
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Kinergy Corporation Ltd., you should hand this circular together with the accompanying form of proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Kinergy Corporation Ltd.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

- (1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders in respect of the Connected Subscriptions**



A letter from the Board is set out on pages 10 to 30 of this circular. A letter from the Independent Board Committee is set out on pages 31 and 32 of this circular. A letter from Yue Xiu Capital Limited is set out on pages 33 to 63 of this circular.

A notice convening the EGM to be held by way of electronic means on Friday, 12 March 2021 at 9:30 a.m. is set out on pages 75 to 82 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Boardroom Share Registrars (HK) Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The Company will be conducting the EGM by way of electronic means at its registered office at 1 Changi North Street 1, Lobby 2, Singapore 498789. The Company will observe safe distancing measures in conducting the EGM. Shareholders should note that due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person.

* For identification purpose only

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PRECAUTIONARY MEASURES FOR THE EGM

Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 of Singapore, the EGM will be held by way of electronic means on Friday, 12 March 2021 at 9:30 a.m. The Company will be conducting the EGM by way of electronic means at its registered office at 1 Changi North Street 1, Lobby 2, Singapore 498789. The Company will observe safe distancing measures in conducting the EGM.

Notice of EGM, Circular and Proxy Form

Printed copies of the Notice of EGM, this circular and the Proxy Form will be sent to Shareholders. The Notice of EGM, this circular and the Proxy Form may also be accessed at the Company's website at <http://www.kinergy.com.sg/>.

Attendance at the EGM

Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person.

Participation at the EGM

Alternative arrangements have been made by the Company to allow Shareholders to participate at the EGM via electronic means. Such alternative arrangements include:

- (a) arrangements by which Shareholders may electronically access the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream;
- (b) arrangements by which Shareholders may submit comments, queries and/or questions to the chairman of the EGM (the "**Chairman of the Meeting**") in advance of the Meeting;
- (c) arrangements by which the Board and the management may address substantial and relevant comments, queries and/or questions before the EGM; and
- (d) arrangements by which Shareholders must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.

PRECAUTIONARY MEASURES FOR THE EGM

Details of the steps for pre-registration for the live audio-visual webcast or live audio-only stream, submission of comments, queries and/or questions in advance of the Meeting and submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM are set out in Appendix II to this circular titled “**Alternative Arrangements**”.

Key Dates and Times

Actions to be taken by Shareholders

5 p.m. on Tuesday, 9 March 2021

Deadline for Shareholders to:

- (a) pre-register for the live audio-visual webcast or live audio-only stream; and
- (b) submit comments, queries and/or questions in advance of the EGM.

9:30 a.m. on Wednesday, 10 March
2021

Deadline for Shareholders to submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM.

Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream and who have been verified by the Company’s Share Registrar, Boardroom Share Registrars (HK) Limited, will receive an email which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the “**Confirmation Email**”).

Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 12 p.m. on Thursday, 11 March 2021, should contact the Company at [**ir@kinergy.com.sg**](mailto:ir@kinergy.com.sg).

PRECAUTIONARY MEASURES FOR THE EGM

Key Dates and Times

Actions to be taken by Shareholders

9:30 a.m. on Friday, 12 March 2021 Shareholders may participate at the EGM via electronic means by:

- (a) accessing the URL in the Confirmation Email and entering the user ID and password to access the live audio-visual webcast; or
- (b) calling the toll-free telephone number to access the live audio-only stream.

Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the EGM at short notice. For the latest updates on the arrangements for the EGM, Shareholders should check the Company's website at the <http://www.kinergy.com.sg/>.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 15 December 2020 relating to, amongst other things, the Subscription Agreements and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means a day (excluding a Saturday, Sunday or public holiday) on which commercial banks in Singapore are open for business throughout
“BVI”	the British Virgin Islands
“CE Hong Kong”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated in Hong Kong with limited liability on 10 May 1983 and one of the Controlling Shareholders, which indirectly holds approximately 49.74% shares in CEL and is a subsidiary of China Everbright Group
“CE Venture”	China Everbright Venture Capital Limited, a company incorporated in BVI on 8 April 1999 and one of the Controlling Shareholders, which directly holds 100% shares in Diamond Wealth and is directly wholly-owned by CEL
“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 one of the Controlling Shareholders
“CEL Group”	collectively, CEL and its subsidiaries from time to time

DEFINITIONS

“China Everbright Group”	China Everbright Group Ltd.* (中國光大集團股份公司), a company established in the PRC with limited liability on 12 November 1990 and one of the Controlling Shareholders, which directly holds 100% shares in CE Hong Kong and is held as to approximately 55.67% by Huijin and approximately 44.33% by the Ministry of Finance
“Chongqing CEL”	Chongqing CEL Equity Investment Management Co., Ltd.* (重慶光控股權投資管理有限公司), an investment holding company established in the PRC with limited liability on 7 June 2011 and wholly owned by CEL, one of the Controlling Shareholders, and a connected person to the Company
“CIC”	China Investment Corporation* (中國投資有限責任公司), a company established in the PRC with limited liability on 28 September 2007, which is wholly-owned by the State Council and holds 100% interest in Huijin
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Kinergy Corporation Ltd. (光控精技有限公司*), a company incorporated in Singapore with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 3302)
“Completion”	completion of the Subscription(s) pursuant to the Subscription Agreement(s)
“Completion Date”	the fourteenth (14th) Business Day after the satisfaction of all the relevant Conditions (or such other date as may be agreed by the Company and the relevant Subscriber(s) in writing), being the date on which Completion shall take place
“Conditions”	the conditions precedent to the Completion as set out in the relevant Subscription Agreement(s)

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Subscribers”	collectively, Mr. Leslie Lim, Mr. Lim KM, Sino Expo, Mr. Tay and Future China Investment
“Connected Subscription(s)”	the subscriptions by the Connected Subscribers for, and the allotment and issue by the Company of, the Connected Subscription Shares subject to the terms and conditions of the Connected Subscription Agreements
“Connected Subscription Agreements”	collectively, the First Connected Subscription Agreement, the Second Connected Subscription Agreement, the Third Connected Subscription Agreement, the Fourth Connected Subscription Agreement and the Fifth Connected Subscription Agreement
“Connected Subscription Shares”	48,442,070 new Shares to be allotted and issued by the Company to the Connected Subscribers
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Diamond Wealth”	Diamond Wealth Global Limited, a limited liability company incorporated in the BVI on 22 January 2016, which is wholly owned by CE Venture and is one of the Controlling Shareholders
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving by the Independent Shareholders the Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandates for the allotment and issue of the Subscription Shares)
“Fifth Connected Subscription”	the subscription by Future China Investment for, and the allotment and issue by the Company of 19,377,000 Connected Subscription Shares subject to the terms and conditions of the Fifth Connected Subscription Agreement

