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Kinergy Corporation Ltd.

精技集團有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board hereby announces the consolidated financial statements of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

Highlight

	For the year ended			Percentage Change %
	31 December 2024 S\$'000	2023 S\$'000	Change S\$'000	
Revenue	99,043	92,490	6,553	7.1%
Gross Profit	6,302	7,001	(699)	-10.0%
EBITDA ⁽¹⁾	2,991	3,871	(880)	-22.7%
EBIT ⁽²⁾	(1,989)	(356)	(1,633)	NA
Loss for the year	(3,647)	(926)	(2,721)	NA
Basic and diluted loss per share attributable to owners of the Company (Singapore cents)	(0.68)	(0.28)	(0.40)	NA

Note(s):

- (1): EBITDA (non-IFRS/SFRS(I) measures) is defined as earnings before interest, taxes, depreciation and amortisation. It is calculated using profit/loss for the year, taking out the aggregate of income tax expenses or credit depreciation, amortisation, interest expenses and interest income for the year.
- (2): EBIT (non-IFRS/SFRS(I) measures) is defined as earnings before interest and taxes. It is calculated using profit/loss for the year, taking out the aggregate of interest expense, income tax expense or credit and interest income for the year.
- (3): EBITDA and EBIT presented are additional financial measures not required by or presented in accordance with IFRS/SFRS(I) to eliminate the potential impact of items that the management considers cannot reflect our operating performance, which is conducive to the comparison of operating performance across years and companies, and to provide readers useful information to understand and evaluate our consolidated results of operation in the same manner as the management. However, such measures are not necessarily comparable to similar measurement tools presented by other companies and have limitations as analytical tools, and should not be considered independent of or as a substitute for our analysis of results of operation or financial conditions presented in accordance with IFRS/SFRS(I).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<i>Notes</i>	2024 <i>S\$'000</i>	2023 <i>S\$'000</i>
Revenue	4	99,043	92,490
Cost of sales		<u>(92,741)</u>	<u>(85,489)</u>
Gross profit		6,302	7,001
Other income	5	8,873	807
Sales and marketing expenses		(3,215)	(2,640)
General and administrative expenses		(13,060)	(14,333)
Other gains and losses	6	147	5,541
Finance costs		(946)	(849)
Share of results of associates		<u>(943)</u>	<u>3,454</u>
Loss before tax	7	(2,842)	(1,019)
Income tax (expense)/credit	8	<u>(805)</u>	<u>93</u>
Loss for the year		(3,647)	(926)
Loss for the year attributable to:			
Owners of the Company		(6,280)	(2,559)
Non-controlling interests		<u>2,633</u>	<u>1,633</u>
		<u>(3,647)</u>	<u>(926)</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		547	(3,364)
<i>Items that will not be reclassified to profit or loss</i>			
Loss on equity instruments designated at fair value through other comprehensive income		—	(5,388)
Net gain on equity investment		<u>—</u>	<u>179</u>
Total comprehensive income for the year		<u>(3,100)</u>	<u>(9,499)</u>

	<i>Notes</i>	2024 <i>S\$'000</i>	2023 <i>S\$'000</i>
Total comprehensive income for the year attributable to:			
Owners of the Company		(5,821)	(10,520)
Non-controlling interests		<u>2,721</u>	<u>1,021</u>
		<u>(3,100)</u>	<u>(9,499)</u>
Loss per Share attributable to owners of the Company			
Basic and diluted (Singapore cents)	9	<u>(0.68)</u>	<u>(0.28)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	<i>Notes</i>	2024 <i>S\$'000</i>	2023 <i>S\$'000</i>
Non-current assets			
Property, plant and equipment	<i>11</i>	26,268	25,987
Right-of-use assets		4,458	5,771
Intangible assets		17	83
Investment securities	<i>12</i>	21,525	23,033
Investment in associates	<i>13</i>	16,745	16,562
Deferred tax assets		3,492	2,365
Advance payment for property, plant and equipment		—	1,004
		<hr/>	<hr/>
Total non-current assets		72,505	74,805
Current assets			
Inventories	<i>14</i>	45,407	46,079
Trade receivables	<i>15</i>	19,463	17,427
Prepayments, deposits and other receivables	<i>16</i>	2,552	2,921
Cash and cash equivalents	<i>17</i>	17,684	18,141
		<hr/>	<hr/>
Total current assets		85,106	84,568
Current liabilities			
Trade payables	<i>18</i>	16,885	18,055
Other payables and accruals	<i>19</i>	8,791	8,132
Provision for warranty		21	71
Interest-bearing loans and borrowings	<i>20</i>	21,307	14,862
Income tax payable		2,904	55
		<hr/>	<hr/>
Total current liabilities		49,908	41,175
		<hr/>	<hr/>
Net current assets		35,198	43,393

	<i>Notes</i>	2024 <i>S\$'000</i>	2023 <i>S\$'000</i>
Non-current liabilities			
Deferred tax liabilities		1,539	2,613
Interest-bearing loans and borrowings	<i>20</i>	3,632	6,030
Total non-current liabilities		5,171	8,643
Net assets		102,532	109,555
Equity			
Share capital	<i>21</i>	91,293	91,293
Reserves		(1,782)	3,327
Equity attributable to:			
Owners of the Company		89,511	94,620
Non-controlling interests		13,021	14,935
Total equity		102,532	109,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated and domiciled in Singapore and its Shares are listed on the Main Board of the Stock Exchange.

