

KINERGY

Kinergy Corporation Ltd.

精技集團有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)



2024
INTERIM REPORT

* For identification purpose only

CONTENTS

Corporate Information	2
Definitions	3
Financial Highlights	5
Management Discussion and Analysis	6
Other Information	14
Interim Condensed Consolidated Statement of Comprehensive Income	22
Interim Condensed Consolidated Statement of Financial Position	23
Interim Condensed Consolidated Statement of Changes in Equity	24
Interim Condensed Consolidated Statement of Cash Flows	25
Notes to the Interim Condensed Consolidated Financial Statements	27

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lim Kuak Choi Leslie (*Chief Executive Officer*)
Mr. Du Xiaotang
Mr. Lim Khin Mann
Mr. Tay Kim Kah (*Group Financial Controller*)

Non-Executive Directors

Mr. Loh Kin Wah (*Chairman*)
Mr. Fan Zhirong

Independent Non-Executive Directors

Dr. Senerath Wickramanayaka Mudiyansele
Sunil Wickramanayaka
Mr. Hoon Chee Wai
Dr. Ang Peng Huat

BOARD COMMITTEES

Audit Committee

Mr. Hoon Chee Wai (*Chairman*)
Dr. Senerath Wickramanayaka Mudiyansele
Sunil Wickramanayaka
Dr. Ang Peng Huat

Nomination Committee

Dr. Senerath Wickramanayaka Mudiyansele
Sunil Wickramanayaka (*Chairman*)
Mr. Tay Kim Kah
Mr. Hoon Chee Wai

Remuneration Committee

Dr. Ang Peng Huat (*Chairman*)
Mr. Loh Kin Wah
Dr. Senerath Wickramanayaka Mudiyansele
Sunil Wickramanayaka

AUTHORISED REPRESENTATIVES

Mr. Lim Kuak Choi Leslie
Mr. Lee Cheuk Wang

JOINT COMPANY SECRETARIES

Mr. Lee Cheuk Wang
Ms. Gn Jong Yuh Gwendolyn

COMPLIANCE ADVISER

China Everbright Capital Limited

33/F, Everbright Centre,
108 Gloucester Road,
Wanchai,
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Loeb & Loeb LLP

2206–19 Jardine House
1 Connaught Place, Central
Hong Kong

LEGAL ADVISERS AS TO SINGAPORE LAWS

Shook Lin & Bok LLP

1 Robinson Road
#18–00 AIA Tower
Singapore 048542

EXTERNAL AUDITORS

PKF-CAP LLP

REGISTERED OFFICE

1 Changi North Street 1
Singapore 498789

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1 Changi North Street 1
Singapore 498789

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, 148 Electric Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

HONG KONG BRANCH SHARE REGISTRAR

Boardroom Share Registrar (HK) Limited

2103B, 21st Floor
148 Electric Road, North Point
Hong Kong

PRINCIPAL BANKERS

United Overseas Bank Limited
Citibank N.A. Singapore
DBS Bank Limited
The Hongkong and Shanghai Banking Corporation

COMPANY'S WEBSITE

www.KinergyCorp.com

STOCK CODE

3302

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong on 25 August 1972, whose shares are listed on the Stock Exchange (stock code: 165), and a Shareholder holding approximately 28.58% issued Shares
“China” or “PRC”	the People’s Republic of China, for the purpose of this report, excluding, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”	Kinergy Corporation Ltd. (精技集團有限公司*), a limited liability company incorporated in Singapore, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3302)
“Corporate Governance Code”	code on corporate governance practices contained in Appendix C1 to the Listing Rules that are applicable to the Company during the reporting period
“Director(s)”	the director(s) of the Company
“EMS”	Electronics Manufacturing Services
“Group”, “we”, “us” or “Kinergy”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the shares of the Company on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange

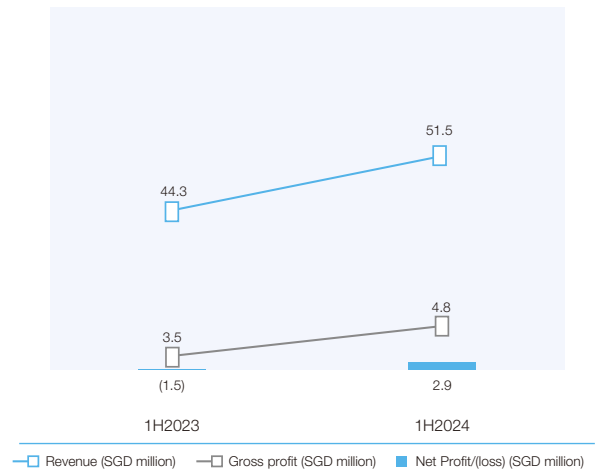
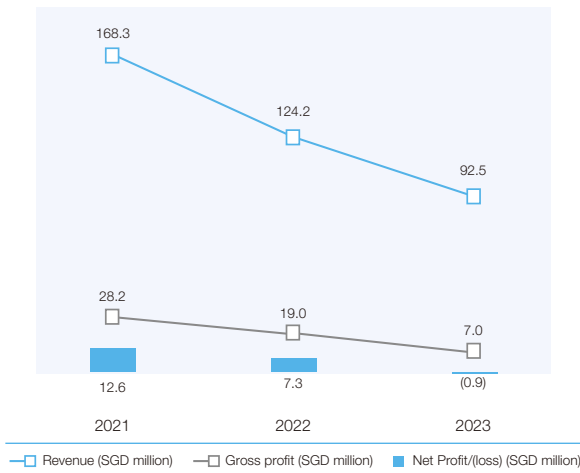
* For identification purpose only

DEFINITIONS

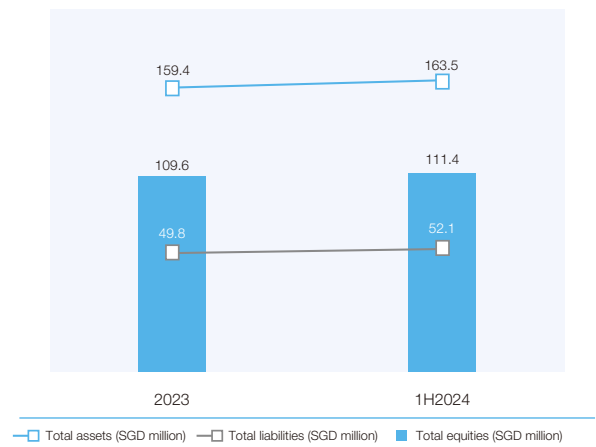
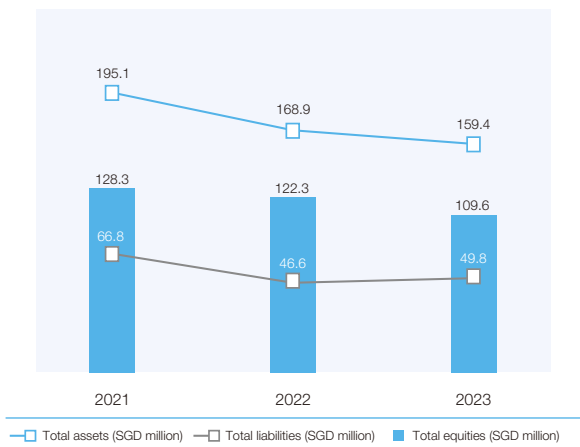
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nantong Intelligent Fund”	Nantong CEL Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership)* (南通光控智造股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 12 September 2019
“Nanyang Fund”	Nanyang Kinery Equity Investment Fund Partnership (Limited Partnership)* (南陽精技股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 30 July 2021
“ODM”	Original Design Manufacturing
“Prospectus”	the prospectus of the Company dated 30 June 2018
“RMB”	Renminbi, the lawful currency of the PRC
“S\$” or “SGD”	Singapore Dollar, the lawful currency of Singapore
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai GenLight”	Shanghai GenLight Capital Management Co. Ltd.* 上海光朴創業投資管理有限公司 (formerly known as Shanghai CEL Puyan Equity Investment Management Limited* (上海光控浦燕股權投資管理有限公司), a limited liability company established in the PRC on 6 July 2015 and owned as to approximately 51.03% by the Company and ultimately and beneficially owned as to approximately 48.97% by CEL
“Share Option Scheme”	the share option scheme adopted by the Company on 27 June 2018
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the Shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“SPE”	Semiconductor Process Equipment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“United States”	the United States of America
“USD”	United States Dollar, the lawful currency of the United States of America
“%”	per cent