DEFINITIONS

“Fifth Connected Subscription Agreement”	the share subscription agreement dated 15 December 2020 entered into between the Company and Future China Investment
“First Connected Subscription”	the subscription by Mr. Leslie Lim for, and the allotment and issue by the Company of, 14,532,774 Connected Subscription Shares subject to the terms and conditions of the First Connected Subscription Agreement
“First Connected Subscription Agreement”	the share subscription agreement dated 15 December 2020 entered into between the Company and Mr. Leslie Lim
“First Subscriber”	Rosy Height Ventures Limited (麗高創投有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Wang He (王赫)
“First Subscription”	the subscription by the First Subscriber for, and the allotment and issue by the Company of, 38,754,000 Subscription Shares subject to the terms and conditions of the First Subscription Agreement
“First Subscription Agreement”	the share subscription agreement dated 15 December 2020 entered into between the Company and the First Subscriber
“Fourth Connected Subscription”	the subscription by Mr. Tay for, and the allotment and issue by the Company of, 4,844,000 Connected Subscription Shares subject to the terms and conditions of the Fourth Connected Subscription Agreement
“Fourth Connected Subscription Agreement”	the share subscription agreement dated 15 December 2020 entered into between the Company and Mr. Tay
“Future China Investment”	Future China Investment Co., Ltd., a company incorporated in the BVI with limited liability on 17 March 2017, which is wholly owned by Mr. Yang
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huijin”	Central Huijin Investment Limited* (中央匯金投資有限責任公司), a state-owned investment company established in the PRC on 16 December 2003 with limited liability indirectly and wholly owned by the State Council through CIC, which directly holds approximately 55.67% equity interest in China Everbright Group
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Ng Tiak Soon, Dr. Senerath Wickramanayaka Mudiyansele Sunil Wickramanayaka and Professor Zhang Wei
“Independent Financial Adviser” or “YXCL”	Yue Xiu Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Subscription Agreements and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than those who are required to abstain under the Listing Rules from voting at the EGM for the resolution(s) approving the Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandates)
“Independent Third Party(ies)”	any third party independent of and not connected with the Company and its connected persons
“Kinergy IME”	Kinergy Intelligent Manufacturing Equipment (Nantong) Co. Ltd.* (精技智能裝備(南通)有限公司), a limited liability company established in the PRC on 2 April 2020 and a wholly-owned subsidiary of the Company

DEFINITIONS

“Last Trading Day”	14 December 2020, being the last day of trading of the Shares on the Stock Exchange immediately prior to the date of the Subscription Agreements
“Latest Practicable Date”	18 February 2021, being the latest practicable date before printing of this circular for ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Mr. Du”	Mr. Du Xiaotang (杜曉堂), an executive Director and one of the Controlling Shareholders
“Mr. Leslie Lim”	Mr. Lim Kuak Choi Leslie (林國財), an executive Director, the chief executive officer, one of the Controlling Shareholders, the spouse of Ms. Foo and the father of Mr. Lim KM
“Mr. Lim KM”	Mr. Lim Khin Mann (林欽銘), an executive Director, one of the Controlling Shareholders and the son of Mr. Lim and Ms. Foo
“Mr. Tay”	Mr. Tay Kim Kah (also known as Mr. Tee Kim Kah) (鄭金呷), an executive Director and the financial controller of the Group
“Mr. Yang”	Mr. Yang Ping (楊平), a non-executive Director and the chairman of the Board
“Ms. Foo”	Ms. Foo Kaw Jee (符皓玉), one of the Controlling Shareholders, the spouse of Mr. Leslie Lim and the mother of Mr. Lim KM

DEFINITIONS

“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proxy Form”	the proxy form accompanying this circular
“S\$”	Singapore dollar, the lawful currency of Singapore
“Second Connected Subscription”	the subscription by Mr. Lim KM for, and the allotment and issue by the Company of, 4,844,000 Connected Subscription Shares subject to the terms and conditions of the Second Connected Subscription Agreement
“Second Connected Subscription Agreement”	the share subscription agreement dated 15 December 2020 entered into between the Company and Mr. Lim KM
“Second Subscriber”	Huaxin Capital Limited (華芯資本有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Zhang Yu (張聿)
“Second Subscription”	the subscription by the Second Subscriber for, and the allotment and issue by the Company of, 9,688,000 Subscription Shares subject to the terms and conditions of the Second Subscription Agreement
“Second Subscription Agreement”	the share subscription agreement dated 15 December 2020 entered into between the Company and the Second Subscriber
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shanghai 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 which is owned as to approximately 51.03% by the Group (via Kinergy IME) and approximately 48.97% by Chongqing CEL as at the Latest Practicable Date, and is a non-wholly owned subsidiary of the Group since 8 January 2021
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Sino Expo”	Sino Expo Holdings Limited, a company incorporated in the BVI with limited liability on 28 June 2016, which is wholly owned by Mr. Du
“Specific Mandate(s)”	the special mandate(s) to be granted by the Independent Shareholders to the Directors at the EGM for the allotment and issue of the Subscription Shares
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	the First Subscriber, the Second Subscriber, the Third Subscriber, Mr. Leslie Lim, Mr. Lim KM, Sino Expo, Mr. Tay and Future China Investment
“Subscription(s)”	the First Subscription, the Second Subscription, the Third Subscription and the Connected Subscriptions
“Subscription Agreement(s)”	the First Subscription Agreement, the Second Subscription Agreement, the Third Subscription Agreement and the Connected Subscription Agreements
“Subscription Price”	HK\$0.60 per Subscription Share