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

The principal activities of the Group 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) to provide fund management services and investment activities in equity securities and funds.

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”).

The consolidated financial statements have been prepared on the historical cost basis, except for investment securities which have been measured at fair value.

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

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) EMS, which 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) ODM, which is subdivided into the Automated Equipment Department and Precision Tooling Department, designs and manufactures the Group’s own “Kinergy” brand proprietary automated equipment, precision tools and spare parts for use mainly in the semiconductor back-end equipment industry. Major products of the ODM divisions include equipment such as auto frame loaders and precision tools such as encapsulation moulds, dies and spare parts; and
- (iii) Investment, which primarily engages in providing fund management services and conducting investment activities in equity securities and funds.

The chief operating decision maker of the Group is the chief executive officer, who reviews revenue and results of major type of products sold 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 assets and liabilities of the Group 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 years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
EMS	93,141	94.0	78,953	85.4
ODM	4,112	4.2	11,223	12.1
Investment	1,790	1.8	2,314	2.5
	<u>99,043</u>	<u>100.0</u>	<u>92,490</u>	<u>100.0</u>

Geographical information

The following table sets out our revenue by geographical location for the years ended 31 December 2024 and 2023. It should be noted that the following breakdown is based on the location of our customers. Our customers, in particular multinational corporations, may elect to place purchase orders from various regional offices. The locations where our products are used may be different from where our customers are located.

	For the year ended 31 December			
	2024		2023	
	S\$'000	%	S\$'000	%
Singapore	53,802	54.3	50,566	54.7
The United States	17,380	17.6	10,910	11.8
China	15,765	15.9	13,001	14.1
Japan	2,558	2.6	4,850	5.2
The Philippines	2,077	2.1	6,673	7.2
Other countries	7,461	7.5	6,490	7.0
	<u>99,043</u>	<u>100.0</u>	<u>92,490</u>	<u>100.0</u>

4. REVENUE

Disaggregation of revenue

Type of goods or services	EMS		ODM		Investment		Total Revenue	
	For the year ended 31 December							
	2024	2023	2024	2023	2024	2023	2024	2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sale of goods	92,375	78,210	4,112	11,221	—	—	96,487	89,431
Rendering of services	766	743	—	2	1,790	2,314	2,556	3,059
	<u>93,141</u>	<u>78,953</u>	<u>4,112</u>	<u>11,223</u>	<u>1,790</u>	<u>2,314</u>	<u>99,043</u>	<u>92,490</u>
Timing of transfer of goods or services								
At a point in time	93,141	78,953	4,112	11,223	—	—	97,253	90,176
Over period of time	—	—	—	—	1,790	2,314	1,790	2,314
	<u>93,141</u>	<u>78,953</u>	<u>4,112</u>	<u>11,223</u>	<u>1,790</u>	<u>2,314</u>	<u>99,043</u>	<u>92,490</u>

5. OTHER INCOME

	For the year ended	
	31 December	
	2024	2023
	S\$'000	S\$'000
Other investment income ⁽²⁾	8,143	—
Government grant ⁽¹⁾	475	270
Bank interest income	93	186
Dividend income	68	36
Others	94	315
	<u>8,873</u>	<u>807</u>

Note(s):

- (1): There are no unfulfilled conditions and other contingencies relating to these grants.
- (2): The amount represents carry income and was derived from the end-of-life of an investment fund managed by Shanghai Genlight.

6. OTHER GAINS AND LOSSES

	For the year ended	
	31 December	
	2024	2023
	S\$'000	S\$'000
Gain on deemed disposal of associate	—	394
Net (loss)/gain on disposal of investment securities	(313)	852
Net fair value (loss)/gain on investment securities	(575)	4,589
Gain on bargain purchase ⁽¹⁾	—	538
Gain on disposal of property, plant and equipment	61	34
Foreign exchange differences, net	974	(866)
	<u>147</u>	<u>5,541</u>

Note(s):

- (1): The gain on bargain purchase of a business of approximately S\$538,000 during the year ended 31 December 2023 arose from the difference between the consideration paid and the fair value of the net identifiable assets of an associate as at the acquisition date.