FINANCIAL HIGHLIGHTS

REVENUE, GROSS PROFIT AND NET PROFIT



TOTAL ASSETS, LIABILITIES AND EQUITY



MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW

Established in Singapore in 1988, we are a major contract manufacturer specialising in the manufacture of equipment, machines, sub-systems, precision tools, spare parts and components mainly in the SPE industry, with in-house production facilities located in Singapore, the PRC, the Philippines and Malaysia. Further, we completed the acquisition of a factory in Melaka, Malaysia in April 2024.

The Group is mainly engaged in three reportable business segments, namely (i) electronics manufacturing services (EMS), (ii) original design manufacturing (ODM), and (iii) investment. Our EMS division focuses primarily on manufacturing of sub-system, complete machines and components, for original design manufacturers and the provision of post-warranty period maintenance and commissioning services to our customers. Our ODM division focuses primarily on designs and manufacturing automated equipment, precision tools and spare parts under our own “Kinergy” brand for use in the semiconductor back-end equipment industry. Our investment division focuses primarily on providing fund management services and conducting investment activities in equity securities and funds.

The Group’s revenue mainly derived from the EMS division, which accounted for approximately 91.9% of our total revenue for the six months ended 30 June 2024. ODM and investment divisions accounted for approximately 6.2% and 1.9% of our total revenue for the six months ended 30 June 2024, respectively.

2. BUSINESS REVIEW AND PROSPECT

The expected greater demand for SPE in the semiconductor industry did not materialise. The macroeconomics have not changed and continue to cause woes to the semiconductor industry. The upcoming United States Presidential election in November 2024 will add another dollop of economic uncertainty to the world economic conditions.

A brief summary of the three business units of the Group is outlined below:

EMS Division

Our total revenue from the EMS Division for the six months ended 30 June 2024 increased by approximately 30.4% compared to the corresponding period in 2023, which was mainly attributable to orders from new customers which are mainly Wafer Fabrication Equipment (WFE) manufacturers.

ODM Division

Our total revenue from the ODM Division for the six months ended 30 June 2024 decreased by approximately 52.9% mainly due to decreased customer demand. ODM assembly and test business typically has a three to six months lapse in business recovery compared to the wafer fabrication sector. Consequently, the outlook for ODM business in the near term is challenging.

A new line of automated equipment that is showing promise is the automated farming equipment which our ODM Division has designed for one of our associated companies and is gaining market acceptance. We expect the revenue stream to commence next year.

Investment Division

Our total revenue from investment division for the six months ended 30 June 2024 decreased by approximately 21.7% compared to the corresponding period in 2023 mainly due to end-of-life of a fund under management by Shanghai GenLight which led to a reduction in management fees. The closure of this fund yielded a carry income of approximately S\$8.5 million recorded in this financial period under review and reported under other income and gains. The fund management company is in the process of setting up two new funds which will yield fees from the later part of this year.

Looking forward to the second half of 2024, the negative factors causing economic woes to the semiconductor industry will persist at least after the Presidential election of United States in November 2024. The Group anticipates a recovery of SPE demand in the later part of the coming year.

3. FINANCIAL REVIEW

Revenue

The following table sets forth the components of our revenue by operating segment for the periods indicated:

	For the six months ended 30 June		
	2024	2023	change
	S\$'000	S\$'000	
EMS	47,347	36,298	30.4%
ODM	3,194	6,784	-52.9%
Investment	982	1,254	-21.7%
	51,523	44,336	16.2%

The Group's revenue increased by approximately S\$7.2million or 16.2% from approximately S\$44.3 million for the six months ended 30 June 2023 to approximately S\$51.5 million for the six months ended 30 June 2024.

The increase was primarily attributable to orders from new customers which are mainly Wafer Fabrication Equipment (WFE) manufacturers of approximately 30.4%.

Cost of sales

Cost of sales primarily consists of material costs, labour costs and overhead expenses. The following table sets forth a breakdown of our cost of sales by operating segment for the periods indicated:

	For the six months ended 30 June		
	2024	2023	change
	S\$'000	S\$'000	
EMS	43,239	34,744	24.5%
ODM	3,464	6,080	-43.0%
Investment	—	—	N/A
	46,703	40,824	14.4%

The Group's cost of sales increased by approximately S\$5.9 million or 14.4% from approximately S\$40.8 million for the six months ended 30 June 2023 to approximately S\$46.7million for the six months ended 30 June 2024. The increase was mainly attributable to the increase in revenue from our EMS division.

Gross profit and gross profit margin

As a result of the changes in the revenue and cost of sales above, our gross profit increased by approximately S\$1.3 million or 37.1% from approximately S\$3.5 million for the six months ended 30 June 2023 to approximately S\$4.8 million for the six months ended 30 June 2024.

Our gross profit margin increased by approximately 1.5% from 7.9% for the six months ended 30 June 2023 to approximately 9.4% for the six months ended 30 June 2024.

Other income and gains

Our other income and gains increased by approximately S\$5.8 million or 165.1% from approximately S\$3.5 million for the six months ended 30 June 2023 to approximately S\$9.3 million for the six months ended 30 June 2024. The increase was mainly due to carry income of approximately S\$8.5 million arising from the end-of-life of an investment fund managed by Shanghai GenLight; this was partially offset by decrease in (i) net fair value of investment securities of approximately S\$1.4 million; (ii) non-recurring of gain on disposal of investment of approximately S\$1.0 million; and (iii) others of approximately S\$0.3 million.

Sales and marketing expenses

Our sales and marketing expenses increased by approximately S\$0.4 million or 33.3% from approximately S\$1.2 million for the six months ended 30 June 2023 to approximately S\$1.6 million for the six months ended 30 June 2024. This was mainly due to the increase in sales commission from our EMS division arising from higher revenue for the six months ended 30 June 2024.

General and administration expenses

General and administration expenses increased by approximately S\$1.3 million or 23.6% from approximately S\$5.5 million for the six months ended 30 June 2023 to approximately S\$6.8 million for the six months ended 30 June 2024. The increase was mainly due to higher staff expenses and research and development cost of approximately S\$0.4 million and S\$0.4 million, respectively.

Finance costs

Comparing to the six months ended 30 June 2023, there is no significant fluctuation in finance costs during the six months ended 30 June 2024.

Profit/(Loss) before tax

Our profit before tax for the six months ended 30 June 2024 was approximately S\$5.0 million as compared to loss before tax of approximately S\$0.4 million for the six months ended 30 June 2023. Such increase was mainly due to increase in gross profit and carry income, which was partially offset by an increase in general and administrative costs.

Income tax expense

Our income tax expense increased by approximately S\$1.1 million from approximately S\$1.1 million for the six months ended 30 June 2023 to approximately S\$2.2 million for the six months ended 30 June 2024. The increase was mainly due to higher profit in investment segment for the six months ended 30 June 2024.