DEFINITIONS

“Subscription Shares”	up to 111,416,070 new Shares to be allotted and issued by the Company to the Subscribers, representing approximately 12.99% of the existing number of issued Shares as at the Latest Practicable Date and approximately 11.50% of the enlarged number of issued Shares immediately after Completion
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Third Connected Subscription”	the subscription by Sino Expo for, and the allotment and issue by the Company of, 4,844,296 Connected Subscription Shares subject to the terms and conditions of the Third Connected Subscription Agreement
“Third Connected Subscription Agreement”	the share subscription agreement dated 15 December 2020 entered into between the Company and Sino Expo
“Third Subscriber”	Redlink Group Limited (紅領集團有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Ms. Wu Wendy Chuwan (吳楚婉)
“Third Subscription”	the subscription by the Third Subscriber for, and the allotment and issue by the Company of, 14,532,000 Subscription Shares subject to the terms and conditions of the Third Subscription Agreement
“Third Subscription Agreement”	the share subscription agreement dated 15 December 2020 entered into between the Company and the Third Subscriber
“%”	per cent

For the purpose of this circular, unless otherwise indicated, conversion of HK\$ into S\$ is calculated at the approximate exchange rate of HK\$1.00 to S\$0.173. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

* For identification purpose only

LETTER FROM THE BOARD



Kinergy Corporation Ltd.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

Executive Directors:

Mr. Lim Kuak Choi Leslie

(Chief Executive Officer)

Mr. Du Xiaotang

Mr. Lim Khin Mann

Mr. Tay Kim Kah

Non-executive Directors:

Mr. Yang Ping *(Chairman)*

Mr. Tsang Sui Cheong Frederick

Independent Non-executive Directors:

Mr. Ng Tiak Soon

Dr. Senerath Wickramanayaka

Mudiyanselage Sunil Wickramanayaka

Professor Zhang Wei

Registered Office and Principal Place

of Business in Singapore:

1 Changi North Street 1

Singapore 498789

Principal Place of Business

in Hong Kong:

31/F

148 Electric Road

North Point

Hong Kong

23 February 2021

To the Shareholders

Dear Sir or Madam,

- (1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

* For identification purposes only

LETTER FROM THE BOARD

I. INTRODUCTION

The Board refers to the Announcement of the Company dated 15 December 2020 in relation to the Subscription Agreements and the transactions contemplated thereunder.

The purpose of this circular is to provide you with information which will help you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM in relation to the Subscription Agreements and the transactions contemplated thereunder.

II. THE SUBSCRIPTIONS

On 15 December 2020 (after trading hours), the Company entered into a Subscription Agreement with each of the First Subscriber, the Second Subscriber and the Third Subscriber, pursuant to which the First Subscriber, the Second Subscriber and the Third Subscriber have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 62,974,000 Subscription Shares (the First Subscriber, the Second Subscriber and the Third Subscriber would subscribe for 38,754,000, 9,688,000 and 14,532,000 Subscription Shares, respectively) at the Subscription Price of HK\$0.60 per Subscription Share for a total cash consideration of approximately HK\$37,784,400.