7. LOSS BEFORE TAX

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

	For the year ended	
	31 December	
	2024	2023
	S\$'000	S\$'000
Cost of inventories	63,079	59,115
Depreciation of property, plant and equipment	3,354	2,913
Depreciation of right-of-use assets	1,560	1,203
Amortisation of intangible assets	66	111
Research and development expenses	2,157	2,688
Short-term leases/minimum lease payments under operating leases	146	247
Auditor's remuneration	264	339
Professional fees	390	326
Employee benefit expense (excluding Directors' and chief executive's remuneration):		
— Wages and salaries	24,295	24,139
— Pension scheme contributions	3,567	3,354
— Share option expense	32	37
Provision for warranty	54	65
Provision/(write back) for inventory obsolescence	97	(398)
Foreign exchange differences, net	(974)	866
Government grants	(475)	(270)
Net loss/(gain) on disposal of investment securities	313	(852)
Net fair value loss/(gain) on investment securities	575	(4,589)
Bank interest income	(93)	(186)
Gain on disposal of property, plant and equipment	(61)	(34)

8. INCOME TAX (EXPENSE)/CREDIT

Major components of income tax (expense)/credit

The major components of income tax (expense)/credit for the years ended 31 December 2024 and 2023 are as follows:

	For the year ended	
	31 December	
	2024	2023
	S\$'000	S\$'000
Current income tax:		
— Current income taxation	<u>(3,006)</u>	<u>(531)</u>
	<u>(3,006)</u>	<u>(531)</u>
Deferred income tax:		
— Origination and reversal of temporary differences	<u>2,201</u>	<u>624</u>
Income tax (expense)/credit recognised in profit or loss	<u><u>(805)</u></u>	<u><u>93</u></u>

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per Share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary Shares of 920,393,394 Shares in issue during each of the years ended 31 December 2024 and 2023.

No adjustment has been made to the basic and diluted loss per Share presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

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

	For the year ended 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Loss for the year attributable to owners of the Company	<u><u>(6,280)</u></u>	<u><u>(2,559)</u></u>
	As at 31 December	
	2024	2023
Number of Shares		
Weighted average number of ordinary Shares	<u><u>920,393,394</u></u>	<u><u>920,393,394</u></u>
Loss per Share attributable to owners of the Company		
Basic and diluted (Singapore cents)	<u><u>(0.68)</u></u>	<u><u>(0.28)</u></u>

10. DIVIDENDS

	For the year ended 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Declared and paid during the year:		
<i>Dividend on ordinary Shares:</i>		
— Final exempt (one-tier) dividend for 2023: Nil (2022: 0.15) Singapore cents per Share	<u><u>—</u></u>	<u><u>1,381</u></u>

There were no dividends paid or declared by the Company in respect of the year ended 31 December 2024.

11. PROPERTY, PLANT AND EQUIPMENT

During year ended 31 December 2024, the Group acquired property, plant and equipment at a consideration of approximately S\$2,776,000 (31 December 2023: S\$4,337,000).

Property, plant and equipment with nil book value were disposed during the year ended 31 December 2024, resulting in a gain on disposal of approximately S\$61,000 (31 December 2023: S\$34,000).

12. INVESTMENT SECURITIES

	For the year ended	
	31 December	
	2024	2023
	S\$'000	S\$'000
Equity instruments at fair value through profit or loss		
— Non-listed equity investments	21,525	20,589
— Listed equity investments	—	2,444
	<u>21,525</u>	<u>23,033</u>

13. INVESTMENT IN ASSOCIATES

The investment in associates of the Group is summarised below:

	As at 31 December	
	2024	2023
	S\$'000	S\$'000
Nantong Intelligent Fund	9,864	11,201
Nanyang Fund	4,880	4,911
Nantong Genlight Venture Capital Fund Partnership (Limited Partnership)	1,638	—
Liteleaf	363	450
	<u>16,745</u>	<u>16,562</u>

Particulars of the principal associates of the Group as at the respective dates are as follows:

Name of associate	Place of incorporation/ operation	Principal activities	Percentage of ownership interest attributable to the Group	
			As at 31 December 2024	2023
<i>Held through the Company:</i>				
Liteleaf	Singapore	Growing of leafy and fruit vegetables (hydroponics) with agrotechnology consultancy services and developing agricultural machineries	8% ⁽¹⁾	8% ⁽¹⁾
<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%
Nantong Genlight Venture Capital Fund Partnership (Limited Partnership)	The PRC	Private equity investment	30%	—

Note(s):

- (1) As one of the Directors is a director of Liteleaf, Liteleaf is considered one of the principal associates of the Group although the Group owns only approximately 8% interest.

