



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS (“2H”) AND FULL YEAR (“FY”) ENDED 31
DECEMBER 2023**

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

| GROUP | | | | | | | |
|---|-------------------|-------------------|------------------------------|-------------------|-------------------|------------------------------|--------|
| Note | 2H2023 S\$'000 | 2H2022 S\$'000 | Increase/ (Decrease) % | FY2023 S\$'000 | FY2022 S\$'000 | Increase/ (Decrease) % | |
| Revenue | 4 | 39,016 | 43,565 | (10.4) | 77,958 | 75,299 | 3.5 |
| Other operating income | | 792 | 481 | 64.7 | 1,793 | 1,576 | 13.8 |
| Gain on disposal of subsidiaries | | 1,035 | - | NM | 1,035 | - | NM |
| Changes in inventories of finished goods and work-in-progress | | 162 | 3,393 | (95.2) | (2,428) | 4,995 | NM |
| Materials and consumables used and other direct costs | | (22,250) | (27,487) | (19.1) | (41,106) | (46,748) | (12.1) |
| Employee benefits expense | | (11,111) | (11,801) | (5.8) | (22,233) | (21,225) | 4.7 |
| Depreciation and amortisation expenses | | (2,255) | (2,208) | 2.1 | (4,438) | (4,354) | 1.9 |
| Write-back/Impairment loss on financial assets | | 37 | (29) | NM | (152) | (48) | NM |
| Impairment of goodwill | | - | (949) | NM | - | (1,299) | NM |
| Other operating expenses | | (2,405) | (2,627) | (8.5) | (5,005) | (4,935) | 1.4 |
| Finance costs | | (205) | (237) | (13.5) | (467) | (484) | (3.5) |
| Profit before tax | 6 | 2,816 | 2,101 | 34.0 | 4,957 | 2,777 | 78.5 |
| Income tax expense | 7 | (442) | (516) | (14.3) | (769) | (809) | (4.9) |
| Profit for the period/year | | 2,374 | 1,585 | 49.8 | 4,188 | 1,968 | NM |
| Other comprehensive income, after tax: | | | | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | | | | |
| - Fair value gain / (loss) on investments in equity instruments designated as at FVTOCI | | - | - | - | - | (56) | NM |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | | | | |
| - Fair value gain / (loss) on investments in debt instruments measured at FVTOCI | | 14 | (57) | NM | 69 | (143) | NM |
| - Exchange differences on translation of foreign operations | | 27 | 152 | (82.2) | 182 | 234 | (22.2) |
| Other comprehensive income for the period/year, net of tax | | 41 | 95 | (56.8) | 251 | 35 | NM |
| Total comprehensive income for the period/year | | 2,415 | 1,680 | 43.8 | 4,439 | 2,003 | NM |
| Profit/(Loss) attributable to: | | | | | | | |
| Owners of the Company | | 1,933 | 1,545 | 25.1 | 3,684 | 2,188 | 68.4 |
| Non-controlling interests | | 441 | 40 | NM | 504 | (220) | NM |
| | | 2,374 | 1,585 | 49.8 | 4,188 | 1,968 | NM |
| Total comprehensive income/(loss) attributable to: | | | | | | | |
| Owners of the Company | | 1,965 | 1,586 | 23.9 | 3,872 | 2,140 | 80.9 |
| Non-controlling interests | | 450 | 94 | NM | 567 | (137) | NM |
| | | 2,415 | 1,680 | 43.8 | 4,439 | 2,003 | NM |

