



Kinergy Corporation Ltd.

精技集團有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

2023

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*)

Mr. Tay Kim Kah (*Group Financial Controller*)

Non-Executive Directors

Mr. Loh Kin Wah (*Chairman*)

Mr. Wang Yizhe (*resigned on 21 August 2023*)

Mr. Fan Zhirong (*appointed on 21 August 2023*)

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

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

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Singapore 498789

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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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 Registrars (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

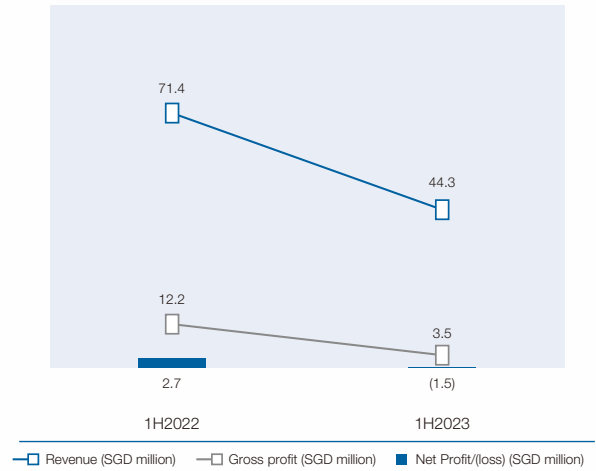
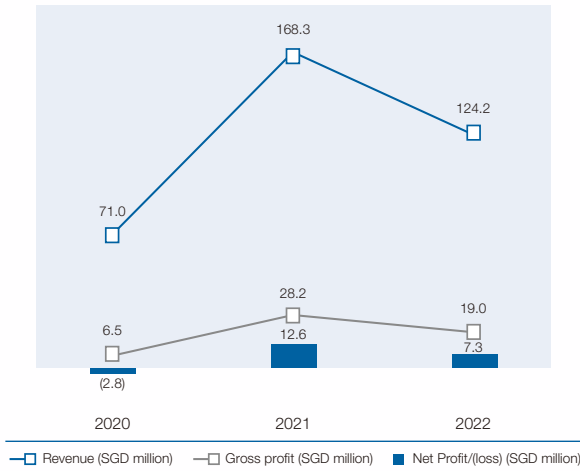
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong on 25 August 1972, whose shares are listed on the Stock Exchange (stock code: 165), and as at the date of this Report, a substantial shareholders of the Company holding approximately 28.58% 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 as at the date of this Report, 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. (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)
“Continuumm Technologies”	Continuumm Technologies Pte. Ltd, a limited liability company established in Singapore on 17 January 2017, which was an associate during the reporting period and has subsequently become a wholly-owned subsidiary of the Group as of the date of this Report
“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” or “Kinergy”	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
“Independent Third Party(ies)”	a third party which is independent of and not connected with the Company and otherwise not a connected person of the Company
“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 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 Health Fund”	Nantong CEL Health Industry Investment Partnership (Limited Partnership)* (南通光控健康產業投資合夥企業(有限合夥)), a limited partnership established in the PRC

DEFINITIONS

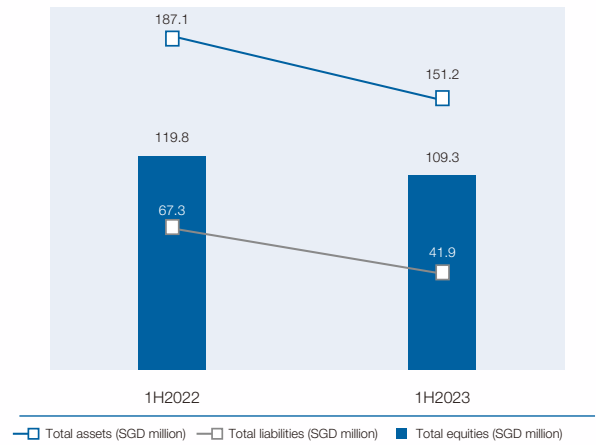
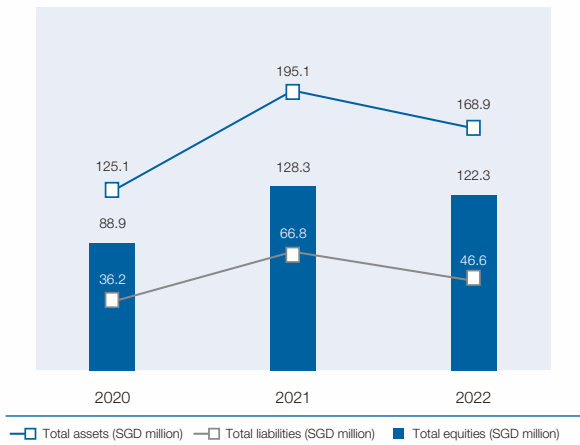
“Nantong Intelligent Fund”	Nantong CEL Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership)* (南通光控智能制造股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Nantong Semiconductor Fund”	Nantong CEL Semiconductor Industry Investment Fund Partnership (Limited Partnership)* (南通光控半導體產業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Nanyang Fund”	Nanyang Kinergy 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
“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 dollars, 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 section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“the United States”	the United States of America
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	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. Further, we entered into an agreement to acquire a factory in Melaka, Malaysia in October 2022 and we possess another factory in Johor, Malaysia by virtue of acquiring Continuum Technologies. 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 81.9% of total revenue for the six months ended 30 June 2023. ODM and investment divisions accounted for approximately 15.3% and 2.8% of total revenue for the six months ended 30 June 2023, respectively.

