WONG FONG INDUSTRIES

2022

Building a Better Tomorrow

www.wongfongindustries.com

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This annual report has been prepared by the Company and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

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

CORPORATE PROFILE

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

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

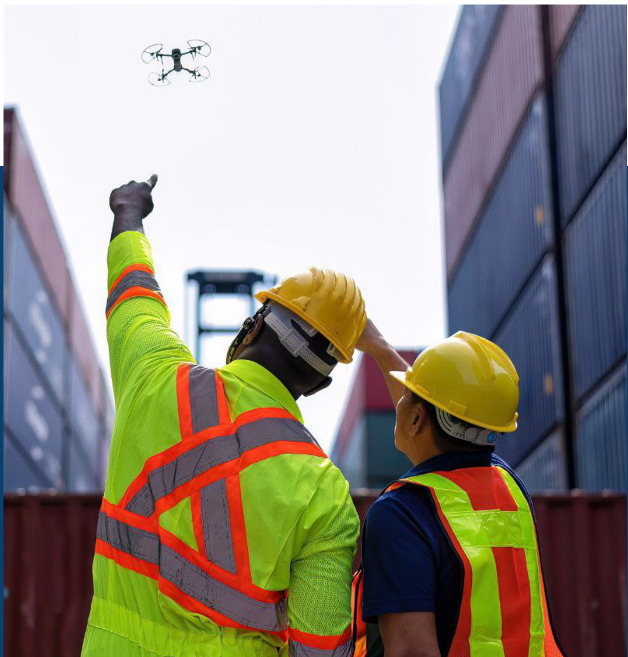
Having one of the largest and most comprehensive service center for hydraulic and mechanical equipment, its clients know that Wong Fong stands behind all its products through the provision of effective and efficient after sales service. To further strengthen the support, Wong Fong has also established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

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

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

TRAINING

- Provides more than 80 courses under its curriculum, many of which are Singapore Workforce Skills Qualifications-accredited.
- Our courses include, among others, skill and safety-related training for diverse sectors such as industrial engineering, construction, food and beverage, security, cleaning, hospitality consultancy, info-communication technology, as well as newly initiated courses in the creative industry, such as drone training.
- To date, we have trained more than 80,000 workers in Singapore.
- Both WFA and Ascendo Academy Pte. Ltd. ("**AAPL**") are Approved Training Organisations under the Workforce Skills Qualifications Framework.
- We also initiated a drone operation training course under our new Aerial Drones division. Our Aerial Drones division has launched a training program to meet the emerging demand for skilled professionals in the drone operations field within the engineering industry.




Professional inspection drones

ENGINEERING

EQUIPMENT SALES

Load & Waste Management Equipment for Acquisition

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

Load Management Equipment:

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

Waste Management Equipment:

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

Dealership for:

- ALKÉ (Italy)
- BRAUNABILITY (United States)
- COMETTO (Italy)
- CONTENUR (Spain)
- DHOLLANDIA (Belgium)
- HIDRO-MAK (Turkey)
- OMB (Italy)
- PALFINGER (Austria)
- PÖTTINGER (Austria)
- ROLL-RITE (United States)
- SAMMITR (Thailand)
- SANY PALFINGER (China)
- SPRING MACHINE CONTROL (Italy)
- HSM (Germany)
- TANA (Finland)
- TP CHIPPER (Denmark)
- VEI (Italy)

Our Brands:

- HEKTOR
- ZUKUN

ADVANCED ENGINEERING & SYSTEM SOLUTIONS

- Led by our Group's Chief Technical Officer, our Advanced Engineering team consists of designers, engineers and technicians who constantly uses innovative industrial solutions for various projects.
- Handles customisation of unique transport solutions for homeland defence & security.
- Focus areas for product and service development include:
  - Homeland defence & security
  - Urban material regeneration
  - Specialised vehicles
  - Electric-mobility
- Products developed include:
  - ZUKUN solutions for smart compactor
  - On-board weighing system
  - Crane stability control system

REPAIRS AND SERVICING

- Specialises in before and after sales services and installation of load handling and waste management systems, assistive technology as well as mobility aids for transportation vehicles.
- Operates one of the largest services centres for truck-mounted cranes, hookloaders and tailgates in Singapore.
- With a team of qualified and experienced servicing staff to handle equipment breakdowns and servicing needs.
- On 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.

PROJECTS

- Provides functional design, customisation, fabrication and integration services to meet the specific requirements of customers from different industrial segments.
- Our Advanced Engineering team provides customers with enhanced and innovative engineering and industrial solutions.

WONG FONG
WONG FONG ENGINEERING WORKS (1988)

CE asia

BOTSYNC

INTERACTIVE APPS

WONG FONG
MYANMAR

CHAIRMAN & GROUP CEO MESSAGE

Dear Shareholders,

On behalf of the Company's board of directors ("**Board**" or "**Directors**"), we are pleased to present Wong Fong's annual report for the financial year ended 31 December ("**FY**") 2022.

In FY2022, overall Group revenue increased by about 15.7% as compared to FY2021. However, on-going business expansion, goodwill impairment and inflationary pressures had resulted in the Group's profit attributable to owners of the Company decreasing by more than 30% to S$2.2 million year-on-year.

The Group will be proposing a final dividend of 0.60 Singapore cents per share in respect of FY2022 subject to Shareholders' approval at the forthcoming annual general meeting.

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

Pao Kiew Tee
Independent Chairman

FY2022 PERFORMANCE REVIEW

In FY2022, the Group delivered a net profit attributable to owners of the Company of S$2.2 million and revenue of S$75.3 million, compared to a net profit attributable to the owners of the Company of S$3.3 million and revenue of S$65.1 million in FY2021.

Overall revenue had increased by about S$10.2 million or 15.7% from S$65.1 million in FY2021 to S$75.3 million in FY2022. This was mainly attributable to an increase in revenue from the Engineering business of S$11.2 million offset by a decrease from the Training business of about S$1.0 million. The Engineering business comprises equipment sales, repairs and servicing and projects. The increase in revenue from the Engineering business was mainly due to fulfilment of projects. The decrease in revenue from the Training business was due to a decrease in number of course uptake, primarily attributable to the reduction of training grants and tight labour market.

OUTLOOK FOR FY2023

In line with the post COVID-19 re-opening of global economies, Wong Fong enjoyed strong revenue growth in the second half of FY2022. With the further opening of regional economies, the Group expects the business momentum to carry through to 2023 where we envisage supply chain bottlenecks to start easing as economic activities continue building up. Though inflationary pressures remain strong and financing costs are expected to further increase, Wong Fong should be well placed to ride the recovery wave as the Group continues looking out for expansion opportunities.

Barring unforeseen circumstances, Wong Fong's Engineering business should continue to improve with COVID-19 under control and the Singapore Government's increase in construction activities. In addition, a pick-up in its Engineering business in Malaysia could be envisaged if the political situation stabilises with the newly installed unity government. Conversely, we envisage the continued political unrest will make Myanmar a challenging market in 2023.

For the Training business, demand for industrial courses is expected to remain stable. The introduction of technology and wellness courses are expected be positive for the overall Training business. However, this may be offset by a likely decline in its hospitality courses as the current workforce tries to keep pace with the high labour demand in the food and beverages sector as Singapore and the region fully open their economies.

> Though inflationary pressures remain strong and financing costs are expected to further increase, Wong Fong should be well placed to ride the recovery wave as the Group continues looking out for expansion opportunities.

Barring further deterioration of US-Sino relationship, escalation of Ukraine war or worsening of geo-political tensions, Wong Fong is optimistic that the Group's business momentum will carry over to FY2023. With the Group's healthy balance sheet, expanded facilities and efficient order book execution, Wong Fong aims to continue delivering sustainable value to its stakeholders.

THANK YOU

Most importantly, we would like to thank all our Shareholders for their continued confidence, our business partners and customers for their unwavering support and our colleagues for their dedication and sacrifices.

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

OPERATIONS AND FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

	FY2022	FY2021	Change
	S$'000	S$'000	%
Revenue	**75,299**	65,106	15.7
Other operating income	**1,576**	2,803	(43.8)
Changes in inventories of finished goods and work-in-progress, and materials and consumables used and other direct costs	**(41,753)**	(35,244)	18.5
Employee benefits expense	**(21,225)**	(20,024)	6.0
Depreciation and amortisation expense	**(4,354)**	(3,961)	9.9
Impairment loss on financial assets	**(48)**	(554)	(91.3)
Impairment of goodwill	**(1,299)**	(96)	NM
Other operating expenses	**(4,935)**	(3,474)	42.1
Finance costs	**(484)**	(445)	8.8
Profit before tax	**2,777**	4,111	32.4
Income tax expense	**(809)**	(368)	NM
Profit for the year	**1,968**	3,743	(47.4)
Profit attributable to owners of the Company	**2,188**	3,326	(34.2)

In FY2022, the Group's revenue increased by S$10.2 million or 15.7% to S$75.3 million from S$65.1 million in FY2021, which was mainly attributable to an increase in revenue from the Engineering business of S$11.2 million and partially offset by a decrease in revenue from the Training business of S$1.0 million.

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

During the year, other operating income of the Group decreased by S$1.2 million to S$1.6 million from S$2.8 million in FY2021 mainly due to a reduction of S$1.0 million in Singapore government grants received.

Meanwhile changes in inventories of finished goods and work-in-progress, as well as materials and consumables used and other direct costs, increased by S$6.5 million or 18.5% to S$41.7 million in FY2022 from S$35.2 million in FY2021. This was mainly due to an increase in purchase of equipment in line with the increase in revenue from equipment sales.

Employee benefits expense increased by S$1.2 million or 6.0% from S$20.0 million in FY2021 to S$21.2 million in FY2022 due to the additional headcount arising from the Engineering and Training businesses.

Depreciation and amortisation expense also increased by S$0.4 million or 9.9% to S$4.4 million in FY2022 mainly due to an increase in depreciation charge on property, plant and equipment and partially offset by a decrease in depreciation charge on right-of-use assets.

Impairment loss on financial assets decreased by S$0.5 million or 91.3% from S$0.6 million in FY2021 to S$48,000 in FY2022 due to a decrease in allowance for doubtful debts and bad debts written off for the Training business in the current year.

Impairment loss on goodwill increased by S$1.2 million from S$0.1 million in FY2021 to S$1.3 million in FY2022 mainly due to the full impairment of goodwill that was previously allocated to AAPL in FY2022.

The Group's other operating expenses increased by S$1.5 million or 42.1% to S$5.0 million in FY2022 from S$3.5 million in FY2021. The increase was mainly due to the increase in net loss arising on financial assets measured at fair value through profit or loss (FVTPL), upkeep expenses, loss on foreign exchange and advertisement and promotion.

At the same time, finance costs remain relatively stable at S$0.4 million and S$0.5 million in FY2021 and FY2022 respectively.

In view of the above, the Group's profit after tax decreased by S$1.8 million or 47.4% to S$1.9 million in FY2022 from S$3.7 million in FY2021.

REVIEW OF FINANCIAL POSITION

As at 31 December 2022, the value of the total assets of the Group increased by S$8.1 million or 9.5% to S$92.6 million, while total liabilities of the Group increased by S$8.5 million or 29.7% to S$37.3 million. This was compared to S$84.5 million and S$28.7 million respectively as at 31 December 2021.

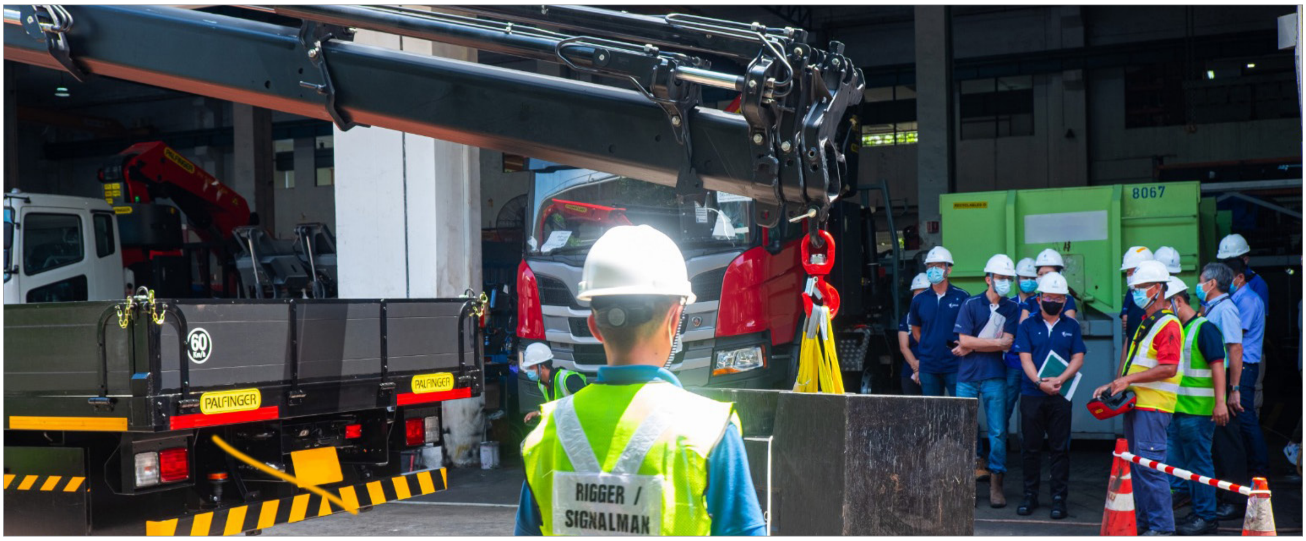
Current assets increased by S$3.3 million or 6.5% to S$54.3 million as at 31 December 2022 from S$51.0 million as at 31 December 2021, mainly due to a decrease in cash and bank balances of S$6.9 million, partially offset by an increase in inventories of S$5.0 million and an increase of trade and other receivables of S$5.3 million. The increase in inventories was due to early procurement of equipment in view of the current longer delivery lead times for our existing projects.

S$'000	As at 31 Dec 2022	As at 31 Dec 2021
Current assets	**54,298**	50,958
Non-current assets	**38,285**	33,570
Total assets	**92,583**	84,528
Current liabilities	**21,828**	17,517
Non-current liabilities	**15,427**	11,198
Total liabilities	**37,255**	28,715
Share capital	**11,351**	11,351
Accumulated profits	**41,894**	41,586
Reserves	**308**	328
Non-controlling interests	**1,775**	2,548
Total equity	**55,328**	55,813

The Group's non-current assets increased by S$4.8 million or 14.0% to S$38.3 million as at 31 December 2022 from S$33.5 million as at 31 December 2021. This was mainly due to an increase in property, plant and equipment of S$7.2 million and right-of-use assets of S$1.3 million, partially offset by a decrease in investments in financial assets of S$1.7 million, a decrease in intangible asset of S$1.7 million and a decrease in other receivables of S$0.5 million. Properties are stated at historical cost less accumulated depreciation. The increase in property, plant and equipment was mainly due to the acquisition of property located at 38 Joo Koon Road which was completed in January 2022. The decrease in intangible asset was mainly due to a full impairment of goodwill relating to the Group's investment in AAPL of S$1.3 million as the management expects a reduction in the recoverable amount for the cash generating unit during the year. The increase in right-of-use assets was mainly due to the JTC leasehold land for 38 Joo Koon Road. The decrease in investments in financial assets was due to disposal of quoted shares.

Meanwhile, current liabilities of the Group increased by S$4.3 million or 24.6% to S$21.8 million as at 31 December 2022 from S$17.5 million as at 31 December 2021. This was mainly due to an increase in trade and other payables of S$3.6 million, an increase in income tax payable of S$0.2 million, an increase in lease liabilities of S$0.1 million and an increase in bank borrowings of S$0.5 million. The increase in trade and other payables was mainly due to an increase in trade payables in relation to purchase of equipment inventory and materials. The increases in lease liabilities and bank borrowings were mainly due to the JTC leasehold land and purchase of property located at 38 Joo Koon Road respectively.

As at 31 December 2022, non-current liabilities increased by S$4.2 million or 37.8% to S$15.4 million from S$11.2 million as at 31 December 2021. This was mainly due to an increase in bank borrowings of S$3.1 million and an increase in lease liabilities of S$1.2 million, partially offset by a decrease in deferred tax liabilities of S$0.1 million. The increase in lease liabilities and borrowings was mainly due to the JTC leasehold land and purchase of property located at 38 Joo Koon Road respectively.

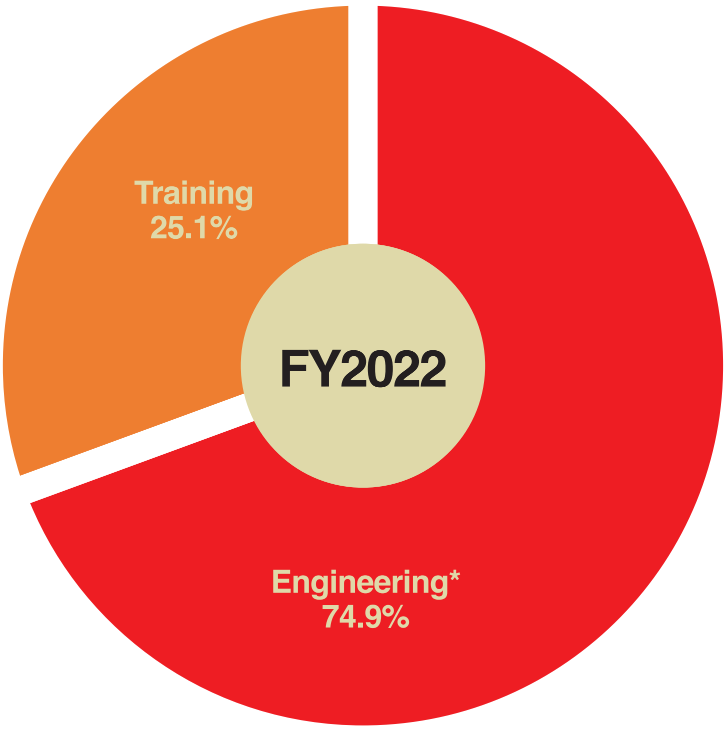


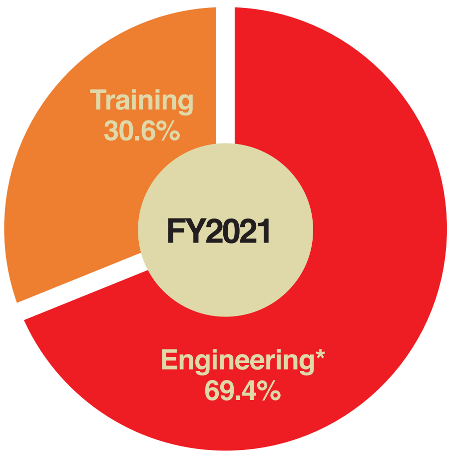
FINANCIAL HIGHLIGHTS

(Financial Year Ended 31 December)

Revenue					
S$'million	FY2022	FY2021	FY2020	FY2019	FY2018
	75.3	65.1	49.3	54.5	56.5
Net profit attributable to owners of the Company					
S$'million	FY2022	FY2021	FY2020	FY2019	FY2018
	2.2	3.3	2.1	2.3	2.3

REVENUE CONTRIBUTION BY BUSINESS (%)





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

REVIEW OF CASH FLOWS

	FY2022	FY2021
	S$'000	S$'000
Net cash flows from operating activities	**1,361**	6,707
Net cash flows used in investing activities	**(2,181)**	(3,409)
Net cash flows used in financing activities	**(6,155)**	(4,364)
Cash and cash equivalents at beginning of the year	**24,035**	25,076
Net decrease in cash and cash equivalents	**(6,975)**	(1,066)
Effect of foreign exchange rate changes	**47**	25
Cash and cash equivalents at end of the year (1)	**17,107**	24,035

(1) Excludes pledged fixed deposits of S$0.2 million (FY2021: S$0.2 million)

In FY2022, the Group generated net cash from operating activities before changes in working capital of S$8.9 million. Net cash used in working capital amounted to S$6.9 million mainly due to an increase in inventories of S$5.1 million, an increase in trade and other receivables of S$5.3 million and partially offset by trade and other payables of S$3.6 million. The Group paid income tax of S$0.7 million. As a result, net cash generated from operating activities amounted to S$1.4 million.

Net cash used in investing activities amounted to S$2.2 million in FY2022, mainly due to purchase of property, plant and equipment of S$3.7 million and investment in financial assets measured at FVTPL of S$1.0 million, partially offset by proceeds from disposal of quoted shares of S$2.2 million, proceeds from disposal of property, plant and equipment of S$0.1 million, interest and dividend received of S$0.1 million each.