14. INVENTORIES

	As at 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Raw materials	33,428	32,737
Work-in-progress	5,659	5,004
Finished goods	6,320	8,338
	<hr/>	<hr/>
Total inventories at lower of cost and net realisable value	<u>45,407</u>	<u>46,079</u>

15. TRADE RECEIVABLES

The aged analysis of the trade receivables based on due date that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Neither past due nor impaired	15,843	14,130
Past due but not impaired:		
— 0 to 30 days	2,316	1,414
— 31 to 60 days	1,087	630
— 61 to 90 days	163	779
— Over 90 days	54	474
	<hr/>	<hr/>
	<u>19,463</u>	<u>17,427</u>

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Advance to suppliers	287	640
Deposits	537	565
Prepaid goods and services tax/Value-added tax	299	610
Prepayments	579	305
Bills of exchange	647	425
Other receivables	203	376
	<u>2,552</u>	<u>2,921</u>

17. CASH AND CASH EQUIVALENTS

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

	As at 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Cash and bank balances	17,669	18,126
Short-term deposits	15	15
	<u>17,684</u>	<u>18,141</u>
Denominated in RMB	15,283	12,592
Denominated in USD	1,947	4,781
Denominated in SGD	146	437
Denominated in other currencies	308	331
	<u>17,684</u>	<u>18,141</u>

18. TRADE PAYABLES

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

	As at 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
— 0 to 30 days	6,898	6,869
— 31 to 60 days	4,499	3,555
— 61 to 90 days	2,497	2,642
— Over 90 days	2,991	4,989
	<u>16,885</u>	<u>18,055</u>

19. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2024	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Accruals	4,860	4,494
Advances from customers	2,281	3,034
Other payables	1,650	604
	<u>8,791</u>	<u>8,132</u>

20. INTEREST-BEARING LOANS AND BORROWINGS

	As at 31 December	
	2024	2023
	S\$'000	S\$'000
Lease liabilities	3,637	4,881
2.0% unsecured bank loan of S\$5,000,000	861	2,132
2.5% unsecured bank loan of S\$5,000,000	1,566	2,578
5.87% unsecured bank loan of S\$480,392	312	408
6.09% secured bank loan of RM3,350,000	1,020	—
Unsecured bank trade financing	17,486	10,294
Bank overdrafts	57	599
	<u>24,939</u>	<u>20,892</u>

Repayable details as follows:

Current:

— Within 1 year

21,307 14,862

Non-Current:

— Within a period of more than 1 year but not exceeding 2 years

2,574 2,360

— Within a period of more than 2 years but not exceeding 5 years

1,058 3,670

24,939 20,892

21. SHARE CAPITAL

Share capital	Number of Shares	Amount S\$'000
Issued and fully paid ordinary Shares ⁽¹⁾ :		
As at 31 December 2023 and 31 December 2024	<u>920,393,394</u>	<u>91,293</u>

Note(s):

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The three divisions of the Group continue to limp along in 2024 amid lacklustre semiconductor industry conditions.

The victory of President Donald Trump in the USA 21st January 2025 election has created yet another upheaval in the semiconductor industry. The epidemic tariffs President Donald Trump has declared on all trading countries with USA has caused widespread dismay and indecisions on the strategic investment locations of especially the semiconductor industry which is all pervasive in usage in the electronic world of industrial consumer products, internet communications and defence industries. The application of artificial intelligence (“AI”) to all the above-mentioned products is expected to initiate the rapid AI usage acceleration, feeding the Jevons Paradox.

President Donald Trump had announced his epidemic tariffs policies for all USA trading partners. There is no doubt the semiconductor, AI and quantum technology are going to be among the focus sectors in these tariff walls. President Donald Trump had earlier announced that a comprehensive schedule of tariffs will be announced this April 2025.

Through the heavy haze of these disruptive trading conditions, there are pockets of certainty that the Group will focus on and pursue business growth.

One condition is that the geopolitics of the semiconductor business will drive protectionism in technology, manufacturing locations and tariff walls. This will result in the creation of two mutually excluding business blocks, China and the West (USA, Europe and Western Allies such as Taiwan and South Korea). Translated, this means that semiconductor companies that want to sell their products in the China market are compelled to manufacture them in China. The corollary is that semiconductor companies that want to sell their products to the West are compelled to manufacture them in countries in the West, or countries apart from China. There are some exceptions to the above-mentioned conditions in some products like rare-earth materials and AI integrated chips (IC).

The Group has been focused on these new demands for manufacturing to the geopolitical shifts in manufacturing. We are likely to land significant revenues from four companies that are heeding the geopolitical aspects of their business in China and with the companies in the West.

During the year ended 31 December 2024, the Group’s revenue mainly derived from our EMS division which accounted for approximately 94.0% of the total revenue, whereas our ODM division and investment division accounted for approximately 4.2% and 1.8% of the total revenue, respectively.

BUSINESS REVIEW AND PROSPECT

The Group recorded revenue of approximately S\$99.0 million for the year ended 31 December 2024. This is an increase of approximately 7.1% year-on-year (“YOY”).

Under the extraordinary business conditions mentioned above, the Group’s management is making effort to bolster corporate effectiveness and at the same time bring in more revenue from existing customers and develop new customers especially with those semiconductor process equipment (SPE) companies who need urgent help to overcome the geopolitical restrictions mentioned earlier in “Overview”.