On 15 December 2020 (after trading hours), the Company entered into five Connected Subscription Agreements with the Connected Subscribers, pursuant to which the Connected Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 48,442,070 Subscription Shares (Mr. Leslie Lim, Mr. Lim KM, Sino Expo, Mr. Tay and Future China Investment would subscribe for 14,532,774, 4,844,000, 4,844,296, 4,844,000 and 19,377,000 Subscription Shares, respectively) at the Subscription Price of HK\$0.60 per Subscription Share for a total cash consideration of approximately HK\$29,065,200.

The Subscription Shares, in aggregate, represent (i) approximately 12.99% of the existing issued share capital of the Company; and (ii) approximately 11.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change to the number of the issued Shares between the date of the Subscription Agreements and the Completion Date).

LETTER FROM THE BOARD

Principal terms of the Subscription Agreements

Save as the number of the Subscription Shares, the subscription amounts being the subject matters of the relevant Subscription Agreements and the lock-up undertaking pursuant to the Connected Subscription Agreements, the terms and conditions of the Subscription Agreements are identical, including the Subscription Price per Subscription Share. The principal terms of the Subscription Agreements are summarized as follows:

(A) First Subscription Agreement

Date: 15 December 2020

Issuer: the Company

Subscriber: the First Subscriber

The First Subscriber is an investment holding company incorporated in the BVI and is wholly-owned by Mr. Wang He. Mr. Wang He is experienced in investments and the finance industry. He is currently the director and general manager of an investment company in the PRC mainly focusing on investing in high-end manufacturing, precision electronics and other fields.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the First Subscriber and its ultimate beneficial owner (i) were not interested in any Shares as at the Latest Practicable Date; and (ii) are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the terms of the First Subscription Agreement, the First Subscriber will subscribe for 38,754,000 Subscription Shares at the Subscription Price.

(B) Second Subscription Agreement

Date: 15 December 2020

Issuer: the Company

Subscriber: the Second Subscriber

LETTER FROM THE BOARD

The Second Subscriber is an investment holding company incorporated in Hong Kong and is wholly-owned by Mr. Zhang Yu. Mr. Zhang Yu is the managing director of Walden International, an investment company focusing on cross border investments. Prior to joining Walden International, Mr. Zhang Yu was the executive director of the private equity branch of CCB Trust Co. Ltd., heading TMT investments and overseas M&A.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Second Subscriber and its ultimate beneficial owner (i) were not interested in any Shares as at the Latest Practicable Date; and (ii) are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the terms of the Second Subscription Agreement, the Second Subscriber will subscribe for 9,688,000 Subscription Shares at the Subscription Price.

(C) *Third Subscription Agreement*

Date:	15 December 2020
Issuer:	the Company
Subscriber:	the Third Subscriber

The Third Subscriber is an investment holding company incorporated in the BVI and is wholly-owned by Ms. Wu Wendy Chuwan. Ms. Wu Wendy Chuwan is an individual investor who is experienced in investments, including investments in high-tech and new economic companies.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Third Subscriber and its ultimate beneficial owner (i) were not interested in any Shares as at the Latest Practicable Date; and (ii) are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the terms of the Third Subscription Agreement, the Third Subscriber will subscribe for 14,532,000 Subscription Shares at the Subscription Price.

LETTER FROM THE BOARD

(D) *First Connected Subscription Agreement*

Date: 15 December 2020

Issuer: the Company

Subscriber: Mr. Leslie Lim

Mr. Leslie Lim is a Controlling Shareholder, an executive Director and the chief executive officer of the Company. As at the Latest Practicable Date, Mr. Leslie Lim, held 250,472,472 Shares as beneficial owner, representing approximately 29.21% of the existing number of issued Shares. Ms. Foo is Mr. Lim's spouse and Mr. Lim KM is the son of Mr. Leslie Lim and Ms. Foo. Mr. Leslie Lim, Ms. Foo and Mr. Lim KM, being parties acting in concert and considered as a group of Controlling Shareholders, are interested in 287,768,472 Shares, representing approximately 33.56% of the existing number of issued Shares as at the Latest Practicable Date.

