



**UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE (“HY”) 2022**

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

GROUP				
	Note	HY2022 S\$'000	HY2021 S\$'000	Increase/ (Decrease) %
Revenue	4	31,734	31,404	1.1
Other operating income		1,095	1,504	(27.2)
Changes in inventories of finished goods and work-in-progress		1,602	3,044	(47.4)
Materials and consumables used and other direct costs		(19,261)	(20,187)	(4.6)
Employee benefits expense		(9,424)	(9,523)	(1.0)
Depreciation and amortisation expenses		(2,146)	(1,958)	9.6
Impairment losses on financial assets		(19)	(72)	(73.6)
Other operating expenses		(2,658)	(1,522)	74.6
Finance costs		(247)	(233)	6.0
Profit before tax	6	676	2,457	(72.5)
Income tax expense	7	(293)	(448)	(34.6)
Profit for the period		383	2,009	(80.9)
Other comprehensive loss, after tax:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
- Fair value loss on investments in equity instruments designed as at FVTOCI		(56)	-	NM
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Fair value loss on investments in debts instruments measured at FVTOCI		(86)	(19)	352.6
- Exchange differences on translation of foreign operations		82	15	446.7
Other comprehensive loss for the period, net of tax		(60)	(4)	NM
Total comprehensive income for the period		323	2,005	(83.9)
Profit attributable to:				
Owners of the Company		643	1,761	(63.5)
Non-controlling interests		(260)	248	NM
		383	2,009	(80.9)
Total comprehensive income attributable to:				
Owners of the Company		554	1,753	(68.4)
Non-controlling interests		(231)	252	NM
		323	2,005	(83.9)

NM: Not meaningful

FVTOCI: Fair value through other comprehensive income

B. Condensed interim statements of financial position

	Note	GROUP		COMPANY	
		As at June 30, 2022 S\$'000	As at December 31, 2021 S\$'000	As at June 30, 2022 S\$'000	As at December 31, 2021 S\$'000
ASSETS					
Current assets					
Cash and bank balances		17,943	24,248	3,682	7,933
Trade and other receivables		11,272	12,051	1,775	166
Inventories		16,271	14,659	-	-
Total current assets		45,486	50,958	5,457	8,099
Non-current assets					
Other receivables		-	514	-	-
Property, plant and equipment	9	24,527	17,059	6	10
Right-of-use assets		8,664	7,085	-	-
Intangible asset	10	3,690	4,231	-	-
Investment in subsidiaries		-	-	3,564	3,564
Investment in associate ⁽¹⁾		-	-	-	-
Investment in joint venture ⁽¹⁾		-	-	-	-
Investments in financial assets	11	4,681	4,681	4,597	4,541
Total non-current assets		41,562	33,570	8,167	8,115
Total assets		87,048	84,528	13,624	16,214
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		12,253	14,127	111	294
Lease liabilities	12	1,808	1,467	-	-
Bank borrowings	12	1,620	1,106	-	-
Derivative financial instruments		32	47	-	-
Income tax payable		702	770	-	-
Total current liabilities		16,415	17,517	111	294
Non-current liabilities					
Other payables		59	34	-	-
Lease liabilities	12	7,124	5,960	-	-
Bank borrowings	12	7,678	3,754	-	-
Deferred tax liabilities		1,418	1,450	-	-
Total non-current liabilities		16,279	11,198	-	-
Total liabilities		32,694	28,715	111	294
CAPITAL AND RESERVES					
Share capital	13	11,351	11,351	11,351	11,351
Accumulated profits		40,349	41,586	1,681	4,002
Reserves		239	328	481	567
Equity attributable to owners of the Company		51,939	53,265	13,513	15,920
Non-controlling interests		2,415	2,548	-	-
Total equity		54,354	55,813	13,513	15,920
Total equity and liabilities		87,048	84,528	13,624	16,214

(1) Cost of investment is reduced by share of post-acquisition loss, net of dividends received.