Net cash used in financing activities amounted to S$6.2 million in FY2022, mainly due to dividends paid of S$2.6 million, interest paid of S$0.4 million, repayment of bank borrowings of S$1.5 million and repayment of lease liabilities of S$1.7 million.

As a result of the above, the Group's cash and cash equivalents decreased by S$7.0 million to S$17.1 million in FY2022.

BOARD OF DIRECTORS

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

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

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

PAO KIEW TEE
Independent Chairman

Mr Pao Kiew Tee was a senior government auditor holding the position of senior group director. He retired in July 2016 after serving the Civil Service for 37 years. Before his retirement, he supervised a group responsible for auditing the financial statements and operation audits of government ministries and statutory boards. He is currently an Independent Director of SGX-ST-listed company, Boldtek Holdings Limited.

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

Date of first appointment: 28 June 2016
Date of last re-election: 25 June 2020
Chairman: Audit Committee
Member: Nominating Committee and Remuneration Committee

LIEW CHERN YEAN
Executive Director

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

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

Date of first appointment: 2 January 2015
Date of last re-election: 28 April 2021

LEW CHERN YONG (ERIC LEW)
Non-Executive Non-Independent Director

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

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

Date of first appointment: 2 January 2015
Date of last re-election: 28 April 2021
Member: Audit Committee, Nominating Committee and Remuneration Committee

WONG CHIT CHONG
Independent Director

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

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

Date of first appointment: 9 May 2018
Date of last re-election: 28 April 2022
Chairman: Nominating Committee and Remuneration Committee
Member: Audit Committee

EXECUTIVE OFFICERS

JACK WONG
Chief Financial Officer

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

LEW SIEW CHOO
Director of Group Supply Chain and Operations and Human Resource

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

CHIA KAH LAM
Operations Director

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

LIU SHANNI
Director of Group Business Development and Information Technology

Mr Liu Shanni joined the Group in February 2010 and has more than 15 years of experience in the business of load handling systems. He oversees the Group's business development and information technology. Prior to joining the Group, Mr Liu was a retail executive with Telecom Equipment Pte. Ltd. from 2007 to 2009.

ALBERT LEE
Sales Director

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

» Pao Kiew Tee
Independent Chairman

» Liew Ah Kuie (James Liew)
Co-Founder and Group CEO

» Liew Chern Yean
Executive Director

» Lew Chern Yong (Eric Lew)
Non-Executive
Non-Independent Director

» Wong Chit Chong
Independent Director

AUDIT COMMITTEE

» Pao Kiew Tee *(Chairman)*

» Wong Chit Chong

» Eric Lew

NOMINATING COMMITTEE

» Wong Chit Chong *(Chairman)*

» Pao Kiew Tee

» Eric Lew

REMUNERATION COMMITTEE

» Wong Chit Chong *(Chairman)*

» Pao Kiew Tee

» Eric Lew

JOINT COMPANY SECRETARIES

Low Mei Mei Maureen and Lai Foon Kuen

REGISTERED OFFICE

79 Joo Koon Circle
Singapore 629107
Tel: (65) 6861 6555
Fax: (65) 6861 3230
www.wongfongindustries.com

SPONSOR

United Overseas Bank Limited

80 Raffles Place
UOB Plaza
Singapore 048624

AUDITOR

Deloitte & Touche LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

Partner-in-charge:

Ng Meng Chuan
(a member of the Institute of Singapore Chartered Accountants)

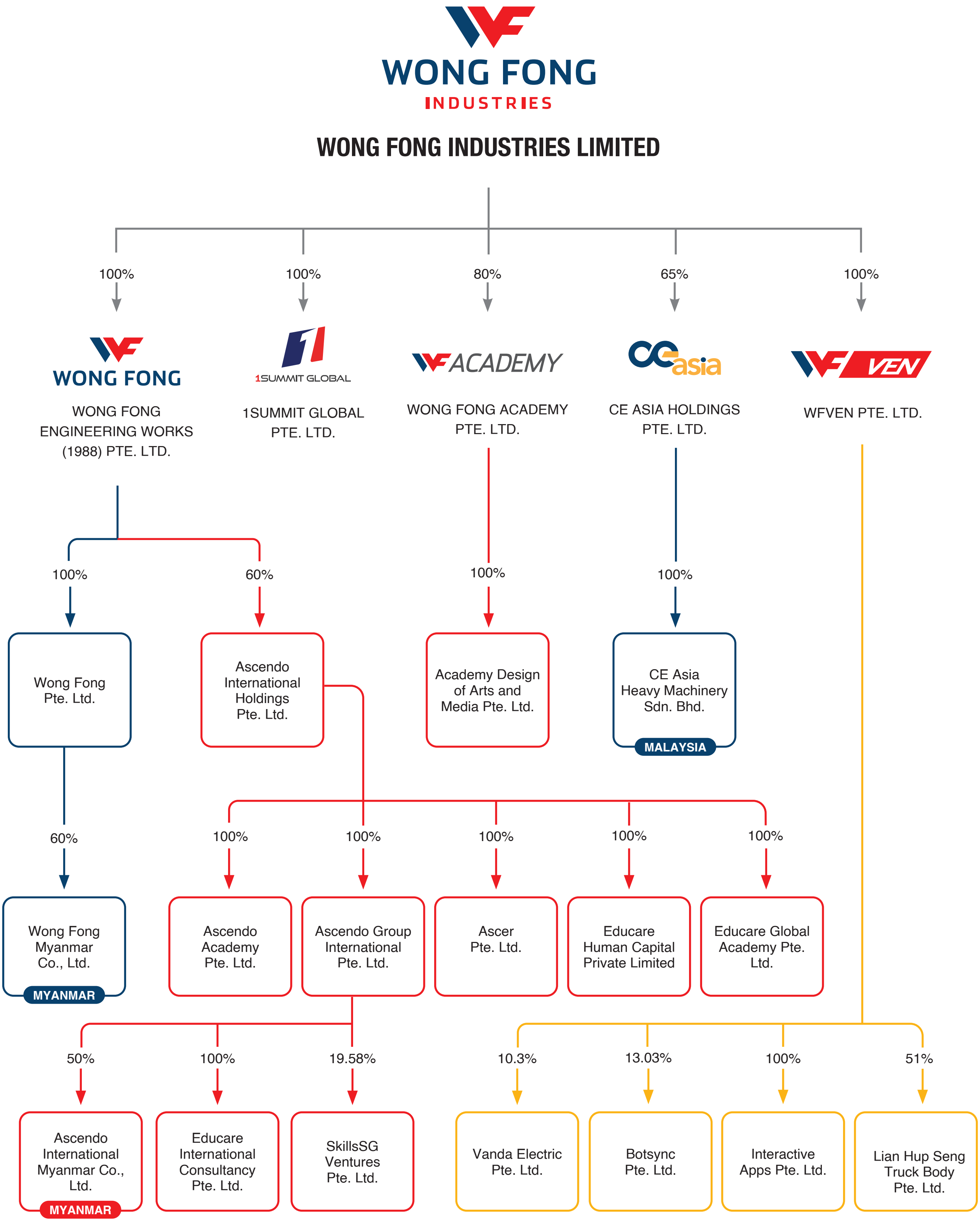
Appointed since financial year ended
31 December 2021

INVESTOR RELATIONS

Wong Fong Industries Limited
investors@wongfong.com

CORPORATE STRUCTURE

(As at 31 December 2022)



All companies are incorporated in Singapore unless otherwise stated.

Engineering Training Collaboration

SUSTAINABILITY AT WONG FONG

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

We believe that a sustainable business strategy is integral to the growth and progress of the Group. With this in mind, we embarked on our plan to align our process strategy with environmental social objectives to build a sustainable business for our future generations. The sustainability performance data presented in this sustainability report covers the period from 1 January 2022 to 31 December 2022, with FY2021 and FY2020 performance included for comparison, where possible.

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

Our sustainability report has been subject to the Company's internal review. The GRI Content Index and TCFD Content Index are contained on pages 46 to 52 of this annual report, indicating the location of the applicable disclosures within this sustainability report.

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

BOARD STATEMENT

We are pleased to present Wong Fong's sixth sustainability report, which outlines our approach to sustainability as well as our performance for the reporting period, FY2022.

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

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

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

The Group is committed to create continual growth through sustainable practices and efforts. We strive to continuously improve our sustainability practices. Through regular reporting of our progress, we will review our performance to ensure our approach remains relevant, effective and sustainable.

> We believe that a sustainable business strategy is integral to the growth and progress of the Group.

Wong Fong acts in our shareholders' long-term interest through continuing efforts to be financially prudent whilst managing our risks (business strategy, financial, operational, compliance and information technology). We seek to continuously improve Wong Fong's performance in key sustainability areas.

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

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

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

Sincerely,
Board of Directors
Wong Fong Industries Limited

OUR SUSTAINABILITY FRAMEWORK

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

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

The sustainability framework sets out the sustainability priorities for Wong Fong towards the future. To better integrate sustainability across Wong Fong, our approach to materiality has evolved to be in line with the GRI framework as it is a common language for sustainability reporting and multi-stakeholder consensus. For FY2022, Wong Fong made additional disclosure based on TCFD on climate reporting. We seek to engage our stakeholders (who include shareholders, employees, suppliers, customers and the management) using all available communication channels and platforms. Most of the data collected are from our main engineering subsidiary, Wong Fong Engineering Works (1988) Pte. Ltd. ("**WFE**") which accounted for approximately 70% of our revenue in FY2022.

Further information on our ESG which are part of sustainability, can be found on pages 26 to 45 of this annual report. This sustainability report is prepared for FY2022.

SENIOR MANAGEMENT ENGAGEMENT

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

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

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

Our sustainability strategy focuses on 3 key pillars: Environmental, Social, and Economic & Governance.

MATERIALITY ASSESSMENT

In FY2022, Wong Fong held a materiality workshop to refresh our material ESG topics. We took the opportunity to review our current sustainability strategy and focus areas to ensure that we continue to address our stakeholders needs.

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

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

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

2020

Wong Fong conducted another review to ensure the 9 material topics remain relevant across our Group.

There are improved disclosures for material matters, including:

- Expanding disclosure on health and safety for stakeholders by including measures taken to ensure their health and safety.
- Disclosures on the impact and response to COVID-19.

2021

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

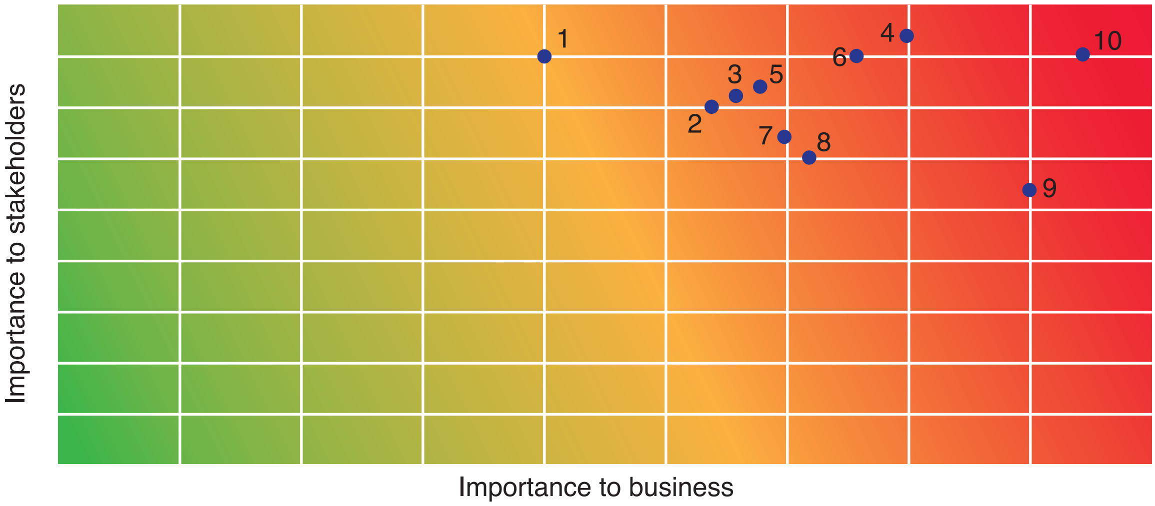
The identified material issues and their prioritisation remain unchanged from FY2020 sustainability report.

2022

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

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

MATERIAL TOPICS



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

ESG Material Topics

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

STAKEHOLDER ENGAGEMENT

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

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

Stakeholders	Key Topics of Concern	Our Response	Engagement	Frequency of Engagement
Government and Regulators	• Regulatory compliance and feedback	• To comply with rules and regulations	• Announcement of material corporate actions • Financial results announcements • Annual reports	• As and when required • Half yearly • Yearly
Shareholders	• Group's growth • Economic performance • Investment opportunities • Shareholders' return	• To increase frontline engagement for growth and returns • To engage in an active policy of communication with all shareholders	• Annual general meeting • Financial results announcements and presentations • Annual reports • Corporate website • Email and phone communication	• Yearly • Half yearly • Yearly • As and when required • As and when required
Suppliers	• Product safety issues • Timely delivery of goods • Positive relationship management through communication	• Communicate and provide feedback regarding their services and products • Ensure that the suppliers' business complies with contract terms	• Face to face meeting • Email and calls communication • Feedback on product supplied and their quality • Partnering with new suppliers	• Ongoing • Ongoing • Ongoing • As and when required
Employees	• Human resource issues	• Be open and transparent about our human resource policies	• Induction programme	• As and when required

Stakeholders	Key Topics of Concern	Our Response	Engagement	Frequency of Engagement
	• Career progression	• All employees undergo performance evaluation and the company rewards long-serving employees	• Team bonding session	• Yearly
Employees	• Team building • Health and safety in the workplace • Job security • Remuneration and benefits	• Training to equip staff with the necessary knowledge and skills	• Staff appraisal • Staff training • News via emails and notices	• Yearly • As and when required • As and when required

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)

The UN SDGs rally governments and corporations to secure the well-being of people, societies, and the planet by providing a blueprint to address the world's most pressing sustainability development challenges.

Wong Fong supports the UN SDGs and has aligned the sustainability efforts with 7 UN SDGs most relevant to our business operations in FY2022.

The table below outlines how we have mapped out our material topics to the selected UN SDGs, relevant GRI Topics Standard, and our FY2022 performance against targets.

Material ESG Topic	UN SDGs	GRI Topic Standard	FY2022 Performance	Commitments and Targets
Climate Change	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	GRI 302: Energy GRI 303: Water and Effluents GRI 306: Waste	• Energy Consumption: Please refer to page 27 • Water Consumption: Please refer to page 29	• Reduce water and energy used by 10% by FY2027 using FY2022 as a baseline
Succession Planning	-	-	• Grooms a pool of robust talents and promoted them to higher roles accordingly	• Having a robust preparatory programme to groom talents in the organisation to ensure business continuity

Material ESG Topic	UN SDGs	GRI Topic Standard	FY2022 Performance	Commitments and Targets
Employees & Talent	4 QUALITY EDUCATION 5 GENDER EQUALITY	GRI 401: Employment GRI 405: Diversity and Equal Opportunity	• Average of 1 bonding activity per year in each department • 3 Committed to your Health ("**C2H**") programmes for employees	• Average of 1 bonding activity per year in each department • 5 C2H programmes for employees
Health & Safety	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	GRI 403: Occupational Health and Safety	• Zero fatalities and 4 reportable workplace accidents	• Zero fatalities and workplace accidents across operations in all business locations
Product Safety	-	GRI 416: Customer Health and Safety	• No incident of non-compliance with regulations	• No incident of non-compliance with regulations
Ethics & Integrity	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	GRI 102: Ethics and Integrity	• No incident of whistle blowing • No incident of corruption case	• No incident of whistle blowing • No incident of corruption case
Compliance with Regulations	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	GRI 419: Socioeconomic Compliance	• No known cases of non-compliance with relevant laws and regulations	• No known cases of non-compliance with relevant laws and regulations
Governance & Accountability	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		• No significant reported cases of misconduct	• No significant reported cases of misconduct
Risk Management	-	-	• A detailed list of risk management for the Company and ways in managing the risks	• Reviewing of the risk management and ensure relevance to the Company

ENVIRONMENTAL

Wong Fong is committed to minimising our environmental impact and building operational resilience to the effects of climate change.

We achieve our goal by being mindful of the use of resources, having a long-term plan to decarbonise, and managing key climate risks and opportunities.

We proactively implement and review our processes and systems to promote the sustainable usage and management of resources such as energy, water and waste. Our Singapore factory is ISO 14001 certified. We also comply with all prevailing laws and regulations in the countries where we operate. In FY2022, there were no cases of non-compliance with relevant environmental laws and regulations.

Climate change presents a financial risk to businesses. Consequently, there is a need to understand and manage key climate risks and opportunities. As such, we have begun adopting TCFD recommendations to enhance our disclosures in FY2022 and beyond. Our first-year disclosure focuses on key climate-related risks (physical and transition) and opportunities that we have identified to be relevant to our business segments as shown in the table below.

<table>
<tr><th>Risk Type</th><th>Climate Related Risk</th><th>Potential Impacts</th><th>Our Response and Opportunities</th></tr>
<tr><td rowspan="4">Transition Risk</td><td>Policy & Legal</td><td>Regulators at different countries where we operate in could impose additional requirements associated with utilities (e.g. energy and water), as well as more strict environmental policies.
The monitoring and implementation of environmental policies would lead to an increase in operating expenses. Any failure to comply with the above could result in litigation risks.</td><td rowspan="4">Resource Efficiency
• Reduced operating costs (e.g. cost reductions in utilities on energy and water)
• Increased production capacity, resulting in increased revenues. Continuous improvisation and innovation in production methods, handling and storage facilities to promote resource efficiency to attain lower carbon footprint and to reduce operating expenses in the long term.
• Increased value of fixed assets where Wong Fong installed solar panels on the roof of 79 Joo Koon factory to promote highly energy efficient factory.
• Benefits to workforce management and planning where the C2H committee promotes programmes to improved health and safety of employees resulting in lower costs.
Products and Services
• Better competitive position to reflect shifting consumer preferences, resulting in increased revenues</td></tr>
<tr><td>Technology</td><td>Increase in research and development (R&D) expenditures in new and alternative technologies.
In the transition to a lower-carbon economy, new technologies may need to be adopted to enhance resource efficiency throughout our operations.</td></tr>
<tr><td>Market</td><td>Reduced demand for goods and services due to shift in consumer preferences (e.g. more eco-friendly products) may present a challenge if we are unable to meet their requirements.
Increased production costs due to changing input prices (e.g. energy and water) and output requirements (e.g. waste treatment).</td></tr>
<tr><td>Reputation</td><td>Reduced revenue from decreased demand for goods/services.</td></tr>
</table>

<table>
<tr><th>Risk Type</th><th>Climate Related Risk</th><th>Potential Impacts</th><th>Our Response and Opportunities</th></tr>
<tr><td>Physical Risk (Acute)</td><td>Increased severity of extreme weather events</td><td>Increase in frequency and intensity of extreme weather events, such as cyclones and flood, could cause disruption to our supply chain. (e.g. transportation delays) which will impact our production capacity and timeline.</td><td rowspan="2">R&D
• Development of climate adaptation and insurance risk solutions to reduce financial uncertainty and make accidental loss manageable. Purchasing of shipping insurance on transportation delays.
• A robust production timeline to managed any disruption to our supply chain.

Resilience
• We shall be embarking on strategic reviews on key areas where we operate in that are more exposed and vulnerable to physical climate risk. Subsequently, we will establish an action plan to support climate mitigation efforts if any.</td></tr>
<tr><td>Physical Risk (Chronic)</td><td>Higher temperatures</td><td>Increase in temperature could lead to temperature changes in both water and air.
Thus, increase in operating costs (e.g. increase in water supply for to cool down machinery and increase in electricity)</td></tr>
</table>

1. CLIMATE CHANGE

Reducing Environmental Impact

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

Energy Management

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

The Group mainly relies on purchased electricity as one of the main sources of energy in its operations. Wong Fong has embraced a practical and measured approach to utilise alternative green energy sources in its commitment to reduce its carbon footprint. For example, we have commissioned the use of solar panels at our 79 Joon Koon factory. Our percentage usage of using solar energy and main supply is approximately 35% and 65% respectively. The following table provides an overview of the total energy consumption of the Group in FY2022. The Group's target for FY2023 is a 2% reduction in energy consumption.

