

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

**PROPOSED DISPOSAL OF 40% INTEREST IN ASCENDO INTERNATIONAL HOLDINGS
PTE LTD**

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Wong Fong Industries Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Wong Fong Engineering Works (1988) Pte Ltd (“**WFE**”), had on 8 December 2023, entered into a sale and purchase agreement (“**SPA**”) with Seah Boon Kheng (“**Mr Seah**”) and Tay Shau Yin (“**Ms Tay**”) (collectively, the “**Purchasers**”) to dispose an aggregate of 64,000 ordinary shares (“**Sale Shares**”) in the share capital of Ascendo International Holdings Pte Ltd (“**Ascendo International**”), representing 40% of the issued and paid-up share capital of Ascendo International (“**Proposed Disposal**”).

As at the date of this announcement, Ascendo International has an issued and paid-up share capital of S\$160,000 comprising 160,000 ordinary shares. The shareholding structure of Ascendo International, immediately before and after the Proposed Disposal is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
WFE	60%	20%
Mr Seah	20%	40%
Ms Tay	20%	40%
Total	100%	100%

Mr Seah and Ms Tay are the founders of Ascendo International. Mr Seah and Ms Tay are currently directors of Ascendo International.

Before founding Ascendo International, Mr Seah held senior management positions hospitality and service industry. He has more than 20 years of experience in hospitality and training. He holds a Diploma in Adult Continuing Education (“**DACE**”) and an Advance Certificate in Training and Assessment (“**ACTA**”).

Ms Tay has over 20 years of experience in management, consulting and training. She also holds a DACE and ACTA as well as a Master of Business Administration from the National University of Singapore.

In addition, the Purchasers hold, in aggregate, 250,000 ordinary shares, representing 20% of the issued and paid-up share capital of Wong Fong Academy Pte Ltd (“**WFA Shares**”). The Company holds the remaining 80% of the issued and paid-up share capital of Wong Fong Academy Pte Ltd.

Each of the Purchasers also holds 100,000 ordinary shares, representing 0.04% of the issued and paid-up share capital of the Company. Save as disclosed, none of the Purchasers is related to the Directors or controlling shareholders of the Company and their respective associates.

2. INFORMATION ON ASCENDO INTERNATIONAL

Ascendo International was incorporated in Singapore on 18 July 2017 and is the holding company of Ascendo Academy Pte. Ltd., Ascendo Group International Pte. Ltd., Ascer Pte. Ltd., Educare Human Capital Pte. Ltd. and Educare Global Academy Pte. Ltd. (collectively with Ascendo International, the “**Ascendo Group**”).

Ascendo Group International Pte. Ltd. has ownership stakes in Ascendo International Myanmar

Co, Ltd, Educare International Consultancy Pte Ltd and SkillsSG Ventures Pte Ltd.

The principal activities of Ascendo International are hospitality consulting and the provision of training in safety-related services in Singapore and Myanmar, mainly in the areas of workplace safety, security, food hygiene, and food and beverage.

Based on the unaudited financial statements for the half year ended 30 June 2023 (“**HY2023**”), the net asset value of Ascendo International was approximately S\$3,674,000 and the net loss of Ascendo International was approximately S\$172,000.

The Group has commissioned Chay Corporate Advisory Pte. Ltd. (“**Valuer**”) as the independent valuer to assess and determine the fair value of Ascendo International for purposes of the Proposal Disposal. Based on the valuation report dated 16 November 2023 (“**Valuation Report**”), the indicative valuation of Ascendo International is approximately S\$13.4 million as at 30 September 2023 (“**Valuation**”). The Valuer has taken into consideration the values implied by a combination of discounted cash flow and comparable companies analysis in deriving the Valuation.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration

The aggregate consideration (“**Consideration**”) for the Proposed Disposal is S\$2,300,002 comprising:

- (a) S\$2 to be satisfied by the transfer of the WFA Shares from the Purchasers to WFE on Completion Date (as defined below); and
- (b) S\$2.3 million in cash, which shall be paid by the Purchasers to WFE as follows: (i) S\$0.1 million on Completion Date; (ii) S\$1.4 million before 31 January 2024; (iii) S\$0.2 million before 31 December 2024; (iv) S\$0.3 million before 31 December 2025; and (v) S\$0.3 million before 31 December 2026.

The Consideration was determined based on arm’s length negotiations and arrived at on a willing seller willing buyer basis, after taking into consideration, amongst others, original purchase price, operating cashflow and profitability of Ascendo International.

3.2 Conditions precedent

Pursuant to the SPA, completion of the Proposed Disposal is conditional upon, *inter alia*, the following:

- (a) the receipt by the Purchasers of such waivers or consents as may be necessary to enable the Purchasers and/or his or her nominee(s) to be registered as holder of any and all of the Sale Shares and for WFE and/or its nominee(s) to be registered as holder of any and all of the WFA Shares;
- (b) all other consents and approvals required under any and all applicable laws for the sale of the Sale Shares and for the transfer of the WFA Shares to give effect to the Proposed Disposal; and
- (c) neither the Purchasers nor WFE having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the Proposed Disposal and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened.

