



**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2017**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	GROUP		
	HY2017 S\$'000	HY2016 S\$'000	Increase/ (Decrease) %
Revenue	28,057	30,620	(8.4)
Other operating income	189	299	(36.8)
Changes in inventories of finished goods and work-in-progress	832	4,800	(82.7)
Materials and consumables used	(19,824)	(25,224)	(21.4)
Employee benefits expense	(5,970)	(5,996)	(0.4)
Depreciation expense	(868)	(786)	10.4
Other operating expenses	(1,513)	(2,304)	(34.3)
Finance costs	(149)	(167)	(10.8)
Share of results from associate	-	(200)	NM
<b>Profit before tax</b>	<b>754</b>	<b>1,042</b>	<b>(27.6)</b>
Income tax expense	(73)	(137)	(46.7)
<b>Profit for the period</b>	<b>681</b>	<b>905</b>	<b>(24.8)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Exchange differences on translation of foreign operations	4	(75)	NM
<b>Other comprehensive income for the period, net of tax</b>	<b>4</b>	<b>(75)</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>685</b>	<b>830</b>	<b>(17.5)</b>
<b>Profit (Loss) attributable to:</b>			
Owners of the Company	712	870	(18.2)
Non-controlling interests	(31)	35	NM
	<b>681</b>	<b>905</b>	<b>(24.8)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the Company	715	823	(13.1)
Non-controlling interests	(30)	7	NM
	<b>685</b>	<b>830</b>	<b>(17.5)</b>

NM: Not meaningful

**1(a)(ii) Notes to combined statements of profit or loss and other comprehensive income. The group's profit before tax was arrived at after crediting / (charging) the following:**

	<b>GROUP</b>		
	<b>HY2017 S\$'000</b>	<b>HY2016 S\$'000</b>	<b>Increase/ (Decrease) %</b>
Allowance for doubtful debts	17	(29)	NM
Depreciation of property, plant and equipment	(868)	(786)	10.4
Amortisation of intangible asset	(1)	-	NM
Property, plant and equipment written off	(13)	-	NM
Government grants	92	157	(41.4)
Finance cost	(149)	(167)	(10.8)
Rental expense	(180)	(382)	(52.9)
Initial public offer ("IPO") expenses	-	(378)	NM
Loss on foreign exchange - net	(33)	(25)	32.0
Gain (Loss) on fair value change on derivative financial instruments	35	(85)	NM

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**STATEMENT OF FINANCIAL POSITION**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30 Jun 2017 S\$'000</b>	<b>As at 31 Dec 2016 S\$'000</b>	<b>As at 30 Jun 2017 S\$'000</b>	<b>As at 31 Dec 2016 S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	20,426	20,770	12,654	13,775
Trade and other receivables	8,619	10,142	217	131
Derivative financial instruments	37	3	-	-
Inventories	14,179	13,347	-	-
<b>Total current assets</b>	<b>43,261</b>	<b>44,262</b>	<b>12,871</b>	<b>13,906</b>
<b>Non-current assets</b>				
Property, plant and equipment	21,474	22,217	-	-
Intangible asset	4	5	-	-
Investment in subsidiaries	-	-	2,476	2,476
Investment in associate	-	-	-	-
<b>Total non-current assets</b>	<b>21,478</b>	<b>22,222</b>	<b>2,476</b>	<b>2,476</b>
<b>Total assets</b>	<b>64,739</b>	<b>66,484</b>	<b>15,347</b>	<b>16,382</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	13,269	14,154	125	274
Finance leases	277	328	-	-
Bank borrowings	1,051	1,093	-	-
Derivative financial instruments	-	1	-	-
Income tax payable	354	519	-	-
<b>Total current liabilities</b>	<b>14,951</b>	<b>16,095</b>	<b>125</b>	<b>274</b>
<b>Non-current liabilities</b>				
Other payables	26	31	-	-
Deferred tax liabilities	429	429	-	-
Finance leases	313	435	-	-
Bank borrowings	5,657	6,168	-	-
<b>Total non-current liabilities</b>	<b>6,425</b>	<b>7,063</b>	<b>-</b>	<b>-</b>
<b>CAPITAL AND RESERVES</b>				
Share capital	11,351	11,351	11,351	11,351
Accumulated profits	32,395	32,388	3,871	4,757
Reserves	355	352	-	-
Equity attributable to owners of the Company	44,101	44,091	15,222	16,108
Non-controlling interests	(738)	(765)	-	-
<b>Total equity</b>	<b>43,363</b>	<b>43,326</b>	<b>15,222</b>	<b>16,108</b>
<b>Total equity and liabilities</b>	<b>64,739</b>	<b>66,484</b>	<b>15,347</b>	<b>16,382</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 30 Jun 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,328	-	1,421	-