2. BUSINESS REVIEW AND PROSPECT

Kinergy’s industrial sector, the semiconductor, is under intensification of the negative factors causing economic woes to the industry. Even some of the market leaders in the semiconductor industry, such as Intel, Samsung, TSMC and Hynix, suffer heavy degradation of business and financial performance.

The factors that caused these negative business conditions were some of the macroeconomic factors such as:

- a. inflation;
- b. aggressive interest rate hike;
- c. the steep intensification of geopolitical “wars” on both the military and economic fronts. The semiconductor industry bears the brunt of the conflict owing to the pervasive and critical uses of semiconductors in both military and economic spheres; and
- d. the over-stock of semiconductor chips in late 2022 and first half of 2023 is compounded by poor worldwide consumer spending.

The above four items create cut-throat competition that cuts deeply into the profit margins of surviving businesses.

The emerging silver linings of the depressing above-mentioned four items are the creation of very strong demands for equipment used in the manufacture of semiconductor chips, i.e. semiconductor process equipment (SPE) which is Kinergy’s core business. In the “Chip War” between China and the West (USA, Europe, Taiwan, South Korea and Japan), hundreds of billions of US dollars will be poured into building new capacities for manufacturing semiconductor chips so that these competing countries can be “semiconductor chips secure”. The extent of this semiconductor industry expansion is reflected in the announced subsidies for the manufacture of semiconductor chips in the respective countries:

- i. China;
- ii. USA;
- iii. Europe;
- iv. Japan, Taiwan and South Korea which are well developed in this industry.

These have led to the commencement of 117 new wafer fab projects in total.

In addition to the vast capital to be invested in building semiconductor chips self-sufficiency for these countries, another collateral benefit to the Far East contract manufacturing companies mainly in the SPE industry like Kinergy will be the very large numbers of SPE making enquiries for use of our contract manufacturing services. We are working hard on capitalising this opportunity.

— **EMS Division**

Total revenue for the six months ended 30 June 2023 decreased by approximately 42.8% year-on-year (“YOY”).

Legacy customers drop in revenue in tandem with industry. Our major customer, Kulicke & Soffa Industries Inc., suffers particularly hard drop in revenue owing to heavy subsidies of Kulicke & Soffa Industries Inc.’s China competitors by local municipal Governments. Net subsidies can amount up to approximately 20% of equipment costs.

Kinergy’s product strategy of shifting to wafer fab SPE is gaining traction. We will continue to see business in first articles build and early production build conditions for the new customers this year.

— **ODM Division**

Our ODM division revenue has shown slightly growth for the six months ended 30 June 2023 by approximately 6.4% YOY. Year-on-year business improvement comes from two areas:

- a. business growth from customers associated with chips used in the power semiconductor sector; and
- b. new revenue stream from the test sockets business.

Our penetration to the European market is in good progress with Kinergy displaying some Assembly and Test (OSAT) equipment at Towa Corporation site at Stuttgart, Germany. We will continue to work with Towa Corporation to market our products in Europe.

— **Investment Division**

Revenue from fund management fee for the six months ended 30 June 2023 decreased by approximately 22.2% growth YOY but net profit increased by approximately 398.4% YOY due to the increase in fair value of investment securities arising from general increase in stock value in China.

Our investment division faces challenging conditions during the first half of the year. Investment funds are getting scarce in China as Covid-19 saps the reserves of most municipal governments. Further, industries are undergoing adverse economic conditions which in turn result in lesser target investment companies.

The four funds that our fund management company, CEL Puyan, manages, i.e. Nantong Intelligent Fund, Nantong Semiconductor Fund, Nantong Health Fund and Nanyang Fund, are performing reasonably well. These four funds invest mainly in high-quality mature projects in semiconductor and intelligent manufacturing related fields with a focus on new trends in technology. As at 30 June 2023, the total invested fund amounted to approximately RMB1.26 billion (approximately S\$235 million).

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		
	2023	2022	change
	S\$'000	S\$'000	
EMS	36,298	63,425	-42.8%
ODM	6,784	6,373	6.4%
Investment	1,254	1,612	-22.2%
	44,336	71,410	-37.9%

The Group's revenue decreased by approximately S\$27.1 million or 37.9% from approximately S\$71.4 million for the six months ended 30 June 2022 to approximately S\$44.3 million for the six months ended 30 June 2023.

The decrease was primarily attributable to the decrease in sales volume from EMS division in Singapore of approximately 51.8%.

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		
	2023	2022	change
	S\$'000	S\$'000	
EMS	34,744	54,060	-35.7%
ODM	6,080	5,185	17.3%
Investment	—	—	N/A
	40,824	59,245	-31.1%

The Group's cost of sales decreased by approximately S\$18.4 million or 31.1% from approximately S\$59.2 million for the six months ended 30 June 2022 to approximately S\$40.8 million for the six months ended 30 June 2023. 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\$8.7 million or 71.1% from approximately S\$12.2 million for the six months ended 30 June 2022 to approximately S\$3.5 million for the six months ended 30 June 2023.