Profit/(Loss) for the period

As a result of the above, the Group recorded a net profit after tax of approximately S\$2.9 million for the six months ended 30 June 2024 as compared to net loss after tax of approximately S\$1.5 million for the six months ended 30 June 2023, mainly due to increase in gross profit and carry income, which was partially offset by an increase in general and administrative costs.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2024, the Group had cash and cash equivalents of approximately S\$8.5 million which are mainly denominated in SGD, RMB and USD. The Board is of the opinion that the financial position of the Group is healthy, and the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures.

Cash flow

The following table sets forth a summary of our cash flows for the periods indicated:

	For the six months ended	
	30 June	
	2024	2023
	S\$'000	S\$'000
Net cash flow used in operating activities	(2,787)	(2,176)
Net cash flow (used in)/generated from investing activities	(5,036)	5,844
Net cash flow used in financing activities	(1,849)	(3,341)
Net (decrease)/increase in cash and cash equivalents	(9,672)	327
Cash and cash equivalents at 1 January	18,141	20,098
Effect of exchange rate changes on cash and cash equivalents	(19)	(681)
Cash and cash equivalents at 30 June	8,450	19,744

Net cash flow used in operating activities

The Group generates cash from operating activities primarily from sales of goods. Cash flows from operating activities reflects profit/(loss) before taxation for the period adjusted for (i) non-cash item such as depreciation of property, plant and equipment, depreciation of prepaid land lease payments, amortisation of intangible assets and other items, which lead to the operating cash (used in)/generated before changes in working capital; (ii) effects of cash flows arising from changes in working capital, including changes in inventories, trade and other receivables and trade and other payables which lead to cash flow (used in)/generated from operations; and (iii) interest income received, interest expense paid and income tax paid, which result in net cash (used in)/generated from operating activities.

For the six months ended 30 June 2024, the Group's net cash used in operating activities was approximately S\$2.8 million, primarily reflected in: (i) increase in trade and other receivables of approximately S\$10.5 million; (ii) decrease in trade and other payables and accruals of approximately S\$0.8 million; (iii) increase in inventories of approximately S\$0.2 million; and (iv) tax paid of approximately S\$0.1 million, which were partially offset by cash generated from operating income before investing in working capital of approximately S\$8.8 million.

Net cash flow (used in)/generated from investing activities

Cash flow from investing activities mainly relates to purchase and disposal of investment securities and purchase of property, plant and equipment.

For the six months ended 30 June 2024, the Group's net cash flow used in investing activities was approximately S\$5.0 million, which was primarily used in (i) the purchase of property, plant and equipment of approximately S\$2.8 million; and (ii) addition of financial instruments of approximately S\$5.8 million; and was partially offset by (i) the proceeds from sale of financial instruments of approximately S\$2.6 million; and (ii) decrease in advance payment of property, plant and equipment of approximately S\$1.0 million.

Net cash flow used in financing activities

Cash flows from financing activities includes proceeds and repayments of bank loans, payment of lease liabilities, and payment of dividend.

For the six months ended 30 June 2024, the Group's net cash flow used in financing activities was approximately S\$1.8 million, mainly used in: (i) repayment of bank loan of approximately S\$11.1 million; (ii) dividend paid to non-controlling interest of approximately S\$1.8 million; (iii) payment of lease liabilities of approximately S\$0.7 million; and (iv) payment of interests from bank loan and lease liabilities of approximately S\$0.5 million, and was partially offset by net proceeds of bank loans of approximately S\$12.3 million.

NET CURRENT ASSETS

The Group's net current asset decreased by approximately S\$2.2 million from approximately S\$43.4 million as at 31 December 2023 to approximately S\$41.2 million as at 30 June 2024. The decrease was primarily due to: (i) increase in current portion of interest-bearing loans and borrowings of approximately S\$1.7 million; (ii) decrease in cash and cash equivalents of approximately S\$9.7 million; and (iii) increase in tax payable of approximately S\$2.2 million. This was partially offset by (i) the increase in trade receivables and prepayments, deposits and other receivables of approximately S\$10.5 million; and (ii) the decrease in trade and other payables and accruals of approximately S\$0.9 million.

CAPITAL EXPENDITURE

The Group's capital expenditure consisted of purchase cost relating to property, plant and equipment. For the six months ended 30 June 2024, the Group's capital expenditure amounted to approximately S\$2.8 million for the acquisition of property, plant and equipment. The Group funded such capital expenditure with internal resource.

Capital and investment commitments

The Group's capital and investment commitments primarily relate to commitment for the equity investment and acquisition of property, plant and equipment.

As at 30 June 2024, the Group's capital and investment expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	30 June 2024 S\$'000
Contracted, but not provided for:	
Property, plant and equipment	448
Investment securities	6,865
	<hr/>
	7,313
	<hr/> <hr/>

Investment securities

The balance of approximately S\$6.9 million pertains to the remaining investment commitments of the Group in contributing to private equity funds.

USE OF PROCEEDS

Listing proceeds

The Directors confirmed that there was no change in the proposed use of proceeds as previously disclosed in the Prospectus. The Board will continue to closely monitor the utilisation of proceeds with reference to the use of proceeds as disclosed in the Prospectus.

Use of proceeds	Allocation (% of net proceeds)	Allocation (S\$'million of net proceeds)	Unutilised balance as at 31 December 2023 (S\$'million)	Utilisation during the six months ended 30 June 2024 (S\$'million)	Unutilised amount as at 30 June 2024 (S\$'million)	Expected time of full utilisation
Expansion of production capacity	40.4%	16.3	—	—	—	N/A
Development and acquisition of engineering and technological knowledge	29.3%	11.8	—	—	—	N/A
Expansion of our marketing activities in Japan, Europe and the United States	17.6%	7.1	5.7	0.1 ⁽¹⁾	5.6	4th Quarter 2025
Strengthening our research and development	11.7%	4.7	—	—	—	N/A
General working capital	1.0%	0.5	—	—	—	N/A
	100.0%	40.4	5.7	0.1	5.6	

Note(s):

(1) S\$0.1 million of the net proceeds were spent on marketing activities in Japan.

The expected timeline of full utilisation of the Listing proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions.

Other than disclose above, the Directors are not aware of any other material change or delay in the use of proceeds.

INDEBTEDNESS

Bank loan and other borrowings

As at 30 June 2024, the Group has outstanding balances from interest-bearing loans and borrowings of approximately S\$21.6 million (31 December 2023: approximately S\$20.9 million), to which approximately S\$17.7 million is subject to fixed interest.

	Interest rate/ annum	Maturity	As at 30 June 2024 S\$'000	As at 31 December 2023 S\$'000
Lease liabilities	2.5%–7.5%	2022–2040	4,325	4,881
Unsecured bank loan of S\$5,000,000	2%	August 2025	1,500	2,132
Unsecured bank loan of S\$5,000,000	2.5%	June 2026	2,075	2,578
Unsecured bank loan of S\$2,800,000	1.67%	July 2024	2,860	408
Secured bank loan	2.25%–2.5%	April 2028	964	—
Bank trade financing	3.15%–6.9%	2024	8,819	10,294
Bank overdrafts	5%	On demand	1,043	599
			21,586	20,892
Repayable:				
Current:				
– Not later than 1 year			16,592	14,862
Non-current:				
– Later than 1 year but not later than 2 years			2,655	2,360
– Later than 2 years but not later than 5 years			2,339	3,670
			4,994	6,030
			21,586	20,892

The secured bank loan of the Group is secured over land and building with carrying amounts of approximately S\$1,646,000.

All the above borrowings are denominated primarily in SGD, USD and RMB.

Contingent liabilities

As at 30 June 2024, the Group did not have any contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Net debt to equity ratio

Net debt to equity ratio equals total interest-bearing loans and borrowings net of cash and cash equivalents at the end of the period divided by total equity at the end of the period. Net debt to equity ratio as at 30 June 2024 was 0.12 (31 December 2023: 0.03).