**Amount repayable after one year**

As at 30 Jun 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,970	-	6,603	-

**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.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	HY2017 S\$'000	HY2016 S\$'000
<b>Operating activities</b>		
Profit before taxation	754	1,042
Adjustments for:		
Depreciation expense	868	786
Amortisation of intangible asset	1	-
Property, plant and equipment written off	13	-
Allowance for doubtful debts - trade	(17)	29
Interest expense	116	134
Fair value changes on derivative financial instruments	(35)	85
Share of results from associate	-	200
<b>Operating cash flows before movements in working capital</b>	<b>1,700</b>	<b>2,276</b>
Inventories	(828)	(4,800)
Trade and other receivables	1,542	3,985
Trade and other payables	(320)	(957)
<b>Cash flows generated from operations</b>	<b>2,094</b>	<b>504</b>
Income tax paid	(238)	(268)
<b>Net cash from operating activities</b>	<b>1,856</b>	<b>236</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(643)	(1,686)
Investment in an associate	-	(200)
<b>Net cash used in investing activities</b>	<b>(643)</b>	<b>(1,886)</b>
<b>Financing activities</b>		
Dividends paid	(705)	(2,200)
Interest paid	(116)	(134)
Repayment of bank borrowings	(546)	(238)
Repayment of obligations under finance leases	(183)	(84)
Share buy-back	-	(2,816)
<b>Net cash used in financing activities</b>	<b>(1,550)</b>	<b>(5,472)</b>
Net decrease in cash and cash equivalents	(337)	(7,122)
Cash and cash equivalents at beginning of year	20,569	16,352
Effect of foreign exchange rate changes	(7)	(93)
<b>Cash and cash equivalents at end of period<sup>(1)</sup></b>	<b>20,225</b>	<b>9,137</b>

<sup>(1)</sup> Excludes pledged fixed deposit of S\$0.2 million (HY2016: S\$0.2 million).

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital S\$'000	Accumulated profits S\$'000	Reserves S\$'000	Equity attributable to owners of the Company S\$'000	Non- controlling interest S\$'000	Total S\$'000
<b>Balance as at January 1, 2017</b>	11,351	32,388	352	44,091	(765)	43,326
Transactions with owners, recognised directly in equity:						
Non-controlling interest shareholders	-	-	-	-	57	57
Dividends paid	-	(705)	-	(705)	-	(705)
<b>Total</b>	<b>11,351</b>	<b>31,683</b>	<b>352</b>	<b>43,386</b>	<b>(708)</b>	<b>42,678</b>
Total comprehensive income for the period:						
Profit (Loss) for the period	-	712	-	712	(31)	681
Other comprehensive income for the period	-	-	3	3	1	4
<b>Total</b>	<b>-</b>	<b>712</b>	<b>3</b>	<b>715</b>	<b>(30)</b>	<b>685</b>
<b>Balance as at June 30, 2017</b>	<b>11,351</b>	<b>32,395</b>	<b>355</b>	<b>44,101</b>	<b>(738)</b>	<b>43,363</b>
<b>Balance as at January 1, 2016</b>	4,800	31,023	316	36,139	(697)	35,442
Transactions with owners, recognised directly in equity:						
Share buy-back from a financial investor	(2,800)	(16)	-	(2,816)	-	(2,816)
Dividends paid	-	(2,200)	-	(2,200)	-	(2,200)
<b>Total</b>	<b>(2,800)</b>	<b>(2,216)</b>	<b>-</b>	<b>(5,016)</b>	<b>-</b>	<b>(5,016)</b>
Total comprehensive income for the period:						
Profit for the period	-	870	-	870	35	905
Other comprehensive loss for the period	-	-	(47)	(47)	(28)	(75)
<b>Total</b>	<b>-</b>	<b>870</b>	<b>(47)</b>	<b>823</b>	<b>7</b>	<b>830</b>
<b>Balance as at June 30, 2016</b>	<b>2,000</b>	<b>29,677</b>	<b>269</b>	<b>31,946</b>	<b>(690)</b>	<b>31,256</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	Share capital S\$'000	Accumulated profits S\$'000	Total S\$'000
<b>Balance as at January 1, 2017</b>	11,351	4,757	16,108
Dividends paid, representing total transaction with owners, recognized directly in equity	-	(705)	(705)
Loss for the period, representing total comprehensive income for the period	-	(181)	(181)
<b>Balance as at June 30, 2017</b>	<b>11,351</b>	<b>3,871</b>	<b>15,222</b>
<b>Balance as at January 1, 2016</b>	4,800	3,784	8,584
Transaction with owners, recognized directly in equity:			
Share buy-back from a financial investor	(2,800)	(16)	(2,816)
Dividends paid	-	(2,200)	(2,200)
Loss for the period, representing total comprehensive income for the period	-	(1,405)	(1,405)
<b>Balance as at June 30, 2016</b>	<b>2,000</b>	<b>163</b>	<b>2,163</b>