Gross profit margin decreased by approximately 9.1% from approximately 17.0% for the six months ended 30 June 2022 to approximately 7.9% for the six months ended 30 June 2023.

Other income and gains

Other income and gains increased by approximately S\$2.5 million or 240.8% from approximately S\$1.0 million for the six months ended 30 June 2022 to approximately S\$3.5 million for the six months ended 30 June 2023. The increase was primarily attributable to (i) net fair value gain on investment securities of approximately S\$1.5 million; (ii) gain on disposal of investment of approximately S\$1.0 million; (iii) gain on foreign exchange amounted to approximately S\$0.4 million; and (iv) other compensation of approximately S\$0.2 million.

Sales and marketing expenses

Sales and marketing expenses decreased by approximately S\$0.6 million or 33.9% from approximately S\$1.8 million for the six months ended 30 June 2022 to approximately S\$1.2 million for the six months ended 30 June 2023, which was due to the decrease in distribution and freight outwards cost from EMS division for the six months ended 30 June 2023.

General and administration expenses

General and administration expenses decreased by approximately S\$1.3 million or 18.7% from approximately S\$6.7 million for the six months ended 30 June 2022 to approximately S\$5.5 million for the six months ended 30 June 2023. The decrease was mainly due to the lower research and development cost by approximately S\$0.7 million primarily from EMS segment.

Other expense

There is no other expense incurred for the six months ended 30 June 2023.

Finance costs

Comparing to the six months ended 30 June 2022, finance costs incurred during the six months ended 30 June 2023 increased by approximately S\$0.2 million primarily due to the higher bank loan balances utilised and higher interest rate during the six months ended 30 June 2023.

(Loss)/profit before tax

Loss before tax for the six months ended 30 June 2023 was approximately S\$0.4 million as compared to profit before tax of approximately S\$3.3 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in revenue during the six months ended 30 June 2023.

Income tax expense

The Group's income tax expense increased by approximately S\$0.6 million from approximately S\$0.6 million for the six months ended 30 June 2022 to approximately S\$1.1 million for the six months ended 30 June 2023. The increase was mainly due to higher profit in investment segment for the six months ended 30 June 2023.

(Loss)/profit for the period

As a result of the above, the Group recorded a net loss after tax of approximately S\$1.5 million for the six months ended 30 June 2023 as compared to net profit after tax of approximately S\$2.7 million for the corresponding period in 2022, indicating a decrease of net profit of approximately S\$4.2 million or 156.1%.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2023, the Group had cash and cash equivalents of approximately S\$19.7 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	
	2023	2022
	S\$'000	S\$'000
Net cash flow used in operating activities	(2,176)	(7,485)
Net cash flow generated from/(used in) investing activities	5,844	(8,281)
Net cash flow (used in)/generated from financing activities	(3,341)	7,145
Net increase/(decrease) in cash and cash equivalents	327	(8,621)
Cash and cash equivalents at 1 January	20,098	41,706
Effect of exchange rate changes on cash and cash equivalents	(681)	23
Cash and cash equivalents at 30 June	19,744	33,108

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 item such as depreciation of property, plant and equipment, depreciation of prepaid land lease payments, amortization of intangible assets and other items, which lead to the operating cash (used)/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 2023, the Group's net cash used in operating activities was approximately S\$2.2 million, primarily reflected: (i) increase in trade and other receivables of approximately S\$2.5 million; (ii) decrease in trade and other payables and accruals of approximately S\$5.8 million; and (iii) tax paid of approximately S\$1 million, which were partially offset by: (i) decrease in inventories of approximately S\$7.6 million and (ii) interest income received of approximately S\$0.1 million.

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

Cash flow generated from/(used in) investing activities mainly relates to proceed from disposal of investment securities.

For the six months ended 30 June 2023, the Group's net cash flow generated from investing activities was approximately S\$5.8 million, which was primarily generated from: (i) proceeds from sale of financial instruments of approximately S\$6.4 million, (ii) partially distribution of fund surplus of S\$0.8 million, which were partially offset by: addition of property, plant and equipment of approximately S\$1.3 million.

Net cash flow (used in)/generated from 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 2023, the Group's net cash flow used in financing activities was approximately S\$3.3 million, mainly used in: (i) repayment of bank loan of approximately S\$9.5 million; (ii) dividend paid on ordinary shares of approximately S\$1.4 million; (iii) dividend paid to non-controlling interest of approximately S\$1.9 million; (iv) payment of lease liabilities of approximately S\$0.5 million; and (v) payments of interests from bank loan and lease liabilities of approximately S\$0.5 million, which was partially offset by net proceeds of bank loans of approximately S\$10.5 million.

NET CURRENT ASSETS

The Group's net current asset decreased by approximately S\$1.6 million from approximately S\$54.9 million as at 31 December 2022 to approximately S\$53.3 million as at 30 June 2023. The decrease was primarily due to: (i) decrease in inventories of approximately S\$7.6 million; (ii) increase in current portion of interest-bearing loans and borrowings of approximately S\$2.1 million; and (iii) decrease in cash and cash equivalents of approximately S\$0.4 million. This was partially offset by (i) increased in trade receivables and prepayments, deposits and other receivables of approximately S\$2.3 million; decrease in trade and other payables and accruals of approximately S\$5.8 million and (iii) decreased in income tax payable of approximately S\$0.4 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 2023, the Group's capital expenditure amounted to approximately S\$1.3 million for the acquisition of property, plant and equipment. The Group funded such capital expenditure with internal resources.