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, 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)
Contribution by non-controlling interest		-	-	-	-	98	98
Total		-	(1,880)	-	(1,880)	98	(1,782)
Total comprehensive income for the period:							
Profit for the period		-	643	-	643	(260)	383
Other comprehensive (loss)/income for the period		-	-	(89)	(89)	29	(60)
Total		-	643	(89)	554	(231)	323
Balance as at June 30, 2022		11,351	40,349	239	51,939	2,415	54,354
Balance as at January 1, 2021		11,351	39,271	336	50,958	2,320	53,278
Transactions with owners, recognised directly in equity:							
Dividends paid to owners of the Company	8	-	(1,011)	-	(1,011)	-	(1,011)
Total		-	(1,011)	-	(1,011)	-	(1,011)
Total comprehensive income for the period:							
Profit for the period		-	1,761	-	1,761	248	2,009
Other comprehensive (loss)/income for the period		-	-	(8)	(8)	4	(4)
Total		-	1,761	(8)	1,753	252	2,005
Balance as at June 30, 2021		11,351	40,021	328	51,700	2,572	54,272

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, 2022		11,351	4,002	567	15,920
Transaction with owners, recognised directly in equity:					
Dividends paid	8	-	(1,880)	-	(1,880)
Total comprehensive loss for the period:					
Loss for the period		-	(441)	-	(441)
Other comprehensive loss for the period		-	-	(86)	(86)
Total		<u>-</u>	<u>(441)</u>	<u>(86)</u>	<u>(527)</u>
Balance as at June 30, 2022		<u>11,351</u>	<u>1,681</u>	<u>481</u>	<u>13,513</u>
Balance as at January 1, 2021		11,351	3,744	597	15,692
Transaction with owners, recognised directly in equity:					
Dividends paid	8	-	(1,011)	-	(1,011)
Total comprehensive loss for the period:					
Loss for the period		-	(250)	-	(250)
Other comprehensive loss for the period		-	-	(19)	(19)
Total		<u>-</u>	<u>(250)</u>	<u>(19)</u>	<u>(269)</u>
Balance as at June 30, 2021		<u>11,351</u>	<u>2,483</u>	<u>578</u>	<u>14,412</u>

D. Condensed interim consolidated statement of cash flows

	Note	GROUP	
		HY2022 S\$'000	HY2021 S\$'000
Operating activities			
Profit before taxation		676	2,457
Adjustments for:			
Amortisation of intangible asset	6	191	196
Allowance for doubtful debts		18	72
Bad debts written off		1	-
Depreciation of property, plant and equipment	6	1,053	877
Depreciation of right-of-use assets	6	902	885
Dividend income	6	(37)	(25)
Fair value changes on derivative financial instruments	6	(15)	5
Gain on disposal of financial assets		(40)	-
Interest expense		198	194
Interest income	6	(43)	(29)
Impairment of goodwill	6	350	-
Loss on disposal of property, plant and equipment	6	6	5
Gain on lease modification		(2)	-
Net loss (gain) arising on financial assets measured at FVTPL ⁽¹⁾	6	115	(142)
Allowance for (Reversal of) inventories and inventories written off	6	19	(40)
Operating cash flows before movements in working capital		3,392	4,455
Inventories		(1,658)	(3,063)
Trade and other receivables		1,266	(625)
Trade and other payables		(1,742)	2,350
Cash flows generated from operations		1,258	3,117
Income tax paid		(394)	(294)
Net cash from operating activities		864	2,823
Investing activities			
Interest received		43	29
Dividends received		37	25
Purchase of property, plant and equipment		(3,368)	(459)
Proceeds from disposal of property, plant and equipment		6	-
Proceeds from disposal of quoted shares		269	-
Purchases of financial assets measured at FVTPL ⁽¹⁾		(486)	(64)
Purchases of quoted debt securities measured at FVTOCI		-	(231)
Investment in equity instrument designated at FVTOCI		-	(76)
Net cash used in investing activities		(3,499)	(776)
Financing activities			
Contribution by non-controlling interest		98	-
Dividends paid		(1,880)	(1,011)
Interest paid		(198)	(194)
Repayment of lease liabilities		(974)	(837)
Repayment of bank borrowings		(722)	(533)
Net cash used in financing activities		(3,676)	(2,575)
Net decrease in cash and cash equivalents		(6,311)	(528)
Cash and cash equivalents at beginning of period		24,035	25,076
Effect of foreign exchange rate changes		6	19
Cash and cash equivalents at end of period⁽²⁾		17,730	24,567

(1) FVTPL: Fair value through profit or loss.