NM: Not meaningful

FVTOCI: Fair value through other comprehensive income

B. Condensed interim statements of financial position

| | Note | GROUP | | COMPANY | |
|--|------|--|--|--|--|
| | | As at December 31, 2023 S\$'000 | As at December 31, 2022 S\$'000 | As at December 31, 2023 S\$'000 | As at December 31, 2022 S\$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | | 17,227 | 17,320 | 7,946 | 3,532 |
| Derivative financial instruments | | 6 | 1 | - | - |
| Trade and other receivables | | 12,375 | 17,310 | 270 | 5,225 |
| Inventories | | 17,156 | 19,667 | - | - |
| Total current assets | | 46,764 | 54,298 | 8,216 | 8,757 |
| Non-current assets | | | | | |
| Property, plant and equipment | 9 | 23,349 | 24,290 | 2 | 4 |
| Right-of-use assets | | 6,532 | 8,437 | - | - |
| Intangible assets | 10 | - | 2,549 | - | - |
| Investment in subsidiaries | | - | - | 3,564 | 3,564 |
| Investment in associates | | 1,254 | - | - | - |
| Investments in financial assets | 11 | 3,392 | 3,009 | 2,846 | 2,453 |
| Other receivables | | 533 | - | - | - |
| Total non-current assets | | 35,060 | 38,285 | 6,412 | 6,021 |
| Total assets | | 81,824 | 92,583 | 14,628 | 14,778 |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | | 12,336 | 17,679 | 360 | 331 |
| Lease liabilities | 12 | 671 | 1,575 | - | - |
| Bank borrowings | 12 | 1,583 | 1,604 | - | - |
| Income tax payable | | 661 | 970 | - | - |
| Total current liabilities | | 15,251 | 21,828 | 360 | 331 |
| Non-current liabilities | | | | | |
| Other payables | | 4 | 4 | - | - |
| Deferred tax liabilities | | 961 | 1,380 | - | - |
| Lease liabilities | 12 | 6,183 | 7,160 | - | - |
| Bank borrowings | 12 | 5,264 | 6,883 | - | - |
| Total non-current liabilities | | 12,412 | 15,427 | - | - |
| CAPITAL AND RESERVES | | | | | |
| Share capital | 13 | 11,351 | 11,351 | 11,351 | 11,351 |
| Accumulated profits | | 44,195 | 41,894 | 2,424 | 2,672 |
| Reserves | | (342) | 308 | 493 | 424 |
| Equity attributable to owners of the Company | | 55,204 | 53,553 | 14,268 | 14,447 |
| Non-controlling interests | | (1,043) | 1,775 | - | - |
| Total equity | | 54,161 | 55,328 | 14,268 | 14,447 |
| Total equity and liabilities | | 81,824 | 92,583 | 14,628 | 14,778 |

C. Condensed interim statements of changes in equity

| Group | Note | Share capital S\$'000 | Accumulated profits S\$'000 | Reserves S\$'000 | Equity attributable to owners of the Company S\$'000 | Non-controlling interests S\$'000 | Total S\$'000 |
|---|------|--------------------------|--------------------------------|---------------------|---|--------------------------------------|------------------|
| Balance as at January 1, 2023 | | 11,351 | 41,894 | 308 | 53,553 | 1,775 | 55,328 |
| Transactions with owners, recognised directly in equity: | | | | | | | |
| Dividends paid to owners of the Company | 8 | - | (1,410) | - | (1,410) | - | (1,410) |
| Dividends paid to non-controlling interests | | - | - | - | - | (100) | (100) |
| Disposal of controlling interest in subsidiaries | | - | 27 | (838) | (811) | (3,285) | (4,096) |
| Total | | - | (1,383) | (838) | (2,221) | (3,385) | (5,606) |
| Total comprehensive income for the year: | | | | | | | |
| Profit for the year | | - | 3,684 | - | 3,684 | 504 | 4,188 |
| Other comprehensive income for the year | | - | - | 188 | 188 | 63 | 251 |
| Total | | - | 3,684 | 188 | 3,872 | 567 | 4,439 |
| Balance as at December 31, 2023 | | 11,351 | 44,195 | (342) | 55,204 | (1,043) | 54,161 |
| 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 | 8 | - | (1,880) | - | (1,880) | - | (1,880) |
| Dividends paid to non-controlling interests | | - | - | - | - | (700) | (700) |
| Non-controlling interest arising from incorporation of a subsidiary | | - | - | - | - | 98 | 98 |
| Effects of disposing 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 (loss)/income 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 |

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

| Company | Note | Share capital S\$'000 | Accumulated profits S\$'000 | Reserves S\$'000 | Total S\$'000 |
|---|------|--------------------------|--------------------------------|---------------------|------------------|
| Balance as at January 1, 2023 | | 11,351 | 2,672 | 424 | 14,447 |
| Transaction with owners, recognised directly in equity: | | | | | |
| Dividends paid | 8 | - | (1,410) | - | (1,410) |
| Total comprehensive income for the year: | | | | | |
| Profit for the year | | - | 1,162 | - | 1,162 |
| Other comprehensive income for the year | | - | - | 69 | 69 |
| Total | | <u>-</u> | <u>1,162</u> | <u>69</u> | <u>1,231</u> |
| Balance as at December 31, 2023 | | <u>11,351</u> | <u>2,424</u> | <u>493</u> | <u>14,268</u> |
| | | | | | |
| Balance as at January 1, 2022 | | 11,351 | 4,002 | 567 | 15,920 |
| Transaction with owners, recognised directly in equity: | | | | | |
| Dividends paid | 8 | - | (1,880) | - | (1,880) |
| Total comprehensive income for the year: | | | | | |
| Profit for the year | | - | 550 | - | 550 |
| Other comprehensive income for the year | | - | - | (143) | (143) |
| Total | | <u>-</u> | <u>550</u> | <u>(143)</u> | <u>407</u> |
| Balance as at December 31, 2022 | | <u>11,351</u> | <u>2,672</u> | <u>424</u> | <u>14,447</u> |

