LEE CHONG SENG	11,520,000	4.90
4	UOB KAY HIAN PTE LTD	7,520,600	3.20
5	KOH BOON HWEE	3,200,000	1.36
6	LEW SIEW CHENG	3,069,000	1.31
7	PE KOK BOON	1,800,000	0.77
8	TAN ENG HUI	1,800,000	0.77
9	DBS NOMINEES PTE LTD	1,201,800	0.51
10	NG ENG SENG	1,037,400	0.44
11	CGS-CIMB SECURITIES (S) PTE LTD	808,000	0.34
12	SIM SEM PENG	800,000	0.34
13	CHANG LING SEOW	728,000	0.31
14	WHANG CHIN KEONG	700,000	0.30
15	SIONG BENG SENG	600,000	0.26
16	TEHC INTERNATIONAL PTE LTD	530,000	0.23
17	ADAM PEH KIAN BENG	500,000	0.21
18	ER KEE SING	500,000	0.21
19	POH CHOON KAH	500,000	0.21
20	WONG KOH HOI	500,000	0.21
		214,794,800	91.40

SUBSTANTIAL SHAREHOLDERS

Name of substantial shareholder	Shareholdings registered in the name of substantial shareholder		Shareholdings in which the substantial shareholders are deemed to be interested	
	No. of shares	Percentage (%)	No. of shares	Percentage (%)
Wong Fong Investments Pte. Ltd.	158,280,000	67.35	–	–
Lee Teck Leong	19,200,000	8.17	–	–
Lew Kit Foo @ Liew Foo(1)(2)	–	–	158,420,000	67.41
Liew Ah Kuie(3)	–	–	158,280,000	67.35
Liew Chern Yean(1)	–	–	158,280,000	67.35
Lew Chern Yong (Liu Zhengrong)(1)	–	–	158,280,000	67.35
Jimmy Lew Holding Pte. Ltd.(4)	–	–	158,280,000	67.35
Ng Thye Eng(1)	140,000	0.06	158,280,000	67.35
Liew Khuen Choy(5)	–	–	158,280,000	67.35

Notes:

(1) Lew Kit Foo @ Liew Foo is the husband of Ng Thye Eng. Liew Chern Yean and Lew Chern Yong (Liu Zhengrong) are children of Lew Kit Foo @ Liew Foo and Ng Thye Eng. Lew Kit Foo @ Liew Foo, Liew Chern Yean, Lew Chern Yong (Liu Zhengrong) and Ng Thye Eng each hold 20% of the issued and paid-up share capital in Jimmy Lew Holding Pte. Ltd. ("**Jimmy Lew Holding**"), which in turn is deemed interested in the 158,280,000 shares held by Wong Fong Investments Pte. Ltd. ("**Wong Fong Investments**"). Accordingly, Lew Kit Foo @ Liew Foo, Liew Chern Yean, Lew Chern Yong (Liu Zhengrong) and Ng Thye Eng are deemed to be interested in the 158,280,00 shares held by Wong Fong Investments pursuant to Section 4 of the Securities and Futures Act (Cap. 289) ("**SFA**").

(2) Lew Kit Foo @ Liew Foo is deemed to be interested in the 140,000 shares held by his spouse, Ng Thye Eng by virtue of Section 7 of the Singapore Companies Act, Chapter 50.

(3) Liew Ah Kuie holds approximately 27.44% of the issued and paid-up share capital in Wong Fong Investments, which in turn holds 158,280,000 shares. 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 SFA.

(4) 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. 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.

(5) Liew Khuen Choy holds approximately 21.95% of the issued and paid-up share capital in Wong Fong Investments, which in turn holds 158,280,000 shares in the Company. Accordingly, Liew Khuen Choy is deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the SFA.

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, 27 April 2018 at 3.30 p.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 2017 ("**FY2017**") together with the auditors' report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one-tier) dividend of 0.36 Singapore cents per ordinary share for FY2017. **(Resolution 2)**

3. To re-elect the following directors retiring in accordance with Regulation 114 of the Company's constitution ("**Constitution**"):

   Mr Liew Chern Yean **(Resolution 3)**
   Mr Lew Chern Yong **(Resolution 4)**
   [See Explanatory Note (i)]

To note the retirement of Mr Artawat Udompholkul retiring pursuant to Regulation 114 of the Constitution. Mr Artawat Udompholkul will not be seeking re-election and will retire as a director of the Company on 27 April 2018 at the conclusion of the AGM.