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 2023, 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 2023 S\$'000
Contracted, but not provided for:	
Property, plant and equipment	1,347
Investment securities	6,625
	<hr/>
	7,972
	<hr/> <hr/>

Investment securities

The balance of approximately S\$6.6 million 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 2022 (S\$'million)	Utilisation during the six months ended 30 June 2023 (S\$'million)	Unutilised amount as at 30 June 2023 (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	5.8	0.05 ⁽¹⁾	5.75	4th quarter of 2024
Strengthening our research and development	11.7%	4.7	—	—	—	N/A
General working capital	1.0%	0.5	—	—	—	N/A
	100.0%	40.4	5.8	0.05	5.75	

Note:

(1) S\$0.05 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

For the six months ended 30 June 2023, the net proceeds raised from the share subscription agreements were used for:

Use of proceeds	Allocation (% of net proceeds)	Allocation (S\$'million of net proceeds)	Unutilised balance as at 31 December 2022 (S\$'million)	Utilisation as at 30 June 2023 (S\$'million)	Unutilised amount as at 30 June 2023 (S\$'million)	Expected time of full utilisation
Acquisition of associates	43.0%	2.7	0.1	—	0.1	4th quarter of 2023
Future funding needs on new private equity fund that CEL Puyan may established	54.0%	3.5	—	—	—	N/A
General working capital	3.0%	0.2	—	—	—	N/A
	100.0%	6.4	0.1	—	0.1	

Save as disclosed 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 2023, the Group has outstanding balances from interest-bearing loans and borrowings of approximately S\$22.4 million (31 December 2022: approximately S\$21.2 million).

Contingent liabilities

As at 30 June 2023, 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 2023 was 2.4% (31 December 2022: 1.1%).

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 2023 was 20.5% (31 December 2022: 17.4%).

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 2023.

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 on 7 January 2022 and 27 February 2022 (collectively referred to as the “**Agreements**”), 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. Further, on 30 June 2023, the Company entered into a Share Sale Agreement (“**2023 Share Agreement**”) with Synesys to purchase all the remaining 2,200,000 shares in Continuumm Technologies with a purchase consideration of S\$15,000. As at the date of this Report, the completion took place following the satisfaction of all conditions as set out in the 2023 Share Agreement and hence Continuumm Technologies has subsequently become a wholly-owned subsidiary of the Group.

On 30 June 2023, given the change in Singapore’s domestic market environment affecting the potential investment return of Liteleaf Pte. Ltd. (“**Liteleaf**”), after arm’s length negotiations among the Company, Ms. Cheng Tsing Liu, Mr. Shih Ching Yen and Liteleaf (collectively referred to as the “**Parties**”), the Parties entered into a written mutual consent (“**Mutual Consent**”), pursuant to which the Parties unanimously agreed to terminate the subscription agreement dated 6 September 2022 in respect of the subscription of shares of Liteleaf by the Parties (“**Subscription Agreement**”) and the Parties were released and discharged from their respective unperformed obligations under the Subscription Agreement with effect from the date of the Mutual Consent. For further details, please refer to the Company’s announcements dated 6 September 2022 and 30 June 2023.

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 2023.

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 purchasing raw material in USD and borrow USD short term loan for working capital needs. 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 2023, the Group did not pledge any assets.

HUMAN RESOURCES

As at 30 June 2023, the Group had 803 employees. The employees benefit expenses incurred during the six months ended 30 June 2023 was approximately S\$12.4 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 2023.

DIVIDEND

Except for the final dividend for the year ended 31 December 2022 that was paid on 23 June 2023, the Board does not recommend the payment of interim dividend for the six months ended 30 June 2023.

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 2023.

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 by the Company with the Directors, all Directors, save for Mr. Fan Zhirong who has been appointed as the non-executive director of the Company after the reporting period, confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2023.

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 2023.

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 2023 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 2023, 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:

Name of Directors	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding (%)
Mr. Loh Kin Wah	Beneficial owner	9,094,000 (L)	0.99
Mr. Lim Kuak Choi Leslie ⁽²⁾	Beneficial owner; interest of spouse	304,425,246 (L)	33.08
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	7,110,000 (L)	0.77

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) These Shares comprise 286,277,246 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 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 5,844,000 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 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. 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
Mr. Henry Lee Wong	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 2023, 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. Details of the share options granted pursuant to the Share Option Scheme are disclosed under the paragraph headed "Share Option Scheme" below.

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

As at 30 June 2023, 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:

Name of Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding (%)
Ms. Foo Kaw Jee ⁽²⁾	Beneficial owner; interest of spouse	304,425,246 (L)	33.08
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 held directly by Ms. Foo Kaw Jee ("**Ms. Foo**") and 286,277,246 Shares held directly by Mr. Lim Kuak Choi Leslie ("**Mr. Lim**"), an executive director and chief executive officer of the Company. Mr. Lim is the spouse of Ms. Foo. Therefore, Ms. Foo is deemed or taken to be interested in the Shares held by herself and Mr. Lim, and Mr. 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 986,000 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 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 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 Kaw Jee	Interest of spouse	920,000	0.10

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, as at 30 June 2023, 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 (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 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 up to and including the date of such grant 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 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 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 grant of the share options; (ii) the average Hong Kong Stock Exchange closing price of the Company’s shares 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.