Gearing ratio

Gearing ratio equals total debt divided by total equity at the end of the period. Total debt includes bank loans and lease liabilities. Gearing ratio of the Group as at 30 June 2024 was 0.19 (31 December 2023: 0.19).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any concrete plans for material investments or capital assets as at 30 June 2024.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 17 May 2024 (after trading hours), the Company, Shanghai GenLight, Nantong Angel Master Investment Fund (Limited Partnership)* (南通天使引導投資基金(有限合夥)), Nantong Kechuang Investment Group Company Limited * (南通科創投資集團有限公司), Nantong Nengda Xinxing Industry Master Fund Partnership (Limited Partnership)* (南通能達新興產業母基金合夥企業(有限合夥)) and Nantong Guangguan Zhihe Enterprise Management Partnership (Limited Partnership)* (南通光冠智合企業管理合夥企業(有限合夥)) have entered into a fund partnership agreement for the establishment and management of Nantong GenLight Venture Capital Fund Partnership (Limited Partnership)* (南通光朴創業投資基金合夥企業(有限合夥)) (the “Fund”), a limited partnership established in the PRC pursuant to the said partnership agreement, with initial proposed size of RMB100 million (equivalent to approximately HK\$110 million). The proposed capital commitment of the Company is RMB30 million (equivalent to approximately HK\$33 million), representing 30% of the total committed capital contribution of the Fund.

The Fund will principally invest in start-up enterprises in emerging industries such as semiconductors, new energy (including hydrogen energy), new materials and advanced manufacturing, in the PRC.

As at the date of this report, the Company has not received a notice to contribute capital yet.

Save as disclosed above, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is SGD. The Group mainly operates in Singapore and China, hence the operating expenses are denominated in SGD and RMB. The majority of the Group’s revenue are denominated and settled in USD. Therefore, fluctuations in exchange rates of SGD, RMB and USD could materially impact the Group’s profit margin and overall results of operations, and there will be gains and losses resulting from fluctuations in the exchange rate. The Group practices certain amount of natural hedge of this risk through purchase raw material in USD and borrow USD short term loan for working capital need. In addition, a certain amount of USD forward sales contract has been done with our bankers. Going forward, the Group expects that exchange rates of SGD, RMB and USD will continue to fluctuate. The management of the Group will continue to monitor the Group’s foreign currency exchange exposure and will take prudent measures to minimise that currency exchange risk.

PLEDGE OF ASSETS

As at 30 June 2024, other than the mortgage of deposit and a factory for bank facilities by subsidiaries in Malaysia, the Group did not pledge any other assets.

HUMAN RESOURCES

As at 30 June 2024, the Group had 779 employees. The employees benefit expense incurred during the six months ended 30 June 2024 was approximately S\$16.2 million. As required by the applicable laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments. The Group’s remuneration policy rewards employees and directors based on individual performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through internal and external trainings. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Performance bonuses are offered to qualified employees based on individual and the Group’s performance. Besides offering competitive remuneration packages, the Company adopted the share option scheme with the objective to recognise contributions made by eligible employees and to retain the eligible employees for the continual operation, growth and future development of the Group. We did not experience any labour disputes during the six months ended 30 June 2024.

OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024.

CORPORATE GOVERNANCE CODE

The Group is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for its Shareholders.

The Company has complied with all the code provisions set out in Part 2 of Appendix C1 to the Listing Rules during the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors and relevant employees.

Having made specific enquiries with the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2024.

REVIEW OF FINANCIAL INFORMATION BY THE AUDIT COMMITTEE

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and this report have been reviewed by the audit committee of the Company, comprising solely the independent non-executive Directors of the Company.

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the Shares of the Company:

Name of Directors	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding (%)
Mr. Lim Kuak Choi Leslie ⁽²⁾	Beneficial owner; interest of spouse	304,791,246 (L)	33.12
Mr. Lim Khin Mann	Beneficial owner	24,092,000 (L)	2.62
Mr. Du Xiaotang ⁽³⁾	Beneficial owner; Interest of a controlled corporation	13,038,000 (L)	1.42
Mr. Loh Kin Wah	Beneficial owner	9,094,000 (L)	0.99
Mr. Tay Kim Kah ⁽⁴⁾	Beneficial owner; Interest of a controlled corporation	7,416,000 (L)	0.81

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) These Shares comprise 286,643,246 Shares held directly by Mr. Lim Kuak Choi Leslie and 18,148,000 Shares held directly by Ms. Foo Kaw Jee. Ms. Foo Kaw Jee is the spouse of Mr. Lim Kuak Choi Leslie. Therefore, Mr. Lim Kuak Choi Leslie is deemed or taken to be interested in the Shares held by himself and Ms. Foo Kaw Jee by virtue of the SFO.
- (3) These Shares comprise 88,000 Shares held directly by Mr. Du Xiaotang and 12,950,000 Shares held through Sino Expo Holdings Limited ("**Sino Expo**"). Sino Expo is owned as to 100% by Mr. Du Xiaotang. Mr. Du Xiaotang is also the sole director of Sino Expo. Therefore, Mr. Du Xiaotang is deemed or taken to be interested in the Shares held by Sino Expo by virtue of the SFO.
- (4) These Shares comprise 6,150,000 Shares held directly by Mr. Tay Kim Kah and 1,266,000 Shares held through Shirnell Trading Pte Ltd ("**Shirnell Trading**"). Shirnell Trading is owned as to 100% by Mr. Tay Kim Kah. Therefore, Mr. Tay Kim Kah is deemed or taken to be interested in the Shares held by Shirnell Trading by virtue of the SFO.

Interest in the underlying shares of the Company

Name of Directors	Nature of interest	Number of Shares involved in the options granted under the Share Option Scheme	Approximate percentage of shareholding of those options granted under the Share Option Scheme based on the existing issued share capital of the Company (%)
Mr. Lim Kuak Choi Leslie	Beneficial owner	920,000	0.10
Mr. Du Xiaotang	Beneficial owner	920,000	0.10
Mr. Lim Khin Mann	Beneficial owner	750,000	0.08
Mr. Tay Kim Kah	Beneficial owner	1,500,000	0.16

Save as disclosed above and Share Option Scheme adopted by the Company on 27 June 2018 as disclosed under section headed “Share Option Scheme” of this report, to the best knowledge of the Directors, as at 30 June 2024, none of the Directors of the Company had any interests and/or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as the Directors are aware, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the Shares of the Company:

Name of Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding (%)
Ms. Foo Kaw Jee ⁽²⁾	Beneficial owner; interest of spouse	305,711,246 (L)	33.22
Diamond Wealth Global Limited ⁽³⁾	Beneficial owner	262,084,380 (L)	28.48
China Everbright Venture Capital Limited ⁽³⁾	Interest of a controlled corporation	262,084,380 (L)	28.48
China Everbright Limited ⁽³⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
Honorich Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
China Everbright Holdings Company Limited ⁽⁴⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
China Everbright Group Ltd. ⁽⁴⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
Central Huijin Investment Ltd. ⁽⁵⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
Unitras (H.K.) Limited ⁽⁶⁾	Beneficial owner	56,498,768 (L)	6.14
Ms. Joyce S. Kerr ⁽⁶⁾	Interest of a controlled corporation	56,498,768 (L)	6.14
Mr. Bradley Fraser Kerr ⁽⁶⁾	Interest of spouse	56,498,768 (L)	6.14