(2) Excludes pledged fixed deposit of S\$0.2 million in HY2022 (HY2021: 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 the six months ended 30 June 2022 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 and education 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 the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated 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 annual financial statements for the financial year ended 31 December 2021 (“**FY2021**”).

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

The condensed interim consolidated 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 consolidated 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 31 December 2021.

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 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 period 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) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial 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:

	Group			
	Revenue		Net Profit	
	HY2022	HY2021	HY2022	HY2021
	S\$'000	S\$'000	S\$'000	S\$'000
Engineering	23,509	21,173	436	816
Training	8,225	10,231	445	1,850
	<u>31,734</u>	<u>31,404</u>	<u>881</u>	<u>2,666</u>
Interest income			43	29
Other operating expenses ⁽ⁱ⁾			(1)	(5)
Finance costs			(247)	(233)
Profit before tax			<u>676</u>	<u>2,457</u>
Income tax expense			(293)	(448)
Profit for the period			<u><u>383</u></u>	<u><u>2,009</u></u>

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

Revenue reported above represents revenue generated from external customers.

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

Segment assets

	Group	
	June 30,	Dec 31,
	2022	2021
	S\$'000	S\$'000
Engineering	59,552	51,908
Training	18,266	18,144
Total segment assets	<u>77,818</u>	<u>70,052</u>
Unallocated assets	9,230	14,476
Consolidated total assets	<u><u>87,048</u></u>	<u><u>84,528</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. Goodwill has been allocated to the training segment. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments.

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

Other segment information

	Group			
	Depreciation and amortisation		Additions to non-current assets	
	HY2022	HY2021	HY2022	HY2021
	S\$'000	S\$'000	S\$'000	S\$'000
Engineering	936	781	10,085	248
Training	1,206	1,176	999	225
Unallocated	4	1	-	-
Total	2,146	1,958	11,084	473

Geographical information

The Group's operates predominantly in Singapore (country of domicile), except for two (June 30, 2021: two) subsidiaries operating in Malaysia and Myanmar.

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

	Group Revenue from external customers	
	HY2022	HY2021
	S\$'000	S\$'000
<u>Based on location of customer</u>		
Singapore	29,782	30,752
Others	1,952	652
Total	31,734	31,404

Information about major customers

There is no single customer accounted for more than 10% of the Group's total revenue in HY2022 (HY2021: nil).

5. Financial assets and financial liabilities

The following table sets out the financial instruments as at 30 June 2022 and 31 December 2021:

	Group		Company	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost	28,757	35,978	5,438	8,058
Financial assets measured at FVTPL	3,704	3,562	3,704	3,562
Financial assets at FVTOCI:				
Debt instruments classified as at FVTOCI	893	979	893	979
Equity instruments designated as at FVTOCI	84	140	-	-
Financial liabilities				
Financial liabilities at amortised cost	16,756	14,553	114	288
Derivative financial instruments	32	47	-	-
Lease liabilities	8,932	7,427	-	-

6. Profit before tax

6.1 Significant items

	Group	
	HY2022	HY2021
	S\$'000	S\$'000
<u>Material items included in other operating income:</u>		
Commission income	93	43
Dividend received	37	25
Government grants	806	1,122
Gain on fair value change on derivative financial instruments	15	-
Gain on lease modification	2	-
Gain on disposal of financial assets	40	-
Interest income	43	29
Net gain arising on financial assets measured at FVTPL	-	142
Other income	8	36
Reversal of allowance for inventories and inventories written off	17	40
Rental income	34	42
<u>Material items included in other operating expenses:</u>		
Allowance for inventories	(36)	-
Impairment of goodwill	(350)	-
Loss on disposal of property, plant and equipment	(6)	(5)
Loss on foreign exchange - net	(267)	(109)
Loss on fair value change on derivative financial instruments	-	(5)
Net loss arising on financial assets measured at FVTPL	(115)	-
<u>Others:</u>		
Amortisation of intangible assets	(191)	(196)
Depreciation of property, plant and equipment	(1,053)	(877)
Depreciation of right-of-use assets	(902)	(885)
Interest expense	(198)	(194)

6.2 Related party transactions

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

	Group	
	HY2022	HY2021
	S\$'000	S\$'000
<u>Transaction with ultimate holding company</u>		
Dividend paid	1,266	681

7. Income tax expense

	Group	
	HY2022	HY2021
	S\$'000	S\$'000
Current income tax expense	293	448

8. Dividends

HY2022

- The Company declared and paid 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 has been paid on 23 May 2022.