Factory	FY2022 (kWh)
79 Joo Koon Circle	228,238.71
16 Tuas Avenue 6	907,564.14
38 Joo Koon Road	86,460.00
Total	**1,222,262.85**

A. Energy Saving Initiatives

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

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

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

B. Energy Conservation

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

C. Renewable Energy – Solar Energy

As part of the Group's approach to optimise energy savings, we have installed solar panels on the roof of our 79 Joo Koon factory. We aim to use natural resources such as energy and water efficiently.

Wong Fong will continue to monitor the Group's solar energy consumption in the different business segments. The Group's target for FY2023 is a 2% increase in solar energy consumption.

Water Management

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

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

The table below provides an overview of the total water consumption of the Group in FY2022:

Factory	FY2022 (CuM)
79 Joo Koon Circle	3,415.50
16 Tuas Avenue 6	6,088.80
38 Joo Koon Road	1,375.80
Total	**10,880.10**

Waste Management

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

Wong Fong remains steadfast in managing our waste efficiently and seeks to reduce, reuse, and recycle our waste whenever feasible. Adopting the waste management hierarchy, reduction of waste is prioritised before reusing and recycling. To mitigate our impact on the environment, Wong Fong has several strategies in place to practise the 3Rs in waste management. The Group's target for FY2023 is a 2% reduction in water usage.

Procedures	Waste Management Initiatives
Segregation Of General Waste	a) Organic waste • Food waste b) Recyclable waste • Steel scrap, wood, plastic, paper c) Toxic industrial wastes • Chemical waste • PVC waste • Used oils and greases from machinery and equipment • Used or leftover paints containing heavy metals or organic solvents used or leftover glues or adhesives containing organic solvents • Used paint from spray paint booth
Installation & Removing Of Rubbish Bins	• Sufficient number of containers shall be placed so that wastes are not mixed. The Service Manager shall monitor the accumulation and their timely disposal. There should be no spillage of refuse around the bins. • Appointment of the general licensed waste collector as well as the licensed recycling waste-removing contractor. • Waste such as paper, metal and any other wastes shall be recycled if possible to minimise waste disposal.
Control of Material Ordering	Each department shall exercise control to minimize wastage of material.

Monitoring	Wong Fong shall keep track of the quantities of different type of wastes disposed and ensure that proper housekeeping is being carried out regularly.

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

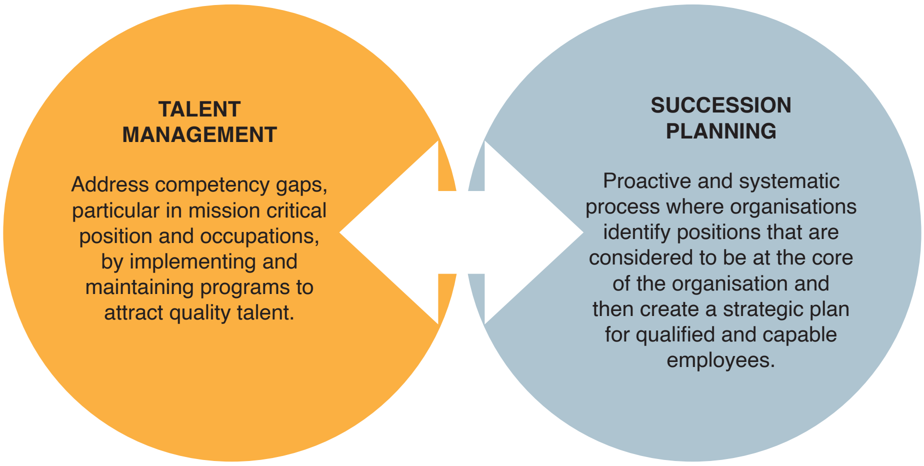
Type of Waste	Methods of Disposing	FY2023 Targets
General, plastic, wooden, metal waste	Collected at different open top container (“**OTC**”) and dispose by appointed waste collector once the OTC is full	Timely disposal once OTC is full
Waste oil generate during servicing activities	Flow into the oil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

SOCIAL

2. SUCCESSION PLANNING

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

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



3. EMPLOYEES & TALENT

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

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

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

- Badminton to allow employees to get together from different departments
- Fruits Day, Healthy Snacks Day and Health Bread Day
- Zumba & Fit to allow staff to maintain a healthy lifestyle

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

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

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

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

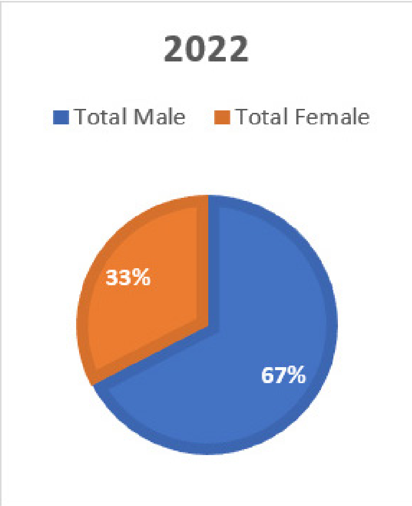
OUR PEOPLE

Our employees are our most important asset. Diversity within a workplace is important as it allows Wong Fong to expand its horizons with a wider range of insights and perspectives. As at 31 December 2022, Wong Fong and its subsidiaries have a total headcount of 394 employees.

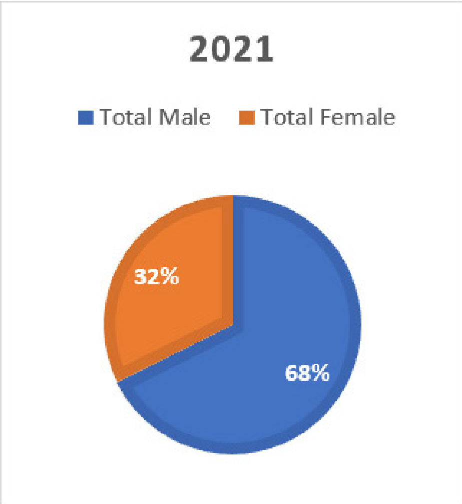
In terms of gender proportion, the gender distribution across our businesses is at a male to female ratio of 67:33 as at 31 December 2022. We have more male employees due to the inherent nature of being the providers of land transport engineering solutions and systems. Wong Fong advocates for an inclusive workplace through its age-diverse workforce that is fairly represented by employees from all age groups.

For Wong Fong, we have employees employed on either a full time or temporary basis. Out of the total headcount of 394 as at 31 December 2022, Wong Fong has 4 temporary employees.

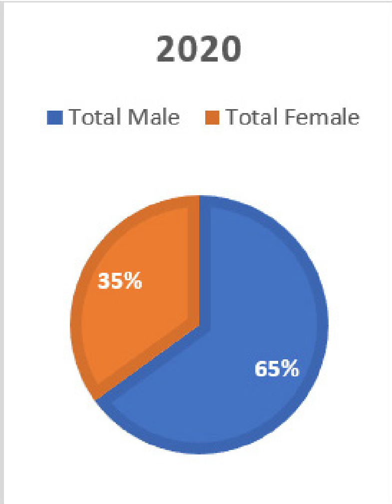
394 Employees



377 Employees



329 Employees



Summary	FY2022	FY2021	FY2020
Total employees	**394**	377	329
Full time employees	**390**	375	323
Temporary employees	**4**	2	6
Male employees	**263**	255	214
Female employees	**131**	122	115

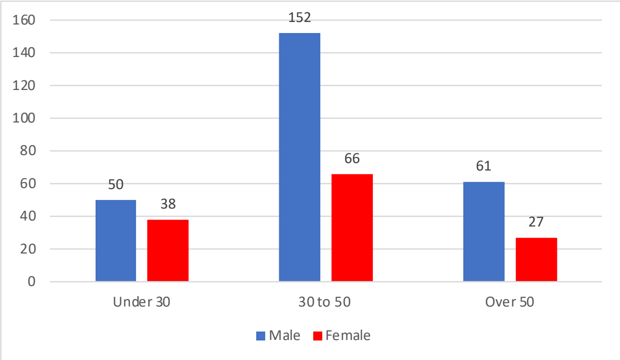
EMPLOYEES BY DIVERSITY AND GENDER

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

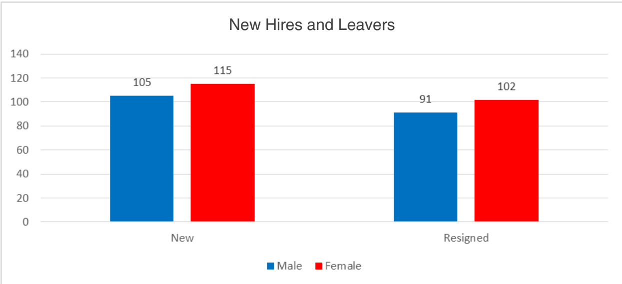
Total	FY2021	Male	Female
83%	Staff	67%	33%
12%	Managerial	72%	28%
5%	Management	74%	26%

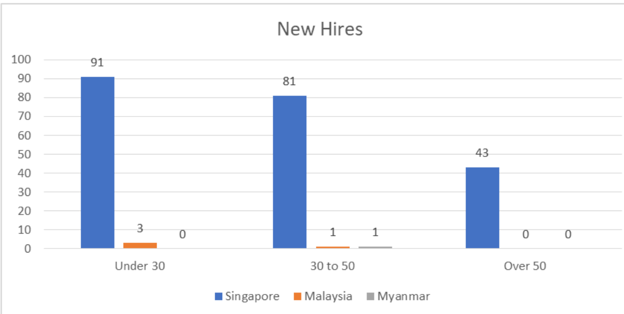
Total	FY2020	Male	Female
82%	Staff	64%	36%
13%	Managerial	67%	33%
5%	Management	73%	27%

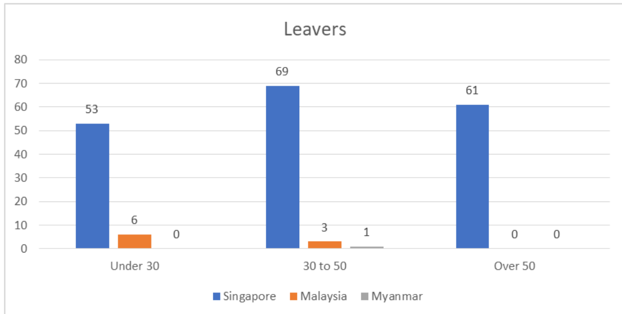
EMPLOYEES BY GENDER AND AGE GROUP FOR FY2022



GROUP NEW HIRES AND LEAVERS FOR FY2022







	FY2022		FY2021		FY2020	
	Male	Female	Male	Female	Male	Female
Full time employees	**261**	**129**	255	120	209	114
Temporary employees	**2**	**2**	0	2	5	1

	FY2022			FY2021			FY2020		
	Singapore	Malaysia	Myanmar	Singapore	Malaysia	Myanmar	Singapore	Malaysia	Myanmar
Full time employees	**366**	**16**	**8**	347	20	8	292	20	11
Temporary employees	**4**	**0**	**0**	2	0	0	6	0	0
Total	**370**	**16**	**8**	349	20	8	298	20	11

4. HEALTH & SAFETY

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

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

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

The Environmental Health Safety ("**EHS**") committee will develop promotional programs aimed at demonstrating the Company's commitment to establish an effective safety management system that will provide and maintain a safe and healthy working environment. The EHS committee will review the promotional program periodically to determine the types of activities and events that are to be carried out.

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

In FY2022, there were 4 (FY2021: 9) work-related incidents at Wong Fong in Singapore. None of the incidents resulted in work stoppages. There were no fatalities in both FY2022 and FY2021. For FY2023, we target to maintain zero workplace fatalities. Our Operations Managers will constantly remind our staff to be careful at work. Wong Fong regularly sends its staff for workplace safety and first aid training.

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

Singapore's COVID-19 situation has remained stable in recent months. We are therefore able to step down the remaining few COVID-19 measures, and establish an endemic COVID-19 new norm. Moving forward, Wong Fong will continue to ensure the safety and health of our staff and customers by monitoring the COVID-19 situation closely and ensuring that adequate measures, aligned with the government's guidelines, are put in place.

5. PRODUCT SAFETY

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

Wong Fong's products meet all mandatory safety standards so as to ensure all products are not hazardous to the environment and the health and safety of consumers. Wong Fong inspects and tests all products specified to the product and legal requirements and implements the necessary controls to achieve and maintain the required standards. No products/works shall be released until all the activities specified in the Inspection & Test Plans have been satisfactorily completed and the associated records are available and authorized by the respective managers. Wong Fong also seeks to understand consumer's requirements in order to market quality products that consumers will buy and continue to use over a period of time.

All products sold have gone through thorough inspections by third party professional engineers and the Land Transport Authority to ensure lifting equipment and vehicles are properly mounted and safe for the road. There has been no incidence of non-compliance with regulations in FY2022 and FY2021. For FY2023, we target to have no incidence of non-compliance with regulations.

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

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

6. CUSTOMER SATISFACTION IN SERVICES AND PRODUCTS PROVIDED

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

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

In FY2022, we received a mix of compliments and negative feedback from our customers. Where we have done well, we strive to be even better, and where we have heard otherwise, we have taken action to investigate, improve and correct the situation.

MEMBERSHIP OF ASSOCIATIONS

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

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

ECONOMIC AND GOVERNANCE

7. ETHICS & INTEGRITY

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

Conflicts of Interest Policy	• Policy sets out to assist Directors and employees to avoid any conflicts of interest situations
Code of Dealing in Securities	• Guidelines to ensure best practices for buying, selling or dealing in Wong Fong securities • Guidelines on conduct in relation to dealing in securities that is prohibited under applicable laws
Code of Conduct & Anti-Corruption Policy	• Guidelines for conducting our business legally, ethically, with integrity and without fear nor favour
Whistle-Blowing Policy	• Mechanism accessible by all internal and external stakeholders to report concerns or any suspected wrongful acts
Interested Person Transaction Policy	• Guidelines to ensure all transactions with an interested person are carried out on arm's length basis

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

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

Wong Fong does not engage in child labour or any other unethical means to provide business services. Wong Fong also does not engage business partners and suppliers that are known to use unethical means in their business process.

8. COMPLIANCE WITH REGULATIONS

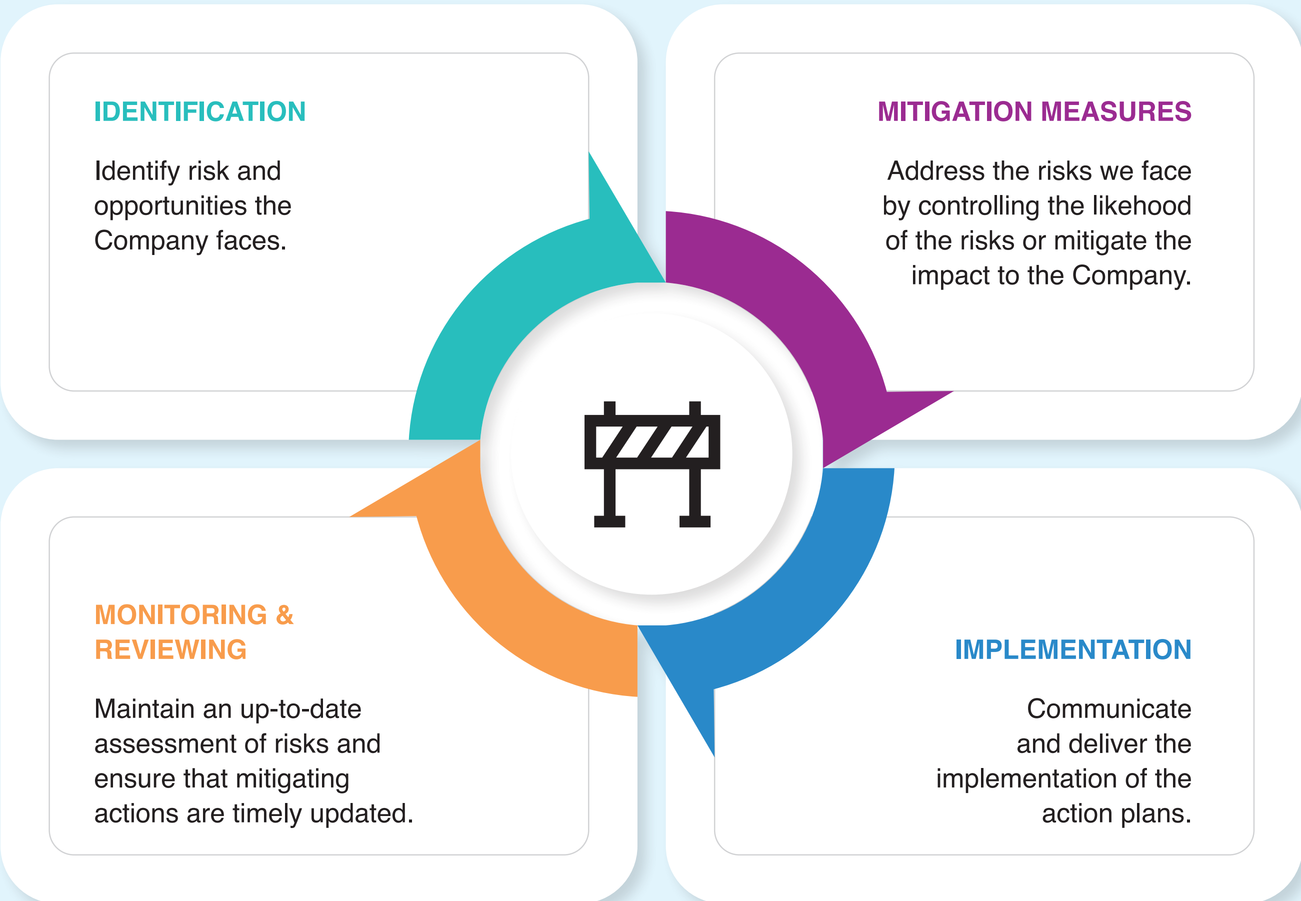
Wong Fong has identified the main laws and regulations that materially affect our operations and the relevant regulatory bodies in Singapore, Malaysia and Myanmar. The Group has implemented effective internal controls and corporate governance frameworks that are reviewed on an annual basis. There was no incidence of non-compliance with laws and/or regulations in the social and economic area in FY2022 and FY2021. For FY2023, we target to have no incidence of non-compliance with laws and/or regulations in the social and economic area.

9. GOVERNANCE & ACCOUNTABILITY

Wong Fong maintains a high standard of integrity, accountability and responsible governance and adheres to the Code of Corporate Governance 2018 and the Catalist Rules. Wong Fong complies with internal policies and internal audit processes which includes business conduct, insider dealing, risk management and fraud. More details can be found in the Corporate Governance report on pages 53 to 75 of this annual report.

10. RISK MANAGEMENT

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



Business & Strategy Risks

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.	• All new business collaborations, mergers and acquisitions are discussed robustly with the Board and senior management.
• Accordingly, the Group will not be able to provide assurance that all its future plans will be successful.	• Independent financial and legal due diligence, if applicable, are performed and presented to the Board and senior management before any major deal completion.
Competition Risks	
• Wong Fong operates in a competitive environment and faces competition from new and existing competitors based in Singapore and elsewhere.	• The Group strives to maintain competitiveness through carrying a wide range of products, maintaining a high level of engineering expertise and design capabilities, value brands and high levels of customer service.
• 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.	• Employees are regularly sent for skills upgrading and product knowledge training. Outstanding employees are provided with scholarships and they return to serve the Group thereafter.
• Our customers do not commit to definite and long-term purchase contracts for the various products and services we provide thus customers may also decide to make purchases from our competitors.	
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.	• The Group monitors key economic indicators and keeps itself updated on business affected by policy changes.
• In addition, the business operations are also dependent on the economic, political, legal and other conditions in these countries.	• Close monitoring of the outlook of related industries in Singapore and overseas.
• Highly dependent on the level of activities in the infrastructure development, logistics, waste management and defence industries.	• Diversifying its business outside Singapore and expanding its range of services (e.g. training) would mitigate risks from a specific country or industry.

Description of Risks	Managing of Risks
Regulatory Risks	
• Our business is subject to various laws, rules and regulations in the countries that we operate in.	• The Group maintains close working relationships with the relevant statutory bodies, professionals and consultants to keep abreast with any regulatory changes.
• In addition, we require various licenses, permits and approvals to operate our business.	• 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 mitigate the business continuity risks via country and business diversifications in order to reduce the potential impact from the fallout of any business unit. • The Group forms a Business Continuity Plan taskforce to deal with unforeseen incidents or disasters.
Foreign Labour Risks	
• 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 Risks	
• Subject to claims for infringement of third parties' IP rights or may not be able to protect IP rights.	• The Group has registered, and has applied to register trademarks and patents in Singapore on a timely basis to ensure protection of IP rights.