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) These Shares comprise 18,148,000 Shares held directly by Ms. Foo Kaw Jee and 287,563,246 Shares Mr. Lim Kuak Choi Leslie, an executive director and chief executive officer of the Company, is interested in. Mr. Lim Kuak Choi Leslie is the spouse of Ms. Foo Kaw Jee. Therefore, Ms. Foo Kaw Jee is deemed or taken to be interested in the Shares held by herself and Mr. Lim Kuak Choi Leslie, and Mr. Lim Kuak Choi Leslie is deemed or taken to be interested in the Shares held by himself and Ms. Foo Kaw Jee by virtue of the SFO.
- (3) China Everbright Limited holds 100% of the total issued share capital of China Everbright Venture Capital Limited and China Everbright Venture Capital Limited holds 100% of the total issued share capital of Diamond Wealth Global Limited. China Everbright Limited also holds 100% of the total issued share capital of China Everbright Financial Investments Limited and China Everbright Financial Investments Limited holds 986,000 Shares. Therefore, China Everbright Venture Capital Limited is deemed to be interested in the Shares held by Diamond Wealth Global Limited and China Everbright Limited is deemed to be interested in the Shares held by Diamond Wealth Global Limited and China Everbright Financial Investments Limited by virtue of the SFO.
- (4) China Everbright Group Ltd. holds 100% of the total issued share capital of China Everbright Holdings Company Limited; China Everbright Holdings Company Limited holds 100% of the total issued share capital of each of Honorich Holdings Limited and Everbright Investment & Management Limited; Honorich Holdings Limited, in turn holds approximately 49.39% of the total issued share capital of China Everbright Limited; and Everbright Investment & Management Limited holds approximately 0.35% of the total issued share capital of China Everbright Limited. Accordingly, each of China Everbright Group Ltd., China Everbright Holdings Company Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited's interest in the Shares by virtue of the SFO.
- (5) Central Huijin Investment Ltd. is indirectly wholly-owned by the State Council of the PRC and holds approximately 63.16% equity interest of China Everbright Group Ltd. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in China Everbright Group Ltd.'s interest in the Shares by virtue of the SFO.
- (6) Unitras (H.K.) Limited is wholly-owned by Ms. Joyce S. Kerr. Therefore, Ms. Joyce S. Kerr is deemed or taken to be interested in the Shares held by Unitras (H.K.) Limited by virtue of the SFO. Ms. Joyce S. Kerr is the spouse of Mr. Bradley Fraser Kerr and therefore Mr. Bradley Fraser Kerr is deemed or taken to be interested in the Shares held by herself by virtue of the SFO.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company operates a Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries; (ii) any directors (including executive, non-executive and independent non-executive directors) of our Company or any of its subsidiaries; and (iii) any advisers (professional or otherwise), consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Group. The Share Option Scheme became effective on 27 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the Shares in issue immediately following completion of the Listing on 18 July 2018, being 83,935,132 Shares, excluding for this purpose shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the relevant class of shares of the Company in issue in the past 12 months including the date of grant are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on a date which is not later than five years from the date of vesting of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of the share options; (ii) the average closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the five trading days immediately preceding the date of grant of the share options; and (iii) the volume weighted average price for the two months preceding the date of the grant of the share options. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Grant of share options on 1 June 2021 which were cancelled

On 1 June 2021, a total of 18,500,000 share options (the "2021 Share Options") were granted by the Company to certain eligible participants and were never vested, conditional upon the fulfilment of certain performance targets set for years ended 31 December 2022 and 2023. As the performance target for 2023 was not achieved, the 2021 Share Options were cancelled on 24 March 2023.

Grant of share options on 25 May 2023

On 25 May 2023, the Company granted share options to directors and senior management to subscribe for a total of 8,340,000 ordinary shares with the exercise price of HK\$0.300 per Share (the “**May 2023 Share Options**”). The closing price of the Shares on the date of grant was HK\$0.230 per Share whereas the closing price of the Shares immediately before the date of grant (being 24 May 2023) was HK\$0.245 per Share. The vesting of the May 2023 Share Options is not subject to any performance targets but is subject to clawback mechanism.

During the year ended 31 December 2023, 1,500,000 share options from the May 2023 Share Options lapsed following the cessation of employment of Mr. Henry Lee Wong. In January 2024, a further 1,250,000 share options from the May 2023 Share Options lapsed following the cessation of employment of one of the grantees.

Grant of Share Options on 9 January 2024

On 9 January 2024, the Company granted a total of 2,900,000 share options under the Share Options Scheme to selected senior management (the “**January 2024 Share Options**”) at an exercise price of HK\$0.304 per Share. Such share options shall be vested upon expiration of 12 months from the date of grant and shall be valid from the date of vesting of such options to 8 January 2029 (both days inclusive) and exercisable at any time during which the vesting of the January 2024 Share Options is not subject to any performance targets but is subject to clawback mechanism. The closing price of the Shares on the date immediately before the date of grant (being 8 January 2024) was HK\$0.280 per Share.

During the six months ended 30 June 2024, a total of 2,250,000 shares from the May 2023 Share Options and 800,000 shares from the January 2024 Share Options lapsed following the termination of employment of two grantees.

The vesting of the above share options is not subject to any performance targets.

As at the date of this report, a total of 77,245,132 Shares, representing approximately 8.39% of the issued Shares at the date of this report, were available for issue under the Share Option Scheme. As none of the share options granted under the Share Option Scheme during the six months ended 30 June 2024 has been vested yet, the number of Shares that may be issued under the Share Option Scheme during the said period represented 0% of the weighted average number of Shares of the relevant class in issue (excluding treasury shares) for the said period, being 920,393,394. 2,900,000 share options to be vested on 9 January 2025 were granted under the Share Option Scheme during the six months ended 30 June 2024, representing approximately 0.32% of the weighted average number of Shares of the relevant class in issue (excluding treasury shares) for the said period, being 920,393,394.

OTHER INFORMATION

The following were details of share options granted under the Share Option Scheme:

	Date of grant	Vesting schedule	Exercise price (HK\$)	Number of options granted	Number of outstanding options at 1-Jan-24	Movement during the period		Number of outstanding options at 30-Jun-24	
						Granted	Cancelled/ Exercised/Lapsed	Vested	Not Vested
Directors and Chief Executive									
Mr. Lim Kuak Choi Leslie	25-May-23	Tranche 1 25 May 2024	0.300	306,000	306,000	–	–	306,000	–
		Tranche 2 25 May 2025	0.300	306,000	306,000	–	–	–	306,000
		Tranche 3 25 May 2026	0.300	308,000	308,000	–	–	–	308,000
Mr. Tay Kim Kah	1-Jun-21 25-May-23	By tranche ⁽¹⁾ Tranche 1 25 May 2024	1.000 0.300	3,000,000 500,000	– 500,000	–	–	– 500,000	–
		Tranche 2 25 May 2025	0.300	500,000	500,000	–	–	–	500,000
		Tranche 3 25 May 2026	0.300	500,000	500,000	–	–	–	500,000
Mr. Du Xiaotang	1-Jun-21 25-May-23	By tranche ⁽¹⁾ Tranche 1 25 May 2024	1.000 0.300	3,000,000 306,000	– 306,000	–	–	– 306,000	–
		Tranche 2 25 May 2025	0.300	306,000	306,000	–	–	–	306,000
		Tranche 3 25 May 2026	0.300	308,000	308,000	–	–	–	308,000
Mr. Lim Khin Mann	1-Jun-21 25-May-23	By tranche ⁽¹⁾ Tranche 1 25 May 2024	1.000 0.300	2,500,000 250,000	– 250,000	–	–	– 250,000	–
		Tranche 2 25 May 2025	0.300	250,000	250,000	–	–	–	250,000
		Tranche 3 25 May 2026	0.300	250,000	250,000	–	–	–	250,000
Mr. Henry Lee Wong ⁽²⁾	1-Jun-21 25-May-23	By tranche ⁽¹⁾ Tranche 1 25 May 2024	1.000 0.300	1,500,000 500,000	– –	–	–	–	–
		Tranche 2 25 May 2025	0.300	500,000	–	–	–	–	–
		Tranche 3 25 May 2026	0.300	500,000	–	–	–	–	–
	1-Jun-21	By tranche ⁽¹⁾	1.000	3,000,000	–	–	–	–	–
Total Directors and Chief Executive				18,590,000	4,090,000	–	–	1,362,000	2,728,000
Senior management	25-May-23	Tranche 1 25 May 2024	0.300	914,000	914,000	–	748,000	166,000	–
		Tranche 2 25 May 2025	0.300	914,000	914,000	–	748,000	–	166,000
		Tranche 3 25 May 2026	0.300	922,000	922,000	–	754,000	–	168,000
Senior management	1-Jun-21 9-Jan-2024	By tranche ⁽¹⁾ 9-Jan-2025	1.000 0.304	5,500,000 2,900,000	– –	– 2,900,000	– 800,000	–	– 2,100,000
Total Senior Management				11,150,000	2,750,000	2,900,000	3,050,000	166,000	2,434,000
Total				29,740,000	6,840,000	2,900,000	3,050,000	6,690,000	