HY2021

- The Company declared and paid one-tier tax exempt final dividend of S\$0.0043 per share (total of S\$1,011,000) to shareholders of the Company in respect of financial year ended 31 December 2020. The dividend has been paid on 21 May 2021.

9. Property, plant and equipment

During HY2021, the Group acquired assets amounting to S\$8,603,000 (HY2021: S\$473,000) of which S\$5,184,000 (HY2021: Nil) was acquired under bank borrowing and disposed of assets amounting to S\$14,600 (HY2021: S\$17,000).

10. Intangible assets

Group	Goodwill	Accreditation and copyright⁽¹⁾	Other intangible assets⁽²⁾	Total
	S\$'000	S\$'000	S\$'000	S\$'000
At 31 December 2021:				
Cost	1,431	4,549	8	5,988
Accumulated amortisation	-	(1,617)	(8)	(1,625)
Impairment loss recognised	(132)	-	-	(132)
Net book amount	1,299	2,932	-	4,231
At 30 June 2022:				
Opening net book amount	1,299	2,932	-	4,231
Amortisation for the period	-	(191)	-	(191)
Impairment loss recognised during the period	(350)	-	-	(350)
Closing net book amount	949	2,741	-	3,690

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

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

Goodwill

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

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on value in use calculations which use cash flow projections based on financial budgets approved by the directors. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The rate used to discount the forecast cash flows from the CGUs is 10.1% (FY2021: 10.1%).

The key assumptions used by management in setting the financial budgets include forecast sales growth rates and expected changes to course fees and direct costs. Forecast sales growth rates are based on the business plans of the CGU taking into account the overall industry and market condition. Changes in course fees and direct costs are based on past practices and expectations of future changes in the market.

Cash flows beyond the forecast period have been extrapolated using nil growth rate.

In HY2022, the impairment loss of S\$350,000 (FY2021: S\$96,000) has been recognised for goodwill allocated to AAPL (FY2021: EHC) as management expects forecast operating losses for the CGU.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. Management believes that the changes in current food and beverage landscape and the tight labour market will have an adverse impact on AAPL. As such, the Group had assessed the reasonableness of the carrying amount of the goodwill attributable to AAPL and have decided to write-down the goodwill by S\$350,000 to S\$949,000.

11. Investments in financial assets

	<u>Group</u>		<u>Company</u>	
	<u>As at 30 June 2022</u>	<u>As at 31 December 2021</u>	<u>As at 30 June 2022</u>	<u>As at 31 December 2021</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Investments in debt instruments classified as at FVTOCI (i)				
Corporate bonds	893	979	893	979
Investments in equity instruments designated as at FVTOCI (ii)				
Unlisted shares	84	140	-	-
Financial assets measured at FVTPL (iii)				
Listed shares	2,034	2,034	2,034	2,034
Unlisted shares	-	-	-	-
Corporate bonds	1,670	1,528	1,670	1,528
	<u>3,704</u>	<u>3,562</u>	<u>3,704</u>	<u>3,562</u>
	<u>4,681</u>	<u>4,681</u>	<u>4,597</u>	<u>4,541</u>

- (i) The investments in listed corporate bonds pay interest at rates ranging from 2.15% to 2.90% (December 31, 2021: 2.15% to 2.90%) per annum and the bonds will mature between year 2031 to year 2032 (December 31, 2021: year 2031 to year 2032). At maturity, the Group will receive nominal amount of S\$1,000,000 (December 31, 2021: 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, 2021: 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 their performance potential in the long run.

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

- (iii) The Group has invested in a portfolio of listed shares which are managed and evaluated on fair value basis.

The Group also holds 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, 2021: 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 at rates ranging from 3.00% to 3.98% (December 31, 2021: 3.00% to 3.98%) 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 classified 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:

Financial assets/ financial liabilities	Group							
	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
	30 June 2022		31 December 2021					
Assets	Liabilities	Assets	Liabilities					
Financial assets measured at FVTPL								
Listed shares	2,034	-	2,034	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Listed corporate bonds	1,670	-	1,528	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Financial assets measured at FVTOCI								
Listed corporate bonds	893	-	979	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Investment in unlisted shares	84	-	140	-	Level 3	Net asset value of the investee.	Net asset value	The higher the net asset value, the higher the fair value.