D. Condensed interim consolidated statement of cash flow

| | Note | GROUP | |
|--|------|-------------------|-------------------|
| | | FY2023 S\$'000 | FY2022 S\$'000 |
| Operating activities | | | |
| Profit before taxation | | 4,957 | 2,777 |
| Adjustments for: | | | |
| Amortisation of intangible assets | 10 | 382 | 383 |
| Depreciation of property, plant and equipment | 6 | 2,389 | 2,244 |
| Depreciation of right-of-use assets | 6 | 1,667 | 1,727 |
| Dividend income | 6 | - | (72) |
| Fair value changes on derivative financial instruments | 6 | (5) | (48) |
| Gain on lease modification | | (13) | (2) |
| Impairment loss on financial assets | | 152 | 48 |
| Impairment of goodwill | | - | 1,299 |
| Interest expense | | 411 | 401 |
| Interest income | 6 | (253) | (97) |
| Loss on disposal of property, plant and equipment | 6 | 38 | 28 |
| Gain on disposal of subsidiaries | | (1,035) | - |
| (Gain)/loss arising on financial assets measured at FVTPL ⁽¹⁾ | 6 | (74) | 206 |
| Property, plant and equipment written off | 6 | 11 | 7 |
| Allowance for inventories and inventories written off | 6 | 483 | 25 |
| Operating cash flows before movements in working capital | | 9,110 | 8,926 |
| Inventories | | 1,951 | (5,116) |
| Trade and other receivables | | 3,679 | (5,348) |
| Trade and other payables | | (2,968) | 3,579 |
| Cash flows generated from operations | | 11,772 | 2,041 |
| Income tax paid | | (902) | (680) |
| Net cash from operating activities | | 10,870 | 1,361 |
| Interest received | | 253 | 97 |
| Dividends received | | - | 72 |
| Proceeds from disposal of property, plant and equipment | | 43 | 107 |
| Proceeds from disposal of quoted shares | | - | 2,225 |
| Disposal of subsidiaries | | (3,708) | - |
| Purchase of property, plant and equipment | | (2,242) | (3,724) |
| Investment in financial assets measured at FVTPL ⁽¹⁾ | | (250) | (958) |
| Net cash used in investing activities | | (5,904) | (2,181) |
| Contribution by non-controlling interest | | - | 98 |
| Acquisition of NCI | | - | (6) |
| Dividends paid | | (1,410) | (1,880) |
| Dividends paid to NCI | | (100) | (700) |
| Interest paid | | (411) | (401) |
| Repayment of lease liabilities | | (1,571) | (1,768) |
| Repayment of bank borrowings | | (1,590) | (1,498) |
| Net cash used in financing activities | | (5,082) | (6,155) |
| Net decrease in cash and cash equivalents | | (116) | (6,975) |
| Cash and cash equivalents at beginning of the year | | 17,107 | 24,035 |
| Effect of foreign exchange rate changes | | 23 | 47 |
| Cash and cash equivalents at end of the year⁽¹⁾ | | 17,014 | 17,107 |

(1) Excludes pledged fixed deposit of S\$0.2 million in FY2023 (FY2022: S\$0.2 million).

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

WONG FONG INDUSTRIES LIMITED (“**Wong Fong**” or the “**Company**”) (Registration No. 201500186D) is incorporated in Singapore with its principal place of business and registered office at 79 Joo Koon Circle, Singapore 629107. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for 2H2023 and FY2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

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

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

2. Basis of preparation

The condensed interim financial statements for 2H2023 and FY2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the 6-month period ended 30 June 2023.

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

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

2.1. New and amended standards adopted by the Group

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

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for FY2022.

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

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

(a) Allowance for inventories

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

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

(b) Calculation of loss allowance for trade receivables

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

(c) Impairment assessment of investment in subsidiaries

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

(d) Partial disposal of subsidiaries

On 29 December 2023, the Group completed partial disposal of 40% interest in Ascendo International Holdings Pte Ltd and its subsidiaries. Consequently Group's shareholding reduced from 60% to 20% and a gain on disposal of subsidiaries was recognised. Management has engaged an independent valuer to perform the valuation at the date that control is lost.

3. Seasonal operations

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

4. Segment and revenue information

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

Segment revenue and results

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

(i) Revenue for the 6-month period ended 31 December

| | Revenue | | Group | |
|---|----------------|----------------|----------------|----------------|
| | 2H2023 | 2H2022 | 2H2023 | 2H2022 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Engineering | 28,949 | 32,917 | 1,423 | 2,008 |
| Training | 10,067 | 10,648 | 1,414 | 277 |
| | <u>39,016</u> | <u>43,565</u> | <u>2,837</u> | <u>2,285</u> |
| Interest income | | | 198 | 54 |
| Other operating expenses ⁽¹⁾ | | | (14) | (1) |
| Finance costs | | | (205) | (237) |
| Profit before tax | | | <u>2,816</u> | <u>2,101</u> |
| Income tax expense | | | (442) | (516) |
| Profit for the period | | | <u>2,374</u> | <u>1,585</u> |