**1(d)(ii) 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.**

Details of changes in the issued and paid-up share capital of the Company as at 31 December 2016 and 30 June 2017 were as follows:

	Number of shares	Issued and paid-up share capital S\$
Balance as at 31 December 2016 and 30 June 2017	235,000,000	11,350,674

There were no outstanding options, convertibles or treasury shares held by the Company or subsidiary holdings as at 30 June 2016 and 30 June 2017.

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

	As at 30 Jun 2017	As at 31 Dec 2016
Total number of issued shares	235,000,000	235,000,000

**1(d)(iv) 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)(v) 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.

**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 statement for the half year ended 30 June ("HY") 2017 compared to its most recently audited financial statements for the financial year ended 31 December 2016.



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 in the Group's accounting policies and methods of computation including any required by accounting standards. The adoption of the new and revised financial reporting standards ("FRS") including their consequential amendments and interpretations of FRS are assessed to have no material impact on the financial figures for the current financial year.

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.**

	<b>Group</b>	
	<b>HY2017</b>	<b>HY2016</b>
Profit attributable to owners of the Company (S\$'000)	712	870
Weighted average number of shares <sup>(1)</sup> ('000)	235,000	235,000
Basic and diluted earnings per share (cents)	0.30	0.37

**Note:**

- (1) For comparative purposes, basic and diluted earnings per share were calculated based on the Company's post-IPO share capital of 235,000,000 shares.

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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Jun 2017</b>	<b>As at 31 Dec 2016</b>	<b>As at 30 Jun 2017</b>	<b>As at 31 Dec 2016</b>
Net asset value (S\$'000)	44,101	44,091	15,222	16,108
Number of shares ('000)	235,000	235,000	235,000	235,000
Net asset value per share (cents)	18.77	18.76	6.48	6.85

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 decreased by S\$2.5 million or 8.4% from S\$30.6 million in HY2016 to S\$28.1 million in HY2017. This was mainly attributable to a decrease in revenue from Equipment Sales, and Repairs and Servicing of S\$2.4 million and S\$0.9 million respectively, partially offset by an increase in revenue from Projects, and Training of S\$0.4 million and S\$0.4 million respectively. The decrease in revenue from Equipment Sales, and Repairs and Servicing were due to a challenging business environment and increased competition from new market entrants. The increase in revenue from Projects was due to an increase in equipment units being completed and delivered. There was also an increase in revenue from Training due to an increase in WDA approved programs being secured.

Other operating income decreased by S\$0.1 million or 36.8% from S\$0.3 million in HY2016 to S\$0.2 million in HY2017 mainly due to decrease in government grants and rental income.

Changes in inventories of finished goods and work-in-progress, as well as materials and consumables used, decreased by S\$1.4 million or 7.0% from S\$20.4 million in HY2016 to S\$19.0 million in HY2017 mainly due to a decrease in purchases of equipment in line with the decrease in revenue from Equipment Sales.

Employee benefits expense remained comparable to prior period with a marginal decrease of S\$0.03 million or 0.4% from S\$6.0 million in HY2016 to S\$5.97 million in HY2017.

Depreciation expense increased by S\$0.1 million or 10.4% from S\$0.8 million in HY2016 to S\$0.9 million in HY2017 mainly due to an increase in depreciation expense for our leasehold land and buildings at 79 Joo Koon Circle as a result of the progressive completion of the four-storey annex building as well as purchases of plant and machinery.

Other operating expenses decreased by S\$0.8 million or 34.3% from S\$2.3 million in HY2016 to S\$1.5 million in HY2017 mainly due to (a) the absence of an one-off IPO expenses, and (b) a decrease in rental expense due to expiration of rental at 11 Joo Koon Crescent and 6 Enterprise Road for industrial training purposes and storage of new equipment respectively.

Finance costs decreased by S\$0.02 million or 10.8% from S\$0.17 million in HY2016 to S\$0.15 million in HY2017 mainly due to repayment of bank borrowings.