Financial assets/ financial liabilities	Company							
	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
	30 June 2022		31 December 2021					
Assets	Liabilities	Assets	Liabilities					
Financial assets measured at FVTPL								
Listed shares	2,034	-	2,034	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Listed corporate bonds	1,670	-	1,528	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Financial assets measured at FVTOCI								
Listed corporate bonds	893	-	979	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.

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

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

As at 30 June 2022		As at 31 December 2021	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,428	-	2,573	-

Amount repayable after one year

As at 30 June 2022		As at 31 December 2021	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
14,802	-	9,714	-

Details of any collateral

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

13. Share capital

	<u>Group and Company</u>		
	As at 30 June 2022	As at 31 December 2021	As at 31 December 2021
	Number of ordinary shares		S\$'000
Issued and paid up:			
At the beginning and end of the period/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 31 December 2021 and 30 June 2022	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 2021 and 30 June 2022.

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 30 June 2022	As at 31 December 2021
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 HY2022 as those applied in its most recently audited financial statements for FY2021.

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 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	
	HY2022	HY2021
Profit attributable to owners of the Company (S\$'000)	643	1,761
Weighted average number of shares ('000)	235,000	235,000
Basic and diluted earnings per share (cents)	0.27	0.75

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 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
Net asset value (S\$'000)	51,939	53,265	13,513	15,920
Number of shares ('000)	235,000	235,000	235,000	235,000
Net asset value per share (cents)	22.10	22.67	5.75	6.77

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 increased by S\$0.3 million or 1.1% from S\$31.4 million in HY2021 to S\$31.7 million in HY2022. This was mainly attributable to an increase in revenue from the Engineering business of S\$2.3 million and partially offset by a decrease in Training business of S\$2.0 million. The Engineering business comprises equipment sales, repairs and servicing and projects. The increase in revenue from the Engineering business was mainly due to fulfilment of projects. The decrease in revenue from the Training business was due to a weakened revenue contribution from the food and beverage training courses.

Other operating income

Other operating income decreased by S\$0.4 million or 27.2% from S\$1.5 million in HY2021 to S\$1.1 million in HY2022. The decrease was attributable mainly to a reduction in government grants received, which includes the Jobs Support Scheme introduced by the Singapore Government.

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, as well as materials and consumables used and other direct costs, increased by S\$0.5 million or 3.0% in aggregate, from S\$17.1 million in HY2021 to S\$17.7 million in HY2022, mainly due to an increase in purchase of equipment in line with the increase in revenue.

Employee benefits expense

Employee benefits expense decreased marginally by S\$0.1 million or 1.0% from S\$9.5 million in HY2021 to S\$9.4 million in HY2022.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by S\$0.2 million or 9.6% from S\$2.0 million in HY2021 to S\$2.1 million in HY2022, mainly due to additional depreciation charge on property, plant and equipment of S\$0.2 million.

Impairment losses on financial assets

Impairment losses on financial assets decreased by S\$53,000 or 73.6% mainly due to decrease in allowance for doubtful debts and bad debts written off for the Training businesses in the current year.

Other operating expenses

Other operating expenses increased by S\$1.1 million or 74.6% from S\$1.5 million in HY2021 to S\$2.7 million in HY2022. The increase was mainly due to an increase in upkeep expenses, net loss arising on financial assets measured at fair value through profit or loss, impairment of goodwill and an increase in foreign exchange losses.

Finance costs

Finance costs remained relatively stable at S\$0.2 million in HY2021 and HY2022.

Profit for the period

As a result of the foregoing, profit after tax decreased by S\$1.6 million or 80.9% from S\$2.0 million in HY2021 to S\$0.4 million in HY2022.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets decreased by S\$5.5 million or 10.7% from S\$50.9 million as at 31 December 2021 to S\$45.5 million as at 30 June 2022, mainly due to a decrease in cash and bank balances of S\$6.3 million as a result of the purchase of the property at 38 Joo Koon Road and payment of FY2021 dividends, a decrease of trade and other receivables of S\$0.8 million, partially offset by an increase in inventories of S\$1.6 million. Increase in inventories was due to early procurement of equipment in view of the current long delivery lead times.