Note(s):

- (1) The share options were scheduled to be vested in two tranches: (i) the first tranche were to be vested on the date which the Board announced the Group's audited consolidated financial results of the year ended 31 December 2022, and (ii) the second tranche were to be vested on the date which the Board announced the Group's audited consolidated financial results of the year ended 31 December 2023. Such share options were cancelled on 24 March 2023.
- (2) Mr. Henry Lee Wong joined the Group in October 2018 as the chief operating officer of the Company and was appointed as an alternate Director to Mr. Lim Khin Mann on 16 June 2022. Mr Hery Lee Wong ceased to be an alternate Director to Mr. Lim Khin Mann and an employee of the Company with effect from 23 December 2023 and 31 December 2023, respectively.

77,095,132 and 77,245,132 share options were available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024.

The fair value of the share options granted on 9 January 2024 and 25 May 2023 (equity-settled share-based payment transaction) is estimated to be approximately S\$27,000 and S\$55,000 respectively measured based on the Binomial option pricing model with the following assumptions:

	9 January 2024	25 May 2023
Dividend yield (%)	3.6%	3.5%
Expected volatility (%)	116%	65.5 – 81%
Risk-free interest rate (%)	4.04%	3.84 – 3.92%
Expected life of options (years)	1	5

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Save as disclosed herein, the Company is not aware of any change in Directors' biographical details which is required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

CHANGE OF AUDITOR

Ernst & Young LLP ("EY") retired as auditor of the Company at the conclusion of the annual general meeting of the Company (the "2024 AGM") which was held on 24 May 2024 and not to seek re-appointment. The Board and the Audit Committee considered that changing the auditor of the Company after an appropriate period of time is a good corporate governance measure. With the recommendation from the Audit Committee, the Board resolved to propose the appointment of PKF-CAP LLP ("PKF"), as the new auditor of the Company following the retirement of EY at the conclusion of the 2024 AGM. The shareholders of the Company approved an ordinary resolution for the appointment of PKF at the 2024 AGM. For more details, please refer to the announcement of the Company dated 12 April 2024.

By order of the Board
Kinergy Corporation Ltd.
Lim Kuak Choi Leslie
Executive Director and Chief Executive Officer

Hong Kong, 16 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	Notes	2024 (unaudited) S\$'000	2023 (unaudited) S\$'000
Revenue	4	51,523	44,336
Cost of sales		(46,703)	(40,824)
Gross profit		4,820	3,512
Other income and gains	5	9,333	3,520
Sales and marketing expenses		(1,574)	(1,210)
General and administrative expenses		(6,820)	(5,487)
Finance costs		(472)	(488)
Share of results of associates		(240)	(245)
Profit/(Loss) before tax	6	5,047	(398)
Income tax expense	7	(2,153)	(1,115)
Profit/(Loss) for the period		2,894	(1,513)
Profit/(Loss) for the period attributable to:			
Owners of the Company		(257)	(1,837)
Non-controlling interests		3,151	324
		2,894	(1,513)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		789	(2,826)
<i>Item that will not be reclassified to profit or loss</i>			
Fair value changes on investment securities at fair value through other comprehensive income		—	(5,387)
Total comprehensive income for the period		3,683	(9,726)
Total comprehensive income for the period attributable to:			
Owners of the Company		418	(9,574)
Non-controlling interests		3,265	(152)
		3,683	(9,726)
Loss per share attributable to owners of the Company			
Basic and diluted (Singapore cents)	8	(0.03)	(0.20)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2024 (unaudited) S\$'000	As at 31 December 2023 (audited) S\$'000
Non-current assets			
Property, plant and equipment	10	27,151	25,987
Right-of-use assets		5,188	5,771
Intangible assets		50	83
Investment securities	11	27,004	23,033
Investment in associates	12	15,804	16,562
Deferred tax assets		2,808	2,365
Advance payment for property, plant and equipment		43	1,004
Total non-current assets		78,048	74,805
Current assets			
Inventories	13	46,118	46,079
Trade receivables	14	19,127	17,427
Prepayments, deposits and other receivables	15	11,759	2,921
Cash and cash equivalents	16	8,450	18,141
Total current assets		85,454	84,568
Current liabilities			
Trade payables	17	16,877	18,055
Other payables and accruals	18	8,473	8,132
Provision for warranty		40	71
Interest-bearing loans and borrowings	19	16,592	14,862
Income tax payable		2,245	55
Total current liabilities		44,227	41,175
Net current assets		41,227	43,393
Non-current liabilities			
Interest-bearing loans and borrowings	19	4,994	6,030
Deferred tax liabilities		2,872	2,613
Total non-current liabilities		7,866	8,643
Net assets		111,409	109,555
Equity			
Share capital	20	91,293	91,293
Reserves		3,745	3,327
Equity attributable to owners of the Company		95,038	94,620
Non-controlling interests		16,371	14,935
Total equity		111,409	109,555

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital (Note 20) S\$'000	Statutory reserve S\$'000	Translation reserve S\$'000	Fair value adjustment reserves S\$'000	Share option reserves S\$'000	Retained profits S\$'000	Total reserves S\$'000	Total equity attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
30 June 2024										
At 1 January 2024	91,293	2,647	(5,614)	–	37	6,257	3,327	94,620	14,935	109,555
Profit for the period	–	–	–	–	–	(257)	(257)	(257)	3,151	2,894
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	675	–	–	–	675	675	114	789
Total comprehensive income for the period	–	–	675	–	–	–	418	418	3,265	3,683
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(1,829)	(1,829)
At 30 June 2024 (unaudited)	91,293	2,647	(4,939)	–	37	6,000	3,745	95,038	16,371	111,409
30 June 2023										
At 1 January 2023	91,293	1,985	(2,862)	5,388	–	10,680	15,191	106,484	15,818	122,302
Loss for the period	–	–	–	–	–	(1,837)	(1,837)	(1,837)	324	(1,513)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	(2,350)	–	–	–	(2,350)	(2,350)	(475)	(2,875)
Fair value changes on investment securities at fair value through other comprehensive income	–	–	–	(5,388)	–	–	(5,388)	(5,388)	–	(5,388)
Total comprehensive income for the period	–	–	(2,350)	(5,388)	–	–	(9,575)	(9,575)	(151)	(9,726)
Dividend paid on ordinary shares	–	–	–	–	–	(1,381)	(1,381)	(1,381)	–	(1,381)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(1,904)	(1,904)
At 30 June 2023 (unaudited)	91,293	1,985	(5,212)	–	–	7,462	4,235	95,528	13,763	109,291