OTHER INFORMATION

On 1 June 2021, the Company granted share options to directors and senior management 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 period indicated:

	Date of grant	Vesting schedule	Exercise price (HK\$)	Number of options as at 1-Jan-23	Movement during the period		Number of options following such lapse of share options on the date when the Board announced the Group's audited consolidated financial results for the year ended 31 December 2022
					Lapsed	Cancelled/ exercised/granted	
Directors and Chief Executive							
Mr. Lim Kuak Choi Leslie	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	–	–
Total Directors and Chief Executive				10,000,000	10,000,000	–	–
Senior management	1-Jun-21	Tranche 1	1.00	5,666,000	5,666,000	–	–
		Tranche 2	1.00	2,834,000	2,834,000	–	–
Total				18,500,000	18,500,000	–	–

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 audited consolidated financial results of FY2022.
- Tranche 2: shall be vested on the date which the Board announces the Group's audited consolidated 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. The exercise of the share options by the grantees is conditional upon the fulfilment of certain performance targets set for both year 2021 and year 2022. The performance target for 2021 was achieved but not for 2022. As such, according to the vesting conditions of the share options, the share options not yet vested became not exercisable and was therefore lapsed on the date when the Board announced the Group's audited consolidated financial results for the year ended 31 December 2022, resulting in a writeback of the share option expense.

As at 1 January 2023, 65,435,132 Shares was available for future grant under the scheme mandate limit of the Share Option Scheme. Subsequent to such lapse of share options on the date when the Board announced the Group's audited consolidated financial results for the year ended 31 December 2022, 83,935,132 Shares was available for future grant under the scheme mandate limit of the Share Option Scheme.

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. Assuming that the 8,340,000 options outstanding as at 30 June 2023 are fully exercised, the corresponding 8,340,000 ordinary shares issued represents 0.91% of the weighted average number of ordinary shares of 920,393,394 in issue during the six months ended 30 June 2023. 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. Subsequent to such grant of the share options on 25 May 2023, 75,595,132 Shares remained available for future grant under the scheme mandate limit of the Share Option Scheme as at 30 June 2023. The following share options were outstanding under the Scheme during the period indicated:

	Date of grant	Vesting schedule	Exercise price (HK\$)	Number of options as at 25-May-23	Movement during the period	
					Granted/ Cancelled/ Exercised/ Lapsed	Number of options as at 30-Jun-23
Directors and Chief Executive						
Mr. Lim Kuak Choi Leslie	25-May-23	Tranche 1	0.300	306,000	—	306,000
		Tranche 2	0.300	306,000	—	306,000
		Tranche 3	0.300	308,000	—	308,000
Mr. Tay Kim Kah	25-May-23	Tranche 1	0.300	500,000	—	500,000
		Tranche 2	0.300	500,000	—	500,000
		Tranche 3	0.300	500,000	—	500,000
Mr. Du Xiaotang	25-May-23	Tranche 1	0.300	306,000	—	306,000
		Tranche 2	0.300	306,000	—	306,000
		Tranche 3	0.300	308,000	—	308,000
Mr. Lim Khin Mann	25-May-23	Tranche 1	0.300	250,000	—	250,000
		Tranche 2	0.300	250,000	—	250,000
		Tranche 3	0.300	250,000	—	250,000
Mr. Henry Lee Wong *	25-May-23	Tranche 1	0.300	500,000	—	500,000
		Tranche 2	0.300	500,000	—	500,000
		Tranche 3	0.300	500,000	—	500,000
Total Directors and Chief Executive				5,590,000	—	5,590,000
Senior management	25-May-23	Tranche 1	0.300	914,000	—	914,000
		Tranche 2	0.300	914,000	—	914,000
		Tranche 3	0.300	922,000	—	922,000
Total				8,340,000	—	8,340,000

* Mr. Henry Lee Wong was appointed as an alternate Director to Mr. Lim Khin Mann.

OTHER INFORMATION

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

Vesting Date	Maximum number of shares options available for exercise
25 May 2024	2,776,000 (Tranche 1)
25 May 2025	2,776,000 (Tranche 2)
25 May 2026	2,788,000 (Tranche 3)

The exercise of the share options shall commence from the period commencing from the relevant date of vesting up to 24 May 2028 (both days inclusive). This grant of share options is a one-off grant in recognition of performance met by the Company in 2021 and there was no performance target attached to this grant of share options.

The fair value of equity-settled share options granted during the six months ended 30 June 2023 of S\$14,730 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Group and Company For the six months ended 30 June 2023
Dividend yield (%)	6%
Expected volatility (%)	44%
Risk-free interest rate (%)	3.6%
Expected life of options (years)	5

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Mr. Wang Yizhe has resigned as a non-executive director of the Company and Mr. Fan Zhirong has been appointed as a non-executive director of the Company, both with effect from 21 August 2023. For details, please refer to the announcement of the Company regarding the change of non-executive directors of the Company dated 21 August 2023.

