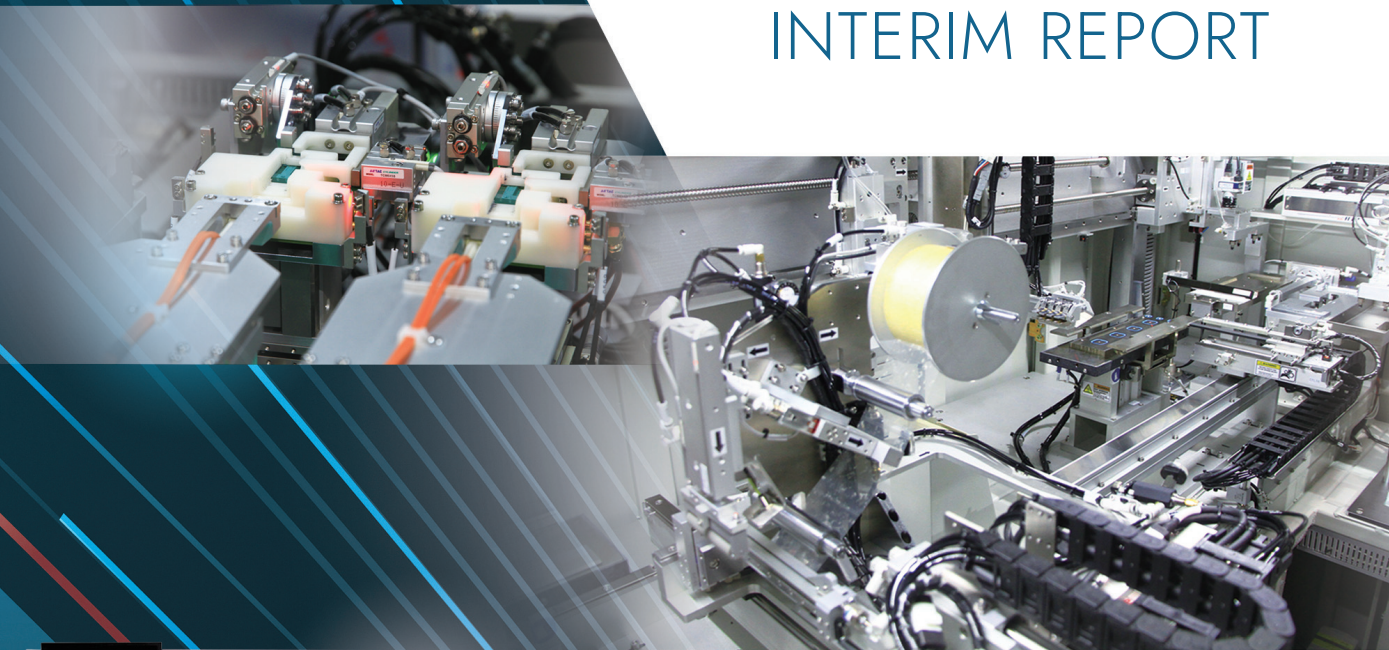


KINERGY
Kinergy Corporation Ltd.
光控精技有限公司*

(incorporated in Singapore with limited liability)

Stock Code : 3302

2022
INTERIM REPORT



* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lim Kuak Choi Leslie (*Chief Executive Officer*)
Mr. Du Xiaotang
Mr. Lim Khin Mann
Mr. Henry Lee Wong (*alternate Director to
Mr. Lim Khin Mann appointed on 16 June 2022 and
Chief Operating Officer*)
Mr. Tay Kim Kah (*Group Financial Controller*)

Non-Executive Directors

Mr. Loh Kin Wah (*Chairman*)
(*appointed as Director on 25 March 2022 and as
Chairman on 27 May 2022*)
Mr. Wang Yizhe
Mr. Yang Ping (*retired on 27 May 2022*)

Independent Non-Executive Directors

Dr. Senerath Wickramanayaka
Mudiyanselage Sunil Wickramanayaka
Mr. Hoon Chee Wai
Dr. Ang Peng Huat (*appointed on 25 March 2022*)
Professor Zhang Wei (*resigned on 27 May 2022*)

BOARD COMMITTEES

Audit Committee

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

Nomination Committee

Dr. Senerath Wickramanayaka Mudiyanselage 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
Mudiyanselage 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
12/F, Everbright Centre
108 Gloucester Road
Wan Chai
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

Ernst & Young 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.
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

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.kinergy.com.sg

STOCK CODE

3302

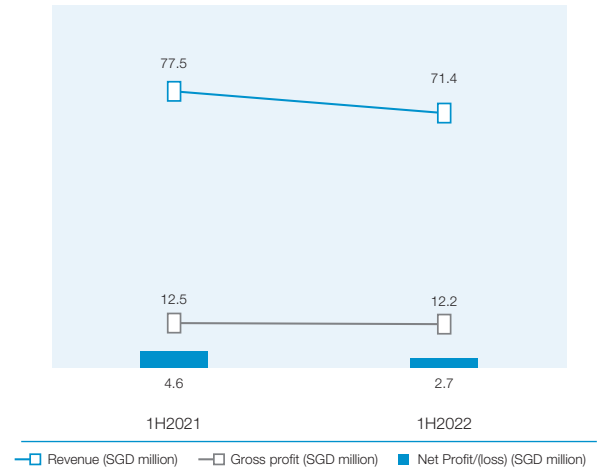
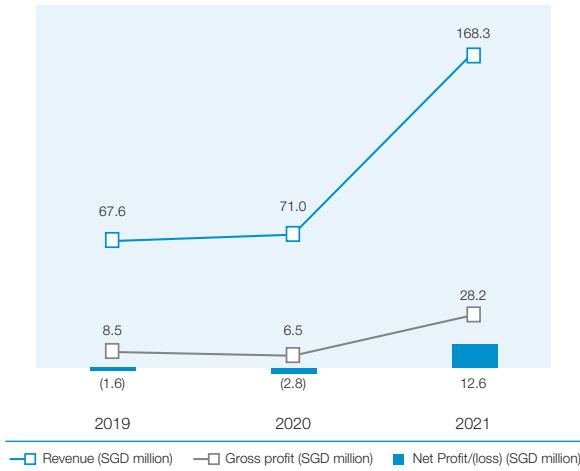
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong on 25 August 1972, whose shares are listed on the Stock Exchange (stock code: 165), and a substantial shareholders of the Company holding approximately 28.56% issued shares of the Company
“CEL Puyan”	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
“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. (光控精技有限公司), a limited liability company incorporated in Singapore, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3302)
“Continuumm Technologies”	Continuumm Technologies Pte. Ltd, a limited liability company established in Singapore on 17 January 2017
“Corporate Governance Code”	code on corporate governance practices contained in Appendix 14 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”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, 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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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 Kinergy Equity Investment Fund Partnership (Limited Partnership)*b (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