(ii) Revenue for the 12-month period ended 31 December

| | Revenue | | Group | |
|---|----------------|----------------|----------------|----------------|
| | FY2023 | FY2022 | FY2023 | FY2022 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Engineering | 59,135 | 56,422 | 2,397 | 2,444 |
| Training | 18,823 | 18,877 | 2,789 | 722 |
| | <u>77,958</u> | <u>75,299</u> | <u>5,186</u> | <u>3,166</u> |
| Interest income | | | 253 | 97 |
| Other operating expenses ⁽¹⁾ | | | (15) | (2) |
| Finance costs | | | (467) | (484) |
| Profit before tax | | | <u>4,957</u> | <u>2,777</u> |
| Income tax expense | | | (769) | (809) |
| Profit for the year | | | <u>4,188</u> | <u>1,968</u> |

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

Revenue reported above represents revenue generated from external customers.

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

Segment assets

| | Group | |
|---------------------------|--|--|
| | As at December 31, 2023 | As at December 31, 2022 |
| | S\$'000 | S\$'000 |
| Engineering | 63,878 | 69,217 |
| Training | 5,879 | 15,232 |
| Total segment assets | <u>69,757</u> | <u>84,449</u> |
| Unallocated assets | 12,067 | 8,134 |
| Consolidated total assets | <u><u>81,824</u></u> | <u><u>92,583</u></u> |

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

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

Other segment information

Other segment information for the 6-month period and 12-month period ended 31 December

| | Group | | | |
|-------------|--------------------------------------|----------------|----------------|----------------|
| | Depreciation and amortisation | | | |
| | 2H2023 | 2H2022 | FY2023 | FY2022 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Engineering | 1,072 | 1,061 | 2,131 | 1,997 |
| Training | 1,182 | 1,145 | 2,305 | 2,351 |
| Unallocated | 1 | 2 | 2 | 6 |
| Total | <u>2,255</u> | <u>2,208</u> | <u>4,438</u> | <u>4,354</u> |

| | Additions to non-current assets | |
|-------------|--|----------------|
| | FY2023⁽¹⁾ | FY2022 |
| | S\$'000 | S\$'000 |
| Engineering | 893 | 10,571 |
| Training | 1,715 | 2,242 |
| Unallocated | - | - |
| Total | <u>2,608</u> | <u>12,813</u> |

⁽¹⁾ FY2023 excludes additions to non-current assets of the disposed subsidiaries.

Geographical information

The Group's operates predominantly in Singapore (country of domicile), except for 2 (December 31, 2022:2) subsidiaries operating in Malaysia and Myanmar.

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

| | Group | | | |
|--------------------------------------|--|----------------|----------------|----------------|
| | Revenue from external customers | | | |
| | 2H2023 | 2H2022 | FY2023 | FY2022 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>Based on location of customer</u> | | | | |
| Singapore | 36,974 | 41,584 | 73,535 | 71,366 |
| Others | 2,042 | 1,981 | 4,423 | 3,933 |
| | 39,016 | 43,565 | 77,958 | 75,299 |

Information about major customers

Approximately 13% of the Group's total revenue in FY2023 arose from sales to one major customer from the Engineering segment.

No single customer accounted for more than 10% of the Group's total revenue in FY2022.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

| | Group | | Company | |
|--|--|--|--|--|
| | As at December 31, 2023 | As at December 31, 2022 | As at December 31, 2023 | As at December 31, 2022 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Financial assets | | | | |
| Financial assets at amortised cost | 30,023 | 34,346 | 8,175 | 8,716 |
| Derivative financial instruments | 6 | 1 | - | - |
| Financial assets measured at FVTPL | 2,403 | 2,089 | 1,941 | 1,617 |
| Financial assets at FVTOCI: | | | | |
| Debt instruments classified as at FVTOCI | 905 | 836 | 905 | 836 |
| Equity instruments designated as at FVTOCI | 84 | 84 | - | - |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | 16,885 | 22,117 | 355 | 325 |
| Lease liabilities | 6,854 | 8,735 | - | - |