Non-current assets

The Group's non-current assets increased by S\$8.0 million or 23.8% from S\$33.6 million as at 31 December 2021 to S\$41.6 million as at 30 June 2022, mainly due to an increase in property, plant and equipment of S\$7.5 million and an increase in right-of-use assets of S\$1.5 million, partially offset by a decrease in intangible asset of S\$0.5 million and a decrease in other receivables of S\$0.5 million. The increase in property, plant and equipment was mainly due to the acquisition of property located at 38 Joo Koon Road. The decrease in intangible asset were due to amortisation during the period and impairment of goodwill. Properties are stated at historical cost less accumulated depreciation. The increase in right-of-use assets was mainly due to the JTC leasehold land for 38 Joo Koon Road.

Current liabilities

The Group's current liabilities decreased by S\$1.1 million or 6.3% from S\$17.5 million as at 31 December 2021 to S\$16.4 million as at 30 June 2022, mainly due to decrease in trade and other payables of S\$1.9 million and a decrease in income tax payable of S\$0.1 million and partially offset by an increase in lease liabilities of S\$0.3 million and an increase in bank borrowings of S\$0.5 million.

Non-current liabilities

The Group's non-current liabilities increased by S\$5.1 million or 45.4% from S\$11.2 million as at 31 December 2021 to S\$16.3 million as at 30 June 2022, mainly due to an increase in lease liabilities of S\$1.2 million and an increase in bank borrowings of S\$3.9 million attributable primarily to the purchase of JTC property located at 38 Joo Koon Road.

REVIEW OF CASH FLOWS

In HY2022, we generated net cash from operating activities before changes in working capital of S\$3.4 million. Net cash used in working capital amounted to S\$2.1 million mainly due to an increase in inventories of S\$1.7 million, a decrease in trade and other payables of S\$1.7 million, partially offset by a decrease in trade and other receivables of S\$1.3 million. As a result, net cash generated from operating activities amounted to S\$0.9 million.

Net cash used in investing activities amounted to S\$3.5 million in HY2022, mainly for purchase of property, plant and equipment of S\$3.4 million, purchase of financial assets measured at FVTPL of S\$0.5 million, partially offset by proceeds from disposal of quoted shares of S\$0.3 million, interest and dividends received of S\$0.04 million.

Net cash used in financing activities amounted to S\$3.7 million in HY2022, mainly due to dividends payment of S\$1.9 million, interest payment of S\$0.2 million, repayment of bank borrowings of S\$0.7 million and repayment of lease liabilities of S\$1.0 million.

As a result of the above, the Group's cash and cash equivalents decreased by S\$6.3 million to S\$17.7 million in HY2022.

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.

Economic activities are gradually picking up as Singapore and regional countries continue opening up their economies. Subsequent waves of COVID-19 infections based on mutated variants are still occurring and the Singapore Government continues to closely monitor the situation. In addition, the current geo-political tensions have also resulted in severe supply chain and labour disruptions, resulting in higher prices and wages.

Based on the above and barring unforeseen circumstances, Wong Fong envisages that equipment sales and delivery will accelerate in the next 12 months as we expect the current supply chain and labour disruptions to ease, resulting in an overall more efficient execution. Together with its repairs and servicing segment, the Engineering business should continue to perform profitably.

For the Training business, demand for industrial courses is expected to increase as more companies refresh their workforce to catch up with their delivery backlog. Conversely, we envisage a reduction in food and beverage and hospitality trainings in the next 12 months due to the tight labour market.

Accordingly, Wong Fong is closely monitoring the situation and will make the necessary adjustments as required. With the Group's healthy financials and efficient order book execution, Wong Fong will weather the storm and continue delivering sustainable long-term value to all its stakeholders in 2022 and beyond.

11. Dividend

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

Nil

(b) (i) Amount per share

Nil

(ii) Previous corresponding period

Nil

(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).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(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.

Not applicable.

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

No dividend has been declared/recommendeded by the board of directors (“**Board**” or “**Directors**”) of the Company in respect of HY2022 as the Group intends to conserve its cash. The Directors will review the Group’s financial performance for the current financial year ending 31 December 2022 before recommending any dividend payment to shareholders.

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 HY2022.

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 HY2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Pao Kiew Tee
Independent Chairman

James Liew
Co-Founder and Group Chief Executive Officer

8 August 2022

*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 Catalist. 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.*

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