Save as disclosed above, the Company is not aware of any other change in Directors' biographical details subsequent to the publication of the annual report of the Company for the year ended 31 December 2022 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, 18 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	Notes	2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
Revenue	4	44,336	71,410
Cost of sales		(40,824)	(59,245)
Gross profit		3,512	12,165
Other income and gains	5	3,520	1,033
Sales and marketing expenses		(1,210)	(1,830)
General and administrative expenses		(5,487)	(6,745)
Other expense	6	—	(840)
Finance costs		(488)	(273)
Share of results of associates		(245)	(252)
(Loss)/profit before tax	7	(398)	3,258
Income tax expense	8	(1,115)	(562)
(Loss)/profit for the period		(1,513)	2,696
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(2,826)	(1,702)
<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)	(4,323)
Total comprehensive income for the period		(9,726)	(3,329)
(Loss)/profit for the period attributable to:			
Equity holders of the parent		(1,837)	2,617
Non-controlling interests		324	79
		(1,513)	2,696
Total comprehensive income for the period attributable to:			
Equity holders of the parent		(9,574)	(3,081)
Non-controlling interests		(152)	(248)
		(9,726)	(3,329)
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (Singapore cents)	9	(0.20)	0.28

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2023 (unaudited) S\$'000	As at 31 December 2022 (audited) S\$'000
Non-current assets			
Property, plant and equipment	11	23,879	24,675
Right-of-use assets		5,989	5,803
Intangible assets		139	194
Investment securities	12	20,155	30,957
Investment in associates	13	13,751	14,362
Deferred tax assets		440	664
Advance payment for property, plant and equipment		820	764
Total non-current assets		65,173	77,419
Current assets			
Inventories	14	46,082	53,699
Trade receivables	15	17,346	15,151
Prepayments, deposits and other receivables	16	2,815	2,547
Cash and cash equivalents	17	19,744	20,098
Total current assets		85,987	91,495
Current liabilities			
Trade payables	18	11,057	15,441
Other payables and accruals	19	6,229	7,682
Provision for warranty		96	88
Interest-bearing loans and borrowings	20	14,851	12,763
Income tax payable		231	617
Total current liabilities		32,464	36,591
Net current assets		53,523	54,904
Non-current liabilities			
Interest-bearing loans and borrowings	20	7,567	8,485
Deferred tax liabilities		1,838	1,536
Total non-current liabilities		9,405	10,021
Net assets		109,291	122,302
Equity			
Share capital	21	91,293	91,293
Reserves		4,235	15,191
Equity attributable to equity holders of the parent		95,528	106,484
Non-controlling interests		13,763	15,818
Total equity		109,291	122,302

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Statutory reserve	Translation reserve	Fair value adjustment reserves	Share option reserves	Retained profits	Total reserves	Total equity attributable to equity holders of the parent	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 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)	(2,825)
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)	—	(1,837)	(9,575)	(9,575)	(151)	(9,726)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—
Transfer to statutory reserve	—	—	—	—	—	—	—	—	—	—
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
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)	—	2,617	(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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
Cash flow from operating activities:		
(Loss)/profit before tax	(398)	3,258
Adjustments for:		
Depreciation of property, plant and equipment	1,444	1,534
Depreciation of right-of-use assets	592	552
Amortisation of intangible assets	55	104
Addition of provision for warranty	9	32
Allowance/(write-back) for inventory obsolescence	10	(51)
Gain on disposal of property, plant and equipment	(6)	(43)
Gain on disposal of investment securities	(1,043)	—
Finance costs	488	273
Interest income	(107)	(215)
Net fair value (gain)/loss on investment securities through profit or loss	(1,458)	840
Share of results of associates	245	252
Share option expenses	—	(55)
Net foreign exchanges differences	(443)	(682)
Operating cash flow before changes in working capital	(612)	5,799
Decrease/(increase) in inventories	7,607	(6,788)
(Increase)/decrease in trade receivables	(2,195)	4,793
(Increase)/decrease in prepayments, deposits and other receivables	(269)	1,739
Decrease in trade payables	(4,384)	(8,219)
Decrease in other payables and accruals and provision for warranty	(1,453)	(4,277)
Cash flow used in operations	(1,306)	(6,953)
Interest income received	107	215
Income tax paid	(977)	(747)
Net cash flow used in operating activities	(2,176)	(7,485)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(1,284)	(1,950)
Proceeds from disposal of property, plant and equipment	6	43
Disposal/(purchase) of investment securities	6,352	(4,155)
Purchase of a shareholding in associates	—	(2,114)
Dividend received from investment securities	804	111
Disposal of/(addition to) intangible assets	22	(200)
Increase in advance payment for property, plant and equipment	(56)	(16)
Net cash flow generated from/(used in) investing activities	5,844	(8,281)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
Cash flow from financing activities:		
Payment of principal portion of lease liabilities	(543)	(525)
Payment of interest portion of interest of lease liabilities	(114)	(12)
Proceeds from bank loans	10,507	14,963
Repayment of bank loans	(9,535)	(1,958)
Repayment of interest of bank loans	(371)	(261)
Dividends paid on ordinary shares	(1,381)	(4,786)
Dividend paid to non-controlling shareholders	(1,904)	(822)
Capital contribution from non-controlling interests	—	546
Net cash flow (used in)/generated from financing activities	(3,341)	7,145
Net increase/(decrease) in cash and cash equivalents	327	(8,621)
Cash and cash equivalents at beginning of the period	20,098	41,706
Effects of exchange rate changes on cash and cash equivalents	(681)	23
Cash and cash equivalents at end of the period	19,744	33,108

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 and Japan. Further, we entered into an agreement to acquire a factory in Melaka, Malaysia in October 2022 and we possess another factory in Johor, Malaysia by virtue of acquiring Continuumm Technologies.