6. Profit before tax

6.1 Significant items

| | <u>Group</u> | | | |
|---|----------------|----------------|----------------|----------------|
| | <u>2H2023</u> | <u>2H2022</u> | <u>FY2023</u> | <u>FY2022</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> |
| <u>Material items included in other operating income:</u> | | | | |
| Commission income | 208 | 28 | 300 | 121 |
| Dividend income | - | 35 | - | 72 |
| Fair value changes on derivative financial instruments | (23) | 33 | 5 | 48 |
| Government grants | 255 | 338 | 906 | 1,144 |
| Gain on lease modification | 2 | - | 13 | 2 |
| Interest income | 198 | 54 | 253 | 97 |
| Other income | (2) | 26 | 132 | 34 |
| Rental rebates and income | 46 | 24 | 72 | 58 |
| Net gain arising on financial assets measured at FVTPL | 34 | - | 74 | - |
| <u>Material items included in other operating expenses:</u> | | | | |
| Allowance for inventories and inventories written off | 112 | 11 | 483 | 25 |
| Loss on disposal of property, plant and equipment | 34 | 22 | 38 | 28 |
| Loss on foreign exchange - net | 61 | 313 | 282 | 580 |
| Net loss arising on financial assets measured at FVTPL | - | 91 | - | 206 |
| Property, plant and equipment written off | 11 | 7 | 11 | 7 |
| <u>Others:</u> | | | | |
| Depreciation of property, plant and equipment | 1,207 | 1,191 | 2,389 | 2,244 |
| Depreciation of right-of-use assets | 857 | 825 | 1,667 | 1,727 |
| Amortisation of intangible assets | 191 | 192 | 382 | 383 |
| Interest expense | 187 | 203 | 411 | 401 |

6.2 Related party transactions

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

| | <u>Group</u> | | | |
|--|----------------|----------------|----------------|----------------|
| | <u>2H2023</u> | <u>2H2022</u> | <u>FY2023</u> | <u>FY2022</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> |
| <u>Transaction with ultimate holding company</u> | | | | |
| Dividends paid | - | - | 950 | 1,266 |

7. Income tax expense (credit)

| | <u>Group</u> | | | |
|---|----------------|----------------|----------------|----------------|
| | <u>2H2023</u> | <u>2H2022</u> | <u>FY2023</u> | <u>FY2022</u> |
| | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> | <u>S\$'000</u> |
| Current income tax expense | 285 | 561 | 612 | 954 |
| (Over)/Under provision in respect of prior years: | | | | |
| - current tax | 186 | (12) | 186 | (75) |
| - deferred tax | (10) | (19) | (10) | (38) |
| Deferred tax expense | (19) | (14) | (19) | (32) |
| | <u>442</u> | <u>516</u> | <u>769</u> | <u>809</u> |

8. Dividends

FY2023

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

FY2022

- The Company declared and paid a one-tier tax exempt final dividend of S\$0.0080 per share (total of S\$1,880,000) to shareholders of the Company in respect of FY2021. The dividend was paid on 22 May 2022.

9. Property, plant and equipment

In FY2023, the Group acquired property, plant and equipment with an aggregate cost of S\$2,195,000 (FY2022: S\$9,734,000, of which S\$5,184,000 was acquired using bank borrowing) and disposed of assets amounting to S\$82,000 (FY2022: S\$ 269,000).

10. Intangible assets

| <u>Group</u> | Accreditation and copyright⁽¹⁾ | | Other intangible assets⁽²⁾ | Total |
|---|--|--------------------------------|--|----------------|
| | Goodwill | copyright⁽¹⁾ | assets⁽²⁾ | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| At 31 December 2022: | | | | |
| Opening net book amount | 1,299 | 2,932 | - | 4,231 |
| Amortisation charge and impairment for the year | (1,299) | (383) | - | (1,682) |
| Closing net book amount | - | 2,549 | - | 2,549 |
| At 31 December 2023: | | | | |
| Opening net book amount | - | 2,549 | - | 2,549 |
| Amortisation charge and impairment for the year | - | (382) | - | (382) |
| Disposal of subsidiaries | - | (2,167) | - | (2,167) |
| Closing net book amount | - | - | - | - |

(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 a useful life of 12 years, over which the assets are amortised.

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

11. Investments in financial assets

| | Group | | Company | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | As at | As at | As at | As at |
| | December 31, 2023 | December 31, 2022 | December 31, 2023 | December 31, 2022 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Investments in debt instruments classified as at FVTOCI (i) | | | | |
| Corporate bonds | 905 | 836 | 905 | 836 |
| Investments in equity instruments designated as at FVTOCI (ii) | | | | |
| Unlisted shares | 84 | 84 | - | - |
| Financial assets measured at FVTPL (iii) | | | | |
| Corporate bonds | 1,941 | 1,617 | 1,941 | 1,617 |
| Loan | 462 | 472 | - | - |
| | 2,403 | 2,089 | 1,941 | 1,617 |
| | 3,392 | 3,009 | 2,846 | 2,453 |

(i) The investments in listed corporate bonds pay interest at rates ranging from 2.15% to 2.90% (December 31, 2022: 2.15% to 2.90%) per annum and the bonds will mature between year 2031 to year 2032 (December 31, 2022: year 2031 to year 2032). At maturity, the Group will receive nominal amount of S\$1,000,000 (December 31, 2022: S\$1,000,000). The corporate bonds are held by the Group within a business model whose objective is both to collect their contractual cash

flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence the corporate bonds are classified as at FVTOCI. See below for impairment assessment.