DEFINITIONS

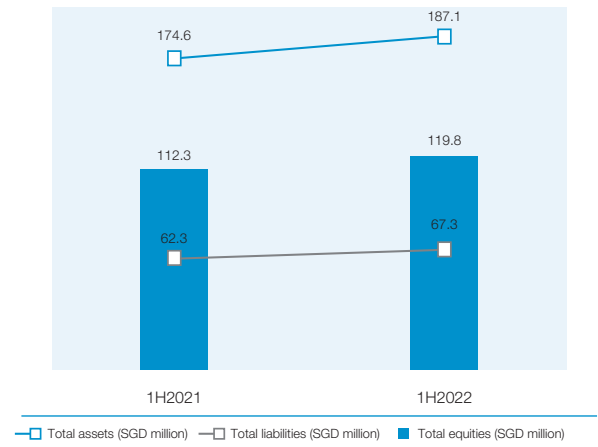
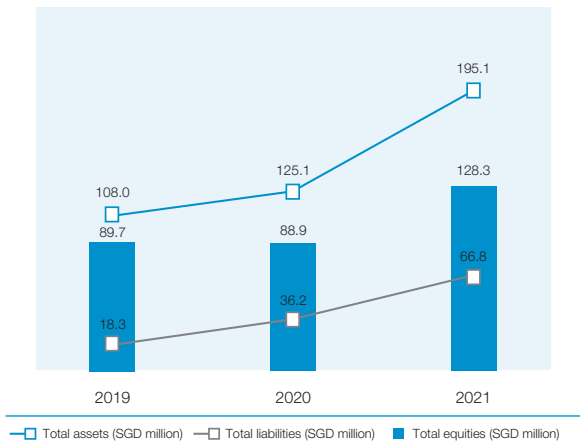
“ODM”	Original Design Manufacturing
“Prospectus”	the Prospectus of the Company dated 30 June 2018
“RMB”	Renminbi, the lawful currency of the PRC
“S\$” or “SGD”	Singapore Dollar, the lawful currency of Singapore
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Option Scheme”	the share option scheme adopted by the Company on 27 June 2018
“Share Subscription Agreements”	the agreements entered into between the Company and the relevant parties on 15 December 2020 of which the relevant parties agreed to subscribe ordinary shares of the Company as announced by the Company in (i) the announcement dated 15 December 2020; (ii) the circular dated 23 February 2021 in relation to subscription agreement; (iii) the announcement dated 10 March 2021 in relation to the termination of first subscription agreement; (iv) the announcement dated 1 April 2021 in relation to the completed subscriptions; (v) the supplemental announcement dated 7 April 2021 in relation to the fifth connected subscription agreement; and (vi) the announcement dated 13 April 2021 in relation to the completion of the fifth connected subscription agreement
“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)
“the 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 and the Philippines. We have three divisions, namely EMS, ODM and investment divisions. 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 88.8% of total revenue for the six months ended 30 June 2022. ODM and investment divisions accounted for approximately 8.9% and 2.3% of total revenue for the six months ended 30 June 2022, respectively.

2. BUSINESS REVIEW AND PROSPECT

The global economy has been experiencing a gradual recovery. However, the momentum for growth, especially in most of the major economies has slowed considerably since early 2022 and the outlook remains uncertain in midst of, among other factors, new waves of the Covid-19 variants, ongoing geopolitical conflicts especially between Russia and Ukraine, prolonged supply-chain disruptions, rising global inflation and labour market challenges, while industry competition remains intense.

— EMS Division

Our EMS division was negatively affected by the global decline in demand in semiconductor industry due to:

1. the severe drop in the global consumer purchasing power index brought about by the worldwide steep inflation and impending recession;
2. the ongoing trade and technology wars between the United States and China, as well as the Ukraine war, that stunt the normal operations of production of goods and services as the worldwide supply chain is adversely affected; and
3. the mutation persistence of the Covid-19 pandemic that brings drastic drop in efficiency and productivity across all spectrum of social, economic and bureaucratic activities.

Total revenue for the six months ended 30 June 2022 decreased by approximately 13.5% year-on-year (“YOY”).

Extending the Group’s strategy to acquire manufacturing competence, an investment of 49% equity interest in Continuumm Technologies, a wire harness and cable assembly manufacturer, was made during the reporting period. This will enhance our Group’s capability and competitiveness.

Our active pursuit into semiconductor front-end business has been encouraging. Several engagements with potential customers have yielded positive responses with a number of successful request for quotation and deliveries during the reporting period. Our management is encouraged that new orders have been received from customers with potential sizeable orders.

— ODM Division

Our ODM division revenue has shown exceptional growth for the half year ended 30 June 2022 by approximately 129.2% YOY. Demand for SPE has been strong since early 2022 and is expected to continue for a while. During this six-month period, ODM embarked on developing a new deflashing machine for China market and targeted to launch by the end of 2022. This will increase supply of our own Kinergy brand SPE products. The division also secured a new customer for supply of test socket parts and has invested approximately S\$1.7 million in production equipment to increase our Group’s capacity. Expected revenue from this new business is approximately S\$5 million for 2022.

— Investment Division

Due to Covid-19 lockdown in China, our fund management company's operation in Shanghai has been curtailed. Planned increase in fund formation and target investments of managed funds were interrupted. Revenue from fund management fee for the six-month period showed a reasonable 12.0% growth YOY but net profit declined by 77.0% YOY due to the decrease in fair value of investment securities arising from general decline in stock value in China.

Looking forward to the second half of 2022, the Group will continue to focus on the manufacturing competence acquisition; penetrate semiconductor front-end business; develop further the ODM business; and improve our operational efficiencies. Our management will also evaluate the feasibility of extending our fund management operation outside China.