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 2022.

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 unaudited 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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, 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”), 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.

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 segment

The following table sets out our revenue by business segment for the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	(unaudited) S\$'000	%	(unaudited) S\$'000	%
EMS	36,298	81.9	63,425	88.8
ODM	6,784	15.3	6,373	8.9
Investment	1,254	2.8	1,612	2.3
	44,336	100.0	71,410	100.0

Geographic information

The following table sets out our revenue by geographical locations for the six months ended 30 June 2023 and 2022. 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			
	2023		2022	
	(unaudited) S\$'000	%	(unaudited) S\$'000	%
Singapore	24,490	55.2	50,803	71.1
Mainland China	6,899	15.6	6,758	9.5
The United States	3,734	8.4	5,823	8.2
The Philippines	3,648	8.2	2,260	3.2
Japan	2,530	5.7	1,797	2.5
Other countries	3,035	6.9	3,969	5.5
	44,336	100.0	71,410	100.0

4. REVENUE

Disaggregation of revenue

	EMS		ODM		Investment		Total revenue	
	2023	2022	For the six months ended 30 June		2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Type of goods or services								
Sale of goods	35,996	63,139	6,784	6,373	—	—	42,780	69,512
Rendering of services	302	286	—	—	1,254	1,612	1,556	1,898
	36,298	63,425	6,784	6,373	1,254	1,612	44,336	71,410
Timing of transfer of goods or services								
At a point in time	36,298	63,425	6,784	6,373	—	—	43,082	69,798
Over period of time	—	—	—	—	1,254	1,612	1,254	1,612
	36,298	63,425	6,784	6,373	1,254	1,612	44,336	71,410

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2023	2022
	(unaudited) S\$'000	(unaudited) S\$'000
Other income		
Bank interest income	107	215
Government grants ^(a)	194	299
Dividend income	36	111
Net fair value gain on investment securities at fair value through profit or loss	1,459	—
Others	282	—
	2,078	625
Gains		
Foreign exchange differences, net	393	365
Gain on disposal of investment	1,043	—
Gain on disposal of property, plant and equipment	6	43
	1,442	408
	3,520	1,033

- (a) The amount represents grants received from Singapore and the PRC government authorities under various support schemes which primarily aim 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	
	2023	2022
	(unaudited) S\$'000	(unaudited) S\$'000
Net fair value loss on investment securities at fair value through profit or loss	—	840

7. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	(unaudited) S\$'000	(unaudited) S\$'000
Cost of inventories	27,939	47,419
Depreciation of property, plant and equipment	1,444	1,534
Depreciation of right-of-use assets	592	552
Amortisation of intangible assets	55	104
Research and development expenses	1,024	1,765
Short-term leases	239	34
Auditor's remuneration	164	188
Professional fees	180	189
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
— Wages and salaries	10,308	11,557
— Pension scheme contributions	1,663	1,701
Addition of provision for warranty	—	32
Foreign exchange differences, net	(393)	(366)
Government grants	(194)	(299)
Gain on disposal of property, plant and equipment	(6)	(43)
Allowance/(write-back) for inventory obsolescence	10	(51)
Bank interest income	(107)	(215)

8. INCOME TAX EXPENSE

The major components of income tax expense for the six months ended 30 June 2023 and 2022 are as follows:

	For the six months ended 30 June	
	2023	2022
	(unaudited) S\$'000	(unaudited) S\$'000
Current income taxation	1,106	552
Under provision in respect of previous years	9	10
Income tax expense	1,115	562

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/profit for six months attributable to equity holders of the parent, and the weighted average number of ordinary shares of 920,393,394 shares in issue during the periods ended 30 June 2023 and 2022.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2023 and 2022.

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

	For the six months ended 30 June	
	2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
(Loss)/earnings		
(Loss)/profit for the period attributable to equity holders of the parent	(1,837)	2,617
	As at 30 June	
	2023	2022
Number of shares		
Weighted average number of ordinary shares	920,393,394	920,393,394
(Loss)/earnings per share attributable to equity holders of the parent		
Basic and diluted (Singapore cents)	(0.20)	0.28

10. DIVIDENDS

	For the six months ended 30 June	
	2023 (unaudited) S\$'000	2022 (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 (2021: 0.52 Singapore cents per share)	1,381	4,786
Proposed but not recognised as a liability		
<i>Dividend on ordinary shares:</i>		
— Interim exempt (one-tier) dividend for 2023: Nil (2022: Nil)	—	—

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment at a consideration of approximately S\$1,284,000 (for the six months ended 30 June 2022: S\$1,950,000), including construction in progress of approximately S\$597,000 (for the six months ended 30 June 2022: S\$1,319,000).