- (ii) The Group holds 13.03% (December 31, 2022: 13.03%) of the ordinary share capital of Botsync Pte. Ltd., a Singapore-based robotics start-up.

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

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

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

The Group has also invested in perpetual debt instruments which pay variable interest rates ranging from 2.97% to 4.48% (December 31, 2022: 3.00% to 3.98%) per annum.

In FY2022, the Group extended a loan of US\$350,000 (equivalent to S\$462,000) to Botsync Pte Ltd under a Convertible Agreement Regarding Equity ("CARE"). Under the term of the CARE, the loan may be converted into shares in the capital of Botsync Pte Ltd. Pending the conversion of the loan into shares, the loan bears interest at a rate of 5% per annum.

Impairment of financial assets

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

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

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

Fair value measurement

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

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

The following table presented the assets measured at fair value:

| Group | | | | | | | | |
|--|----------------------------|-------------|-------------------|-------------|----------------------|---|-----------------------------------|--|
| Financial assets/ financial liabilities | Fair value as at (S\$'000) | | | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
| | December 31, 2023 | | December 31, 2022 | | | | | |
| | Assets | Liabilities | Assets | Liabilities | | | | |
| Financial assets measured at FVTPL | | | | | | | | |
| Listed corporate bonds | 1,941 | - | 1,617 | - | Level 1 | Quoted bid prices in an active market. | n.a. | n.a. |
| Convertible loan | 462 | - | 472 | - | Level 3 | Equity value of the borrower. | Equity value | The higher the equity value, the higher the fair value. |
| Financial assets measured at FVTOCI | | | | | | | | |
| Listed corporate bonds | 905 | - | 836 | - | Level 1 | Quoted bid prices in an active market. | n.a. | n.a. |
| Investment in unlisted shares | 84 | - | 84 | - | Level 3 | Net asset value of the investee. | Net asset value | The higher the net asset value, the higher the fair value. |

| Company | | | | | | | | |
|--|----------------------------|-------------|-------------------|-------------|----------------------|---|-----------------------------------|---|
| Financial assets/ financial liabilities | Fair value as at (S\$'000) | | | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
| | December 31, 2023 | | December 31, 2022 | | | | | |
| | Assets | Liabilities | Assets | Liabilities | | | | |
| Financial assets measured at FVTPL | | | | | | | | |
| Listed corporate bonds | 1,941 | - | 1,617 | - | Level 1 | Quoted bid prices in an active market. | n.a. | n.a. |
| Financial assets measured at FVTOCI | | | | | | | | |
| Listed corporate bonds | 905 | - | 836 | - | Level 1 | Quoted bid prices in an active market. | n.a. | n.a. |

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

12. Bank borrowing and lease liabilities

Aggregate amount of group's borrowings and debts securities.

Amount repayable in one year or less, or on demand

| December 31, 2023 | | December 31, 2022 | |
|-------------------|-----------|-------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2,254 | - | 3,179 | - |

Amount repayable after one year

| December 31, 2023 | | December 31, 2022 | |
|-------------------|-----------|-------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 11,447 | - | 14,043 | - |

Details of any collateral

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

13. Share capital

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

14. Subsequent events

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

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

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

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

There were no outstanding options, convertibles or treasury shares held by the Company or subsidiary holdings as at 31 December 2022 and 31 December 2023.

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

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

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

There were no treasury shares held by the Company.

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

There were no subsidiary holdings.

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

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

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

Not applicable.

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for FY2023 as those applied in its most recently audited financial statements for FY2022.

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

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

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

| | Group | | | |
|---|---------|---------|---------|---------|
| | 2H2023 | 2H2022 | FY2023 | FY2022 |
| Profit attributable to owners of the Company (S\$'000) | 1,933 | 1,545 | 3,684 | 2,188 |
| Weighted average number of shares ('000) | 235,000 | 235,000 | 235,000 | 235,000 |
| Basic and diluted earnings per share (cents) | 0.82 | 0.66 | 1.57 | 0.93 |

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

| | Group | | Company | |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | As at 31 December 2023 | As at 31 December 2022 | As at 31 December 2023 | As at 31 December 2022 |
| Net asset value (S\$'000) | 55,204 | 53,553 | 14,268 | 14,447 |
| Number of shares ('000) | 235,000 | 235,000 | 235,000 | 235,000 |
| Net asset value per share (cents) | 23.49 | 22.79 | 6.07 | 6.15 |

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

REVIEW OF INCOME STATEMENT

Revenue

Revenue decreased by S\$4.6 million or 10.4% from S\$43.6 million in 2H2022 to S\$39.0 million in 2H2023. This was mainly attributable to a decrease in revenue from the Engineering business of S\$4.0 million and a decrease in revenue from the Training business of S\$0.5 million.

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

The Engineering business comprises equipment sales, repairs and servicing and projects. 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.