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		
	2022	2021	change
	S\$'000	S\$'000	
EMS	63,425	73,325	-13.5%
ODM	6,373	2,781	129.2%
Investment	1,612	1,439	12.0%
	71,410	77,545	-7.9%

The Group's revenue decreased by approximately S\$6.1 million or 7.9% from approximately S\$77.5 million for the six months ended 30 June 2021 to approximately S\$71.4 million for the six months ended 30 June 2022.

The decrease was primarily attributable to the decrease in sales volume from EMS division, which was partially offset by the increase in sales from ODM division and the higher management fee from investment division.

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		
	2022	2021	change
	S\$'000	S\$'000	
EMS	54,060	62,888	-14.0%
ODM	5,185	2,165	139.5%
Investment	—	—	N/A
	59,245	65,053	-8.9%

The Group's cost of sales decreased by approximately S\$5.9 million or 8.9% from approximately S\$65.1 million for the six months ended 30 June 2021 to approximately S\$59.2 million for the six months ended 30 June 2022. The decrease was mainly attributable to the decrease in revenue from EMS division.

Gross profit and gross profit margin

As a result of the changes in the revenue and cost of sales above, the gross profit decreased by approximately S\$0.3 million or 2.6% from approximately S\$12.5 million for the six months ended 30 June 2021 to approximately S\$12.2 million for the six months ended 30 June 2022.

Gross profit margin slightly increased by approximately 0.9% from approximately 16.1% for the six months ended 30 June 2021 to approximately 17.0% for the six months ended 30 June 2022. The increase was primarily attributable to the appreciation of USD as against SGD and mix sales of machines.

Other income and gains

Other income and gains decreased by approximately S\$0.3 million or 23.9% from approximately S\$1.4 million for the six months ended 30 June 2021 to approximately S\$1.0 million for the six months ended 30 June 2022. The decrease was primarily attributable to (i) the decrease in government grants of approximately S\$0.3 million and (ii) the absence of gain on bargain purchase of a business of approximately S\$0.2 million for the six months ended 30 June 2022. The decrease was partially offset by the increase of bank interest income of approximately S\$0.1 million and dividend income of approximately S\$0.1 million.

Sales and marketing expenses

Sales and marketing expenses increased by approximately S\$0.4 million or 24.2% from approximately S\$1.5 million for the six months ended 30 June 2021 to approximately S\$1.8 million for the six months ended 30 June 2022, which was due to the increase in sales commission from ODM division for the six months ended 30 June 2022.

General and administration expenses

General and administration expenses increased by approximately S\$0.3 million or 4.9% from approximately S\$6.4 million for the six months ended 30 June 2021 to approximately S\$6.7 million for the six months ended 30 June 2022. The increase was mainly due to (i) the higher indirect staff costs by approximately S\$0.3 million primarily contributed from investment segment.

Other expense

Other expense increased by approximately S\$0.5 million was mainly due to the increase in net fair value loss of investment securities.

Finance costs

Comparing to the six months ended 30 June 2021, finance costs incurred during the six months ended 30 June 2022 increased by approximately S\$0.2 million primarily due to the higher bank loan balances utilised during the six months ended 30 June 2022.

Profit before tax

Profit before tax for the six months ended 30 June 2022 decreased by approximately S\$2.2 million or 40.8% to approximately S\$3.3 million as compared to profit before tax of approximately S\$5.5 million for the six months ended 30 June 2021. Such increase was mainly due to the decrease in revenue and higher losses in net fair value of investment securities during the six months ended 30 June 2022.

Income tax expense

The Group's income tax expense decreased by approximately S\$0.3 million from approximately S\$0.9 million for the six months ended 30 June 2021 to approximately S\$0.6 million for the six months ended 30 June 2022. The decrease was in line with the lower profit before tax during the six months ended 30 June 2022.

Profit for the period

As a result of the above, the Group recorded a net profit after tax of approximately S\$2.7 million for the six months ended 30 June 2022 as compared to profit after tax of approximately S\$4.6 million for the corresponding period in 2021, indicating a decrease of approximately S\$1.9 million or 41.7%.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2022, the Group had cash and cash equivalents of approximately S\$33.1 million. The Board is of the opinion that the financial position of the Group is strong and 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	
	2022	2021
	S\$'000	S\$'000
Net cash flow used in operating activities	(7,485)	(6,196)
Net cash flow used in investing activities	(8,281)	(6,295)
Net cash flow generated from financing activities	7,145	16,717
Net (decrease)/increase in cash and cash equivalents	(8,621)	4,226
Cash and cash equivalents at 1 January	41,706	25,259
Effect of exchange rate changes on cash and cash equivalents	23	414
Cash and cash equivalents as at 30 June	33,108	29,899

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 year adjusted for (i) non-cash items 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 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 generated from operations; and (iii) interest income received, interest expense paid and income tax paid, which result in net cash generated from operating activities.

For the six months ended 30 June 2022, the Group's net cash used in operating activities was approximately S\$7.5 million, primarily reflected: (i) increase in inventories of approximately S\$6.8 million; (ii) decrease in trade and other payables and accruals of approximately S\$12.5 million; and (iii) tax paid of approximately S\$0.7 million, which were partially offset by: (i) cash generated before changes in working capital of approximately S\$5.8 million; (ii) decrease in trade and other receivables of approximately S\$6.5 million; and (iii) interest income received of approximately S\$0.2 million.

Net cash flow used in investing activities

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

For the six months ended 30 June 2022, the Group's net cash flow used in investing activities was approximately S\$8.3 million, which was primarily used for: (i) purchase of property, plant and equipment of approximately S\$2.0 million and (ii) purchase of investment securities and investment in associates of approximately S\$4.2 million and S\$2.1 million, respectively.

Net cash flow generated from financing activities

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

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2022, the Group's net cash flow generated from financing activities was approximately S\$7.1 million, mainly generated from net proceeds of bank loans of approximately S\$13.0 million and capital contribution from non-controlling interest of approximately S\$0.5 million, which was partially offset by: (i) dividend paid on ordinary shares of approximately S\$4.8 million; (ii) dividend paid to non-controlling interest of approximately of S\$0.8 million; (iii) payment of lease liabilities of approximately S\$0.5 million; and (iv) payments of interests from bank loan and lease liabilities of approximately S\$0.3 million.