Financial Risks

Description of Risks	Managing of Risks
Liquidity Risks	
• The Group funds its growth and operations through a combination of shareholders' equity (including accumulated profits), net cash generated from operating activities and bank borrowings.	• The Group monitors its net operating cash flow regularly and maintains a level of cash and cash equivalents that is required to meet its daily working capital needs. • In addition, the Group manages debt financing proactively to ensure financing requirements are met as and when required. • There are existing standing arrangements with the Group's bankers to furnish credit and working capital lines when required.
Foreign Exchange Risks	
• 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 foreign exchange exposure is minimised. Wherever viable, the Group would adopt similar foreign currency for the buying and selling of the imported product.
Interest Rate Risks	
• 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 it secures the most favourable interest rates available without increasing its foreign currency exposure. • The Group regularly reviews and, where possible, restructures, its loans to ensure that borrowing costs are minimised.

Description of Risks	Managing of Risks
Capital Structure Risks	
• 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 suppliers and/or clients should there be substantial fluctuations in the prices of materials.
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 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 9001:2015 and ISO 17020:2012 certification locally. • It has also achieved ISO 14001:2015 certification for its environmental management system to preserve natural resources and minimise wastage.

Description of Risks	Managing of Risks
People Risks	
• The Group is dependent on key management and skilled personnel for its continual success and growth. The success and growth to-date is largely attributed to the contributions and expertise of the Executive Directors and key management personnel, all of whom have extensive experience in the Group's business and relevant industries.	• 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.
• Resignation and loss of the services of any Executive Directors or key management personnel without suitable and timely replacement or the inability to attract and retain qualified management personnel, may materially and adversely affect the Group's business, results of operations and prospects.	• 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.	• The Group maintains cordial working relationships with business partners and agrees with business partners in advance on the duties and obligations of each party.
• 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.	• 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.
• The loss of the distributorship without suitable replacement may have an adverse impact on the Group's results of operations and financial position.	
Insurance Risks	
• The Group's existing insurance coverage may not be sufficient to indemnify against losses in all events.	• The Group conducts insurance review with insurance agents on annual basis to ensure adequate and comprehensive insurance coverage.
• 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.	

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.	• All contracts and agreements are reviewed via a 4-eye principle process.
• 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.	• Material contracts and agreements are reviewed and approved by 2 management team members prior to signing. • The management would consult legal professionals should there be a need. • The management would purchase insurance as required by law.
Delivery Risks	
• 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.

Description of Risks	Managing of Risks
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 WSHC to control and monitor such risks, as well as communicating them to all employees. • The WSHC identifies safety and health hazards associated with work, assesses the level of risks involved, and prioritises measures to mitigate the potential hazards. • The WSHC meets regularly to control and monitor health and safety risks and ensures the risks identified are communicated to employees. Any significant health and safety risks are highlighted to the management. • Employees will be sent for health and safety re-training.

Compliance Risks

Compliance Risks	
• Wong Fong is subject to various laws, rules and regulations in the countries it operates in such as the continuing listing obligations of the SGX-ST and the Companies Act 1967 of Singapore.	• The Company has implemented effective internal controls and corporate governance frameworks that are reviewed on an annual basis. • Whistle-blowing policy and annual declaration by staff on ethics had been implemented. • Other than the engagement of statutory auditors, the Group also engaged CLA Global TS to conduct an annual review of its internal controls and reported their findings to the Audit Committee.

Information Technology Risks

Information Technology Risks	
• 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 infrastructure. • It has adopted the necessary IT controls to alleviate the risks and has arranged for all relevant employees to attend IT Security Awareness training.

TCFD CONTENT INDEX

TCFD Pillar/Recommendation	Key Points	Page
Governance		
a) Describe the board's oversight of climate-related risks and opportunities.	The Board provides oversight of the Company's sustainability strategy, and approves the sustainability-materiality issues which includes climate change issues. The Board is updated on the strategy, plans and performance annually, and approves the sustainability report which provides disclosures on the Company's climate change agenda.	20
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Management of climate change comes under the responsibility of the Chief Financial Officer ("**CFO**"), who reports to the Group CEO. The climate and environment portfolio is headed by the CFO. The governance structure for climate-related matters includes the SSC for all review of climate-related policies, strategies, plans and risk monitoring.	20
Strategy		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Our internal risk assessments have identified a list of material climate change risks and opportunities. Financial impacts from identified climate-related risks and opportunities provide basis for us to stress-test and enhance the resilience of our strategy and risk management approaches.	26 to 30
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Raising the use of renewable energy has been a priority to lower the Company's carbon footprint. Wong Fong has since installed solar panels on the roof of our 79 Joo Koon factory with a view to raise our use of renewable energy.	
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Wong Fong endeavours to conduct a qualitative scenario analysis in the subsequent reports.	-

TCFD Pillar/Recommendation	Key Points	Page
Risk Management		
a) Describe the organization's processes for identifying and assessing climate-related risks.	The Group has a consistent approach to risk assessment throughout its operation. The Group's risk management progress consists of identification, mitigation measures, implementation, and monitoring and reviewing. The progress takes into consideration both the impact and likelihood of the risks identified.	38 to 45
b) Describe the organization's processes for managing climate-related risks.		
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	In the near future, Wong Fong has plans to integrate climate-related risks into its Risk Management Framework, explore climate scenario analysis options and develop a climate risk policy.	-
Metrics and Targets		
a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Our current climate-related targets are to reduce water and energy use by 10% by FY2027 using FY2022 as a baseline. Wong Fong intends to set GHG emissions reduction targets in the future as part of our decarbonisation efforts and will embark on disclosing GHG emissions (Scope 1 and Scope 2) in the coming years.	26 to 30
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.		

ORGANISATIONAL PROFILE

GRI Ref.	GRI Indicator	Page Reference	Report Section
GRI 102: General Disclosures			
102-1	Name of the organisation	Front Cover	Annual Report Front Cover
102-2	Activities, brands, products and services	Pages 2 to 5	Our Business
102-3	Location of headquarters	Back Cover	Annual Report Back Cover
102-4	Location of operations	Page 17	Corporate Structure
102-5	Ownership and legal form	Page 17 Pages 156 to 157	Corporate Structure Shareholding Statistics
102-6	Markets served	Pages 8 to 11	Operations and Financial Review
102-7	Scale of the organisation	Pages 8 to 11 Page 31	Operations and Financial Review Sustainability Report: Employees & Talent
102-8	Information on employees and other workers	Pages 32 to 33	Sustainability Report: Our People
102-9	Supply chain	Page 35	Sustainability Report: Product Safety
102-10	Significant changes to the organisation and its supply chain	NA	There are no significant changes
102-11	Precautionary principle or approach	Pages 38 to 45 Pages 53 to 75	Sustainability Report: Risk Management Corporate Governance Report
102-12	External initiatives	Pages 53 to 75 Pages 32 to 33	Corporate Governance Report Sustainability Report: Our People
102-13	Membership of associations	Page 36	Sustainability Report: Membership of Associations

STRATEGY

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

ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behaviour	Page 37	Sustainability Report: Ethics & Integrity

GOVERNANCE

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

STAKEHOLDER ENGAGEMENT

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

REPORTING PRACTICE

GRI Ref.	GRI Indicator	Page Reference	Report Section
102-44	Key topics and concerns raised	Pages 23 to 24	Sustainability Report: Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	Pages 76 to 155	Annual Report: Financial Statements
102-46	Defining report content and topic boundaries	Page 18	Sustainability Report: Sustainability at Wong Fong
102-47	List of material topics	Page 22	Sustainability Report: Materiality Matrix
102-48	Restatements of information	NA	There were no restatements of information
102-49	Changes in reporting	NA	There were no changes in reporting
102-50	Reporting period	Page 20	Sustainability Report: Our Sustainability Framework
102-51	Date of most recent report	NA	13 April 2021
102-52	Reporting cycle	Page 18	Sustainability Report: Sustainability at Wong Fong
102-53	Contact point for questions regarding the report	Page 18	Sustainability Report: Sustainability at Wong Fong
102-54	Claims of reporting in accordance with the GRI Standards	Page 18	Sustainability Report: Sustainability at Wong Fong
102-55	GRI content index	Pages 48 to 52	Sustainability Report: GRI Content Index
102-56	External assurance	Page 18	Sustainability Report: Sustainability at Wong Fong

GRI Ref.	GRI Indicator	Page Reference	Report Section
GRI 103: Management Approach			
103-1	Explanation of material topics and its boundary	Page 18 Page 22	Sustainability Report: Sustainability at Wong Fong Sustainability: Materiality Matrix
103-2	The management approach and its components	Pages 26 to 45	Sustainability Report: • Ethics & Integrity • Compliance with Regulation • Governance & Accountability • Risk Management • Succession Planning • Employees & Talent • Health & Safety • Product Safety • Customer Satisfaction of Services and Products Provided
103-3	Evaluation of the management approach	Pages 26 to 45	Sustainability Report: • Ethics & Integrity • Compliance with Regulation • Governance & Accountability • Risk Management • Succession Planning • Employees & Talent • Health & Safety • Product Safety • Customer Satisfaction in Services and Products Provided

TOPIC-SPECIFIC DISCLOSURES

GRI Ref.	GRI Indicator	Page Reference	Report Section
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	Page 10	Annual Report
GRI 401: Employment			
401-1	New employee hires and employee turnover	Pages 32 to 33	Sustainability Report: Our People
GRI 403: Occupational Health and Safety			
403-3	Occupational health services	Page 34	Sustainability Report: Health & Safety
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	Pages 32 to 33	Sustainability Report: Our People
GRI 416: Customer Health and Safety			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 35	Sustainability Report: Product Safety
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Page 38	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 Group's businesses, as well as promoting and safeguarding the interest of its shareholders ("**Shareholders**") and other stakeholders.

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

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS
Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

ROLE OF THE BOARD

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

The key roles and responsibilities of the Board include:

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

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

CORPORATE GOVERNANCE REPORT

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

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

BOARD COMMITTEES

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

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

Details of other Board Committees are as set out below:

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

BOARD MEETINGS

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

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

For FY2022, the number of Board and Board Committee meetings held and the attendance of Directors at these meetings, are disclosed as follows:

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

* Attendance by invitation of the respective committee

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

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

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

TRAINING FOR DIRECTORS

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

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

The Directors are also encouraged to participate in industry conferences, seminars, courses and training programmes which are relevant to their duties at the Company's expense. In addition, the Directors will be briefed on any updates to the regulatory and reporting requirements such as the Code and financial reporting standards by the relevant professionals. During FY2022, all Directors have completed the training on Environmental, Social and Governance as required by the enhanced SGX sustainability reporting rules announced in December 2021.

ACCESS TO COMPLETE, ADEQUATE AND TIMELY INFORMATION

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

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

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

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

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

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

The Board announces its half year and full year financial results, which present a balanced and informed assessment of the Group's performance, position and prospects, on SGXNET.

COMPANY SECRETARY

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

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

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

BOARD COMPOSITION AND GUIDANCE

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

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

REVIEW OF DIRECTORS' INDEPENDENCE

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

Each Independent Director is required to complete a Director's independence checklist annually to ensure their independence based on the guidelines as set out in the Code. The NC will be responsible for determining on an annual basis, and as and when circumstances require, whether or not a Director is independent as set out in the Code, 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 the Independent Directors are independent in conduct, character and judgement, and have no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. None of the Independent Directors is a director of the Company's subsidiaries.

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

Having considered the scope and nature of the operations of the Company as well as the requirements of the Group's business, the Board believes that for FY2022, the composition and size of the Board and the Board Committees are appropriate to ensure the effectiveness of the decision-making process.

BOARD DIVERSITY POLICY AND COMPOSITION

The Board views diversity at the Board level as an essential element for driving value in decision-making and actively seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors. The Board is constantly on the lookout to achieve the necessary balance and diversity to maximise Board's effectiveness.

The NC has conducted its review of the Board and the Board Committees on the appropriate balance and diversity of skills, experience, age and knowledge of the Group and was satisfied that all the Directors possess the relevant core competencies in areas such as accounting and finance, 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 Non-Executive Directors meet regularly and on an as-needed 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 and provide feedback to the Chairman and/or the Board as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

BOARD MEMBERSHIP

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

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

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

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

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

ROLES AND RESPONSIBILITIES OF THE NC

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

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

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

REVIEW OF DIRECTORS' TIME COMMITMENTS

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

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

Based on the Directors' attendance record at the Board and Board Committee meetings and contributions outside of formal Board and Board Committee meetings, the NC and the Board are satisfied that all Directors have committed sufficient time and resources to the Company and were able to and have been adequately carrying out their duties as a director of the Company in FY2022.

SELECTION AND APPOINTMENT OF NEW DIRECTORS

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

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

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

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

RE-NOMINATION OF DIRECTORS

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

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

None of the Directors had appointed an alternate director in FY2022.

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

Key information	Name of Director to be re-elected Pao Kiew Tee
Designation	Independent Chairman, AC Chairman, RC Member and NC Member
Date of initial appointment	28 June 2016
Date of last re-appointment	25 June 2020
Age	72
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Pao as Independent Chairman was recommended by the NC and approved by the Board, after taking into consideration Mr Pao's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Familial relationship with any director and/or substantial Shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interests (including any competing business)	Nil
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the annual report.
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	Yes
Academic qualifications	Bachelor of Commerce (Accounting)
Professional memberships/qualifications	• Member of the Institute of Singapore Chartered Accountants • Member of the Singapore Institute of Directors
Principal commitments	• Independent Director of Boldtek Holdings Limited
Shareholding interest in the Company and its subsidiaries	Nil

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

Key information	**Name of Director to be re-elected**
	Liew Chern Yean
Designation	Executive Director
Date of initial appointment	2 January 2015
Date of last re-appointment	28 April 2021
Age	53
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Liew as Executive Director was recommended by the NC and approved by the Board, after taking into consideration Mr Liew's qualifications, expertise, experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Liew 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.
Familial relationship with any director and/or substantial Shareholder of the listed issuer or of any of its principal subsidiaries	Brother of Mr Eric Lew, Non-Executive Non-Independent Director Nephew of Mr James Liew, Co-Founder and Group CEO Nephew of Mdm Liew Khuen Choy, a substantial Shareholder
Conflict of interests (including any competing business)	Nil
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the annual report.
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	Yes
Academic qualifications	Bachelor Degree in Engineering (Mechanical)
Professional memberships/qualifications	Nil
Principal commitments	Nil
Shareholding interest in the Company and its subsidiaries	Deemed interested in 158,280,000 shares held by Wong Fong Investments Pte Ltd, a controlling Shareholder and deemed interested in 730,000 shares held by his spouse, Mdm Teh Siew Lye

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

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

KEY MANAGEMENT SUCCESSION

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

BOARD PERFORMANCE

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

The Board has implemented a process to be carried out by the NC for the 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 FY2022, the company secretary has assisted the NC on the evaluation processes of the Board and Board committees. The company secretary collates and tabulates the results and distributes the summary findings at the NC meeting.

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 are presented to the NC for review and discussion. The NC will then report to the Board on the review of the Board's performance for the year. The Board Evaluation Form takes into consideration factors such as Board size and composition, information flow to the Board, Board procedures, Board accountability, matters concerning Group CEO/senior Management and standard code of conduct of the Board members. For FY2022, the NC has reviewed the performance and effectiveness of the Board as a whole and each Board committee separately and is of the view that the performance and effectiveness of the Board and each Board committee had been satisfactory and met its performance objectives.

The NC is of the view that at present, an evaluation of the effectiveness of the Board would suffice and would implement a process for the evaluation of individual 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:

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

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

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

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

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

The RC will also perform an annual review of the remuneration of employees who are substantial Shareholders or are related to a Director, the Group CEO or 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 and key management personnel where necessary. During FY2022, the RC did not engage the service of an external remuneration consultant.

LEVEL AND MIX OF REMUNERATION

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

The RC will perform an annual review on the remuneration packages of the Board and key management personnel. The Company's remuneration structure for the Board and key management personnel comprises both fixed and variable components 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 remuneration framework for Directors, Group CEO and key management personnel is aligned with the interest of Shareholders and relevant stakeholders and is appropriate to attract, retain and motivate them for long-term success of the Group.

DISCLOSURE ON REMUNERATION

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

DISCLOSURE ON DIRECTORS' REMUNERATION

The Company has entered into separate service agreements with the Executive Directors for a period of 2 years from the date of the respective service agreement (unless otherwise terminated by either party giving not less than 6 months' notice (or such shorter period as may be mutually agreed between the parties) to the other). The Company may also at any time forthwith terminate the respective service agreements of the Executive Directors if he, *inter alia*, shall be guilty of any dishonesty, gross misconduct or wilful neglect of duty or shall commit any continued material breach of the provisions of his respective service agreement, becomes bankrupt or persistently refuses to carry out any reasonable lawful order given to him in the course of his employment or persistently fails 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 Directors resulting in financial loss to the Company.

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

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 FY2022, the RC is of the view that the performance conditions were met by each of the Executive Directors and the key management personnel.

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

Remuneration of Directors

The breakdown of the total remuneration of the Directors for FY2022 is set out below:

	Directors' fees(1)	Salary(2)	Bonus	Other benefits	Total remuneration
Above S$250,000 and up to S$500,000					
Mr James Liew	–	81%	11%	8%	100%
Mr Liew Chern Yean	–	83%	14%	3%	100%
S$250,000 and below					
Mr Eric Lew	100%	–	–	–	100%
Mr Pao Kiew Tee	100%	–	–	–	100%
Mr Wong Chit Chong	100%	–	–	–	100%

Notes:
(1) The Directors' fees are subject to Shareholders' approval at the AGM.
(2) The salary amount is inclusive of CPF contributions and allowance.

No compensation was paid or is to be paid in the form of share awards to the Directors in FY2022. There was no termination, retirement or post-employment benefits granted to the Directors in FY2022.

Remuneration of Key Management Personnel

The breakdown of the total remuneration of the top 5 key management personnel of the Group (who are not Directors or the Group CEO) for FY2022 is set out below:

	Salary(1)	Bonus	Other benefits	Total remuneration
S$250,000 and below				
Mr Jack Wong	81%	14%	5%	100%
Mr Chia Kah Lam	74%	21%	5%	100%
Mdm Lew Siew Choo	82%	15%	3%	100%
Mr Albert Lee	91%	5%	4%	100%
Mr Liu Shanni	79%	17%	4%	100%

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

No compensation was paid or is to be paid in the form of share awards to the key management personnel of the Group in FY2022. There was no termination, retirement or post-employment benefits granted to the key management personnel of the Group in FY2022.

The aggregate remuneration paid to the key management personnel of the Group in FY2022 was approximately S$986,000.

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

The breakdown of the total remuneration of employees who are substantial Shareholders or are immediate family members of a Director, the Group CEO or a substantial Shareholder and whose remuneration exceeds S$100,000 in FY2022 is set out below:

	Remuneration for FY2022
Mdm Jean Liew[1]	Between S$100,001 and S$150,000

Note:

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

No compensation was paid or is to be paid in the form of share awards to employees who are substantial Shareholders or are immediate family members of a Director, the Group CEO or a substantial Shareholder in FY2022.

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

The Board is of the opinion that the disclosure in the annual report provides sufficient information on the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

Long-term Incentive Plan

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

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

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

For FY2022, the Board and the AC have also received assurances from the Co-Founder and Group CEO and the Chief Financial Officer that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

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

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

Based on the internal control policies and procedures established and maintained by the Group, work performed by the External Auditors and the Internal Auditors and reviews performed by the AC and the Management, the Board confirms that for FY2022, the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group are adequate and effective. The AC concurs with the Board's comments.

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

AUDIT COMMITTEE

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

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

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

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

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

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

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

The responsibilities of the AC include:

- reviewing with the Internal Auditors and the External Auditors, the audit plans, scope of work, their evaluation of the Group's system of internal controls, audit reports, their letter(s) to the Management and the Management's responses and the results of the audits compiled by the Internal Auditors and the External Auditors, and will review at regular intervals with the Management the implementation by the Group of the internal controls recommendations made by the Internal Auditors and the External Auditors;
- reviewing and discussing with the Management and the External Auditors on the key audit matters. The key audit matters reported in FY2022 are the impairment assessment of goodwill and allowance for inventories. The AC reviewed the outcomes and discussed the details of the review with the Management and considered on the findings including their assessment of the suitability of valuation methodologies and the underlying key assumptions applied. The AC was satisfied with the review process, the approach and methodology applied in the assessment of impairment assessment of goodwill and allowance for inventories. The AC also concluded that the Group's accounting treatment for the impairment assessment of goodwill and allowance for inventories were appropriate;
- reviewing the periodic consolidated financial statements of the Group and results announcements focusing on, in particular, changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules and any other relevant statutory or regulatory requirements, concerns and issues arising from audits including any matters which the External Auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

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

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

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

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

EXTERNAL AUDITORS

A breakdown of the fees paid to the External Auditors of the Company for audit and non-audit services for FY2022 is as follows:

	S$'000	**% of total fees**
Audit services	165	85%
Non-audit services (tax compliance services)	29	15%
Total fees	194	100%

Please refer to page 152 of this annual report for breakdown of the audit and non-audit fees.