WFE undertakes to procure the fulfilment of the conditions set out above (other than the condition specified in Paragraph 3.2(a)) by Completion Date. Unless specifically waived by the Purchasers, if any of the conditions stated above is not fulfilled on or before the Completion

Date or such other date as the parties shall mutually agree in writing, the SPA shall ipso facto cease and determine and no party shall have any claim against the other parties for costs, damages, compensation or otherwise, save for any claim by the Purchasers against WFE arising from antecedent breach of the terms hereof including the above-mentioned undertakings.

3.3 Amended and Restated Shareholders Agreement

In connection with the Proposed Disposal, an amended and restated shareholders agreement relating to Ascendo International will, on Completion Date, be entered into with the Purchasers, WFE and Ascendo International. This amended and restated shareholders agreement will, *inter alia*, regulate their relationships *inter se* and the conduct of the business and affairs of Ascendo International. The amended and restated shareholders agreement will replace and supersede the existing shareholders agreement dated 31 August 2017 entered into between WFE, the Purchasers and Ascendo International.

3.4 Completion

Subject to the fulfilment or waiver of the conditions precedent to the SPA, completion of the Proposed Disposal (“**Completion**”) is expected to take place on or about 31 December 2023 or such other date as WFE and the Purchasers may mutually agree in writing (“**Completion Date**”).

4. USE OF PROCEEDS AND GAIN ON THE PROPOSED DISPOSAL

The Company intends to use the proceeds of S\$2.3 million from the Proposed Disposal as the Company’s working capital and general corporate purposes.

The net gain attributable to the Proposed Disposal is approximately S\$96,000. This is derived after taking into consideration the cost of investment as well as the fair value assessment of the WFA Shares and the Sale Shares.

5. RATIONALE

The Board is of the view that the Proposed Disposal is in the best interests of the Company as it will enable the Group to align and strategically focus its manpower and financial resources on its Engineering and Training businesses. Through the Proposed Disposal, WFE will relinquish the management and control of Ascendo International back to its original founders. The Purchasers, being experienced founders of Ascendo International, will consequently have more flexibility to direct and diversify the Ascendo Group towards their strategic objectives, both local and overseas.

Nonetheless, upon completion of the Proposed Disposal, it is the intention of the Company to remain as a non-operative shareholder of Ascendo International as it believes is in the best interests of the Company having regard to the terms of the Proposed Disposal.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST (“CATALIST RULES”)

Based on the latest announced unaudited consolidated financial statements of the Group for HY2023 and the unaudited financial statements of Ascendo International for HY2023, the relative figures of the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	2.6 ⁽¹⁾
(b)	Net profits attributable to the assets acquired, compared with the Group’s net profits	-3.2 ⁽²⁾
(c)	Aggregate value of the Consideration, compared with the	17.2 ⁽³⁾

	Company's market capitalisation	
(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Notes:

- (1) The Group's net asset value was approximately S\$55,942,000 as at 30 June 2023. The net asset value of Ascendo International was approximately S\$3,674,000 as at 30 June 2023.
- (2) The Group's profit before tax was approximately S\$2,141,000 for HY2023. The net loss of Ascendo International was approximately S\$172,000 for HY2023.
- (3) The consideration was computed based on the aggregate of S\$2.3 million and the fair value of the WFA Shares of approximately S\$3.0 million. The market capitalisation of the Company of approximately S\$30.8 million, which was determined by multiplying the issued share capital of the Company of 235,000,000 shares as at the date of this announcement with the volume-weighted average price of S\$0.131 per share on 24 November 2023, being the last market day preceding the date of the SPA on which the Company's shares were traded.

Based on the relative figures computed above, the Proposed Disposal constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after Completion.

The pro forma financial effects of the Proposed Disposal have been computed based on (a) the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 ("FY2022"); and (b) the unaudited financial statements of Ascendo International for FY2022.

7.1 Net tangible assets per share

Assuming that the Proposed Disposal had been completed on 31 December 2022, the effects of the Proposed Disposal on the Group's net tangible assets per share as at 31 December 2022 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net tangible assets (S\$)	52,779,155	48,932,519
Number of shares	235,000,000	235,000,000
Net tangible assets per share (cents)	22.5	20.8

7.2 Earnings per share

Assuming that the Proposed Disposal had been completed on 1 January 2022, the effects of the Proposed Disposal on the Group's earnings per share for FY2022 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to owners of the Company (S\$)	2,188,321	2,792,460
Weighted average number of shares	235,000,000	235,000,000
Earnings per share (cents)	0.9	1.2

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal, save through their respective shareholdings in the Company (if any).

9. SERVICE CONTRACTS

No directors are proposed to be appointed to the Board in connection with the Proposed Disposal.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

11. DOCUMENTS FOR INSPECTION

A copy of the SPA and the Valuation Report is available for inspection during normal business hours at the registered office of the Company at 79 Joo Koon Circle, Singapore 629107 for a period of 3 months from the date of this announcement.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep shareholders informed, as and when there are further material updates and developments in respect of the Proposed Disposal.

13. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that completion of the Proposed Disposal is subject to fulfilment of various conditions as set out in the SPA. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Liew Ah Kuie
Co-Founder and Group Chief Executive Officer
8 December 2023

This announcement 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 Catalist Rules.

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.