NET CURRENT ASSETS

The Group's net current asset decreased by approximately S\$9.5 million from approximately S\$72.4 million as at 31 December 2021 to approximately S\$62.9 million as at 30 June 2022. The increase was primarily due to: (i) decrease in cash and cash equivalents of approximately S\$8.6 million; (ii) decrease in trade receivables and prepayments, deposits and other receivables of approximately S\$6.5 million and (iii) increase in current portion of interest-bearing loans and borrowings of approximately S\$13.8 million. This was partially offset by (i) decrease in trade and other payables and accruals of approximately S\$12.5 million and (ii) increase in inventories of approximately S\$6.8 million.

CAPITAL EXPENDITURE

The Group's capital expenditure consisted of purchases cost relating to property, plant and equipment. For the six months ended 30 June 2022, the Group's capital expenditure amounted to approximately S\$2.0 million for the acquisition of property, plant and equipment. The Group funded such capital expenditure from the Listing proceeds.

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 2022, 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 2022 S\$'000
Contracted, but not provided for:	
Property, plant and equipment	3,221
Investment securities	20,234
	<hr/>
	23,455
	<hr/> <hr/>

Investment securities

The balance of S\$20,234,000 pertains to the remaining investment commitments of the Group in contributing to a private equity fund.

USE OF PROCEEDS

1. 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 2021 (S\$'million)	Utilisation during the six months ended 30 June 2022 (S\$'million)	Unutilised amount as at 30 June 2022 (S\$'million)	Expected time of full utilisation
Expansion of production capacity	40.4%	16.3	6.1	2.0 ⁽¹⁾	4.1	4th Quarter 2023
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	5.9	0.1 ⁽²⁾	5.8	4th Quarter 2023
Strengthening our research and development	11.7%	4.7	—	—	—	N/A
General working capital	1.0%	0.5	—	—	—	N/A
	100.0%	40.4	12.0	2.1	9.9	

Notes:

(1) Of S\$2.0 million was spent on renovation and setting up production space of factory building and purchase of new machines and equipment which comprise mainly computer numerical control machines.

(2) Of S\$0.1 million was 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.

2. Proceeds from Share Subscription Agreements

In April 2021, the Company issued 62,974,070 ordinary shares at approximately S\$0.1022 per share (equivalent to approximately HK\$0.60 per share) following the completion of the Share Subscription Agreements. The gross proceeds and net proceeds raised from the Share Subscription Agreements were approximately S\$6,436,000 and approximately S\$6,361,000 respectively.

Use of proceeds	Allocation (% of net proceeds)	Allocation (S\$'million of net proceeds)	Unutilised balance as at 31 December 2021 (S\$'million)	Utilisation as at 30 June 2022 (S\$'million)	Unutilised amount as at 30 June 2022 (S\$'million)	Expected time of full utilisation
Developing the business of manufacturing smart-cards issuance systems	43%	2.7	2.7	2.1 ⁽¹⁾	0.6	2 nd half of 2022
Future funding needs on new private equity fund that CEL Puyan may established	54%	3.5	—	—	—	N/A
General working capital	3%	0.2	—	—	—	N/A
	100%	6.4	2.7	2.1	0.6	

Note:

- (1) As disclosed in the Company's annual report for the year ended 31 December 2021, the deal to acquire the company that manufactures the smart-cards issuance system did not materialise and the fund will be used for other business acquisition which is expected to be utilised by the second quarter of 2022. During six months ended 30 June 2022, the Company invested in 49% equity interest of Continuum Technologies for cash consideration of approximately S\$2.1 million. The remaining balance of S\$0.6 million will be used for other business acquisition in second half 2022.

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 2022, the Group has outstanding balances from interest-bearing loans and borrowings of approximately S\$33.9 million (31 December 2021: approximately S\$20.8 million).

Contingent liabilities

As at 30 June 2022, 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 2022 was 0.7% (31 December 2021: not applicable as the Group's cash and cash equivalents is higher than interest-bearing loans and borrowings).

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 2022 was 28.3% (31 December 2021: 16.2%).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any concrete plans for material investments or capital assets as at 30 June 2022.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Company, Continuumm Technologies and Synesys Technologies Pte. Ltd. (“Synesys”) signed a subscription and shareholders agreement and a supplementary agreement (the “Agreements”) on 7 January 2022 and 27 February 2022, respectively, pursuant to which the Company agreed to subscribe for 2,113,725 ordinary shares in Continuumm Technologies, representing approximately 49.0% equity interest for a cash consideration of S\$2,113,725. Synesys is the parent company of Continuumm Technologies and both Synesys and Continuumm Technologies are independent third parties. Continuumm Technologies has its capabilities in wire harness and cable assembly for semiconductor industry. On 21 March 2022, the completion took place following the satisfaction of all conditions under the Agreements.

On 29 June 2022, the Group through its subsidiary, CEL Puyan, entered into a subscription and shareholders agreement with Shenzhen Jiecheng Nickel Cobalt New Energy Technology Co., Ltd. (“Shenzhen Jiecheng”), pursuant to which CEL Puyan agreed to subscribe for new capital in Shenzhen Jiecheng for a cash consideration of approximately S\$4,155,000 (equivalent to RMB20,000,000), representing approximately 2.0% equity interest of Shenzhen Jiecheng. Shenzhen Jiecheng’s primary activities are recycling rare metals and batteries.

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 2022.

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 United States dollar 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 2022, the Group did not pledge any assets.

HUMAN RESOURCES

As at 30 June 2022, the Group had 761 employees. The employees benefit expense incurred during the six months ended 30 June 2022 was approximately S\$13.9 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 2022.

OTHER INFORMATION

DIVIDEND

Except for the final dividend for the year ended 31 December 2021 that was paid on 24 June 2022, the Board does not recommend the payment of interim dividend for the six months ended 30 June 2022.

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 of the Corporate Governance Code during the six months ended 30 June 2022.

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 2022.

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 during the six months ended 30 June 2022.