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

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

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

INTERNAL AUDITOR

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

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

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

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

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

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

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

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

All Shareholders are informed of general meetings through notices contained in annual reports or published in newspapers or circulars sent to them. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), annual reports, circulars and notices in respect of all general meetings are released via SGXNET and on the Company's website at least 14 days before the meeting for ordinary resolutions and 21 days before the meeting for special resolutions.

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

Shareholders are encouraged to attend the general meetings to stay informed of the Group's strategies and developments. Shareholders can attend the meeting should the Company hold a physical meeting. For the forthcoming AGM, the Company will be holding it virtually and hence participation will be via electronic means. Shareholders may appoint the Chairman of the AGM or an individual as their proxy to attend and vote electronically on their behalf at the AGM. Shareholders may also submit questions to the Chairman of the AGM in advance. Please refer to the Notice of AGM and the Company's announcement dated 13 April 2023 for further information.

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 auditor's report. At the Company's last AGM held on 28 April 2022, all the Directors and the External Auditors were present.

The Company will publish minutes of general meetings of Shareholders through an announcement released via SGXNET and its corporate website as soon as practicable and no later than 1 month from the date of the general meeting. The minutes record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting, and responses from the Board and the Management.

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

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

The Board has recommended a first and final tax exempt (one-tier) dividend of 0.60 Singapore cents per share in respect of FY2022 for approval by Shareholders at the forthcoming AGM.

ENGAGEMENT WITH SHAREHOLDERS

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

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

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

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

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

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

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

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

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

WHISTLE BLOWING POLICY

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

The policy aims to ensure that appropriate reporting and communication channels are available for employees and external parties to raise concerns about possible improprieties and also offer reassurance that they will be protected from reprisals or harassment for whistle-blowing in good faith. The Group will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. There was no reported incident pertaining to whistle-blowing for FY2022.

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

CODE ON DEALINGS IN SECURITIES

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

CODE OF CONDUCT AND ANTI-CORRUPTION POLICY

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

INTERESTED PERSON TRANSACTIONS

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

The Group does not have a general mandate for interested person transactions. There were no interested person transactions in FY2022.

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

MATERIAL CONTRACTS

Save for the service agreements between the Company and the Executive Directors, there were no other material contracts of the Company and its subsidiaries involving the interests of the Group CEO, any Director or controlling Shareholder which is either subsisting at the end of FY2022 or, if not then subsisting, entered into since the end of FY2021.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2022.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2022.

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 84 to 155 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, 2022, and the financial performance, changes in equity and cash flows of Group and the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

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

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in the name of directors			**Shareholdings in which directors are deemed to have an interest**		
Name of directors and companies in which interests are held	**At January 1, 2022**	**At December 31, 2022**	**At January 21, 2023**	**At January 1, 2022**	**At December 31, 2022**	**At January 21, 2023**
Ultimate holding company Wong Fong Investments Pte. Ltd. (Ordinary shares)						
Liew Ah Kuie	450,000	450,000	450,000	–	–	–
Liew Chern Yean	–	–	–	650,000	650,000	650,000
Lew Chern Yong (Liu Zhengrong)	–	–	–	650,000	650,000	650,000
The Company Wong Fong Industries Limited (Ordinary shares)						
Liew Ah Kuie	–	–	–	158,280,000	158,280,000	158,280,000
Liew Chern Yean	–	–	–	158,280,000	158,280,000	159,010,000
Lew Chern Yong (Liu Zhengrong)	–	–	–	158,280,000	158,280,000	158,280,000

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

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

4 SHARE OPTIONS AND SHARE-BASED INCENTIVE

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

(a) The PSP are administered by the Remuneration Committee ("Committee") whose members are Wong Chit Chong (Chairman), Pao Kiew Tee and Lew Chern Yong (Liu Zhengrong).

(b) The PSP will continue to be in force at the discretion of the Committee subject to a maximum period of 10 years commencing on the date of the PSP adopted by the Company in general meeting. However, the PSP may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities that may then be required.

(c) The total number of new shares which may be issued or shares which may be delivered pursuant to awards granted under the PSP, when added to the total number of new shares issued and issuable in respect of all awards granted under the PSP and all shares, options, or awards granted under such share-based incentive schemes of the Company then in force, shall not exceed 15.0% of the issued capital of the Company (including treasury shares) from time to time.

(d) During the financial year, no awards and options have been granted by the Company or its subsidiary corporations.

(e) There were no shares issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiary corporations.

(f) There were no unissued shares of the Company or of its subsidiary corporations under options as at the end of the financial year.

5 AUDIT COMMITTEE

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

(a) The audit plans, scope of work, evaluation of the adequacy of the internal controls, audit reports, management letters on internal controls and management response;

(b) The Group's financial and operating results and accounting policies;

5 AUDIT COMMITTEE (CONTINUED)

(c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;

(d) The half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) The interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Rules;

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

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

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

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

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

....
Liew Ah Kuie

....
Liew Chern Yean

April 5, 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wong Fong Industries Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2022, 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 84 to 155.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Impairment assessment of goodwill

Goodwill allocated to Ascendo Academy Pte. Ltd. ("AAPL") amounts to $1,299,000. During the year, the Group recorded full impairment of goodwill based on the recoverable amount of the cash-generating unit ("CGU") which was determined using value-in-use calculation. Determination of the recoverable amount requires significant judgement and estimation on the key assumptions used which include revenue growth rates, discount rate and the probabilities assigned to estimates of future cash flows. In arriving at the recoverable amount, management has considered the recent and past performance of the CGU, future market development and its future business direction.

The Group's disclosure on impairment assessment of goodwill is set out in Note 12 to the financial statements.

Our audit performed and responses thereon

We evaluated the key assumptions used by management in the cash flow forecast, such as revenue growth rates and discount rate, including the probabilities assigned by management to estimates of future cash flows.

We challenged management's future cash flow projections through comparison with recent performance, historical trend analysis, expectations of future market development and understanding of management's future business direction.

We involved our specialist to evaluate the appropriateness of management's valuation assumptions (discount rate and long-term growth rate) used in determining the recoverable amount, by developing an independent expectation using economic and industry forecasts and rates of comparable companies.

We performed retrospective review by comparing current year's actual results against prior year's forecasts to assess whether assumptions made in prior year on hindsight had been reasonable.

We performed sensitivity analysis over the recoverable amount of the cash-generating unit based on reasonably possible changes in the discount rate and probabilities assigned by management to estimates of future cash flows.

Based on the procedures performed, we noted management's key estimates and assumptions used in the impairment assessment of goodwill to be within a reasonable range of our expectations and found the impairment of goodwill recognised and the related disclosures to be appropriate.

Allowance for inventories

The Group holds significant inventories of $19.7 million carried at the lower of cost and net realisable value. These inventories account for 36% of the Group's current assets and comprise mainly cranes and other vehicle-mounted equipment. The determination of the net realisable value of inventories is dependent upon management's assessment of inventory obsolescence.

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

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

Our audit performed and responses thereon

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

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

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

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 5, 2023

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
Current assets					
Cash and bank balances	6	**17,320**	24,248	**3,532**	7,933
Trade and other receivables	7	**17,310**	12,051	**5,225**	166
Derivative financial instruments	8	**1**	–	**–**	–
Inventories	9	**19,667**	14,659	**–**	–
Total current assets		**54,298**	50,958	**8,757**	8,099
Non-current assets					
Other receivables	7	**–**	514	**–**	–
Property, plant and equipment	10	**24,290**	17,059	**4**	10
Right-of-use assets	11	**8,437**	7,085	**–**	–
Intangible assets	12	**2,549**	4,231	**–**	–
Investment in subsidiaries	13	**–**	–	**3,564**	3,564
Investment in associate	14(a)	**–**	–	**–**	–
Investment in joint venture	14(b)	**–**	–	**–**	–
Investments in financial assets	15	**3,009**	4,681	**2,453**	4,541
Total non-current assets		**38,285**	33,570	**6,021**	8,115
Total assets		**92,583**	84,528	**14,778**	16,214
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	16	**17,679**	14,127	**331**	294
Lease liabilities	17	**1,575**	1,467	**–**	–
Bank borrowings	18	**1,604**	1,106	**–**	–
Derivative financial instruments	8	**–**	47	**–**	–
Income tax payable		**970**	770	**–**	–
Total current liabilities		**21,828**	17,517	**331**	294
Non-current liabilities					
Other payables	16	**4**	34	**–**	–
Lease liabilities	17	**7,160**	5,960	**–**	–
Bank borrowings	18	**6,883**	3,754	**–**	–
Deferred tax liabilities	19	**1,380**	1,450	**–**	–
Total non-current liabilities		**15,427**	11,198	**–**	–
CAPITAL AND RESERVES					
Share capital	20	**11,351**	11,351	**11,351**	11,351
Accumulated profits		**41,894**	41,586	**2,672**	4,002
Reserves	21	**308**	328	**424**	567
Equity attributable to owners of the Company		**53,553**	53,265	**14,447**	15,920
Non-controlling interests		**1,775**	2,548	**–**	–
Total equity		**55,328**	55,813	**14,447**	15,920
Total equity and liabilities		**92,583**	84,528	**14,778**	16,214

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue	22	**75,299**	65,106
Other operating income	23	**1,576**	2,803
Changes in inventories of finished goods and work-in-progress		**4,995**	2,593
Materials and consumables used and other direct costs		**(46,748)**	(37,837)
Employee benefits expense		**(21,225)**	(20,024)
Depreciation and amortisation expense		**(4,354)**	(3,961)
Impairment loss on financial assets		**(48)**	(554)
Impairment of goodwill		**(1,299)**	(96)
Other operating expenses	24	**(4,935)**	(3,474)
Finance costs	25	**(484)**	(445)
Profit before tax		**2,777**	4,111
Income tax expense	26	**(809)**	(368)
Profit for the year	27	**1,968**	3,743
Other comprehensive income after tax			
Items that will not be reclassified subsequently to profit or loss			
– Fair value loss on investments in equity instruments designated as at fair value through other comprehensive income ("FVTOCI")		**(56)**	–
Items that may be reclassified subsequently to profit or loss			
– Fair value loss on investments in debt instruments measured at FVTOCI		**(143)**	(30)
– Exchange differences on translation of foreign operations		**234**	33
Other comprehensive income for the year, net of tax		**35**	3
Total comprehensive income for the year		**2,003**	3,746
Profit attributable to:			
Owners of the Company		**2,188**	3,326
Non-controlling interests		**(220)**	417
		1,968	3,743
Total comprehensive income attributable to:			
Owners of the Company		**2,140**	3,318
Non-controlling interests		**(137)**	428
		2,003	3,746
Basic and diluted earnings per share (cents)	31	**0.93**	1.42

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2022

Group	Note	Share capital $'000	Accumulated profits $'000	Reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Balance as at January 1, 2021		11,351	39,271	336	50,958	2,320	53,278
Transactions with owners, recognised directly in equity:							
Dividends paid to owners of the Company	28	–	(1,011)	–	(1,011)	–	(1,011)
Dividends paid to non-controlling interest		–	–	–	–	(200)	(200)
Total		–	(1,011)	–	(1,011)	(200)	(1,211)
Total comprehensive income for the year:							
Profit for the year		–	3,326	–	3,326	417	3,743
Other comprehensive income (loss) for the year		–	–	(8)	(8)	11	3
Total		–	3,326	(8)	3,318	428	3,746
Balance as at December 31, 2021		11,351	41,586	328	53,265	2,548	55,813
Balance as at January 1, 2022		**11,351**	**41,586**	**328**	**53,265**	**2,548**	**55,813**
Transactions with owners, recognised directly in equity:							
Dividends paid to owners of the Company	28	**–**	**(1,880)**	**–**	**(1,880)**	**–**	**(1,880)**
Dividends paid to non-controlling interest		**–**	**–**	**–**	**–**	**(700)**	**(700)**
Non-controlling interest arising from incorporation of a subsidiary		**–**	**–**	**–**	**–**	**98**	**98**
Effects of acquiring part of non-controlling interest in subsidiaries		**–**	**–**	**28**	**28**	**(34)**	**(6)**
Total		**–**	**(1,880)**	**28**	**(1,852)**	**(636)**	**(2,488)**
Total comprehensive income for the year:							
Profit for the year		**–**	**2,188**	**–**	**2,188**	**(220)**	**1,968**
Other comprehensive income (loss) for the year		**–**	**–**	**(48)**	**(48)**	**83**	**35**
Total		**–**	**2,188**	**(48)**	**2,140**	**(137)**	**2,003**
Balance as at December 31, 2022		**11,351**	**41,894**	**308**	**53,553**	**1,775**	**55,328**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2022

Company	Note	Share capital	Accumulated profits	Reserves	Total
		$'000	$'000	$'000	$'000
Balance as at January 1, 2021		11,351	3,744	597	15,692
Transaction with owners, recognised directly in equity:					
Dividends paid	28	–	(1,011)	–	(1,011)
Total comprehensive income for the year:					
Profit for the year		–	1,269	–	1,269
Other comprehensive loss for the year		–	–	(30)	(30)
Total		–	1,269	(30)	1,239
Balance as at December 31, 2021		11,351	4,002	567	15,920
Transaction with owners, recognised directly in equity:					
Dividends paid	28	–	(1,880)	–	(1,880)
Total comprehensive income for the year:					
Profit for the year		–	550	–	550
Other comprehensive loss for the year		–	–	(143)	(143)
Total		–	550	(143)	407
Balance as at December 31, 2022		**11,351**	**2,672**	**424**	**14,447**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	Group	
	2022	2021
	$'000	$'000
Operating activities		
Profit before taxation	**2,777**	4,111
Adjustments for:		
Amortisation of intangible assets	**383**	390
Depreciation of property, plant and equipment	**2,244**	1,791
Depreciation of right-of-use assets	**1,727**	1,780
Dividend income	**(72)**	(71)
Fair value changes on derivative financial instruments	**(48)**	49
Gain on disposal of financial assets	**–**	(16)
Gain on lease modification	**(2)**	(26)
Impairment loss on financial assets	**48**	554
Impairment of goodwill	**1,299**	96
Interest expense	**401**	367
Interest income	**(97)**	(69)
Loss (Gain) on disposal of property, plant and equipment	**28**	(153)
Net loss (gain) arising on financial assets measured at FVTPL	**206**	(89)
Property, plant and equipment written off	**7**	67
Allowance for inventories and inventories written off	**25**	105
Operating cash flows before movements in working capital	**8,926**	8,886
Inventories	**(5,116)**	(2,735)
Trade and other receivables	**(5,348)**	2,583
Trade and other payables (Note A)	**3,579**	(1,654)
Cash generated from operations	**2,041**	7,080
Income tax paid	**(680)**	(373)
Net cash from operating activities	**1,361**	6,707

See accompanying notes to financial statements.

	Group	
	2022	**2021**
	$'000	**$'000**
Investing activities		
Dividend received	**72**	71
Deposit paid for purchase of property	**–**	(514)
Interest received	**97**	69
Investment in equity instrument designated at FVTOCI	**–**	(50)
Payment of contingent consideration	**–**	(800)
Proceeds from disposal of property, plant and equipment	**107**	183
Proceeds from disposal of listed shares	**2,225**	2
Investment in financial assets measured at FVTPL	**(958)**	(847)
Investment in quoted debt securities measured at FVTOCI	**–**	(250)
Purchase of property, plant and equipment (Note A)	**(3,724)**	(1,273)
Net cash used in investing activities	**(2,181)**	(3,409)
Financing activities		
Contribution by non-controlling interest	**98**	–
Acquisition of non-controlling interest in subsidiaries	**(6)**	–
Dividends paid	**(2,580)**	(1,211)
Interest paid	**(401)**	(367)
Repayment of bank borrowings	**(1,498)**	(1,031)
Repayment of lease liabilities	**(1,768)**	(1,755)
Net cash used in financing activities	**(6,155)**	(4,364)
Net decrease in cash and cash equivalents	**(6,975)**	(1,066)
Cash and cash equivalents at beginning of the year	**24,035**	25,076
Effect of foreign exchange rate changes	**47**	25
Cash and cash equivalents at end of the year (Note 6)	**17,107**	24,035

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $9,734,000 (2021: $1,408,000), of which $5,184,000 was acquired under bank borrowing (2021: $100,000 was acquired under finance lease), $514,000 (2021: Nil) was paid as deposit in prior year, $3,679,000 (2021: $1,263,000) was paid in cash and $357,000 (2021: $45,000) remains unpaid at the end of the reporting period and is recorded as other payables.

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, which is also the ultimate holding company.

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2022 were authorised for issue by the Board of Directors on April 5, 2023.

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 Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

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 SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases,* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, 2022, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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.

Changes in the Group's ownership interests in existing subsidiaries

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.

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 SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree 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.

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.

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

Financial assets and financial liabilities are measured initially at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial asset improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “other operating income” line item.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt instruments classified as at FVTOCI

The listed corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in Note 4(c)(vi). The corporate bonds are measured initially at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

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

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with SFRS(I) 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other operating income” line item in profit or loss.

The Group designated certain investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (see Note 15).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income" line item (Note 23). Fair value is determined in the manner described in Note 4(c)(vi).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating expenses" line item.

Impairment of financial assets

The Group and Company recognises a loss allowance for expected credit losses ("ECL") on debt instruments that are measured at amortised cost or at FVTOCI, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12 months ECL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if i) the financial asset has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Company considers the changes in the risk that the specified subsidiary will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

When information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group), the Group considers this as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet this criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the debtor;

b) a breach of contract, such as a default or past due event; or

c) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Write-off policy

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the subsidiary, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the subsidiary in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the subsidiary or any other party.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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

<u>Equity instruments</u>

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

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

<u>Financial liabilities</u>

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial guarantee contract liabilities

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

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

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss in the “other operating expenses” line item.

Derecognition of financial liabilities

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

Derivative financial instruments

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

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

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

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other operating expenses” in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

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

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

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

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

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

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

GOODWILL – Goodwill is initially recognised and measured as set out in the business combinations accounting policy.

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 (or groups of 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 cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

ASSOCIATE AND JOINT VENTURE – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5.

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.

An 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.

If there is objective evidence that the Group's net investment in an associate or joint venture is impaired, the requirements of SFRS(I) 1-36 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 SFRS(I) 1-36 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 SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture 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 SFRS(I) 9. The difference between the carrying amount of the associate or a 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 a 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 on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal 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 associate or joint venture is disposed of.

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.

The Group applies SFRS(I)9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying SFRS(I) 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by SFRS(I) 1-28 (i.e. adjustments to the carrying amount of long-term interest arising from the allocation of losses of the investee or assessment of impairment in accordance with SFRS(I) 1-28).

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

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

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

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 – The Group recognises revenue from the following major sources:

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

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

Equipment sales and projects

Revenue is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the equipment to the customer's specific location. For equipment built at the customer's premises and the customer controls the work in progress asset, revenue is recognised over time based on progressive completion of the equipment. The normal credit term is 30 to 60 days upon delivery or completion of performance obligation.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, installation, preventive maintenance service, training).

Repairs and servicing

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

Training

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividend income

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

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

EMPLOYEE LEAVE ENTITLEMENT – 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 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 the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. 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 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. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the 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 each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax 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 in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

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

Exchange differences are recognised in profit or loss in the period in which they arise.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, 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. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

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

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 (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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

Management is of the view that no critical judgement was made in the process of applying the Group's accounting policies that would have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as below.

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

Key sources of estimation uncertainty

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

(a) Allowance for inventories

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

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

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

(b) Calculation of loss allowance for trade receivables

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

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

(c) Impairment assessment of investment in subsidiaries

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

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

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

(d) Impairment of goodwill

Goodwill allocated to Ascendo Academy Pte. Ltd. ("AAPL") amounts to $1,299,000. During the year, the Group recorded full impairment of goodwill based on the recoverable amount of the cash-generating unit ("CGU") which was determined using value-in-use calculation. Determination of the recoverable amount requires significant judgement and estimation on the key assumptions used which include revenue growth rates, discount rate and the probabilities assigned to estimates of future cash flow. In arriving at the recoverable amount, management has considered the recent and past performance of the CGU, future market development and its future business direction.