Property, plant and equipment with nil book value (for the six months ended 30 June 2022: Nil) were disposed during the six months ended 30 June 2023, resulting in a gain on disposal of approximately S\$6,000 (for the six months ended 30 June 2022: S\$43,000).

12. INVESTMENT SECURITIES

	30 June 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
At fair value through profit or loss		
— Non-quoted equity investments	16,729	17,366
— Quoted equity investments	3,426	4,041
At fair value through other comprehensive income		
— Non-quoted equity investment	—	9,550
	20,155	30,957

13. INVESTMENT IN ASSOCIATES

The Group's investment in associates are summarised below:

	30 June 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
Continuumm Technologies	1,200	1,784
Nantong Intelligent Fund	9,199	8,729
Nanyang Fund	3,317	3,421
Liteleaf Pte Ltd	35	428
	13,751	14,362

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 2023	31 December 2022
<i>Held through the Company:</i>				
Continuum Technologies ⁽¹⁾	Singapore	Manufacture of wire and cable assemblies and harnesses and electronic related industrial design services	49%	49%
Liteleaf Pte Ltd	Singapore	Manufacture of farm equipment and farm operators	8% ⁽²⁾	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%

(1) Continuum Technologies was an associate during the reporting period and subsequently became a wholly-owned subsidiary of the Group after 30 June 2023 and as of the date of this report. For future details, please refer to the section headed "Significant investments, acquisitions and disposals" in this report.

(2) As one of the Company's directors sits in Liteleaf's board of directors, Liteleaf is considered one of the principal associates of the Group despite the Group owning only 8% of interest in Liteleaf.

14. INVENTORIES

	30 June 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
Raw materials	34,292	37,824
Work-in-progress	4,720	5,811
Finished goods	7,070	10,064
Total inventories at lower of cost and net realisable value	46,082	53,699

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 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
— 0 to 30 days	6,425	7,180
— 31 to 60 days	5,654	5,791
— 61 to 90 days	3,264	1,169
— Over 90 days	2,003	1,011
	17,346	15,151

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
Advance to suppliers	815	742
Deposits	499	500
Prepaid Goods and Services Tax ("GST")/Value-added tax ("VAT")	444	593
Prepayments	396	292
Bills of exchange	372	183
Other receivables	289	237
	2,815	2,547

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 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
Cash and bank balances	15,074	11,290
Short-term deposits	4,670	8,808
	19,744	20,098
Denominated in Renminbi	12,199	14,281
Denominated in United States Dollar	5,824	4,333
Denominated in Singapore Dollar	1,407	1,013
Denominated in other currencies	314	471
	19,744	20,098

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 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
— 0 to 30 days	6,133	6,135
— 31 to 60 days	2,587	3,748
— 61 to 90 days	1,281	2,511
— Over 90 days	1,056	3,047
	11,057	15,441

19. OTHER PAYABLES AND ACCRUALS

	30 June 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
Accruals	3,552	4,248
Advances from customers	1,646	1,895
Other payables	1,031	1,539
	6,229	7,682

20. INTEREST-BEARING LOANS AND BORROWINGS

	30 June 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
Lease liabilities	5,035	4,748
2% unsecured bank loan of S\$5,000,000	2,757	3,377
2.5% unsecured bank loan of S\$5,000,000	3,075	3,565
Unsecured bank trade financing	11,030	8,526
Bank overdrafts	521	1,032
	22,418	21,248
Repayable details as follows:		
— Not later than 1 year	14,851	12,763
— Later than 1 year but not later than 2 years	4,153	3,497
— Later than 2 years but not later than 5 years	3,414	4,988
— More than 5 years	—	—
	22,418	21,248

21. SHARE CAPITAL

	Number of shares	Amount S\$'000
Issued and fully paid ordinary shares ⁽¹⁾ : As at 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (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	
	2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
Short-term employee benefits	1,501	1,399
Defined contribution benefits	55	54
Other short-term benefits	3	7
	1,559	1,460
Directors of the Company	918	600
Other key management personnel	641	860
	1,559	1,460

b) Sales and purchase of goods and services

	For the six months ended 30 June	
	2023 (unaudited) S\$'000	2022 (unaudited) S\$'000
Management fees	391	439
Service income	—	—
Rental income	—	—
Purchase of materials	(25)	(36)
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 2023 (unaudited) S\$'000	31 December 2022 (audited) S\$'000
Financial assets		
Trade receivables	17,346	15,151
Financial assets included in deposits and other receivables	977	920
Cash and cash equivalents	19,744	20,098
	38,067	36,169
Financial liabilities		
Trade payables	11,057	15,441
Financial liabilities included in other payables and accruals	4,583	5,787
Interest-bearing loans and borrowings	22,418	21,248
	38,058	42,476

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.

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 2023				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss (Note 12)				
— Non-quoted equity investments	—	—	16,729	16,729
— Quoted equity investments	—	—	3,426	3,426
Financial assets at fair value through other comprehensive income (Note 12)				
— Non-quoted equity investments	—	—	—	—
31 December 2022				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss (Note 12)				
— Non-quoted equity investments	—	—	17,366	17,366
— Quoted equity investments	—	—	4,041	4,041
Financial assets at fair value through other comprehensive income (Note 12)				
— Non-quoted equity investments	—	—	9,550	9,550

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 18 August 2023.