Brief review of the Group’s three divisions follows below.

EMS Division

Total revenue generated from our EMS Division for the year ended 31 December 2024 increased by approximately 18.0% YOY mainly due to increased orders of equipment front end module (“EFEM”) from our customers.

All the Group’s customers continue to provide revenue in proportion to customer’s own business conditions. On the positive side, one of our important customers sent a team of manufacturing competence auditors to our PRC subsidiary to audit our manufacturing competence level. Their positive response was to increase their orders of the latest EFEM model.

The Group is now in advanced stage of negotiation with our biggest customer to build complete equipment in Nantong for our biggest customer’s China market. The Group is also in touch with the largest load port manufacturer to manufacture their load ports at our PRC subsidiary for the load port manufacturer’s China customers.

In Singapore, the Group is in close touch with a wafer fabrication equipment company with licence to manufacture 20 models of proven efficient and competitively priced Wafer Fabrication Equipment (“WFE”) from a very successful WFE manufacturer listed at the Shanghai Stock Exchange, Star Market. The Group is in discussion with the top management of the abovesaid wafer fabrication equipment company to build much of their WFE for the abovesaid wafer fabrication equipment company in Singapore for their non-China market.

The Group has also beefed up the sales effort of EMS division with the hiring of a 30-year veteran in the WFE Sector who will bring much new focus on getting revenue from the WFE sector.

ODM Division

Our ODM division revenue has shown a revenue decline for the year ended 31 December 2024 by approximately 63.4% YOY.

ODM division has been previously affected negatively by the over-capacity in the outsourced assembly and test (OSAT) semiconductor sector. Aggravated by a lack of new equipment designed for the new technology of integrated circuit packaging and anemic marketing efforts, ODM division has fallen into lacklustre business status.

To turn around ODM Division, new blood with strong drive to design “Advance Packaging” equipment has to be acquired. Mr. Cham Toon How can capably lead this new design of advance packaging process equipment. This new line of product must be immediate, so merger and acquisition with other companies is the preferred direction for achieving the new line of advance packaging products. The manufacture of advanced packaging will be managed by the EMS division for efficiency and productivity. The marketing of ODM products must be revamped and is accordingly worked on.

Investment Division

Revenue from fund management fee for the year ended 31 December 2024 decreased by approximately 22.6% YOY mainly due to end-of-life of a fund under management by Shanghai Genlight and the difficulty in establishing new funds. Investment funds are getting scarce in China.

China’s capital market is facing financial stress and private limited partners are waiting for clearer economic improvement.

Despite the decline in management fee, the Investment division achieved substantial profit in year 2024 primarily from receipt of carry income.

Shanghai Genlight remains cautiously optimistic about future developments. This is mainly due to several factors: after years of adjustments, China’s capital market has shown tentative signs of stabilization, with asset valuations currently at relatively low levels. Meanwhile, Shanghai Genlight achieved profitable exits for its existing funds in year 2024 and established two new funds, positioning it strategically to capitalise on current investment opportunities.

Looking ahead, Shanghai Genlight will continue to proactively manage its operations, strive to raise additional funds, and seize favorable market conditions to maximize growth potential.

On a consolidated basis, the Group recorded revenue of approximately S\$99.0 million for the year ended 31 December 2024. This represents an increase of approximately 7.1% when compared to approximately S\$92.5 million for the year ended 31 December 2023. Net loss after tax for the year ended 31 December 2024 amounted to approximately S\$3.6 million as compared to net loss after tax of approximately S\$0.9 million for the year ended 31 December 2023. Loss per Share of approximately 0.68 Singapore cents was recorded for the year ended 31 December 2024 as compared to the loss per Share of approximately 0.28 Singapore cents recorded for the year ended 31 December 2023.

Looking ahead, the geopolitical backdrop is still evolving and remains uncertain. Despite the ongoing uncertainties, we are cautiously hopeful that we will see an improvement in our financial performance arising from our expanded competence to build semiconductor front end equipment and increased marketing efforts to secure orders to build complete machines for our customers from their China market.

FINANCIAL REVIEW

Revenue

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

	For the year ended		Percentage change %
	31 December 2024 S\$'000	2023 S\$'000	
EMS	93,141	78,953	18.0
ODM	4,112	11,223	-63.4
Investment	1,790	2,314	-22.6
	<u>99,043</u>	<u>92,490</u>	<u>7.1</u>

Revenue of the Group increased by approximately S\$6.6 million or 7.1% from approximately S\$92.5 million for the year ended 31 December 2023 to approximately S\$99.0 million for the year ended 31 December 2024.

The increase was attributable to the new business from front-end equipment customers, partially offset by a decrease in revenue from ODM segment due to lacklustre business status.