As a result of the foregoing, profit after tax decreased by S\$0.2 million or 24.8% from S\$0.9 million in HY2016 to S\$0.7 million in HY2017.

### **REVIEW OF FINANCIAL POSITION**

The Group's current assets decreased by S\$1.0 million or 2.3% from S\$44.3 million as at 31 December 2016 to S\$43.3 million as at 30 June 2017, mainly due to a decrease in cash and bank balances of S\$0.3 million, a decrease in trade and other receivables of S\$1.5 million and partially offset by an increase in inventories of S\$0.8 million. The decrease in trade and other receivables was in line with the decrease in revenue while the increase in inventories was due to customers deferring the delivery of equipment to the next 12 months.

The Group's non-current assets decreased by S\$0.7 million or 3.3% from S\$22.2 million as at 31 December 2016 to S\$21.5 million as at 30 June 2017, mainly due to the depreciation of property, plant and equipment during the period.

The Group's current liabilities decreased by S\$1.1 million or 7.1% from S\$16.1 million as at 31 December 2016 to S\$15.0 million as at 30 June 2017, mainly due to (a) a decrease in trade and other payables of S\$0.9 million, and (b) a decrease in income tax payable of S\$0.2 million.

The Group's non-current liabilities decreased by S\$0.7 million or 9.0% from S\$7.1 million as at 31 December 2016 to S\$6.4 million as at 30 June 2017, mainly due to repayment of bank borrowings of S\$0.5 million and a decrease in finance leases of S\$0.1 million.

### **REVIEW OF CASH FLOWS**

In HY2017, we generated net cash from operating activities before changes in working capital of S\$1.7 million. Net cash generated from working capital amounted to S\$0.4 million mainly due to a decrease in trade and other receivables of S\$1.5 million partially offset by an increase in inventories of S\$0.8 million and a decrease in trade and other payables of S\$0.3 million. We also paid income tax of S\$0.2 million. As a result, net cash generated from operating activities amounted to S\$1.9 million.

Net cash used in investing activities amounted to S\$0.6 million in HY2017, mainly for the purchase of property, plant and equipment.

Net cash used in financing activities amounted to S\$1.6 million in HY2017, mainly due to payment of dividends of S\$0.7 million, interest payment of S\$0.1 million, and repayment of bank borrowings and finance leases of S\$0.7 million.

As a result of the above, the Group's cash and cash equivalents decreased by S\$0.3 million to S\$20.2 million in HY2017.

**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.**

Whilst the Group expects the construction industry to be strongly supported by government projects, the continued weakness in the oil and gas industry may affect the logistics business which may in turn impact the demand for new and replacement equipment and/or result in an excess supply of unutilized equipment. In addition, increased competition from new market entrants and the timing of the Euro 6 vehicle regulations into Singapore may impact Equipment Sales.

Notwithstanding this and with the expanded servicing capacities, the Group expects Repairs and Servicing to remain stable for the next 12 months.

Due to an increase in WDA approved programs and the commencement of the CFP2 (Call For Proposal 2) training curriculum in May 2017, the Training business is expected to make a positive contribution to the Group for the next 12 months.

The Group will continue to undertake process and product innovation, form strategic alliances and invest in retooling and capability enhancements. In addition, we see this period as an opportunity to retrain and reskill our managers and staff to ride the next market upturn.

**11. Dividend**

**(a) Any dividend declared for the current financial period reported on?**

Nil

**(b) Corresponding Period of the Immediately Preceding Financial Year?**

Nil

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended.

**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 for HY2017.

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

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

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

The Board confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of the Group for HY2017 to be false or misleading in any material aspect.

**16. Use of IPO proceeds**

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

<b>Purpose</b>	<b>Allocation of Net Proceeds (as disclosed in the offer document) S\$'000</b>	<b>Net Proceeds utilised as at the date of this announcement S\$'000</b>	<b>Balance of Net Proceeds as at the date of this announcement S\$'000</b>
Expansion and diversification of our operations and product offerings through, <i>inter alia</i> , investments, mergers and acquisitions, joint ventures and/or strategic collaborations	2,500	-	2,500
Enhancement of service and production facilities	2,000	(2,000)	-
Developing new products and services	1,000	(1,000)	-
Working capital and general corporate purposes	2,800	(2,800)	-
	<u>8,300</u>	<u>(5,800)</u>	<u>2,500</u>

**BY ORDER OF THE BOARD**

**James Liew**  
**Deputy Chairman and Managing Director**

**Eric Lew**  
**Executive Director**

08 August 2017

*This announcement has been prepared by Wong Fong Industries Limited ("**Company**") and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

*The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*