The carrying amount of goodwill and details of the impairment assessment are disclosed in Note 12.

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	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	**34,346**	35,978	**8,716**	8,058
Derivative financial instruments	**1**	–	**–**	–
Financial assets measured at FVTPL	**2,089**	3,562	**1,617**	3,562
Financial assets at FVTOCI:				
Debt instruments classified as at FVTOCI	**836**	979	**836**	979
Equity instruments designated as at FVTOCI	**84**	140	**–**	–
Financial liabilities				
Financial liabilities at amortised cost	**22,117**	14,553	**325**	288
Derivative financial instruments	**–**	47	**–**	–
Lease liabilities	**8,735**	7,427	**–**	–

(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.

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

(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 foreign currency forward contracts to manage the exchange rate risks arising from trade payables and firm commitments to buy goods.

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

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

(i) Foreign exchange risk management

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

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

	Group			
	Assets		**Liabilities**	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Euro	**2,559**	1,449	**1,105**	1,152
Singapore dollar	**6**	11	**4,776**	4,650
United States dollar	**345**	556	**36**	36
Chinese renminbi	**–**	–	**489**	489

Foreign currency sensitivity analysis

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

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

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

	Group	
	2022	**2021**
	$'000	**$'000**
Euro	**(72)**	(15)
Singapore dollar	**238**	232
United States dollar	**(15)**	(26)
Chinese renminbi	**24**	24

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

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

(ii) Interest rate risk management

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

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

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

Fair value sensitivity analysis

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

A change of 100 basis points in interest rates would have increased or decreased profit or loss by approximately $82,000 and $73,000 for the Group and Company respectively.

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

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

(iii) Equity price risk management

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

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

In prior year, the Group and Company invested in a portfolio of listed shares (Note 15). This type of investment was approved by the Board of Directors as the alternative to investment in money market funds in order to generate higher investment return on the Group's spare funds.

Equity price sensitivity

No sensitivity analysis is prepared for 2022 as the Group and the Company do not expect any material effect on the Group's and the Company's profit or loss and equity arising from the effects of reasonably possible changes to equity prices on the investments in equity instruments at the end of the reporting period.

In 2021, the sensitivity analyses below had been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower:

- The Group's and Company's profit before tax would increase/decrease by $102,000 as a result of the changes in fair value of the investments in listed shares; and

- The Group's other comprehensive income would increase/decrease by $7,000 as a result of the changes in fair value of the investments in equity instruments.

(iv) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Investments in debt instruments as detailed in Note 15 are considered to have low credit risk for the purpose of impairment assessment. The Group uses its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits assesses the potential customer's credit quality and defines credit limits by customer.

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

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group is exposed to a concentration of credit risk as 38% (2021: 28%) of its total trade and other receivables are due from two (2021: two) counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Company is exposed to credit risk in relation to financial guarantees given to banks for borrowings of its subsidiaries. The Company's maximum exposure in this respect is the maximum amount the Company would have to pay if the guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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

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

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

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
2022						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**10,659**	**(799)**	**9,860**
Unbilled trade receivables	7	Performing	Lifetime ECL (simplified approach)	**5,374**	**–**	**5,374**
Other receivables	7	Performing	12-month ECL	**1,822**	**–**	**1,822**
Other receivables – joint venture	7	In default	Lifetime ECL – credit-impaired	**113**	**(113)**	**–**
Other receivables – related party	7	In default	Lifetime ECL – credit-impaired	**160**	**(160)**	**–**
Listed corporate bonds	15	Performing	12-month ECL (low credit risk)	**836**	**–**	**836**
					1,072	

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
2021						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	11,075	(1,227)	9,848
Other receivables	7	Performing	12-month ECL	1,882	–	1,882
Other receivables – joint venture	7	In default	Lifetime ECL – credit-impaired	113	(113)	–
Other receivables – related party	7	In default	Lifetime ECL – credit-impaired	160	(160)	–
Listed corporate bonds	15	Performing	12-month ECL (low credit risk)	979	–	979
					(1,500)	
Company						
2022						
Other receivables	7	Performing	12-month ECL	**5,184**	**–**	**5,184**
Listed corporate bonds	15	Performing	12-month ECL (low credit risk)	**836**	**–**	**836**
2021						
Other receivables	7	Performing	12-month ECL	125	–	125
Listed corporate bonds	15	Performing	12-month ECL (low credit risk)	979	–	979

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

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

(v) Liquidity risk management

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

The Group has access to financing facilities of which $18,253,000 (2021: $14,554,000) were unused at the reporting date. The Group expects to meet its obligations through operating cash flows and proceeds of maturing financial assets.

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

The Company has provided corporate guarantees to certain banks in respect of the banking facilities granted to its subsidiaries amounting to $27,797,000 (2021: $24,170,000), of which $9,544,000 (2021: $9,616,000) was utilised at the end of the reporting period.

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

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the Group's and the Company's 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 contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustments $'000	Total $'000
Group						
2022						
Non-interest bearing	–	13,630	–	–	–	13,630
Lease liabilities (fixed rate)	2.63	1,791	3,156	5,990	(2,202)	8,735
Variable interest rate instruments	3.24	127	454	584	(256)	909
Fixed interest rate instruments	1.67	1,651	4,047	2,233	(353)	7,578
Total		17,199	7,657	8,807	(2,811)	30,852

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

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustments $'000	Total $'000
2021						
Non-interest bearing	–	9,693	–	–	–	9,693
Lease liabilities (fixed rate)	3.24	1,668	3,067	4,732	(2,040)	7,427
Variable interest rate instruments	3.15	97	387	716	(206)	994
Fixed interest rate instruments	2.00	1,095	2,919	–	(148)	3,866
Total		12,553	6,373	5,448	(2,394)	21,980
Company						
2022						
Non-interest bearing	**–**	**325**	**–**	**–**	**–**	**325**
2021						
Non-interest bearing	–	288	–	–	–	288

Non-derivative financial assets

The Group's and the Company's non-derivative financial assets as at the end of the financial years ended December 31, 2022 and 2021 are non-interest bearing and are repayable on demand or due within 1 year from the end of the reporting period, except for interest-bearing fixed deposits and investments in listed corporate bonds as disclosed in Notes 6 and 15 respectively.

Derivative financial instruments

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

(vi) Fair value of financial assets and financial liabilities

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

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

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

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 values of these financial assets and financial liabilities are determined.

Group								
Financial assets/ financial liabilities	**Fair value as at ($'000)**				**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
	2022		**2021**					
	Assets	**Liabilities**	**Assets**	**Liabilities**				
Derivative financial instruments (Note 8)								
Foreign currency forward contracts	**1**	**–**	–	(47)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	n.a.	n.a.
Financial assets measured at FVTPL (Note 15)								
Listed shares	**–**	**–**	2,034	–	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Listed corporate bonds	**1,617**	**–**	1,528	–	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Convertible loan	**472**	**–**	–	–	Level 3	Equity value of the borrower	Equity value	The higher the equity value, the higher the fair value.
Financial assets measured at FVTOCI (Note 15)								
Listed corporate bonds	**836**	**–**	979	–	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Investment in unlisted shares	**84**	**–**	140	–	Level 3	Net asset value of the investee.	Net asset value	The higher the net asset value, the higher the fair value.

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

Company								
Financial assets/ financial liabilities	**Fair value as at ($'000)**				**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
	2022		**2021**					
	Assets	**Liabilities**	**Assets**	**Liabilities**				
Financial assets measured at FVTPL (Note 15)								
Listed share	**–**	**–**	2,034	–	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Listed corporate bonds	**1,617**	**–**	1,528	–	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Financial assets measured at FVTOCI (Note 15)								
Listed corporate bonds	**836**	**–**	979	–	Level 1	Quoted bid prices in an active market.	n.a.	n.a.

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

(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 net debt (lease liabilities and borrowings disclosed in Notes 17 and 18 respectively after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

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. Related companies in these financial statements refer to members of the holding company's group of companies.

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

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 and are expected to be settled in cash.

5 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Group	
	2022	**2021**
	$'000	**$'000**
Transaction with ultimate holding company		
Dividend paid	**1,266**	681

Compensation of directors and key management personnel

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

	Group	
	2022	**2021**
	$'000	**$'000**
Short-term employee benefits	**1,605**	1,494
Post-employment benefits	**77**	78
	1,682	1,572

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

6 CASH AND BANK BALANCES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits	**1,425**	3,254	**1,000**	3,000
Cash in hand	**83**	51	**–**	–
Bank balances	**15,812**	20,943	**2,532**	4,933
	17,320	24,248	**3,532**	7,933
Less: Pledged fixed deposits	**(213)**	(213)	**–**	–
Cash and cash equivalents per statement of cash flows	**17,107**	24,035	**3,532**	7,933

Certain fixed deposits are pledged as collaterals for bank facilities. The fixed deposits have maturity of four to nine months (2021: one to twelve months), bear interest at 1.8% (2021: 0.20%) per annum and can be withdrawn before maturity without significant risk of changes in value.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current assets				
Trade receivables:				
– outside parties	**10,659**	11,075	**–**	–
Loss allowance	**(799)**	(1,227)	**–**	–
	9,860	9,848	**–**	–
Unbilled trade receivables	**5,374**	–	**–**	–
	15,234	9,848	**–**	–
Other receivables:				
– outside parties	**213**	252	**35**	40
– subsidiaries	**–**	–	**5,149**	85
– joint venture	**113**	113	**–**	–
– related party[1]	**160**	160	**–**	–
– deposits	**1,582**	1,613	**–**	–
– prepayments	**254**	321	**41**	41
– staff loans	**27**	17	**–**	–
Loss allowance	**(273)**	(273)	**–**	–
	2,076	2,203	**5,225**	166
Total	**17,310**	12,051	**5,225**	166
Non-current assets				
Other receivables:				
– deposits	**–**	514	**–**	–

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

As at January 1, 2021, trade receivables from contracts with customers amounted to $13,212,000 (net of loss allowance of $755,000).

Trade receivables

The average credit period on sale of goods is 30 to 60 days. No interest is charged on the trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and considering the general economic conditions of the industry in which the debtors operate at the reporting date.

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

The expected credit loss rates are based on days past due for groupings of customer segments that have similar loss patterns. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate and the Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables based on the Group's provision matrix which is segregated by customer segments.

	Group Trade receivables – days past due					
Engineering	**Not past due $'000**	**Within 90 days $'000**	**91 to 180 days $'000**	**181 to 360 days $'000**	**More than 360 days $'000**	**Total $'000**
2022						
Expected credit loss rate	**0.0%**	**0.1%**	**0.7%**	**2.7%**	**97.3%**	
Estimated total gross carrying amount at default	**9,012**	**3,782**	**158**	**48**	**197**	**13,197**
Lifetime ECL	**(2)**	**(3)**	**(1)**	**(2)**	**(192)**	**(200)**
						12,997
2021						
Expected credit loss rate	0.0%	0.1%	0.3%	39.4%	13.3%	
Estimated total gross carrying amount at default	2,639	2,359	135	444	35	5,612
Lifetime ECL	(1)	(2)	*	(175)	(5)	(183)
						5,429

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group Trade receivables – days past due					
Training	**Not past due $'000**	**Within 30 days $'000**	**31 to 60 days $'000**	**61 to 90 days $'000**	**More than 90 days $'000**	**Total $'000**
2022						
Expected credit loss rate	**2.1%**	**2.0%**	**3.5%**	**4.7%**	**42.7%**	
Estimated total gross carrying amount at default	**676**	**449**	**219**	**179**	**1,313**	**2,836**
Lifetime ECL	**(14)**	**(9)**	**(8)**	**(8)**	**(560)**	**(599)**
						2,237
2021						
Expected credit loss rate	2.8%	2.0%	3.5%	3.9%	38.0%	
Estimated total gross carrying amount at default	1,794	270	576	312	2,511	5,463
Lifetime ECL	(51)	(5)	(20)	(12)	(956)	(1,044)
						4,419

* Denotes less than $1,000.

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

Group	**Total $'000**
Balance at January 1, 2021	755
Amounts written off	(28)
Change in loss allowance – Origination of new trade receivables net of those settled	530
Exchange realignment	(30)
Balance at December 31, 2021	1,227
Amounts written off	(405)
Change in loss allowance – Origination of new trade receivables net of those settled	5
Exchange realignment	(28)
Balance at December 31, 2022	**799**

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition, other than the amounts due from joint venture and related party.

Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

There is evidence indicating the amounts due from joint venture and related party are credit-impaired, hence the loss allowance is measured at an amount equal to lifetime ECL for these amounts.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default as well as the loss upon default.

There is no movement in expected credit losses that has been recognised for other receivables in the current and previous years.

Loan to a subsidiary

Loan to a subsidiary of $5,000,000 is unsecured, bears interest at rate of 1.4% per annum and is repayable within one year.

For purpose of impairment assessment, the loan is considered to have low credit risk given the financial performance of the subsidiary and there has been no significant increase in the risk of default on the loan since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the financial position of the subsidiary and the general economic conditions of the industry in which the subsidiary operates, in estimating the probability of default of the loan as well as the loss upon default. Management determines the loan to subsidiary is subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

8 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	Assets	Liabilities
	2022	2021
	$'000	$'000
Foreign currency forward contracts		
– Not designated in hedge accounting relationships	**1**	47

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

Group	Average exchange rate	Foreign currency FC'000	Contract value $'000	Changes in fair value $'000
2022				
Buy EUR: less than 3 months	**1.43**	**700**	**1,002**	**1**
2021				
Buy EUR: less than 3 months	1.56	1,500	2,340	(47)

9 INVENTORIES

	Group	
	2022	2021
	$'000	$'000
Materials	**9,900**	7,885
Work-in-progress	**8,588**	6,703
Goods-in-transit	**1,414**	262
	19,902	14,850
Less: Allowance for inventories	**(235)**	(191)
	19,667	14,659

Movement in allowance for inventories:

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of the year	**191**	115
Charge to profit or loss for the year	**44**	76
Exchange realignment	*	*
Balance at end of the year	**235**	191

* Denotes less than $1,000.

During the year, previous write-down of $19,000 has been reversed due to subsequent utilisation of these items. In 2021, amount of $29,000 in respect of slow-moving and non-usable items was written down.

10 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Buildings $'000	Construction-in-progress $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Computers $'000	Plant and machinery $'000	Total $'000
Cost:								
At January 1, 2021	755	21,911	58	1,570	2,211	2,063	3,948	32,516
Additions	–	–	–	504	490	153	261	1,408
Reclassification	–	–	(58)	–	–	58	–	–
Exchange realignment	(10)	(16)	–	(11)	(5)	(1)	(6)	(49)
Disposals	–	–	–	(437)	(9)	(12)	–	(458)
Written off	–	–	–	–	(50)	(77)	–	(127)
At December 31, 2021	745	21,895	–	1,626	2,637	2,184	4,203	33,290
Additions	–	6,677	201	211	1,718	207	720	9,734
Exchange realignment	(45)	(70)	–	(12)	(13)	(2)	(18)	(160)
Disposals	–	–	–	(157)	(18)	(20)	(74)	(269)
Written off	–	–	–	–	(22)	(80)	(60)	(162)
At December 31, 2022	**700**	**28,502**	**201**	**1,668**	**4,302**	**2,289**	**4,771**	**42,433**
Accumulated depreciation:								
At January 1, 2021	–	8,040	–	1,251	1,340	1,625	2,686	14,942
Depreciation for the year	–	729	–	175	331	267	289	1,791
Exchange realignment	–	(2)	–	(3)	(4)	(1)	(1)	(11)
Disposal	–	–	–	(416)	(4)	(11)	–	(431)
Written off	–	–	–	–	(27)	(33)	–	(60)
At December 31, 2021	–	8,767	–	1,007	1,636	1,847	2,974	16,231
Depreciation for the year	–	956	–	197	477	290	324	2,244
Exchange realignment	–	(10)	–	(6)	(10)	(2)	(15)	(43)
Disposal	–	–	–	(96)	(8)	–	(30)	(134)
Written off	–	–	–	–	(17)	(80)	(58)	(155)
At December 31, 2022	**–**	**9,713**	**–**	**1,102**	**2,078**	**2,055**	**3,195**	**18,143**
Carrying amount:								
At December 31, 2022	**700**	**18,789**	**201**	**566**	**2,224**	**234**	**1,576**	**24,290**
At December 31, 2021	745	13,128	–	619	1,001	337	1,229	17,059

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In 2021, the carrying amount of the Group's motor vehicle included an amount of $455,000 secured in respect of assets held under finance lease arrangement.

Freehold land and buildings with a carrying amount of $15,830,000 (2021: $10,088,000) have been pledged to secure banking facilities granted to the Group.

Company	**Computers $'000**
Cost:	
At January 1, 2021	8
Additions	6
At December 31, 2021 and 2022	14
Accumulated depreciation:	
At January 1, 2021	1
Depreciation for the year	3
At December 31, 2021	4
Depreciation for the year	6
At December 31, 2022	**10**
Carrying amount:	
At December 31, 2022	**4**
At December 31, 2021	10

11 RIGHT-OF-USE ASSETS

Group	Leasehold lands $'000	Buildings $'000	Total $'000
Cost:			
At January 1, 2021	4,364	4,852	9,216
Additions	–	2,220	2,220
Remeasurement	(29)	(88)	(117)
Termination of leases	–	(840)	(840)
At December 31, 2021	4,335	6,144	10,479
Additions	1,658	1,421	3,079
Termination of leases	–	(980)	(980)
At December 31, 2022	**5,993**	**6,585**	**12,578**
Accumulated depreciation:			
At January 1, 2021	323	1,735	2,058
Depreciation	164	1,616	1,780
Termination of leases	–	(444)	(444)
At December 31, 2021	487	2,907	3,394
Depreciation	222	1,505	1,727
Termination of leases	–	(980)	(980)
At December 31, 2022	**709**	**3,432**	**4,141**
Carrying amount:			
At December 31, 2022	**5,284**	**3,153**	**8,437**
At December 31, 2021	3,848	3,237	7,085

The Group leases lands and buildings for use as office premises and training space.

The average lease term for lands is 30 years which includes the options to extend the lease ranging from 19 to 30 years. The lease payments are subject to annual review by the lessor.

The lease terms for buildings range from 2 to 4 years which include the options to extend the lease of 2 years.

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

In 2021, the Group had finance lease arrangement for motor vehicles amounting to $455,000 which were presented within property, plant and equipment (Note 10).

12 INTANGIBLE ASSETS

Group	Goodwill $'000	Accreditation and copyright[1] $'000	Favourable leases[2] $'000	Other intangible assets[3] $'000	Total $'000
Cost:					
At January 1, 2021	1,431	4,549	59	8	6,047
Written off	–	–	(59)	–	(59)
At December 31, 2021 and at December 31, 2022	1,431	4,549	–	8	5,988
Amortisation:					
At January 1, 2021	–	1,228	59	7	1,294
Amortisation for the year	–	389	–	1	390
Written off	–	–	(59)	–	(59)
At December 31, 2021	–	1,617	–	8	1,625
Amortisation for the year	–	383	–	–	383
At December 31, 2022	**–**	**2,000**	**–**	**8**	**2,008**
Impairment:					
At January 1, 2021	36	–	–	–	36
Impairment loss recognised during the year	96	–	–	–	96
At December 31, 2021	132	–	–	–	132
Impairment loss recognised during the year	1,299	–	–	–	1,299
At December 31, 2022	**1,431**	**–**	**–**	**–**	**1,431**
Carrying amount:					
At December 31, 2022	**–**	**2,549**	**–**	**–**	**2,549**
At December 31, 2021	1,299	2,932	–	–	4,231

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

(2) The favourable leases pertained to the rental agreements entered relating to the rental of classrooms and office space based on favourable rates, and had useful life of 2 years, over which the asset was amortised.

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

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from the business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to Ascendo Academy Pte. Ltd. ("AAPL"), Educare Human Capital Private Limited ("EHC") and Educare International Consultancy Pte Ltd ("EIC") in the training segment. In prior years, full impairment loss was recognised for goodwill allocated to EHC and EIC.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. An impairment is recognised for the amount by which the carrying amount of the CGU exceeds its recoverable amount.