Cost of sales

Cost of sales of the Group 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 years indicated:

	For the year ended		Percentage change %
	31 December 2024 S\$'000	2023 S\$'000	
EMS	87,276	74,905	16.5
ODM	5,465	10,584	-48.4
Investment	—	—	N/A
	<u>92,741</u>	<u>85,489</u>	<u>8.5</u>

Cost of sales of the Group increased by approximately S\$7.3 million or 8.5% from approximately S\$85.5 million for the year ended 31 December 2023 to approximately S\$92.7 million for the year ended 31 December 2024. The increase was mainly in line with the increase in revenue from EMS division and partially off-set by a decrease in revenue from ODM 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\$0.7 million or 10.0% from approximately S\$7.0 million for the year ended 31 December 2023 to approximately S\$6.3 million for the year ended 31 December 2024.

Gross profit margin of the Group decreased by approximately 1.2% from approximately 7.6% for the year ended 31 December 2023 to approximately 6.4% for the year ended 31 December 2024. The main reason for the lower gross profit margin arose from the differences in provision for inventory obsolescence. A provision for inventory obsolescence of approximately S\$0.1 million was recorded during the year ended 31 December 2024 whilst a write back of provisions for inventory obsolescence of approximately S\$0.4 million was recorded during the year ended 31 December 2023.

Other income

Other income increased by approximately S\$8.1 million from approximately S\$0.8 million for the year ended 31 December 2023 to approximately S\$8.9 million for the year ended 31 December 2024. The increase was primarily due to receipt of other investment income of approximately S\$8.1 million as a result of the end-of-life of an investment fund managed by Shanghai Genlight.

Sales and marketing expenses

Sales and marketing expenses of the Group increased by approximately S\$0.58 million or 21.8% from approximately S\$2.6 million for the year ended 31 December 2023 to approximately S\$3.2 million for the year ended 31 December 2024 mainly due to increase in sales commission for the year ended 31 December 2024.

General and administration expenses

General and administration expenses of the Group decreased by approximately S\$1.2 million or 8.4% from approximately S\$14.3 million for the year ended 31 December 2023 to approximately S\$13.1 million for the year ended 31 December 2024. The decrease was mainly due to the lower research and development cost.

Other gains and losses

Other gains and losses decreased by approximately S\$5.4 million from S\$5.5 million for the year ended 31 December 2023 to approximately S\$0.1 million for the year ended 31 December 2024. The main changes were (i) there was a gain of approximately S\$0.4 million in deemed disposal of associate for the year ended 31 December 2023; (ii) there was a gain on disposal of investment securities of approximately S\$0.9 million for the year ended 31 December 2023 as compared to a loss of approximately S\$0.3 million for the year ended 31 December 2024; (iii) the fair value gain on investment securities for the year ended 31 December 2023 was approximately S\$4.6 million whereas there was a fair value loss on the investment securities of approximately S\$0.6 million for the year ended 31 December 2024; (iv) there was a gain on bargain purchase of approximately S\$0.5 million for the year ended 31 December 2023; and (v) there was a loss of approximately S\$0.9 million in foreign exchange differences for the year ended 31 December 2023 as compared to a gain of approximately S\$1.0 million for the year ended 31 December 2024.

Finance costs

Comparing to the year ended 31 December 2023, finance costs of the Group incurred during the year ended 31 December 2024 increased by approximately S\$0.1 million primarily due to additional bank borrowings.

Share of results of associates

Share of profit of associates of the Group for the year ended 31 December 2023 was approximately S\$3.5 million whereas share of loss of associates of the Group was approximately S\$0.9 million for the year ended 31 December 2024. This was mainly due to the loss in fair value of investment securities held by associates of the Group.

Loss before tax

The Group suffered a loss before tax of approximately S\$2.8 million for the year ended 31 December 2024 as compared to a loss before tax of approximately S\$1.0 million for the year ended 31 December 2023. The main cause is due to a decline in gross profit coupled with the share of losses of associates (meanwhile there was a share of gains of associates for the year ended 31 December 2023).

Income tax (expense)/credit

Income tax expense of the Group amounted to approximately S\$0.8 million for the year ended 31 December 2024 as compared to the income tax credit of approximately S\$93,000 for the year ended 31 December 2023. The income tax expense is mainly arising from the profit made in the Investment division of the Group.

Loss for the year

As a result of the above, the Group recorded a net loss after tax of approximately S\$3.6 million for the year ended 31 December 2024 as compared to a net loss after tax of approximately S\$0.9 million for the year ended 31 December 2023.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2024, the Group had cash and cash equivalents of approximately S\$17.7 million. The Board is of the opinion that the financial position of the Group is healthy, and the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures.