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 2022 have been reviewed by the audit committee, 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 2022, 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. Loh Kin Wah	Beneficial owner	7,500,000 (L)	0.81
Mr. Lim Kuak Choi Leslie ⁽²⁾	Beneficial owner; Interest of spouse	299,153,246 (L)	32.50
Mr. Du Xiaotang ⁽³⁾	Beneficial owner; Interest of a controlled corporation	13,038,000 (L)	1.42
Mr. Lim Khin Mann	Beneficial owner	23,992,000 (L)	2.61
Mr. Tay Kim Kah ⁽⁴⁾	Beneficial owner; Interest of a controlled corporation	6,904,000 (L)	0.75

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) These Shares comprise 281,005,246 Shares held directly by Mr. Lim Kuak Choi Leslie ("Mr. Leslie Lim") and 18,148,000 Shares held directly by Ms. Foo Kaw Jee ("Ms. Foo"). Ms. Foo is the spouse of Mr. Leslie Lim. Therefore, Mr. Leslie Lim is deemed or taken to be interested in the Shares held by himself and Ms. Foo under 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 under the SFO.
- (4) These Shares comprise 6,544,000 shares held directly by Mr. Tay Kim Kah and 360,000 shares held through Shimell Trading Pte Ltd ("Shimell Trading"). Shimell 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 Shimell Trading under 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. Leslie Lim	Beneficial owner	3,000,000	0.33
Mr. Du Xiaotang	Beneficial owner	2,500,000	0.27
Mr. Lim Khin Mann	Beneficial owner	1,500,000	0.16
Mr. Tay Kim Kah	Beneficial owner	3,000,000	0.33
Mr. Henry Lee Wong	Beneficial owner	3,000,000	0.33

Save as disclosed above and the Share Option Scheme adopted as disclosed under section headed "Share Option Scheme" of this report, to the best knowledge of the Directors, as at 30 June 2022, 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 2022, 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 ⁽²⁾	Beneficial owner; Interest of spouse	299,153,246 (L)	32.50
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	262,906,380 (L)	28.56
Honorich Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	262,906,380 (L)	28.56
Datten Investments Limited ⁽⁴⁾	Interest of a controlled corporation	262,906,380 (L)	28.56
China Everbright Holdings Company Limited ⁽⁴⁾	Interest of a controlled corporation	262,906,380 (L)	28.56
China Everbright Group Ltd. ⁽⁴⁾	Interest of a controlled corporation	262,906,380 (L)	28.56
Central Huijin Investment Ltd. ⁽⁵⁾	Interest of a controlled corporation	262,906,380 (L)	28.56
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 held directly by Ms. Foo and 281,005,246 shares held directly by Mr. Leslie Lim, an executive director and chief executive officer of the Company. Mr. Leslie Lim is the spouse of Ms. Foo. Therefore, Ms. Foo is deemed or taken to be interested in the Shares held by himself and Mr. Leslie Lim, and Mr. Leslie Lim is deemed or taken to be interested in the Shares held by himself and Ms. Foo under 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 822,000 shares of the Company. 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 under 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 Datten Investments Limited and Everbright Investment & Management Limited; Datten Investments Limited holds 100% of the total issued share capital of Honorich Holdings Limited, which 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, Datten Investments Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited's interest in the Shares under 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 under the SFO.
- (6) Unitras (H.K.) Limited is wholly-owned by Ms. Joyce S. Kerr ("Ms. Kerr"). Therefore, Ms. Kerr is deemed or taken to be interested in the Shares held by Unitras (H.K.) Limited under the SFO. Ms. Kerr is the spouse of Mr. Bradley Fraser Kerr ("Mr. Kerr") and therefore Mr. Kerr is deemed or taken to be interested in the Shares held by Ms. Kerr.

Interest in the underlying shares of the Company

Name of Shareholder	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 (%)
Ms. Foo	Interest of spouse	3,000,000	0.33

Save as disclosed above and the Share Option Scheme adopted as disclosed under section headed “Share Option Scheme” of this report, to the best knowledge of the Directors, as at 30 June 2022, the Directors were not aware of any other persons (who were not Directors or chief executive of the Company) who had an interest or short positions 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 the Share Option Scheme (the “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 Scheme include (1) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries (2) any directors (including executive, non-executive and independent non-executive directors) of our Company or any of its subsidiaries; and (3) 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 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 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue immediately following completion of the listing of the global offering of the Company dated 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 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 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 of the Company. 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 shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, 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 offer of the share options or the expiry date of the 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 Hong Kong Stock Exchange closing price of the Company’s shares on the date of offer of the share options; and (ii) the average Hong Kong Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of offer. Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

OTHER INFORMATION

On 1 June 2021, the Company granted share options to Directors and senior management of the Company to subscribe for a total of 18,500,000 ordinary shares with the exercise price of HK\$1.00 per share. The closing price of the Shares immediately before the date of grant (being 31 May 2021) was HK\$0.74 per share. The following share options were outstanding under the Scheme during the reporting period:

	Date of grant	Vesting schedule	Exercise price (HK\$)	Number of options at 1-Jan-22	Movement during the period Granted/Cancelled/ Exercised/Lapsed	Number of options at 30-Jun-22
Directors and Chief Executive						
Mr. Leslie Lim	1-Jun-21	Tranche 1	1.00	2,000,000	—	2,000,000
		Tranche 2	1.00	1,000,000	—	1,000,000
Mr. Tay Kim Kah	1-Jun-21	Tranche 1	1.00	2,000,000	—	2,000,000
		Tranche 2	1.00	1,000,000	—	1,000,000
Mr. Du Xiaotang	1-Jun-21	Tranche 1	1.00	1,666,000	—	1,666,000
		Tranche 2	1.00	834,000	—	834,000
Mr. Lim Khin Mann	1-Jun-21	Tranche 1	1.00	1,000,000	—	1,000,000
		Tranche 2	1.00	500,000	—	500,000
Mr. Henry Lee Wong *	1-Jun-21	Tranche 1	1.00	2,000,000	—	2,000,000
		Tranche 2	1.00	1,000,000	—	1,000,000
Total Directors and Chief Executive				13,000,000	—	13,000,000
Senior management	1-Jun-21	Tranche 1	1.00	3,666,000	—	3,666,000
		Tranche 2	1.00	1,834,000	—	1,834,000
Total				18,500,000	—	18,500,000

* Mr. Henry Lee Wong was appointed as an alternate Director to Mr. Lim Khin Mann on 16 June 2022. Prior to 16 June 2022, the options granted to Mr. Henry Lee Wong is shown under senior management. For details, please refer to the announcements of the Company dated 1 June 2021 and 16 June 2022.