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2024 (unaudited) S\$'000	2023 (unaudited) S\$'000
Cash flow from operating activities:		
Profit/(Loss) before tax	5,047	(398)
Adjustments for:		
Depreciation of property, plant and equipment	1,676	1,444
Depreciation of right-of-use assets	767	592
Amortisation of intangible assets	33	55
Addition of provision for warranty	17	9
Allowance for inventory obsolescence	131	10
Gain on disposal of property, plant and equipment	—	(6)
Property, plant and equipment written off	26	—
Loss/(gain) on disposal of investment securities	73	(1,043)
Finance costs	472	488
Interest income	(30)	(107)
Net fair value loss on investment securities through profit or loss	(57)	(1,458)
Share of results of associates	240	245
Reversal of impairment loss on trade receivables	(4)	—
Net foreign exchanges differences	449	(443)
Operating cash flow before changes in working capital	8,840	(612)
(Increase)/decrease in inventories	(170)	7,607
Increase in trade receivables	(1,675)	(2,195)
Increase in prepayments, deposits and other receivables	(8,838)	(269)
Decrease in trade payables	(1,120)	(4,384)
Decrease/(Increase) in other payables and accruals and provision for warranty	293	(1,453)
Cash flow used in operations	(2,670)	(1,306)
Interest income received	30	107
Income tax paid	(147)	(977)
Net cash flow used in operating activities	(2,787)	(2,176)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(2,791)	(1,284)
Proceeds from disposal of property, plant and equipment	—	6
(Purchase)/Disposal of investment securities	(5,796)	6,352
Proceeds from disposal of investment securities	2,590	—
Dividend received from investment securities	—	804
Addition to intangible assets	—	22
Increase/(decrease) in advance payment for property, plant and equipment	961	(56)
Net cash flow (used in)/generated from investing activities	(5,036)	5,844

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2024 (unaudited) S\$'000	2023 (unaudited) S\$'000
Cash flow from financing activities:		
Payment of principal portion of lease liabilities	(723)	(543)
Payment of interest portion of interest of lease liabilities	(108)	(114)
Proceeds from bank loans	12,269	10,507
Repayment of bank loans	(11,094)	(9,535)
Repayment of interest of bank loans	(364)	(371)
Dividends paid on ordinary shares	—	(1,381)
Dividend paid to non-controlling shareholders	(1,829)	(1,904)
Capital contribution from non-controlling interests	—	—
Net cash flow used in financing activities	(1,849)	(3,341)
Net (decrease)/increase in cash and cash equivalents	(9,672)	327
Cash and cash equivalents at beginning of the period	18,141	20,098
Effects of exchange rate changes on cash and cash equivalents	(19)	(681)
Cash and cash equivalents at end of the period	8,450	19,744

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Kinergy Corporation Ltd. (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Main Board of the Stock Exchange.

The registered office and place of business of the Company is located at 1 Changi North Street 1, Singapore 498789.

The principal activities of the Company and its subsidiaries are (i) to provide contract manufacturing, design, engineering and assembly for the electronics industry; (ii) to provide design, manufacture and sale of automated machines, apparatus, systems and equipment; and (iii) provision of fund management services and conducting investment activities in equity securities and funds.

The Company operates in Singapore and its subsidiaries operate in the PRC, the Philippines, Japan and Malaysia.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(i) Basis of preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board (“IASB”) and the applicable disclosure provisions of the Listing Rules.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

The unaudited interim condensed consolidated financial statements are presented in Singapore Dollars (S\$) and all values are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

(ii) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products or services and has three reportable operating segments as follows:

- i) Electronics Manufacturing Services division (“EMS”) focuses primarily on manufacturing of complete machines, sub-systems and components, for original equipment manufacturers. Major products of the EMS division include complete machines such as dicing machines and lapping machines and sub-systems such as work-holders, sliders systems and magazine handlers.
- ii) Original Design Manufacturing division (“ODM”), which is subdivided into the Automated Equipment Department and Precision Tooling Department, designs and manufactures the Group's own “Kinergy” brand proprietary automated equipment, precision tools and spare parts for use mainly in the semiconductor back-end equipment industry. Major products of the ODM divisions include equipment such as auto frame loaders, precision tools such as encapsulation moulds and dies and spare parts.

3. OPERATING SEGMENT INFORMATION *(continued)*

- iii) Investment, which primarily engages in providing fund management services and conducting investment activities in equity securities and funds.

The Group's chief operating decision maker is the Chief Executive Officer, who reviews revenue and results of major type of products sold/services rendered for the purpose of resource allocation and assessment of segment performance. The accounting policies of the operating segments are the same as the Group's accounting policies. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted gross profit. No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the chief operating decision maker for review.

Revenue breakdown by business segments

The following table sets out our revenue by business segments for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June			
	2024		2023	
	(unaudited) S\$'000	%	(unaudited) S\$'000	%
EMS	47,347	91.9	36,298	81.9
ODM	3,194	6.2	6,784	15.3
Investment	982	1.9	1,254	2.8
	51,523	100.0	44,336	100.0

Geographic information

The following table sets out our revenue by geographical locations for the six months ended 30 June 2024 and 2023. It should be noted that the following breakdown is based on the location of our customers. Our customers, in particular multinational corporations, may elect to place purchase orders from various regional offices. The locations where our products are used may be different from where the customers locate.

	For the six months ended 30 June			
	2024		2023	
	(unaudited) S\$'000	%	(unaudited) S\$'000	%
Singapore	22,402	43.5	24,490	55.2
Mainland China	7,250	14.1	6,899	15.6
The United States	12,031	23.4	3,734	8.4
The Philippines	1,456	2.8	3,648	8.2
Japan	1,625	3.2	2,530	5.7
Other countries	6,759	13.0	3,035	6.9
	51,523	100.0	44,336	100.0

4. REVENUE

Disaggregation of revenue

	EMS		ODM		Investment		Total revenue	
	2024	2023	For the six months ended 30 June		2024	2023	2024	2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Type of goods or services								
Sale of goods	47,037	35,996	3,194	6,784	—	—	50,231	42,780
Rendering of services	310	302	—	—	982	1,254	1,292	1,556
	47,347	36,298	3,194	6,784	982	1,254	51,523	44,336
Timing of transfer of goods or services								
At a point in time	47,347	36,298	3,194	6,784	—	—	50,541	43,082
Over period of time	—	—	—	—	982	1,254	982	1,254
	47,347	36,298	3,194	6,784	982	1,254	51,523	44,336

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2024 (unaudited) S\$'000	2023 (unaudited) S\$'000
Other income		
Bank interest income	30	107
Government grants ^(a)	97	194
Dividend income	69	36
Net fair value gain on investment securities at fair value through profit or loss	57	1,459
Others	70	282
	323	2,078
Gains		
Foreign exchange differences, net	510	393
Gain on disposal of investment securities	—	1,043
Gain on disposal of property, plant and equipment	—	6
Other investment income ^(b)	8,500	—
	9,010	1,442
	9,333	3,520

(a) The amount represents grants received from Singapore and the PRC government authorities under various support schemes which primarily aim to protect local citizens' employment status and encourage business development. There are no unfulfilled conditions and other contingencies relating to these grants.