Other operating income

Other operating income increased by S\$0.3 million or 64.7% from S\$0.5 million in 2H2022 to S\$0.8 million in 2H2023 and increased by S\$0.2 million or 13.8% from S\$1.6 million in FY2022 to S\$1.8 million in FY2023. The increase was mainly attributable to increase in interest income.

Gain on disposal of investment

The Group registered a gain on disposal of S\$1.0 million in 2H2023 and FY2023 respectively as a result of the disposal of 40% interest in Ascendo International Holdings Pte Ltd ("**Ascendo**") which was completed on 29 December 2023 ("**Disposal**").

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

Changes in inventories of finished goods and work-in-progress, materials and consumables used and other direct costs, decreased by S\$2.0 million in aggregate or 8.3%, from S\$24.1 million in 2H2022 to S\$22.1 million in 2H2023 due to lower sales.

The cost increased by S\$1.7 million in aggregate or 4.3%, from S\$41.8 million in FY2022 to S\$43.5 million in FY2023, mainly due to an increase in purchase of equipment in line with the increase in revenue from the Engineering business in the six months ended 30 June 2023 ("**1H 2023**").

Employee benefits expense

Employee benefits expense decreased by S\$0.7 million or 5.8% from S\$11.8 million in 2H2022 to S\$11.1 million in 2H2023 mainly due to lower bonus payout, headcount reduction from the Training business and less overtime payments for the Engineering business.

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

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by S\$0.1 million or 2.1% from S\$2.2 million in 2H2022 to S\$2.3 million in 2H2023 and increased by S\$0.1 million or 1.9% from S\$4.3 million in FY2022 to S\$4.4 million in FY2023, due to additional depreciation charge on property, plant and equipment as well as right-of-use assets.

Impairment losses on financial assets

Impairment losses on financial assets were S\$29,000 and S\$48,000 in 2H2022 and FY2022 respectively. Impairment losses increased to S\$0.2 million in FY2023 was mainly due to an increase in allowance for doubtful debts and bad debts written off for the Training business in the current year.

Other operating expenses

Other operating expenses decreased by S\$0.2 million or 8.5% from S\$2.6 million in 2H2022 to S\$2.4 million in 2H2023 and increased by S\$0.1 million from S\$4.9 million in FY2022 to S\$5.0 million in FY 2023 mainly due to an increase in impairment on inventories.

Finance costs

Finance costs remained relatively stable at S\$0.2 million in 2H2022 and 2H2023 respectively and S\$0.5 million in FY2022 and FY2023 respectively.

Income tax expense

The Group recorded an income tax expense of S\$0.5 million in 2H2022 and 2H2023 respectively and S\$0.8 million in FY2022 and FY2023.

Profit for the period/year after taxation

As a result of the foregoing, profit for the period increased by S\$0.8 million or 49.8% from S\$1.6 million in 2H2022 to S\$2.4 million in 2H2023 and profit for the year increased by S\$2.2 million from S\$2.0 million in FY2022 to S\$4.2 million in FY2023.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets decreased by S\$7.5 million or 13.9% from S\$54.3 million as at 31 December 2022 to S\$46.8 million as at 31 December 2023. This was mainly due to:

- (i) a decrease in trade and other receivables of S\$2.5 million due to the derecognition of receivables attributable to the Ascendo group as a result of the Disposal;
- (ii) a decrease in trade and other receivables of S\$2.2 million mainly due to collections; and
- (iii) a decrease in inventories of S\$2.5 million following fulfillment of orders.

Non-current assets

The Group's non-current assets decreased by S\$3.2 million or 8.4% from S\$38.3 million as at 31 December 2022 to S\$35.1 million as at 31 December 2023. This was mainly due to:

- (i) derecognition of property, plant and equipment, right-of-use assets and intangible assets of S\$ 6.5 million attributable to the Ascendo group as a result of the Disposal; and partially offset by
- (ii) an increase in investment in associates and financial assets as well as other receivables of S\$2.1 million.

Current liabilities

The Group's current liabilities decreased by S\$6.6 million or 30.1% from S\$21.8 million as at 31 December 2022 to S\$15.3 million as at 31 December 2023. This was mainly due to:

- (i) a decrease in trade and other payables of S\$5.3 million mainly due to the derecognition of payables attributable to the Ascendo group as a result of the Disposal of S\$3.4 million and a decrease in trade and other payables of S\$1.9 million; and
- (ii) a decrease in lease liabilities and income tax payable of S\$1.2 million.

Non-current liabilities

The Group's non-current liabilities decreased by S\$3.0 million or 19.5% from S\$15.4 million as at 31 December 2022 to S\$12.4 million as at 31 December 2023. This was mainly due to:

- (i) a decrease in lease liabilities of S\$2.7 million due to the derecognition of liabilities attributable to the Ascendo group as a result of the Disposal;
- (ii) a decrease in deferred tax liabilities of S\$0.4 million;
- (iii) a decrease in bank borrowings of S\$1.6 million due to repayment of bank borrowing, and partially offset by
- (iv) an increase in lease liabilities of S\$1.8 million.