4. To approve the sum of S$175,000 as Directors' fees for the financial year ending 31 December 2018 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, Chapter 50 ("**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 of the Company ("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 (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) in the capital of the Company (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 ("**Shareholders**") shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (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 of the Company (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 of the Company or (ii) the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(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,

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 share capital (excluding treasury shares and subsidiary holdings) of the Company 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 of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Sharon Yeoh
Company Secretary

Singapore, 12 April 2018

Explanatory notes on ordinary resolutions to be passed:

(i) **Resolution 3** – Detailed information on Mr Liew Chern Yean can be found in the Company's annual report 2017. Mr Liew Chern Yean, if re-elected as a Director, will remain as an Executive Director of the Company. Mr Liew Chern Yean is a controlling Shareholder, son of Mr Lew Kit Foo @ Liew Foo (Executive Chairman), nephew of Mr Liew Ah Kuie (Deputy Chairman and Managing Director) and brother of Mr Lew Chern Yong (Executive Director). Save as disclosed in the Company's annual report 2017, there are no relationships including immediate relationships between Mr Liew Chern Yean and the other Directors, its 10% Shareholders or its officers.

Resolution 4 – Detailed information on Mr Lew Chern Yong can be found in the Company's annual report 2017. Mr Lew Chern Yong, if re-elected as a Director, will remain as an Executive Director of the Company. Mr Lew Chern Yong is a controlling Shareholder, son of Mr Lew Kit Foo @ Liew Foo (Executive Chairman), nephew of Mr Liew Ah Kuie (Deputy Chairman and Managing Director) and brother of Mr Liew Chern Yean (Executive Director). Save as disclosed in the Company's annual report 2017, there are no relationships including immediate relationships between Mr Lew Chern Yong and the other Directors, its 10% Shareholders or its officers.

(ii) **Resolution 7** in item 7 above, 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).

(iii) **Resolution 8** in item 8 above, 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 share capital (excluding treasury shares and subsidiary holdings) of the Company from time to time.

Notes:

1. 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.

2. 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 (Cap. 19) 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 under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. A proxy or attorney need not be a member of the Company.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 79 Joo Koon Circle Singapore 629107 not less than 72 hours before the time appointed for the holding of the AGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a 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 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) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

WONG FONG INDUSTRIES LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201500186D)

PROXY FORM

IMPORTANT
1. 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").
2. Please read the notes to the Proxy Form on the Personal Data Privacy.

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 (%)

as my/our proxy/proxies to vote for me/us and on my/our behalf at the annual general meeting ("**AGM**") of the Company to be held at 79 Joo Koon Circle, Singapore 629107 on Friday, 27 April 2018 at 3.30 p.m. and at any adjournment thereof.

I/We have directed my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they will on any other matters arising at the AGM. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the resolutions to be proposed at the AGM, as indicated hereunder for me/us and on my/our behalf at the AGM and at any adjournment thereof.

No.	Resolutions Relating To:	For*	Against*
	AS ORDINARY BUSINESS		
1	Directors' statement and the audited financial statements of the Company for the financial year ended 31 December 2017 together with the auditors' report thereon		
2	Payment of proposed first and final tax exempt (one-tier) dividend of 0.36 Singapore cents per ordinary share for the financial year ended 31 December 2017		
3	Re-election of Mr Liew Chern Yean as a Director		
4	Re-election of Mr Lew Chern Yong as a Director		
5	Approval of Directors' fees for the financial year ending 31 December 2018		
6	Re-appointment of Deloitte & Touche LLP as auditors		
	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 PSP		

* *Please indicate your vote "For" or "Against" with a "√" within the boxes provided*

Dated this __________ day of ____________________ 2018

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, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the register of shareholders of the 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 may appoint not more than 2 proxies to attend and vote at the AGM.

3. Where a member appoints more than 1 proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the nomination shall be deemed to be alternative.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50 of Singapore, who is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) 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 (Cap. 36), in respect of shares purchased on behalf of CPF investors.

   You are entitled to **appoint one or more proxies** to attend and vote at the AGM. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the AGM.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 79 Joo Koon Circle Singapore 629107 not less than 72 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, power of attorney or a notarially certified copy thereof must be lodged with the instrument.

7. 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, Chapter 50 of Singapore.

8. 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 a proxy or proxies. 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 appointed 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 12 April 2018.

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