

ENTRY INTO OF CONVERTIBLE AGREEMENT REGARDING EQUITY

1. INTRODUCTION

The board of directors (the “**Board**”) of Wong Fong Industries Limited (the “**Company**”), and together with its subsidiaries (the “**Group**”) wishes to announce that WFVEN Pte. Ltd., a wholly-owned subsidiary of the Company (“**WFVEN**”) has today entered into a convertible agreement regarding equity (the “**CARE**”) with Botsync Pte. Ltd. (“**Botsync**”).

As at the date of this announcement, WFVEN holds 173,262 ordinary shares in the issued and paid-up capital of Botsync, representing 13.00% of the issued and paid-up capital of Botsync.

Botsync is principally engaged in the business of manufacture and repair of industrial robots (including automated guided vehicles).

2. SALIENT TERMS OF THE CARE

Under the terms of the CARE, WFVEN shall pay the amount of US\$350,000 (the “**Consideration**”) to Botsync, which Consideration may be converted into shares in the capital of Botsync based upon the following terms: -

- a) Valuation cap: US\$8,500,000
- b) Discount rate: 80%
- c) Maturity date: 36 months from the date of the CARE (“**Maturity Date**”)
- d) Maturity cap: US\$8,500,000
- e) Equity to be raised: US\$2,500,000

Pending the conversion of the Consideration into shares in Botsync, the Consideration shall be treated as a loan by WFVEN to Botsync, which shall pay interest on such loan at an interest rate of 5% per annum.

Unless the CARE terminates prior to maturity, Botsync shall, on the Maturity Date, issue (i) ordinary shares; (ii) preference shares or (iii) combination of ordinary shares and preference shares, equal to the Consideration divided by the Maturity Price (as defined in the CARE) which is based on a valuation of US\$8,500,000. Subject to mutual agreement, Botsync may negotiate with WFVEN to repay the Consideration (and all accrued interest thereon on the Maturity Date) in full on the Maturity Date.

Prior to maturity, the CARE may be terminated either upon liquidation or the occurrence of certain events including equity financing, company dissolution, change of company control or an initial public offering of Botsync.

The CARE will automatically terminate upon the occurrence of (a) the issuance of shares in Botsync to WFVEN; (b) the payment of amounts due to WFVEN; or (c) the (i) issuance of shares in Botsync to WFVEN; (ii) the payment of amounts due to WFVEN; or (iii) both (i) and (ii) (as applicable), in accordance with the terms of the CARE.

The Consideration is to be paid within 14 days from the date of the CARE and will be funded by the Group's internal resources.

3. FINANCIAL EFFECTS

The entering into of the CARE is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 December 2021, as the amount of the Consideration is not material.

4. RATIONALE

The Board is of the view that the CARE is beneficial and in the best interest of the Group as it will enable the Group to tap into Botsync's artificial intelligence and robotics knowledge and explore synergies with its Engineering business. Given that Botsync has successfully managed to develop, market and introduce its robotic products into both local and overseas markets despite the on-going COVID-19 pandemic and that Botsync expects to use the funds raised from the CARE to scale up the commercialization of their robotics solutions and enhance the features of their automated vehicles for safer and more reliable use, the Board believes that Botsync's management will be able to successfully lead the company forward. As such, the Group has decided to enter into the CARE to further strength its partnership with Botsync by continuing to provide financial, engineering and management support to Botsync as it continues to grow.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the CARE, other than through their respective shareholdings in the Company.

6. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the CARE will be made 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 three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Liew Ah Kuie
Co-Founder and Group Chief Executive Officer
30 December 2021

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 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 person for the Sponsor is Mr Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.