The vesting schedule of the share options shall vest in two tranches in accordance with the following dates:

Tranche 1: shall be vested on the date which the Board announces the Group's consolidated audited financial results of FY2022.

Tranche 2: shall be vested on the date which the Board announces the Group's consolidated audited financial results of FY2023.

The exercise of the share options shall commence from the vesting schedule up to 31 May 2026 conditional upon the fulfilment of certain performance targets relating to the Group. The performance targets have been determined by the Board and specified in the respective grant letters of each grantee. If the performance targets are not met, the share options granted will lapse.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Mr. Hoon Chee Wai resigned as an independent non-executive director of Intraco Limited (stock code: I06), a company listed on the Mainboard of Singapore Stock Exchange in March 2022.

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

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

Hong Kong, 19 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	Notes	2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
Revenue	4	71,410	77,545
Cost of sales		(59,245)	(65,053)
Gross profit		12,165	12,492
Other income and gains	5	1,033	1,358
Sales and marketing expenses		(1,830)	(1,474)
General and administrative expenses		(6,745)	(6,432)
Other expense	6	(840)	(316)
Finance costs		(273)	(123)
Share of results of associates		(252)	—
Profit before tax	7	3,258	5,505
Income tax expense	8	(562)	(878)
Profit for the period		2,696	4,627
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(1,702)	1,397
<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		(4,323)	314
Total comprehensive income for the period		(3,329)	6,338
Profit for the period attributable to:			
Equity holders of the parent		2,617	4,517
Non-controlling interests		79	110
		2,696	4,627
Total comprehensive income for the period attributable to:			
Equity holders of the parent		(3,081)	6,075
Non-controlling interests		(248)	263
		(3,329)	6,338
Earnings per share attributable to owners of the Company			
Basic and diluted (Singapore cents)	9	0.28	0.51

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2022 (unaudited) S\$'000	As at 31 December 2021 (audited) S\$'000
Non-current assets			
Property, plant and equipment	11	24,015	24,179
Right-of-use assets		2,328	2,255
Intangible assets		304	208
Investment securities	12	22,762	24,063
Investment in associates	13	13,072	11,464
Deferred tax assets		877	907
Advance payment for property, plant and equipment		19	3
Total non-current assets		63,377	63,079
Current assets			
Inventories	14	59,105	52,266
Trade receivables	15	27,459	32,252
Prepayments, deposits and other receivables	16	4,094	5,833
Cash and cash equivalents	17	33,108	41,706
Total current assets		123,766	132,057
Current liabilities			
Trade payables	18	26,583	34,803
Other payables and accruals	19	5,337	9,606
Provision for warranty		65	41
Interest-bearing loans and borrowings	20	27,552	13,762
Income tax payable		1,355	1,436
Total current liabilities		60,892	59,648
Net current assets		62,874	72,409
Non-current liabilities			
Interest-bearing loans and borrowings	20	6,373	7,030
Deferred tax liabilities		26	160
Total non-current liabilities		6,399	7,190
Net assets		119,852	128,298
Equity			
Share capital	21	91,293	91,293
Reserves		14,208	22,130
Equity attributable to equity holders of the parent		105,501	113,423
Non-controlling interests		14,351	14,875
Total equity		119,852	128,298

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the parent									
	Share capital	Statutory reserve	Translation reserve	Fair value adjustment reserves	Share option reserves	Retained profits	Total reserves	Total	Non-controlling interests	Total equity
	(Note 21) S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
30 June 2022										
At 1 January 2022	91,293	1,365	3,188	6,067	55	11,455	22,130	113,423	14,875	128,298
Profit for the period	-	-	-	-	-	2,617	2,617	2,617	79	2,696
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	(1,375)	-	-	-	(1,375)	(1,375)	(327)	(1,702)
Fair value changes on investment securities at fair value through other comprehensive income	-	-	-	(4,323)	-	-	(4,323)	(4,323)	-	(4,323)
Total comprehensive income for the period	-	-	(1,375)	(4,323)	-	-	(3,081)	(3,081)	(248)	(3,329)
Share option expenses	-	-	-	-	(55)	-	(55)	(55)	-	(55)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	546	546
Dividend paid on ordinary shares	-	-	-	-	-	(4,786)	(4,786)	(4,786)	-	(4,786)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(822)	(822)
At 30 June 2022 (unaudited)	91,293	1,365	1,813	1,744	-	9,286	14,208	105,501	14,351	119,852
30 June 2021										
At 1 January 2021	84,857	1,365	569	(119)	-	719	2,534	87,391	1,555	88,946
Profit for the period	-	-	-	-	-	4,517	4,517	4,517	110	4,627
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	1,244	-	-	-	1,244	1,244	153	1,397
Fair value changes on investment securities at fair value through other comprehensive income	-	-	-	314	-	-	314	314	-	314
Total comprehensive income for the period	-	-	1,244	314	-	4,517	6,075	6,075	263	6,338
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	10,536	10,536
Ordinary shares issued	6,436	-	-	-	-	-	-	6,436	-	6,436
At 30 June 2021 (unaudited)	91,293	1,365	1,813	195	-	5,236	8,609	99,902	12,354	112,256