Cash flow

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

	For the year ended	
	31 December	
	2024	2023
	S\$'000	S\$'000
Net cash flow generated from operating activities	3,472	1,151
Net cash flow (used in)/generated from investing activities	(2,715)	2,875
Net cash flow used in financing activities	(1,153)	(5,389)
Net decrease in cash and cash equivalents	(396)	(1,363)
Effect of exchange rate changes on cash and cash equivalents	(61)	(594)
Cash and cash equivalents as at 31 December	<u>17,684</u>	<u>18,141</u>

Net cash flow generated from operating activities

The Group generates cash from operating activities primarily from sales of goods. Cash flows from operating activities reflects 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 year ended 31 December 2024, net cash generated from operating activities of the Group was approximately S\$3.5 million and, primarily reflected: (i) decrease in inventories of approximately S\$0.6 million; (ii) increase in in other payables and accruals of approximately S\$0.5 million; and (iii) cash generated from operating income before investing in working capital of approximately S\$5.3 million, which were partially offset by: (i) increase in trade and other receivables of approximately S\$1.7 million; and (ii) decrease in trade payables of S\$1.2 million.

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

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

For the year ended 31 December 2024, the net cash flow of the Group used in investing activities was approximately S\$2.8 million, which was primarily due to (i) purchase of property, plant and equipment of approximately S\$2.8 million; (ii) acquisition of investment in associates of approximately S\$1.0 million; and (iii) purchase of investment securities of approximately S\$6.7 million and which were partially set off by: (i) proceeds from disposal of investment securities of approximately S\$7.4 million and (ii) sales proceeds from disposal of property, plant and equipment of approximately S\$0.3 million.

Net cash flow used in financing activities

Cash flows from financing activities includes net proceeds from bank loans, proceeds from ordinary Shares issued, payment of principal portion of lease liabilities and dividend paid on ordinary Shares.

For the year ended 31 December 2024, the net cash flow used in financing activities of the Group was approximately S\$1.2 million mainly used in the (i) payment of lease liabilities of approximately S\$1.5 million; (ii) payment of interest of lease liabilities of approximately S\$0.2 million; (iii) repayment of bank loan of approximately S\$18.4 million; (iv) payment of bank loan interest of S\$0.7 million; (v) dividend paid to non-controlling interests of approximately S\$3.7 million; and (vi) acquisition of non-controlling interest of approximately S\$0.3 million, which were partially set off by proceeds from drawdown of bank loan of approximately S\$23.6 million.

NET CURRENT ASSETS

The Group's net current asset decreased by approximately S\$8.2 million from approximately S\$43.4 million as at 31 December 2023 to approximately S\$35.2 million as at 31 December 2024. The decrease was primarily due to the (i) decrease in cash and cash equivalents of approximately S\$0.5 million; (ii) increase in income tax payable of approximately S\$2.8 million; (iii) increase in interest-bearing loans and borrowings of approximately S\$6.4 million; and (iv) decrease in inventories of approximately S\$0.7 million; which were partially set off by the (i) increase in trade receivables and prepayments, deposits and other receivables of approximately S\$1.7 million; and (ii) an decrease in trade and other payables of approximately S\$0.5 million.

CAPITAL EXPENDITURE

Capital expenditure consisted of purchases cost relating to property, plant and equipment.

For the year ended 31 December 2024, capital expenditure of the Group amounted to approximately S\$2.8 million for the acquisition of property, plant and equipment. The Group funded such capital expenditure with bank borrowings and internal funds.

Capital and investment commitments

Capital and investment commitments of the Group primarily relate to commitment for the investment securities and purchase of property, plant and equipment.

Capital and investment expenditure of the Group contracted for as at 31 December 2024 but not recognised in the financial statements are as follows:

	As at 31 December	
	2024	2023
	S\$'000	S\$'000
Contracted, but not provided for:		
— Property, plant and equipment	354	877
— Investment securities	27,840	8,683
	<u>28,194</u>	<u>9,560</u>

Investment securities

As at 31 December 2024, the balance of approximately S\$27.8 million pertains to the remaining investment commitments of the Group.

INDEBTEDNESS

Bank loan and other borrowings

As at 31 December 2024, the Group has outstanding balances from interest-bearing loans and borrowings of approximately S\$24.9 million (31 December 2023: approximately S\$21.0 million).

Contingent liabilities

As at 31 December 2024, the Group did not have any contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Net debt to equity ratio

Net debt to equity ratio equals total interest-bearing loans and borrowings (including lease liabilities) net of cash and cash equivalents divided by total equity. Net debt to equity ratio as at 31 December 2024 was approximately 0.07 (31 December 2023: 0.03).