REVIEW OF CASH FLOWS

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

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

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

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

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

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

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

In its January 2024 update, IMF projected that 2024 global growth will be slightly higher than 2023. The resilient global economic recovery from COVID-19 pandemic, Russia's invasion of Ukraine and strong inflationary pressures has been surprising. Even with the high interest rate environment currently, growth had remained strong in the USA and several major emerging market and developing economies with little impact on employment and economic activities. This is subject to the continued easing of inflationary pressures, absence of further geo-political shocks and proper management of the China economy.

Consistent with the IMF projection, MTI expects Singapore's growth in the first half of 2024 to remain "lacklustre" with a slight pick-up envisaged from the second half of 2024. Notwithstanding, MTI warns of possible downside risks should the challenging China real estate situation, Israel-Hamas conflict or Ukraine war worsens.

With the high interest rate environment, slow growth and escalating labour costs, Wong Fong envisages that the sale of equipment will be slow in the next 12 months whilst the demand for repairs and servicing should remain resilient.

Accordingly and consistent with the above, Wong Fong envisages reduced demand for industrial courses in the next 6 months. Ascendo would also be treated as an associate from FY2024 onwards, resulting in a reduced training revenue contribution from Ascendo. Notwithstanding, Wong Fong Academy expects to increase its course offerings in FY2024 and envisages an improvement in its overall training business.

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

11. Dividend

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

Yes

(b) (i) Amount per share

| | |
|--------------------------------------|-----------------------|
| Name of dividend | Final |
| Dividend type | Cash |
| Dividend amount per share (Ordinary) | 0.6 cents |
| Dividend amount per share (Special) | 0.4 cents |
| Tax rate | Tax exempt (one-tier) |

The final and special dividend in respect of FY2023 (“**Final and Special Dividends**”) will be subject to shareholders’ approval at the forthcoming annual general meeting of the Company to be held on 26 April 2024 (“**AGM**”).

(ii) Previous corresponding period

| | |
|---------------------------|-----------------------|
| Name of dividend | Final |
| Dividend type | Cash |
| Dividend amount per share | 0.60 cents |
| Tax rate | Tax exempt (one-tier) |

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

Tax exempt (one-tier).

(d) The date the dividend is payable.

Subject to shareholders’ approval at the AGM, the Final and Special Dividends date payable is to be advised.

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

Subject to shareholders’ approval at the AGM, the record date for the Final and Special Dividends is to be advised.

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

Not applicable.

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

The Group has not obtained a general mandate from shareholders for interested person transactions. There was no interested person transaction of S\$100,000 or more in FY2023.

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

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

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

Not required for full year results announcement.

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

Please refer to the separate announcement made by the Company on 29 February 2024 for more information.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 of this announcement.

18. A breakdown of sales

| | Group | | |
|--|---------|---------|------------------------------|
| | FY2023 | FY2022 | |
| | S\$'000 | S\$'000 | Increase/ (Decrease) % |
| Sales reported for: | | | |
| (a) First half of the financial year | 38,942 | 31,734 | 22.7% |
| (b) Second half of the financial year | 39,016 | 43,565 | (10.4%) |
| Profit attributable to owners of the Company reported for: | | | |
| (a) First half of the financial year | 1,751 | 643 | NM |
| (b) Second half of the financial year | 1,933 | 1,545 | 25.1% |

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

| | FY2023 S\$ | FY2022 S\$ |
|------------------|---------------|---------------|
| Ordinary - Final | 1,410,000 | 1,410,000 |
| Special | 940,000 | - |
| Total | 2,350,000 | 1,410,000 |

The Final and Special Dividends will be subject to shareholders' approval at the AGM.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|---------------|-----|--|--|---|
| Lew Siew Choo | 53 | Sister of Liew Chern Yean and Eric Lew | Year 2019: Director of Group Supply Chain and Operations and Human Resource. Oversees the Group's supply chain and operations and also oversees the Group's human resource functions. | No change |
| Jean Liew | 65 | Sister of James Liew | Year 1994: Finance Manager. Oversees the import and export logistics documentation, corporate secretarial matters of the Group as well as liaison with banks. | No change |
| Liu Shanni | 40 | Son of James Liew | Year 2019: Director of Group Business Development and Information Technology. Oversees the business development and information technology function. | No change |
| Ng Chin Yee | 70 | Father-in-law of Eric Lew | Year 2019: Production Manager and Facilities and Sourcing Manager. Oversees the workshop operations efficiency and infrastructure maintenance. | No change |

BY ORDER OF THE BOARD

Pao Kiew Tee
Independent Chairman

James Liew
Co-Founder and Group Chief Executive Officer

29 February 2024

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

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