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2022	2021
	(unaudited) S\$'000	(unaudited) S\$'000
Cash flow from operating activities:		
Profit before tax	3,258	5,505
Adjustments for:		
Depreciation of property, plant and equipment	1,534	888
Depreciation of right-of-use assets	552	548
Amortisation of intangible assets	104	124
Addition of provision for warranty	32	21
(Write-back of)/allowance for inventory obsolescence	(51)	11
Gain on disposal of property, plant and equipment	(43)	(4)
Finance costs	273	123
Interest income	(215)	(107)
Net fair value loss on investment securities through profit or loss	840	316
Share of results of associates	252	—
Share option expenses	(55)	—
Gain on bargain purchase of a business	—	(249)
Net foreign exchanges differences	(682)	(295)
Operating cash flow before changes in working capital	5,799	6,881
Increase in inventories	(6,788)	(12,195)
Decrease/(increase) in trade receivables	4,793	(16,366)
Decrease/(increase) in prepayments, deposits and other receivables	1,739	1,801
(Decrease)/Increase in trade payables	(8,219)	12,997
(Decrease)/Increase in other payables and accruals and provision for warranty	(4,277)	785
Cash flow used in operations	(6,953)	(6,097)
Interest income received	215	107
Income tax paid	(747)	(206)
Net cash flow used in operating activities	(7,485)	(6,196)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(1,950)	(3,713)
Proceeds from disposal of property, plant and equipment	43	4
Purchase of investment securities	(4,155)	(4,199)
Purchase of a shareholding in associates	(2,114)	—
Acquisition of a subsidiary, net of cash acquired	—	1,023
Dividend received from investment securities	111	—
Addition to intangible assets	(200)	—
(Increase)/decrease in advance payment for property, plant and equipment	(16)	590
Net cash flow used in investing activities	(8,281)	(6,295)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
Cash flow from financing activities:		
Payment of principal portion of lease liabilities	(525)	(524)
Payment of interest portion of interest of lease liabilities	(12)	(27)
Proceeds from bank loans	14,963	10,928
Repayment of bank loans	(1,958)	—
Repayment of interest of bank loans	(261)	(96)
Proceeds from ordinary shares issued	—	6,436
Dividends paid on ordinary shares	(4,786)	—
Dividend paid to non-controlling shareholders	(822)	—
Capital contribution from non-controlling interests	546	—
Net cash flow generated from financing activities	7,145	16,717
Net decrease in cash and cash equivalents	(8,621)	4,226
Cash and cash equivalents at beginning of the period	41,706	25,259
Effects of exchange rate changes on cash and cash equivalents	23	414
Cash and cash equivalents at end of the period	33,108	29,899

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, Lobby 2, 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 and Japan.

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 2021.

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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. 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”), it 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”), it 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 industry. Major products of the ODM divisions include equipment such as auto frame loaders, precision tools such as encapsulation molds and dies and spare parts.
- iii) Investment division, it primarily engages in providing fund management services and conducting investment activities in equity securities and funds.

3. SEGMENT INFORMATION *(continued)*

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 segment

The following table sets out our revenue by business segment for the six months ended 30 June 2022 and 2021:

	For the six months ended 30 June			
	2022 (unaudited)		2021 (unaudited)	
	S\$'000	%	S\$'000	%
EMS	63,425	88.8	73,325	94.6
ODM	6,373	8.9	2,781	3.6
Investment	1,612	2.3	1,439	1.8
	71,410	100.0	77,545	100.0

Geographic information

The following table sets out our revenue by geographical locations for the six months ended 30 June 2022 and 2021. 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			
	2022 (unaudited)		2021 (unaudited)	
	S\$'000	%	S\$'000	%
Singapore	50,803	71.1	57,641	74.3
Mainland China	6,758	9.5	6,011	7.8
The United States	5,823	8.2	10,791	13.9
The Philippines	2,260	3.2	369	0.5
Japan	1,797	2.5	547	0.7
Other countries	3,969	5.5	2,186	2.8
	71,410	100.0	77,545	100.0

4. REVENUE

Disaggregation of revenue

	EMS		ODM		Investment		Total revenue	
	2022	2021	For the six months ended 30 June		2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	2021 (unaudited) S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Type of goods or services								
Sale of goods	63,139	72,787	6,373	2,781	—	—	69,512	75,568
Rendering of services	286	538	—	—	1,612	1,439	1,898	1,977
	63,425	73,325	6,373	2,781	1,612	1,439	71,410	77,545
Timing of transfer of goods or services								
At a point in time	63,425	73,325	6,373	2,781	—	—	69,798	76,106
Over period of time	—	—	—	—	1,612	1,439	1,612	1,439
	63,425	73,325	6,373	2,781	1,612	1,439	71,410	77,545

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
Other income		
Bank interest income	215	107
Government grants ^(a)	299	647
Dividend income	111	—
Service income	—	12
Rental income	—	13
Others	—	11
	625	790
Gains		
Foreign exchange differences, net	365	315
Gain on bargain purchase of a business	—	249
Gain on disposal of property, plant and equipment	43	4
	408	568
	1,033	1,358

- (a) The amount represents grants received from Singapore and the PRC government authorities under various support schemes which primarily aims to (i) protect local citizens' employment status; (ii) provide cash flow support and help local companies to retain their local employees during the Covid-19 pandemic period; and (iii) encourage business development. There are no unfulfilled conditions and other contingencies relating to these grants.

6. OTHER EXPENSE

	For the six months ended 30 June	
	2022	2021
	(unaudited) S\$'000	(unaudited) S\$'000
Net fair value loss on investment securities at fair value through profit or loss	840	316

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	(unaudited) S\$'000	(unaudited) S\$'000
Cost of inventories	47,419	55,820
Depreciation of property, plant and equipment	1,534	888
Depreciation of right-of-use assets	552	548
Amortisation of intangible assets	104	124
Research and development expenses	1,765	1,975
Short-term leases	34	17
Auditor's remuneration	188	130
Professional fees	189	138
Employee benefit expense (excluding directors' and chief executive's remuneration):		
— Wages and salaries	11,557	9,692
— Pension scheme contributions	1,701	1,158
Addition of provision for warranty	32	21
Foreign exchange differences, net	(366)	(315)
Government grants	(299)	(647)
Gain on disposal of property, plant and equipment	(43)	(4)
(Write-back of)/allowance for inventory obsolescence	(51)	11
Bank interest income	(215)	(107)

8. INCOME TAX EXPENSE

The major components of income tax expense for the six months ended 30 June 2022 and 2021 are as follows:

	For the six months ended 30 June	
	2022	2021
	(unaudited) S\$'000	(unaudited) S\$'000
Current income taxation	552	869
Under provision in respect of previous years	10	9
Income tax expense	562	878

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for six months attributable to equity holders of the parent, and the weighted average number of ordinary shares of 920,393,394 and 887,447,734 shares in issue during the periods ended 30 June 2022 and 2021 respectively.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2022 and 2021.