Gearing ratio

Gearing ratio equals total debt divided by total equity. Total debt includes bank loans and lease liabilities. Gearing ratio of the Group as at 31 December 2024 was approximately 0.24 (31 December 2023: 0.19).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 December 2024, the Group has no future plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 17 May 2024, the Company, Shanghai Genlight, Nantong Master Investment Fund (Limited Partnership)* (南通天使引導投資基金(有限合夥)), Nantong Kechuang Investment Group Company Limited* (南通科創投資集團有限公司), Nantong Nengda Xinxing Industry Master Fund Partnership (Limited Partnership)* (南通能達新興產業母基金合夥企業(有限合夥)) and Nantong Guangguan Zhihe Enterprise Management Partnership (Limited Partnership)* (南通光冠智合企業管理合夥企業(有限合夥)) have entered into a fund partnership agreement for the establishment and management of Nantong Genlight Venture Capital Fund Partnership (Limited Partnership)* (南通光朴創業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC (the “Fund”) with a size of RMB100 million (equivalent to approximately HK\$110 million). The capital commitment of the Company is RMB30 million (equivalent to approximately HK\$33 million), representing 30% of the total committed capital contribution of the Fund. As at the date of this announcement, the Company contributed RMB9 million to the Fund. The Fund will principally invest in start-up enterprises in emerging industries such as semiconductors, new energy (including hydrogen energy), new materials and advanced manufacturing, in the PRC.

For further details, please refer to the announcements of the Company dated 17 May 2024 and 5 July 2024, and the circular of the Company dated 14 June 2024.

Save as disclosed above and Notes 12 and 13, namely “Investment securities” and “Investment in associates” above, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is SGD. The Group mainly operates in Singapore and China, hence the operating expenses are denominated in SGD and RMB. The majority of the revenue of the Group are denominated and settled in USD. Therefore, fluctuations in exchange rates of SGD, RMB and USD could materially impact the profit margin of the Group 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 31 December 2024, other than the mortgage of deposit and a factory for bank facilities by subsidiaries in Malaysia, the Group did not pledge any other assets.

HUMAN RESOURCES

As at 31 December 2024, the Group had 797 employees. The employees benefit expense (including directors' and chief executive's remuneration) incurred during the year ended 31 December 2024 was approximately S\$29.6 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 remuneration policy of the Group 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 performance of the Group. Besides offering competitive remuneration packages, the Company adopted a 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 year ended 31 December 2024.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the date of this announcement, the Group had not entered into any off-balance sheet transactions.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, no material event occurring up to the date of this announcement has been identified that may require disclosure in this announcement.

FINAL DIVIDEND

The Board does not recommend a payment of final dividend for the year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

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

The Company has complied with all the code provisions of the Corporate Governance Code during the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

Having made specific enquiries with the Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities (including treasury shares) of the Company during the year ended 31 December 2024.

REVIEW OF FINANCIAL INFORMATION BY THE AUDIT COMMITTEE

The consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the audit committee of the Board, comprising solely the independent non-executive Directors.

SCOPE OF WORK OF THE AUDITORS ON THE ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the announcement of the annual results of the Group for the year ended 31 December 2024 have been agreed by the auditors of the Group, PKF-CAP LLP (the “**Auditors**”), to the amounts set out in the draft consolidated financial statements of the Group for the year. The work performed by the Auditors in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Auditors on this announcement.

PUBLICATION OF RESULT ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.kinergy.com). The annual report of the Company for the year ended 31 December 2024 containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders (where applicable) and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meaning set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong on 25 August 1972, whose shares are listed on the Stock Exchange (stock code: 165), and a shareholder of the Company holding approximately 28.58% issued Shares as at the date of this announcement

“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement, 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 incorporated in Singapore on 17 January 2017
“Corporate Governance Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“EMS”	Electronics Manufacturing Services
“Group”, “we” or “us”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Liteleaf”	Liteleaf Pte. Ltd., a limited liability company incorporated in Singapore on 17 April 2015
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nantong Intelligent Fund”	Nantong CEL Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership)* (南通光控智造股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 12 September 2019

“Nanyang Fund”	Nanyang 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 on 30 July 2021 pursuant to a fund partnership agreement dated 30 July 2021
“ODM”	Original Design Manufacturing
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“S\$” or “SGD”	Singapore Dollar, the lawful currency of the Republic of Singapore
“Shanghai Genlight”	Shanghai Genlight Capital Management Co. Ltd. * (上海光朴創業投資管理有限公司) (formerly known as Shanghai CEL Puyan Equity Investment Management Limited* (上海光控浦燕股權投資管理有限公司)), a limited liability company established in the PRC on 6 July 2015 and owned as to approximately 51.03% by the Company and ultimately and beneficially owned as to approximately 48.97% by CEL
“Share(s)”	ordinary shares(s) in the capital of the Company
“Shareholder(s)”	the Shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).
“United States” or “USA”	the United States of America

“USD” United States Dollar, the lawful currency of the United States

“%” per cent

* *For identification purpose only.*

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

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Lim Kuak Choi Leslie (Chief Executive Officer), Mr. Du Xiaotang, Mr. Lim Khin Mann and Mr. Tay Kim Kah; the non-executive Directors are Mr. Loh Kin Wah (Chairman) and Mr. Fan Zhirong; and the independent non-executive Directors are Mr. Hoon Chee Wai, Dr. Ang Peng Huat and Ms. Chan Tak Yi.