12 INTANGIBLE ASSETS (CONTINUED)

The recoverable amounts of the CGUs are determined based on value in use calculations which use management's estimated expected future cash flows based on financial budgets approved by the directors, projected for a five-year period and a discount rate is applied to calculate the present value of those cash flows. Management estimates discount rate using pre-tax rate that reflect current market assessment of the time value of money. The rate used to discount the forecast cash flows of AAPL is 14.9% (2021: 10.1%).

Management uses the expected cash flow approach taking into consideration multiple scenarios of possible outcomes and applied a probability-weight on these possible outcomes to derive the expected future cash flows for its impairment analysis. Management has identified three scenarios and applied probability weightings to develop the probability weighted expected cash flows: base case – 50%, best case – 10% and worst case – 40%.

The other key assumptions used by management in setting the financial budgets and five-year projections include forecast revenue growth rates based on past sales trends and expectations of future changes in the market as well as changes in management's business focus and direction. Management has considered an annual revenue growth of 2% for the forecast period. Cash flows beyond the forecast period have been extrapolated using Nil growth rate.

Management expects forecast sales and operating profits of AAPL to remain flat and has reflected this within its determination of the recoverable amount. Consequently, full impairment of goodwill amounting to $1,299,000 has been recognised for the carrying amount of AAPL exceeding its recoverable amount.

Actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year. The Group has conducted an analysis of the sensitivity of the impairment assessment to a reasonably possible change in the following key inputs used to determine the recoverable amount of AAPL.

A 1% increase in discount rate would lead to an additional impairment charge of $113,000.

A change in probability weightings to 45% for base case, 5% for best case and 50% for worst case would lead to an additional impairment charge of $178,000.

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2022	**2021**
	$'000	**$'000**
Equity shares at cost – unquoted	**3,896**	3,896
Deemed interest[(1)]	**588**	588
Less: Allowance for impairment	**(920)**	(920)
	3,564	3,564

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

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

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Details of the Group's significant subsidiaries at December 31, 2022 are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting rights held 2022 %	2021 %
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	**80**	80
CE Asia Holdings Pte. Ltd.(3)	Investment holding.	Singapore	**65**	65
WFVEN Pte. Ltd.(3)	Investment holding.	Singapore	**100**	100
1Summit Global Pte. Ltd.(3)	Investment holding.	Singapore	**100**	100
Subsidiaries held by Wong Fong Engineering Works (1988) Pte. Ltd.				
Wong Fong Pte. Ltd.(3)	Investment holding.	Singapore	**100**	100
Ascendo International Holdings Pte. Ltd.(3)	Investment holding.	Singapore	**60**	60
Subsidiary held by Wong Fong Pte. Ltd.				
Wong Fong Myanmar Company Limited(4)	Distribution, rental and marketing services of heavy machinery and construction machinery including their spare parts, accessories and engineering works.	Myanmar	**60**	60

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting rights held 2022 %	2021 %
Subsidiaries held by Ascendo International Holdings Pte. Ltd.				
Ascendo Academy Pte. Ltd.(1)	Business management, consultancy services and conducting of food hygiene courses.	Singapore	**100**	100
Ascer Pte. Ltd.(1)	Corporate training services in safety and consultancy services in risk management.	Singapore	**100**	100
Ascendo Group International Pte. Ltd.(3)	Corporate training services and motivational course provider.	Singapore	**100**	100
Educare Human Capital Private Limited(3)(6)	Provision of educational services and recruitment of personnel.	Singapore	**100**	95
Educare International Consultancy Pte. Ltd.(3)(6)	Providing quality educational and consultancy services to schools, teachers, parents and the community.	Singapore	**100**	95
Educare Global Academy Pte. Ltd.(1)	Commercial schools offering higher education programmes.	Singapore	**100**	100
Subsidiary held by Wong Fong Academy Pte. Ltd.				
Academy Design of Arts and Media Pte. Ltd.(1)	Safety, quality consultancy, management services, training and education services.	Singapore	**100**	100

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting rights held 2022 %	2021 %
Subsidiary held by CE Asia Holdings Pte. Ltd.				
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
Subsidiary held by WFVEN Pte. Ltd.				
Interactive Apps Pte. Ltd.[(3)]	Development of E-commerce application and information technology consultancy.	Singapore	**100**	100
Lian Hup Seng Truck Body Pte. Ltd.[(3)(5)]	Manufacture of motor vehicle bodies (coachwork), trailers and semi-trailers	Singapore	**51**	–

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

(2) Audited by Grant Thornton Malaysia PLT.

(3) Audited by Law Piang Woon & Co.

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

(5) Newly incorporated during the year.

(6) During the year, the Group acquired the remaining 5% from non-controlling Shareholders at consideration of $6,000.

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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 2022	2021
Investment holding	Singapore	**3**	3
Trading of machinery and equipment	Singapore	**1**	1
IoT solution	Singapore	**1**	1
		5	5

Principal activities	Place of incorporation and operation	Number of non-wholly owned subsidiaries 2022	2021
Investment holding	Singapore	**2**	2
Training and consultancy services	Singapore	**8**	8
Trading of machinery and equipment	Singapore, Malaysia and Myanmar	**3**	2
		13	12

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

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2022 %	2021 %	Profit (Loss) allocated to non-controlling interests for the year 2022 $'000	2021 $'000	Non-controlling interest 2022 $'000	2021 $'000
CE Asia Holdings Pte. Ltd.	Singapore	**35**	35	**(170)**	(52)	**(1,196)**	(1,099)
Wong Fong Academy Pte Ltd.	Singapore	**20**	20	**361**	229	**517**	446
Ascendo International Holdings Pte. Ltd.	Singapore	**40**	40	**(371)**	364	**2,379**	3,203
Individually immaterial subsidiaries with non-controlling interests				**(40)**	(124)	**75**	(2)
				(220)	417	**1,775**	2,548

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	CE Asia Holdings Pte. Ltd.		Wong Fong Academy Pte. Ltd.		Ascendo International Holdings Pte. Ltd.	
	2022	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current assets	**2,071**	1,869	**3,230**	2,812	**6,054**	8,411
Non-current assets	**1,674**	1,843	**4,558**	2,626	**4,634**	5,656
Current liabilities	**(6,316)**	(5,937)	**(2,694)**	(1,713)	**(3,285)**	(4,257)
Non-current liabilities	**(846)**	(914)	**(2,509)**	(1,447)	**(1,456)**	(1,929)
Equity attributable to owners of the Company	**(2,221)**	(2,040)	**2,068**	1,832	**3,568**	4,678
Non-controlling interests	**(1,196)**	(1,099)	**517**	446	**2,379**	3,203
Revenue	**2,312**	1,678	**10,082**	7,204	**8,962**	12,839
Expenses	**(2,799)**	(1,827)	**(8,275)**	(6,061)	**(9,890)**	(11,921)
Profit (Loss) for the year	**(487)**	(149)	**1,807**	1,143	**(928)**	918
Profit (Loss) attributable to owners of the Company	**(317)**	(97)	**1,446**	914	**(557)**	554
Profit (Loss) attributable to non-controlling interests	**(170)**	(52)	**361**	229	**(371)**	364
Profit (Loss) for the year	**(487)**	(149)	**1,807**	1,143	**(928)**	918
Other comprehensive income attributable to owners of the Company	**136**	29	**–**	–	**–**	–
Other comprehensive income attributable to non-controlling interests	**73**	16	**–**	–	**–**	–
Other comprehensive income for the year	**209**	45	**–**	–	**–**	–
Total comprehensive income (loss) attributable to owners of the Company	**(181)**	(68)	**1,446**	914	**(557)**	554
Total comprehensive income (loss) attributable to non-controlling interests	**(97)**	(36)	**361**	229	**(371)**	364
Total comprehensive income (loss) for the year	**(278)**	(104)	**1,807**	1,143	**(928)**	918
Dividends paid to non-controlling interests	**–**	–	**300**	200	**400**	–
Net cash inflow (outflow) from operating activities	**(120)**	85	**1,490**	2,223	**5,069**	4,086
Net cash inflow (outflow) from investing activities	**6**	1	**487**	(215)	**(5)**	(328)
Net cash inflow (outflow) from financing activities	**(62)**	(7)	**(1,492)**	(1,806)	**(3,090)**	(1,308)
Net cash inflow (outflow)	**(176)**	79	**485**	202	**1,974**	2,450

14(a) INVESTMENT IN ASSOCIATE

	Group 2022 $'000	Group 2021 $'000
Cost of investment in associate	**140**	140
Share of post-acquisition loss, net of dividends received	**(140)**	(140)
	–	–

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

Name of associate	Country of incorporation and operation	Proportion of ownership interest and voting rights held 2022 %	2021 %	Principal activities
SkillsSG Ventures Pte. Ltd.	Singapore	**19.5**	19.5	International training provider from Singapore for skills development and competency based training programmes.

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

Financial information in respect of the Group's associate is not material to the Group.

14(b) INVESTMENT IN JOINT VENTURE

	Group 2022 $'000	Group 2021 $'000
Cost of investment in joint venture	**76**	76
Share of post-acquisition loss, net of dividends received	**(76)**	(76)
	–	–

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

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest and voting rights held 2022 %	2021 %	Principal activities
Ascendo International Myanmar Co., Limited	Myanmar	**30**	30	Corporate training and consultancy services.

The joint venture is accounted for using the equity method in the consolidated financial statements as set out in the Group's accounting policies in Note 2.

Financial information in respect of the Group's joint venture is not material to the Group.

15 INVESTMENTS IN FINANCIAL ASSETS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Investments in debt instruments classified as at FVTOCI[(i)]				
Listed corporate bonds	**836**	979	**836**	979
Investments in equity instruments designated as at FVTOCI[(ii)]				
Unlisted shares	**84**	140	**–**	–
Financial assets measured at FVTPL[(iii)]				
Listed shares	**–**	2,034	**–**	2,034
Listed corporate bonds	**1,617**	1,528	**1,617**	1,528
Convertible loan	**472**	–	**–**	–
	2,089	3,562	**1,617**	3,562
	3,009	4,681	**2,453**	4,541

(i) The investments in listed corporate bonds pay interest at rates ranging from 2.15% to 2.90% (2021: 2.15% to 2.90%) per annum and the bonds will mature between year 2031 to year 2032 (2021: year 2031 to year 2032). At maturity, the Group will receive nominal amount of $1,000,000 (2021: $1,000,000). The corporate bonds are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence the corporate bonds are classified as at FVTOCI. See below for impairment assessment.

(ii) The Group holds 13.03% (2021: 13.03%) of the ordinary share capital of a Singapore-based robotics start-up. The valuation methodology for the investment is disclosed in Note 4(c)(vi).

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

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

(iii) The Group invested in a portfolio of listed shares which are managed and evaluated on fair value basis. All of the listed shares have been disposed during the year.

The Group also holds 10.3% interest in an investee. The investment is classified as financial asset measured at FVTPL. Management estimated the fair value of the investment to be $NIL (2021: $Nil) in view of the operating losses and net capital deficiency position of the entity.

The Group has also invested in perpetual debt instruments which pay variable interest at rates ranging from 3.00% to 3.98% (2021: 3.00% to 3.98%) per annum.

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

15 INVESTMENTS IN FINANCIAL ASSETS (CONTINUED)

Impairment of financial assets

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

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

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

Note 4(c)(iv) details the gross carrying amount, loss allowance as well as the measurement basis of expected credit losses for each of these financial assets by credit risk rating grades.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current liabilities				
Trade payables:				
– outside parties	**9,045**	4,803	**–**	–
Deferred revenue[1]	**362**	230	**–**	–
Advanced billings[2]	**3,181**	3,640	**–**	–
Deferred grant income	**101**	120	**–**	–
Other payables:				
– outside parties	**687**	799	**58**	6
– related parties[3]	**350**	350	**–**	–
– subsidiary	**–**	–	**–**	109
– accrued expenses	**3,548**	3,738	**267**	173
– others	**405**	447	**6**	6
	4,990	5,334	**331**	294
Total	**17,679**	14,127	**331**	294
Non-current liabilities				
Deferred grant income	**4**	34	**–**	–

16 TRADE AND OTHER PAYABLES (CONTINUED)

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

As at January 1, 2021, deferred revenue amounted to $190,000. The Group's revenue recognised during the year that was included in the amount at the beginning of the period is $230,000 (2021: $190,000).

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

As at January 1, 2021, advance consideration received from customers amounted to $3,680,000. The Group's revenue recognised during the year that was included in the amount at the beginning of the period is $3,297,000 (2021: $1,152,000).

(3) Amount of $350,000 (2021: $350,000) pertains to payable to directors of a subsidiary and is unsecured, interest-free and repayable on demand.

The average credit period taken for trade purchases is 60 days. No interest is charged on the trade payables.

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

17 LEASE LIABILITIES

	Group	
	2022	**2021**
	$'000	**$'000**
Maturity analysis:		
Year 1	**1,791**	1,668
Year 2	**1,324**	1,325
Year 3	**861**	810
Year 4	**604**	506
Year 5	**367**	426
Year 6 onwards	**5,990**	4,732
	10,937	9,467
Less: Unearned interest	**(2,202)**	(2,040)
	8,735	7,427
Analysed as:		
Current	**1,575**	1,467
Non-current	**7,160**	5,960
	8,735	7,427

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

18 BANK BORROWINGS

	Group 2022 $'000	Group 2021 $'000
Secured borrowings at amortised cost		
Bank loans	**8,487**	4,860
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,604)**	(1,106)
Amount due for settlement after 12 months	**6,883**	3,754

The bank borrowings are secured by the Group's land and buildings (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 $909,000 (2021: $994,000) drawn down by a subsidiary from a bank. The loan is repayable over 20 years commencing from October 2014. The loan bears interest at 2.30% per annum below the bank's base financing rate. The effective interest rate for the year is 3.24% (2021: 3.15%) per annum.

(b) A 5-year Temporary Bridging Loan ("TBL") under Enterprise Financing Scheme with principal amount of $5,000,000 drawn down by a subsidiary from a bank. The TBL Programme was introduced by the Singapore Government with the purpose of providing financial support to alleviate cashflow needs of enterprises affected by COVID-19. The loan is repayable over 5 years commencing from September 2020. The loan bears interest at 2% per annum.

(c) A secured term loan with principal amount of $5,184,000 drawn down by a subsidiary from a bank to finance the purchase of a new property during the year. The loan is repayable in monthly installments over 10 years commencing from January 2022. The loan bears interest at 1.4% per annum.

18 BANK BORROWINGS (CONTINUED)

Changes in liabilities arising from financing activities

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

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

			Non-cash changes				
	January 1, 2021 $'000	**Financing cash flows(1) $'000**	**New leases/ Extension $'000**	**Lease termination $'000**	**Foreign exchange movement $'000**	**Other changes $'000**	**December 31, 2021 $'000**
Lease liabilities (Note 17)	7,393	(1,755)	2,320	(539)	–	8	7,427
Bank borrowings (Note 18)	5,906	(1,031)	–	–	(15)	–	4,860
	13,299	(2,786)	2,320	(539)	(15)	8	12,287

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

19 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:

	Group			
	Accelerated tax depreciation $'000	**Intangible assets $'000**	**Others $'000**	**Total $'000**
At January 1, 2021	1,046	579	(60)	1,565
Credit to profit or loss for the year (Note 26)	(32)	(65)	(18)	(115)
At December 31, 2021	1,014	514	(78)	1,450
Credit to profit or loss for the year (Note 26)	(17)	(65)	12	(70)
At December 31, 2022	**997**	**449**	**(66)**	**1,380**

20 SHARE CAPITAL

	Group and Company			
	2022	**2021**	**2022**	**2021**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid up:				
At the beginning and end of the year	**235,000,000**	235,000,000	**11,351**	11,351

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

21 RESERVES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Foreign exchange translation reserve	**486**	335	**–**	–
Capital reserve	**473**	445	**588**	588
Investments revaluation reserve	**(651)**	(452)	**(164)**	(21)
	308	328	**424**	567

Foreign exchange translation reserve

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

Movement in foreign exchange translation reserve:

	Group	
	2022	**2021**
	$'000	**$'000**
At beginning of the year	**335**	313
Exchange differences on translating the net assets of foreign operations	**151**	22
At end of the year	**486**	335

Capital reserve

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

(ii) Capital reserve at the Company level represents the fair value of 20% of the issued and paid-up share capital of WFA given to the previous owners/founders of Ascendo Group as part of the acquisition of 60% shareholdings in Ascendo Group by WFE in prior years. Management had assessed the fair value of 20% of the issued and paid-up share capital of WFA, of which the present value of the forecasted cash flow was discounted at 16.12%, resulting in a deemed interest of $588,000.

21 RESERVES (CONTINUED)

Investments revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of:

(i) investments in equity instruments designated as at FVTOCI; and

(ii) investments in debt instruments classified as at FVTOCI.

Movement in investments revaluation reserve:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At beginning of the year	**(452)**	(422)	**(21)**	9
Fair value loss on investments in equity instruments designated as at FVTOCI	**(56)**	–	**–**	–
Fair value gain on investments in debt instruments classified as at FVTOCI	**(143)**	(30)	**(143)**	(30)
At end of the year	**(651)**	(452)	**(164)**	(21)

22 REVENUE

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

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

	Group	
	2022	2021
	$'000	$'000
Engineering		
– Equipment sales	**34,601**	31,900
– Repairs and servicing	**12,233**	11,004
– Projects	**9,588**	2,291
	56,422	45,195
Training	**18,877**	19,911
	75,299	65,106

The transaction price allocated to (partially) unsatisfied performance obligations for projects revenue as at the end of the reporting period is $12,448,000 (2021: $20,671,000).

Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2022 will be recognised as revenue during the next reporting period.

23 OTHER OPERATING INCOME

	Group	
	2022	**2021**
	$'000	**$'000**
Commission income	**121**	83
Dividend income	**72**	71
Gain on disposal of financial assets	**–**	16
Gain on disposal of property, plant and equipment	**–**	153
Gain on fair value change on derivative financial instruments	**48**	–
Gain on lease modification	**2**	26
Government grants	**1,144**	2,147
Interest income	**97**	69
Net gain arising on financial assets measured at FVTPL	**–**	89
Rental rebates and income	**58**	38
Others	**34**	111
	1,576	2,803

In 2021, the Group received amount of $201,000 under the Rental Support Scheme from the Singapore Government and has accounted for the amount as government grant income during the year.

In 2021, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 17 months commencing from April 2020. Government grant income of $713,000 was recognised during the previous year.

24 OTHER OPERATING EXPENSES

	Group 2022 $'000	Group 2021 $'000
Allowance for inventories and inventories written off	**25**	105
Entertainment expense	**67**	35
Insurance	**387**	276
Loss on disposal of property, plant and equipment	**28**	–
Loss on foreign exchange – net	**580**	234
Loss on fair value change on derivative financial instruments	**–**	49
Marketing expense	**177**	76
Net loss arising on financial assets measured at FVTPL	**206**	–
Printing and stationery	**295**	279
Professional fees	**789**	580
Property, plant and equipment written off	**7**	67
Property tax	**252**	207
Rental expenses	**126**	20
Repair and maintenance	**963**	748
Utility charges	**480**	285
Other expenses	**553**	513
	4,935	3,474

25 FINANCE COSTS

	Group 2022 $'000	Group 2021 $'000
Interest on lease liabilities	**238**	247
Interest on bank borrowings	**163**	120
Others	**83**	78
	484	445

26 INCOME TAX EXPENSE

	Group 2022 $'000	Group 2021 $'000
Current tax expense	**954**	701
Over provision in respect of prior years:		
– current tax	**(75)**	(218)
– deferred tax (Note 19)	**(38)**	–
Deferred tax (Note 19)	**(32)**	(115)
	809	368

Domestic income tax is calculated at 17% (2021: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

26 INCOME TAX EXPENSE (CONTINUED)

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

	Group	
	2022	**2021**
	$'000	**$'000**
Profit before tax	**2,777**	4,111
Income tax expenses calculated at 17% (2021: 17%)	**472**	699
Effect of different tax rates of subsidiaries operating in other jurisdictions	**45**	(24)
Tax effect of items that are not deductible in determining taxable profits	**260**	121
Effect of tax incentives	**(1)**	(129)
Tax-exempt income and tax rebates	**(35)**	(52)
Over provision of tax in respect of prior years	**(113)**	(218)
Deferred tax assets not recognised	**121**	16
Others	**60**	(45)
	809	368

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

Unabsorbed capital allowance and unutilised tax losses	**Group $'000**
At January 1, 2021	4,941
Transfer under group relief	(396)
Arising during the year	7
At December 31, 2021	4,552
Adjustment during the year	(424)
At December 31, 2022	**4,128**

27 PROFIT FOR THE YEAR

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

	Group	
	2022 $'000	2021 $'000
Depreciation and amortisation:		
– Depreciation of property, plant and equipment	**2,244**	1,791
– Depreciation of right of use assets	**1,727**	1,780
– Amortisation of intangible assets	**383**	390
Employment benefits expenses – directors of the Company:		
– Short term benefits	**727**	689
– Defined contribution plans	**26**	26
Employment benefits expenses – directors of subsidiaries:		
– Short term and other long term benefits	**2,153**	2,432
– Defined contribution plans	**167**	206
Directors' fees:		
– Directors of the Company	**138**	133
– Director of a subsidiary	**2**	2
Employee benefit expenses (including directors' remuneration):		
– Defined contribution plans	**1,706**	1,701
– Others	**19,519**	18,323
Audit fees:		
– paid to auditors of the Company	**165**	165
– paid to other auditors	**23**	17
Non-audit fees:		
– paid to auditors of the Company	**29**	26
– paid to other auditors	**4**	8
Impairment loss on financial assets:		
– Allowance for doubtful debts – trade	**5**	530
– Bad debts written off – trade	**43**	24
Net foreign exchange losses (gains)	**580**	234
Cost of inventories recognised as an expense	**36,377**	28,878
Fair value (gain) loss on derivative financial instruments	**(48)**	49

28 DIVIDEND

2022

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

2021

– The Company declared and paid one-tier tax exempt final dividend of $0.0043 per share (total of $1,011,000) to the shareholders of the Company in respect of financial year ended December 31, 2020. The dividend has been paid on May 21, 2021.