Mr. Leslie Lim is a connected person of the Company under the Listing Rules. As such, the First Connected Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Subject matter

Pursuant to the terms of the First Connected Subscription Agreement, Mr. Leslie Lim will subscribe for 14,532,774 Connected Subscription Shares at the Subscription Price.

(E) *Second Connected Subscription Agreement*

Date: 15 December 2020

Issuer: the Company

Subscriber: Mr. Lim KM

Mr. Lim KM is an executive Director. As at the Latest Practicable Date, Mr. Lim KM held 19,148,000 Shares as beneficial owner, representing approximately 2.23% of the existing number of issued Shares. Mr. Lim KM is the son of Mr. Leslie Lim and Ms. Foo. Mr. Leslie Lim, Ms. Foo and Mr. Lim KM, being parties acting in concert and considered as a group of Controlling Shareholders, were interested in 287,768,472 Shares, representing approximately 33.56% of the existing number of issued Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Mr. Lim KM is a connected person of the Company under the Listing Rules. As such, the Second Connected Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Subject matter

Pursuant to the terms of the Second Connected Subscription Agreement, Mr. Lim KM will subscribe for 4,844,000 Connected Subscription Shares at the Subscription Price.

(F) Third Connected Subscription Agreement

Date:	15 December 2020
Issuer:	the Company
Subscriber:	Sino Expo

Sino Expo is an investment holding company incorporated in the BVI and is wholly owned by Mr. Du. Mr. Du is an executive Director and a Controlling Shareholder. Mr. Du is an executive Director nominated by Diamond Wealth pursuant to the share purchase agreement dated 5 September 2016 (as amended and supplemented by a supplemental agreement dated 31 December 2017) entered into by, among others, Mr. Leslie Lim as vendor and Diamond Wealth as purchaser in respect of the sale and purchase of the Shares. Mr. Du has held several positions in subsidiaries of China Everbright Group. As such, Diamond Wealth and its holding companies, including CE Venture and CEL, together with Mr. Du and Sino Expo are parties acting in concert and are considered as a group of Controlling Shareholders.

As at the Latest Practicable Date, (i) Mr. Du held 88,000 Shares as beneficial owner, representing approximately 0.01% of the existing number of issued Shares; and (ii) Sino Expo held 8,105,704 Shares as beneficial owner, representing approximately 0.95% of the existing number of issued Shares. Mr. Du, Sino Expo and their parties acting in concert (i.e. Mr. Yang, Future China Investment, Diamond Wealth, CE Venture and CEL) were beneficially interested in 271,100,084 Shares, which represent approximately 31.62% of the existing number of issued Shares as at the Latest Practicable Date. For details of the relationship between Mr. Yang, Future China Investment, Diamond Wealth, CE Venture and CEL, please refer to the paragraph headed "(H) Fifth Connected Subscription Agreement" in this section.

LETTER FROM THE BOARD

Sino Expo is an associate of Mr. Du and a connected person of the Company under the Listing Rules. As such, the Third Connected Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Subject matter

Pursuant to the terms of the Third Connected Subscription Agreement, Sino Expo will subscribe for 4,844,296 Connected Subscription Shares at the Subscription Price.

(G) Fourth Connected Subscription Agreement

Date: 15 December 2020

Issuer: the Company

Subscriber: Mr. Tay

Mr. Tay is an executive Director and the chief financial officer of the Company. As at the Latest Practicable Date, Mr. Tay held 1,700,000 Shares as beneficial owner, representing approximately 0.20% of the existing number of issued Shares.

Mr. Tay is a connected person of the Company under the Listing Rules. As such, the Fourth Connected Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Subject matter

Pursuant to the terms of the Fourth Connected Subscription Agreement, Mr. Tay will subscribe for 4,844,000 Connected Subscription Shares at the Subscription Price.