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

	For the six months ended 30 June	
	2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
Earnings		
Profit for the period attributable to equity holders of the parent	2,617	4,517
	As at 30 June	
	2022	2021
Number of shares		
Weighted average number of ordinary shares	920,393,394	887,447,734
Earnings per share attributable to equity holders of the parent		
Basic and diluted (Singapore cents)	0.28	0.51

10. DIVIDENDS

	For the six months ended 30 June	
	2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
Declared and paid during the reporting period:		
<i>Dividend on ordinary shares:</i>		
— Final exempt (one-tier) dividend for 2021: 0.52 Singapore cents per share	4,786	—
Proposed but not recognised as a liability		
<i>Dividend on ordinary shares:</i>		
— Interim exempt (one-tier) dividend for 2022: Nil (2021: 0.13 Singapore cents per share)	—	1,197

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment at a consideration of S\$1,950,000 (for the six months ended 30 June 2021: S\$3,713,000), including construction in progress of S\$1,319,000 (for the six months ended 30 June 2021: S\$3,675,000).

Property, plant and equipment with nil book value (for the six months ended 30 June 2021: Nil) were disposed during the six months ended 30 June 2022, resulting in a gain on disposal of S\$43,000 (for the six months ended 30 June 2021: S\$4,000).

12. INVESTMENT SECURITIES

	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
At fair value through profit or loss		
— Non-quoted equity investments	12,519	9,400
— Quoted equity investments	4,337	4,434
At fair value through other comprehensive income		
— Non-quoted equity investment	5,906	10,229
	22,762	24,063

13. INVESTMENT IN ASSOCIATES

The Group's investment in associates are summarised below:

	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
Continuumm Technologies	2,039	—
Nantong Intelligent Fund	8,794	8,937
Nanyang Fund	2,239	2,527
	13,072	11,464

13. INVESTMENT IN ASSOCIATES (continued)

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 2022	31 December 2021
<i>Held through the Company:</i>				
Continuumm Technologies	Singapore	Manufacture of wire and cable assemblies and harnesses and electronic related industrial design services	49%	—
<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%

14. INVENTORIES

	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
Raw materials	45,255	38,337
Work-in-progress	6,470	9,906
Finished goods	7,380	4,023
Total inventories at lower of cost and net realisable value	59,105	52,266

15. TRADE RECEIVABLES

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

	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
— 0 to 30 days	14,622	15,174
— 31 to 60 days	9,618	14,204
— 61 to 90 days	1,640	1,648
— Over 90 days	1,579	1,226
	27,459	32,252

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
Advance to suppliers	1,445	2,642
Deposits	466	376
Prepaid Goods and Services Tax ("GST")/Value-added tax ("VAT")	1,283	1,838
Prepayments	465	326
Bills of exchange	258	294
Other receivables	177	357
	4,094	5,833

17. 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 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
Cash and bank balances	24,342	28,801
Short-term deposits	8,766	12,905
	33,108	41,706
Denominated in Renminbi	18,872	24,755
Denominated in United States Dollar	13,122	15,781
Denominated in Singapore Dollar	1,055	1,087
Denominated in other currencies	59	83
	33,108	41,706

18. 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 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
— 0 to 30 days	10,541	13,412
— 31 to 60 days	8,032	9,466
— 61 to 90 days	3,866	6,087
— Over 90 days	4,144	5,838
	26,583	34,803

19. OTHER PAYABLES AND ACCRUALS

	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
Accruals	2,993	5,598
Advances from customers	1,097	1,828
Other payables	1,247	1,375
Profit sharing scheme	—	805
	5,337	9,606

20. INTEREST-BEARING LOANS AND BORROWINGS

	30 June 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
Lease liabilities	1,167	1,038
2% unsecured bank loan of S\$5,000,000	3,991	4,599
2.5% unsecured bank loan of S\$5,000,000	4,049	4,528
Unsecured bank trade financing	23,741	9,914
Bank overdrafts	977	713
	33,925	20,792
Repayable details as follows:		
— Not later than 1 year	27,552	13,762
— Later than 1 year but not later than 2 years	2,485	2,236
— Later than 2 years but not later than 5 years	3,817	4,723
— More than 5 years	71	71
	33,925	20,792

21. SHARE CAPITAL

	Number of shares	Amount S\$'000
Issued and fully paid ordinary shares ⁽¹⁾ :		
As at 1 January 2021	857,419,324	84,857
Ordinary shares issued	62,974,070	6,436
As at 31 December 2021 (audited), 1 January 2022 and 30 June 2022 (unaudited)	920,393,394	91,293

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

22. RELATED PARTY TRANSACTIONS

a) Compensation of key management personnel

	For the six months ended 30 June	
	2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
Short-term employee benefits	1,399	1,204
Defined contribution benefits	54	44
Other short-term benefits	7	5
	1,460	1,253
Directors of the Company	600	519
Other key management personnel	860	734
	1,460	1,253

b) Sales and purchase of goods and services

	For the six months ended 30 June	
	2022 (unaudited) S\$'000	2021 (unaudited) S\$'000
Management fees	439	293
Service income	—	13
Rental income	—	12
Purchase of materials	(36)	(46)
Consultancy fees	(34)	—

23. 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 2022 (unaudited) S\$'000	31 December 2021 (audited) S\$'000
Financial assets		
Trade receivables	27,459	32,252
Financial assets included in deposits and other receivables	901	1,027
Cash and cash equivalents	33,108	41,706
	61,468	74,985
Financial liabilities		
Trade payables	26,582	34,803
Financial liabilities included in other payables and accruals	4,240	7,778
Interest-bearing loans and borrowings	33,925	20,792
	64,747	63,373

24. 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.

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)***Fair value hierarchy** *(continued)*

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:

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 2022				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss (Note 13)				
— Non-quoted equity investments	—	—	12,519	12,519
— Quoted equity investments	—	—	4,337	4,337
Financial assets at fair value through other comprehensive income (Note 13)				
— Non-quoted equity investments	—	—	5,906	5,906
31 December 2021				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss (Note 13)				
— Non-quoted equity investments	—	—	9,400	9,400
— Quoted equity investments	—	—	4,434	4,434
Financial assets at fair value through other comprehensive income (Note 13)				
— Non-quoted equity investments	—	—	10,229	10,229

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.

25. 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 19 August 2022.