(b) The amount includes the carry income of S\$8.5 million arising from the end-of-life of an investment fund managed by Shanghai GenLight.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting) the following items:

	For the six months ended	
	30 June	
	2024	2023
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Cost of inventories	32,009	27,939
Depreciation of property, plant and equipment	1,676	1,444
Depreciation of right-of-use assets	767	592
Amortisation of intangible assets	33	55
Research and development expenses	1,418	1,024
Short-term leases	150	239
Auditor's remuneration	179	164
Professional fees	187	180
Employee benefit expense (excluding directors' and chief executive's remuneration):		
— Wages and salaries	12,620	10,308
— Pension scheme contributions	1,712	1,663
Addition of provision for warranty	17	—
Foreign exchange differences, net	(510)	(393)
Government grants	(97)	(194)
Gain on disposal of property, plant and equipment	—	(6)
Allowance for inventory obsolescence	131	31
Bank interest income	(30)	(107)

7. INCOME TAX EXPENSE

The major components of income tax expense for the six months ended 30 June 2024 and 2023 are as follows:

	For the six months ended	
	30 June	
	2024	2023
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Current income taxation	2,137	1,106
Under provision in respect of previous years	16	9
Income tax expense	2,153	1,115

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for six months attributable to owners of the Company, and the weighted average number of ordinary shares of 920,393,394 shares in issue during the periods ended 30 June 2024 and 2023.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2024 and 2023.

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

The following table reflects the income and share data used in the basic and diluted loss per share calculations:

	For the six months ended 30 June	
	2024 (unaudited) S\$'000	2023 (unaudited) S\$'000
Loss		
Loss for the period attributable to owners of the Company	(257)	(1,837)
	As at 30 June	
	2024	2023
Number of shares		
Weighted average number of ordinary shares	920,393,394	920,393,394
Loss per share attributable to owners of the Company		
Basic and diluted (Singapore cents)	(0.03)	(0.20)

9. DIVIDENDS

	For the six months ended 30 June	
	2024 (unaudited) S\$'000	2023 (unaudited) S\$'000
Declared and paid during the reporting period:		
<i>Dividend on ordinary shares:</i>		
— Final exempt (one-tier) dividend for 2022: 0.15 Singapore cents per share	—	1,381
Proposed but not recognised as a liability		
<i>Dividend on ordinary shares:</i>		
— Interim exempt (one-tier) dividend for 2024: Nil	—	—

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at a consideration of approximately S\$2,791,000 (for the six months ended 30 June 2023: S\$1,284,000), including construction in progress of approximately S\$228,000 (for the six months ended 30 June 2023: S\$597,000).

No property, plant and equipment with zero book value was disposed during the six months ended 30 June 2024 (for the six months ended 30 June 2023: S\$6,000).

11. INVESTMENT SECURITIES

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
At fair value through profit or loss		
— Non-quoted equity investments	25,084	20,589
— Quoted equity investments	1,920	2,444
	27,004	23,033

12. INVESTMENT IN ASSOCIATES

The Group's investment in associates are summarised below:

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
Nantong Intelligent Fund	10,524	11,201
Nanyang Fund	4,906	4,911
Liteleaf Pte Ltd.	374	450
	15,804	16,562

Particulars of the principal associates of the Group are as follows:

Name of associate	Place of incorporation/ operation	Principal activities	Percentage of ownership interest attributable to the Group	
			30 June 2024	31 December 2023
<i>Held through the Company:</i>				
Liteleaf Pte Ltd.	Singapore	Manufacture of farm equipment and farm operation	8%	8%
<i>Held through the subsidiaries of the Company:</i>				
Nantong Intelligent Fund	The PRC	Private equity investment	20%	20%
Nanyang Fund	The PRC	Private equity investment	20%	20%

13. INVENTORIES

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
Raw materials	34,575	32,737
Work-in-progress	4,325	5,004
Finished goods	7,218	8,338
	46,118	46,079
Total inventories at lower of cost and net realisable value	46,118	46,079

14. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the due date and net of allowance, is as follows:

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
Neither past due nor impaired	15,781	14,130
Past due but not impaired:		
— 0 to 30 days	2,313	1,414
— 31 to 60 days	222	630
— 61 to 90 days	409	779
— Over 90 days	402	474
	19,127	17,427

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
Accrued revenue	8,491	—
Advance to suppliers	459	640
Deposits	540	565
Prepaid Goods and Services Tax ("GST")/Value-added tax ("VAT")	669	610
Prepayments	452	305
Bills of exchange	716	425
Other receivables	432	376
	11,759	2,921

16. CASH AND CASH EQUIVALENTS

The following table sets forth the breakdown of our cash and cash equivalents as at the respective dates indicated:

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
Cash and bank balances	8,436	18,126
Short-term deposits	14	15
	8,450	18,141
Denominated in Renminbi	3,280	12,591
Denominated in United States Dollar	3,331	4,781
Denominated in Singapore Dollar	1,266	437
Denominated in other currencies	573	332
	8,450	18,141

17. TRADE PAYABLES

The following tables set forth the aging analysis of our trade payables based on the invoice date as at the respective dates indicated:

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
— 0 to 30 days	7,288	6,869
— 31 to 60 days	3,782	3,555
— 61 to 90 days	2,970	2,642
— Over 90 days	2,837	4,989
	16,877	18,055

18. OTHER PAYABLES AND ACCRUALS

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
Accruals	3,062	4,494
Advances from customers	2,511	3,034
Other payables	2,900	604
	8,473	8,132

19. INTEREST-BEARING LOANS AND BORROWINGS

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
Lease liabilities	4,325	4,881
2% unsecured bank loan of S\$5,000,000	1,500	2,132
2.5% unsecured bank loan of S\$5,000,000	2,075	2,578
1.67% unsecured bank loan of S\$2,800,000	2,860	408
6.09% secured bank loan	964	—
Unsecured bank trade financing	8,819	10,294
Bank overdrafts	1,043	599
	21,586	20,892
Repayable details as follows:		
— Not later than 1 year	16,592	14,862
— Later than 1 year but not later than 2 years	2,655	2,360
— Later than 2 years but not later than 5 years	2,339	3,670
	21,586	20,892

20. SHARE CAPITAL

	Number of shares	Amount S\$'000
Issued and fully paid ordinary shares ⁽¹⁾ : As at 31 December 2023 (audited), 1 January 2024 and 30 June 2024 (unaudited)	920,393,394	91,293

(1) All issued shares are fully paid ordinary shares with no par value.

21. RELATED PARTY TRANSACTIONS

a) Compensation of key management personnel

	For the six months ended 30 June	
	2024 (unaudited) S\$'000	2023 (unaudited) S\$'000
Short-term employee benefits	1,712	1,501
Defined contribution benefits	96	55
Other short-term benefits	10	3
	1,818	1,559
Directors of the Company	770	918
Other key management personnel	1,048	641
	1,818	1,559

b) Sales and purchase of goods and services

	For the six months ended 30 June	
	2024 (unaudited) S\$'000	2023 (unaudited) S\$'000
Management fees	411	439
Purchase of materials	—	(36)
Consultancy fees	(64)	(34)

22. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the periods as follows:

	30 June 2024 (unaudited) S\$'000	31 December 2023 (audited) S\$'000
Financial assets		
Trade receivables	19,127	17,427
Financial assets included in deposits and other receivables	10,179	1,366
Cash and cash equivalents	8,450	18,141
	37,756	36,934
Financial liabilities		
Trade payables	16,877	18,055
Financial liabilities included in other payables and accruals	6,002	5,169
Interest-bearing loans and borrowings	21,586	20,892
	44,465	44,116

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The carrying amounts and fair values of Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*
Assets measured at fair value:

	Quoted prices in active markets (Level 1) S\$'000	Significant observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000
30 June 2024				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss (Note 11)				
— Non-quoted equity investments	—	—	25,084	25,084
— Quoted equity investments	—	—	1,920	1,920
31 December 2023				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss (Note 11)				
— Non-quoted equity investments	—	—	20,589	20,589
— Quoted equity investments	—	—	2,444	2,444

The Group has certain shares listed on the Shanghai Stock Exchange which are subject to restriction on sales for defined periods. The fair value measurement reflected the effect of such restriction with an adjustment to the quoted price which is unobservable inputs.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 16 August 2024.