(H) Fifth Connected Subscription Agreement

Date: 15 December 2020

Issuer: the Company

Subscriber: Future China Investment

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Mr. Yang is a non-executive Director and the chairman of the Board. Future China Investment is an investment holding company incorporated in the BVI and is wholly-owned by Mr. Yang. Mr. Yang is the chief investment officer of CEL. Mr. Yang is in charge of the Asset Management business of Secondary Market Investment of the CEL Group. He is also the director of CE Venture and Diamond Wealth, both a Controlling Shareholder. As such, Mr. Yang and Future China Investment, together with Diamond Wealth and its holding companies, including CE Venture and CEL, are parties acting in concert. As at the Latest Practicable Date, Future China Investment and Mr. Yang were not interested in any Shares.

Future China Investment is an associate of Mr. Yang and a connected person of the Company under the Listing Rules. As such, the Fifth Connected Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Yang, Future China Investment and their parties acting in concert (i.e. Mr. Du, Sino Expo, Diamond Wealth, CE Venture and CEL) were beneficially interested in 271,100,084 Shares, which represent approximately 31.62% of the existing number of issued Shares as at the Latest Practicable Date. For details of the relationship between Mr. Du, Sino Expo, Diamond Wealth, CE Venture and CEL, please refer to the paragraph headed "(F) Third Connected Subscription Agreement" in this section.

Subject matter

Pursuant to the terms of the Fifth Connected Subscription Agreement, Future China Investment will subscribe for 19,377,000 Connected Subscription Shares at the Subscription Price.

Subscription Shares

The First Subscriber, the Second Subscriber and the Third Subscriber will subscribe in aggregate 62,974,000 Subscription Shares, representing (i) approximately 7.34% of the existing number of issued Shares as at the Latest Practicable Date; (ii) approximately 6.84% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (excluding the Connected Subscription Shares and assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date); and (iii) approximately 6.50% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date).

The Connected Subscribers will subscribe for 48,442,070 Connected Subscription Shares, representing (i) approximately 5.65% of the existing number of issued Shares as at the Latest Practicable Date; (ii) approximately 5.35% of the number of issued Shares as enlarged by the

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allotment and issue of the Connected Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date); and (iii) approximately 5.00% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date).

The Subscribers will subscribe in aggregate 111,416,070 Subscription Shares, representing approximately 12.99% of the existing number of issued Shares as at the Latest Practicable Date and approximately 11.50% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date).

The Subscription Shares have no nominal value. The market value of the Subscription Shares is approximately HK\$83.6 million, based on the closing price of HK\$0.75 per Share on the date of the Announcement.

Subscription Price

The Subscription Price is HK\$0.60 per Subscription Share. The Subscription Price:

- (i) represents a discount of approximately 17.8% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a discount of approximately 19.8% to the average closing price of approximately HK\$0.748 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) represents a discount of approximately 18.4% to the average closing price of approximately HK\$0.735 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) is equivalent to the unaudited net assets attributable to owners of the Company per Share of approximately HK\$0.60 (equivalent to approximately S\$0.104) as at 30 June 2020; and
- (v) represents a discount of approximately 22.1% to the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers, with reference to the prevailing market price, the historical price trend and liquidity of the Shares, the unaudited net asset attributable to owners of the Company per Share as at 30 June 2020, the current capital market conditions, and the existing financial and operation prospects of the Group's business.

The aggregate Subscription Price shall be payable by the Subscribers in cash upon Completion.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid and issued, will rank equally in all respects among themselves and with the Shares in issue on the respective date of issue of the Subscription Shares.

Conditions precedent to the Completion

Completion of the Subscriptions under the Subscription Agreements is conditional upon the following conditions precedent:

- (a) the Company obtaining such approval(s) from the Board and the Shareholders in connection with the relevant Subscription Agreement and the transactions contemplated therein as may be necessary, including but not limited to:
 - (i) the Specific Mandate;
 - (ii) the allotment and issue of Subscription Shares to the Subscribers under the Specific Mandate;
 - (iii) the issue of new share certificate(s) in respect of the Subscription Shares to be allotted and issued to the Subscribers; and
 - (iv) the lodgement of the required statutory returns with the relevant regulatory authority,and such approval(s) not having been amended or revoked before the Completion Date;
- (b) if the Subscriber is a connected person, the Company obtaining such approval(s) from the Independent Shareholders in connection with the relevant Subscription Agreement and the transactions contemplated herein as may be necessary, including but not limited