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

29 COMMITMENTS

	Group	
	2022	**2021**
	$'000	**$'000**
Capital expenditure	**357**	416
Commitment for the acquisition of property	**–**	6,164
Convertible loan	**–**	472

30 SEGMENT INFORMATION

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

Segment revenue and results

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

	Group			
	Revenue		Net Profit	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Engineering	**56,422**	45,195	**2,444**	1,487
Training	**18,877**	19,911	**722**	3,003
	75,299	65,106	**3,166**	4,490
Interest income			**97**	69
Other operating expenses[i]			**(2)**	(3)
Finance costs			**(484)**	(445)
Profit before tax			**2,777**	4,111
Income tax expense			**(809)**	(368)
Profit for the year			**1,968**	3,743

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

Revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of research and development related expenses, share of results of associate and joint venture, interest income, finance costs, and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

30 SEGMENT INFORMATION (CONTINUED)

Segment assets

	Group 2022 $'000	Group 2021 $'000
Engineering	**69,217**	51,908
Training	**15,232**	18,144
Total segment assets	**84,449**	70,052
Unallocated assets	**8,134**	14,476
Consolidated total assets	**92,583**	84,528

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitor the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of assets of group entities that are investment holding in nature (Note 13), investments in associate and joint venture (Note 14) and investments in financial assets (Note 15). Goodwill has been allocated to the training segment. 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		Impairment of goodwill	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Engineering	**1,997**	1,548	**10,571**	857	**–**	**–**
Training	**2,351**	2,410	**2,242**	2,765	**1,299**	**96**
Unallocated	**6**	3	**–**	6	**–**	**–**
Total	**4,354**	3,961	**12,813**	3,628	**1,299**	96

30 SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operates predominantly in Singapore (country of domicile), except for two (2021: two) subsidiaries operating in Malaysia and Myanmar.

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

	Group			
	Revenue from external customers		Non-current assets	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Based on location of customer				
Singapore	**71,366**	62,451	**33,556**	27,017
Others	**3,933**	2,655	**1,720**	1,872
	75,299	65,106	**35,276**	28,889

Information about major customers

There is no single customer accounted for more than 10% of the Group's total revenue.

31 EARNINGS PER SHARE

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

	Group	
	2022	2021
	$'000	$'000
Earnings per ordinary share ("EPS")		
Profit for the year attributable to owners of the Company	**2,188**	3,326
Weighted average number of ordinary shares for the purpose of earnings per share	**235,000,000**	235,000,000
EPS – Basic and diluted (cents)	**0.93**	1.42

There were no dilutive equity instruments for 2022 and 2021.

SHAREHOLDING STATISTICS

AS AT MARCH 23, 2023

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 23 March 2023, approximately 28.49% of the issued ordinary shares of the Company were held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited 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	10	3.00	5,000	0.00
1,001 – 10,000	78	23.42	534,100	0.23
10,001 – 1,000,000	232	69.67	23,083,400	9.82
1,000,001 and above	13	3.91	211,377,500	89.95
	333	100.00	235,000,000	100.00

TOP 22 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	WONG FONG INVESTMENTS PTE LTD	158,280,000	67.35
2	LEE CHONG SENG	11,520,000	4.90
3	LEE YONG HUAT (LI YONGFA)	9,600,000	4.09
4	UOB KAY HIAN PTE LTD	5,300,000	2.26
5	LEW SIEW CHOO	4,745,000	2.02
6	KGI SECURITIES (SINGAPORE) PTE. LTD	4,414,500	1.88
7	DBS NOMINEES PTE LTD	4,209,800	1.79
8	NG ENG SENG	3,704,800	1.58
9	LEW SIEW CHENG	3,069,000	1.31
10	PHILLIP SECURITIES PTE LTD	1,836,400	0.78
11	PE KOK BOON	1,800,000	0.77
12	TAN ENG HUI	1,800,000	0.77
13	HAN SEE KWANG	1,098,000	0.47
14	WONG SIEW KEONG	990,000	0.42
15	HAN CHOON SIANG	896,500	0.38
16	SIM SEM PENG	800,000	0.34
17	TEH SIEW LYE	730,000	0.31
18	TEHC INTERNATIONAL PTE LTD	530,000	0.23
19	ER KEE SING	500,000	0.21
20	LILY LIM HWEE LI	500,000	0.21
21	POH CHOON KAH	500,000	0.21
22	WONG KOH HOI	500,000	0.21
		217,324,000	92.49

SUBSTANTIAL SHAREHOLDERS

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

Notes:

(1) Liew Ah Kuie holds approximately 27.96% of the issued and paid-up share capital in Wong Fong Investments Pte. Ltd. ("**Wong Fong Investments**"), which in turn holds 158,280,000 shares in the Company. Accordingly, Liew Ah Kuie is deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the Securities and Futures Act 2001 ("**SFA**").

(2) Liew Khuen Choy holds approximately 22.37% 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.

(3) Jimmy Lew Holding Pte. Ltd. ("**Jimmy Lew Holding**") holds approximately 40.39% of the issued and paid-up share capital in Wong Fong Investments, which in turn holds 158,280,000 shares in the Company. Accordingly, Jimmy Lew Holding is deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the SFA.

(4) Liew Chern Yean and Lew Chern Yong (Liu Zhengrong) each holds 25.00% of the issued and paid-up share capital in Jimmy Lew Holding, which in turn is deemed interested in the 158,280,000 shares held by Wong Fong Investments. Accordingly, Liew Chern Yean and Lew Chern Yong (Liu Zhengrong) are deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the SFA. Liew Chern Yean is also deemed to be interested in the 730,000 shares held by his spouse, Teh Siew Lye, by virtue of Section 7 of the Companies Act 1967 of Singapore.

(5) Ng Thye Eng holds 20.00% of the issued and paid-up share capital in Jimmy Lew Holding, which in turn is deemed interested in the 158,280,000 shares held by Wong Fong Investments. Accordingly, Ng Thye Eng is deemed to be interested in the 158,280,000 shares held by Wong Fong Investments pursuant to Section 4 of the SFA. Ng Thye Eng is the spouse of the late Lew Kit Foo @ Liew Foo who ceased to be a substantial Shareholder subsequent to his demise on 10 August 2018.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**") of **Wong Fong Industries Limited** (the "**Company**") will be held by way of electronic means on Friday, 28 April 2023 at 10.00 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the directors' statement and the audited financial statements of the Company for the financial year ended 31 December 2022 ("**FY2022**") together with the auditors' report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one-tier) dividend of 0.60 Singapore cents per ordinary share ("**Share**") for FY2022. **(Resolution 2)**

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

   Mr Liew Chern Yean **(Resolution 3)**

   Mr Pao Kiew Tee **(Resolution 4)**
   [See Explanatory Note (i) and (ii)]

4. To approve the sum of S$140,000 as Directors' fees for the financial year ending 31 December 2023 and the payment thereof on a 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**

   That pursuant to Section 161 of the Companies Act 1967 ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**") and the Constitution, authority be and is hereby given to the Directors to:

   (i) allot and issue 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) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing shareholders of the Company ("**Shareholders**") shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution, after adjusting for (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (ii) new Shares arising from exercising of any share options or vesting of share awards outstanding and/or subsisting at the time of passing of this resolution provided that such options or awards (as the case may be) were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(c) in exercising such authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next AGM; or (ii) the date by which the next AGM is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 7)**

8. **Authority to grant awards and issue Shares pursuant to the Wong Fong Performance Share Plan**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the provisions of the Wong Fong Performance Share Plan (the "**PSP**"); and

(ii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

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 number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

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

9. **Renewal of the Share Buyback Mandate**

That:

(i) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(A) on-market purchases, transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed ("**Market Purchase**"); and/or

(B) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) which shall satisfy all the conditions prescribed by the Companies Act, as may be determined or formulated by the Directors as they may consider fit ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws, regulations and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(ii) the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of passing of this resolution and expiring on the earliest of:

(A) the date on which the next AGM is held or required by law to be held;

(B) the date on which the purchase(s) of Shares pursuant to the Share Buyback Mandate are carried out to the full extend mandated; or

(C) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting,

(the "**Relevant Period**").

In this resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this resolution, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered, excluding any treasury shares and subsidiary holdings;

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding related brokerage, commission, stamp duties, clearance fees, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Market Price (as defined below); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Market Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares traded on the SGX-ST over the last five (5) market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) market day period and the day on which the purchases are made; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.
[See Explanatory Note (v)] **(Resolution 9)**

By Order of the Board

Maureen Low Mei Mei
Lai Foon Kuen
Company Secretary

Singapore, 13 April 2023

Explanatory notes on ordinary resolutions to be passed:

(i) **Ordinary Resolution 3** – Detailed information on Mr Liew Chern Yean and Mr Pao Kew Tee can be found on pages 61 to 62 of the Company's annual report for FY2022 ("**FY2022 Annual Report**"). Mr Liew Chern Yean, if re-elected as a Director, will remain as the Executive Director. Mr Liew Chern Yean is a controlling Shareholder, nephew of Mr Liew Ah Kuie (Co-Founder and Group Chief Executive Officer) and brother of Mr Lew Chern Yong (Non-Executive Non-Independent Director). Save as disclosed in the FY2022 Annual Report, there are no relationships including immediate family relationships between Mr Liew Chern Yean and the other Directors, the Company, its related corporations, its substantial Shareholders or its officers.

(ii) **Ordinary Resolution 4** – Mr Pao Kew Tee, if re-elected as a Director, will remain as Independent Chairman, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees respectively, and shall be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Pao Kew Tee has no relationships with the Directors, the Company, its related corporations, its substantial Shareholders or its officers.

(iii) **Ordinary Resolution 7**, if passed, will empower the Directors to allot and issue Shares and convertible securities in the Company up to an amount not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares to be issued other than on a *pro rata* basis to existing Shareholders, shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

(iv) **Ordinary Resolution 8**, if passed, will empower the Directors to offer and grant Awards under the PSP, and to allot and issue Shares pursuant to the vesting of Awards granted under the PSP, provided that the aggregate number of Shares issued and issuable pursuant to the PSP, when added to (a) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (b) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

(v) **Ordinary Resolution 9**, if passed, will empower the Directors, from the date of the AGM until the next AGM is held or is required by law to be held, or until it is varied or revoked by the Company in a general meeting, whichever is earlier, to purchase or otherwise acquire issued ordinary Shares by way of Market Purchase or Off-Market Purchase of up to the Prescribed Limit at the Maximum Price in accordance with the terms and conditions set out in the Appendix to the FY2022 Annual Report. Please refer to the Appendix for more details.

Notes:

1. The AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time). In line with the Company's efforts to be environmentally friendly, printed copies of this Notice, proxy form and the FY2022 Annual Report will not be sent to members. Instead, the documents will be available to members by electronic means via publication on the SGX's website and the Company's website.

Participation in the AGM via “live” webcast or “live” audio feed

2. As the AGM will be held by way of electronic means, members will NOT be able to attend the AGM in person. All members or their corporate representatives (in the case of members which are legal entities) will be able to participate in the AGM proceedings by accessing a “live” webcast or “live” audio feed. To do so, members are required to pre-register their participation in the AGM (“**Pre-registration**”) at the link: https://registration.ryt-poll.com/home/index/wongfong-agm (“**AGM Registration and Q&A Link**”) by 10.00 a.m. on 25 April 2023 (“**Registration Deadline**”) for verification of their status as member (or the corporate representatives of such members).

3. Upon successful verification, each such member or its corporate representative will receive an email by 10.00 a.m. on 27 April 2023. The email will contain instructions to access the “live” webcast or “live” audio feed of the AGM proceedings. Members or their corporate representatives must not forward the email to other persons who are not members and who are not entitled to participate in the AGM proceedings. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 2 above but did not receive an email by 10.00 a.m. on 27 April 2023 may contact the Company for assistance via email at wongfong-agm@ryt-poll.com or alternatively call +65 6329 2744 during office hours on 27 April 2023.

4. Members holding Shares through relevant intermediaries (other than SRS investors) will not be able to pre-register for the “live" webcast or “live" audio feed. Such members who wish to participate in the “live" webcast or “live" audio feed of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.

Voting by proxy

5. Members who wish to vote on any or all of the resolutions at the AGM may vote “live" via electronic means at the AGM or by appointing proxy(ies) or the Chairman of the AGM as proxy to vote on his/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, members must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. SRS investors who wish to vote “live" via electronic means at the AGM may do so if they are appointed as proxies by their respective SRS Operators, and should approach their respective SRS Operators if they have any queries regarding their appointment as proxies.

7. The duly executed proxy form must be submitted in the following manner: (i) if submitted personally or by post, be lodged at the registered office of the Company at 79 Joo Koon Circle, Singapore 629107; or (ii) if submitted electronically, be submitted via email to the Company's Polling Agent at wongfong-agm@ryt-poll.com, in either case by 10.00 a.m. on 25 April 2023, being not less than 72 hours before the time appointed for holding the AGM.

8. Members who hold their Shares through a Relevant Intermediary as defined in Section 181 of the Companies Act (including SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective Relevant Intermediaries (including their respective SRS Operators or depository agents) to submit their voting instructions by 10.00 a.m. on 19 April 2023, being 7 working days before the date of the AGM.

Submission of questions prior to and during the AGM

9. Members may (i) submit questions related to the resolutions to be tabled at the AGM during Pre-registration via the AGM Registration and Q&A link at https://registration.ryt-poll.com/home/index/wongfong-agm; or (ii) email the questions, together with their full name (as per CDP records), identification number, and contact number by 10.00 a.m. on 25 April 2023 to wongfong-agm@ryt-poll.com, so that they may be addressed during the AGM proceedings. Members and/or their proxy(ies) may also submit text-based questions during the AGM by submitting their questions through the “live" ask-a-question function via the webcast platform during the AGM.

10. The Company will endeavour to address relevant and substantial questions (as may be determined by the Company in its sole discretion) received before and during the AGM, at the AGM.

11. The Company will publish the minutes of the AGM on SGXNET and the Company's website within 1 month after the date of AGM.

Voting

12. Live voting will be conducted during the AGM. It is important for attendees to ensure their own web-browser enabled devices are ready for voting during the AGM. Attendees may cast their votes in real time for each resolution to be tabled via the live voting feature based on the login credentials created during Pre-registration.

13. Attendees will be required to log-in via the email address provided during Pre-registration or as indicated in the proxy form.

14. As an alternative to live voting, Shareholders may also appoint the Chairman of the AGM as his/her/its proxy to vote on their behalf. Please refer to the “Voting by proxy" section above for the manner of submission.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of Chairman of the AGM as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes"), and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such Purposes.

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WONG FONG INDUSTRIES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201500186D)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT:

1. The annual general meeting ("**AGM**") is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this proxy form will not be sent to members. Instead, the Notice of AGM and this proxy form will be sent to members by electronic means via publication on the Company's website and on the SGX's website.
2. A member will not be able to attend the AGM in person. Alternative arrangements have been put in place to allow members to participate at the AGM by (a) watching the AGM proceedings via "live" webcast or listening to the AGM proceedings via "live" audio feed, (b) submitting questions to the Company in advance of, or "live" at, the AGM, and addressing of relevant and substantial questions at the AGM, and (c) voting at the AGM "live" by the member or his/her/its duly appointed proxy(ies) (including the Chairman of the AGM).
3. This proxy form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should approach their Relevant Intermediary as soon as possible to specify voting instructions. SRS investors should approach their respective SRS Operators at least 7 working days before the date of the AGM to ensure their votes are submitted.
4. PLEASE READ THE NOTES TO THE PROXY FORM.

I/We______________________________ NRIC/Passport/Co.Registration No.______________________________

of ____

being a member/members of WONG FONG INDUSTRIES LIMITED hereby appoint

Name	**Email Address**	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**

and/or (delete as appropriate)

Name	**Email Address**	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**

or failing him/her/them, the Chairman of the AGM, as my/our proxy/proxies, to attend and vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder, for me/us and on my/our behalf at the AGM to be held by way of electronic means on Friday, 28 April 2023 at 10.00 a.m. and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

		Number of Votes		
No.	**Resolutions Relating To:**	**For***	**Against***	**Abstain***
	AS ORDINARY BUSINESS			
1	Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2022 ("FY2022") together with the auditors' report thereon			
2	Payment of proposed first and final tax exempt (one-tier) dividend of 0.60 Singapore cents per ordinary share for FY2022			
3	Re-election of Mr Liew Chearn Yean as a director of the Company ("Director")			
4	Re-election of Mr Pao Kiew Tee as a Director			
5	Approval of Directors' fees for the financial year ending 31 December 2023, payable semi-annually in arrears			
6	Re-appointment of Deloitte & Touche LLP as auditors of the Company			
	AS SPECIAL BUSINESS			
7	Authority to allot and issue shares in the capital of the Company ("Shares")			
8	Authority to grant awards and issue Shares pursuant to the Wong Fong Performance Share Plan			
9	Renewal of Share Buyback Mandate			

I/We have directed my/our proxy/proxies to vote "For" or "Against" or "Abstain" the Resolutions with a "✓" within the boxes provided. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or to abstain from voting in respect of the resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number "Abstain" in the boxes provided for the resolutions.

Dated ________________ this day of ____________________ 2023

Total Number of Shares Held

____

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares you hold. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the register of shareholders of our Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the register of shareholders, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the register of shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares in the capital of the Company held by you.

2. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Members will not be able to attend the AGM in person. If a member wishes to exercise his/her/its voting rights at the AGM, he/she/it may cast his/her/its votes remotely in real time via electronic means. Members may also appoint a proxy or proxies to vote on his/her/its behalf at the AGM. Members may also vote at the AGM by appointing the Chairman of the AGM as proxy to vote on his/her/its behalf at the AGM. This proxy form may be accessed and downloaded from SGXNET and the Company's website. A printed copy of this proxy form will not be despatched to members. In appointing the Chairman of the AGM as proxy, members must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than 2 proxies to attend and vote at the AGM instead of such member, but each such proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than 2 proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed. “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore (the “Companies Act”).

   For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act who is either:

   (a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds Shares in that capacity; or

   (b) a capital markets services licence holder which provides custodial services for securities and holds Shares in that capacity.

   Investors whose Shares are held with relevant intermediaries including SRS investors, who wish to appoint the Chairman of the AGM as proxy, should approach their respective intermediaries such as SRS Operators to submit their voting instructions at least 7 working days before the date of the AGM.

4. A proxy need not be a member of the Company.

5. This proxy form must be submitted to the Company in the following manner:

   (a) if submitted personally or by post, be lodged at the registered office of the Company at 79 Joo Koon Circle, Singapore 629107; or

   (b) if submitted electronically, be submitted via email to the Company's Polling Agent at wongfong-agm@ryt-poll.com,

   in either case by 10.00 a.m. on 25 April 2023 (being not less than 72 hours before the time appointed for holding the AGM).

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing or where it is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall if required by law, be duly stamped must be lodged with the instrument.

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.

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 the Chairman of the AGM. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy/(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2023.

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