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to the allotment and issue of Subscription Shares to the relevant Subscriber under the Specific Mandate, and such approval(s) remaining in force and not having been amended or revoked before the Completion Date;

- (c) the Company obtaining such approval(s) from the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares, and such approval(s) not having been amended or revoked before the Completion Date, and if such approval(s) are subject to conditions, such conditions being fulfilled on or before the Completion Date;
- (d) the Company and the relevant Subscriber complying with the applicable requirements under the Companies Act (Chapter 50 of the laws of Singapore), the Securities and Futures Act (Chapter 289 of the laws of Singapore), the Companies Ordinance, the SFO, the Listing Rules and the Takeovers Code;
- (e) each of the representations, warranties and undertakings remaining true and accurate in all material respects as at the Completion Date (by reference to the facts and circumstances then subsisting) with the same force and effect as if repeated on the Completion Date;
- (f) no order or judgment of any court, or statutory, governmental or regulatory body, having been issued or made prior to completion of the relevant Subscription (and no legal or regulatory requirements remaining to be satisfied) which has the effect of making the relevant Subscription unlawful or otherwise prohibiting the relevant Subscription;
- (g) there having been no occurrence of a material adverse change on or before the Completion Date; and
- (h) all necessary consents, approvals and waivers where required for the transactions contemplated therein (including third party, statutory, governmental and regulatory consents, approvals and waivers) having been obtained by the Company and the relevant Subscriber, and such consents, approvals and waivers not having been amended or revoked before the Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being fulfilled on or before the Completion Date.

Each of the parties to the Subscription Agreements shall use its/his best endeavours to procure the satisfaction of the conditions as regards itself/himself. The Company may, at its discretion and upon such terms as it thinks fit, waive the compliance with the whole or any part of conditions (e) and (g). Conditions (a), (b), (c), (d), (f) and (h) are not capable of being waived by the relevant parties.

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In respect of condition (h) above, the Directors are not aware of any consents, approvals or waivers necessary for Completion other than conditions (a) to (c).

If the conditions have not been satisfied (or, if applicable, waived) at or before 14 March 2021 (or such other later date as the Company and the Subscribers may agree in writing), the relevant Subscription Agreement shall cease and terminate (save and except for provisions in relation to confidentiality, notices, governing law and other general provisions which shall continue to have full force and effect) save for any antecedent breach by any party.

As the Latest Practicable Date, none of the conditions had been satisfied.

Lock-up

Each of the Connected Subscribers has irrevocably undertaken to the Company that from the date of completion of the his/its respective Subscriptions and until the date falling 12 months from the Completion Date (both days inclusive), save with the prior written consent of the Company, each of the Connected Subscribers (or, where applicable, its beneficial owner) shall not either directly or indirectly, conditionally or unconditionally:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of their respective Subscription Shares, whether any such transaction described above is to be settled by delivery of their respective Subscription Shares or such other securities, in cash or otherwise;
- (b) enter into swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of their respective Subscription Shares, whether any such transaction described above is to be settled by delivery of their respective Subscription Shares or such other securities, in cash or otherwise;
- (c) deposit any of their respective Subscription Shares in any depository receipt facilities;
- (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or
- (e) announce or publicly disclose any intention to do any of the above.

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Completion of the Subscriptions

Completion of the Subscriptions will take place on the Completion Date. The allotment and issue of the Subscription Shares are subject to the Independent Shareholders' approval.

Completion of each of the Subscription Agreements is not inter-conditional with each other, but it is intended that the Completion of all the Subscription Agreements will take place simultaneously.

Specific Mandates

The Subscription Shares will be issued under the Specific Mandates to be proposed for voting by the Independent Shareholders at the EGM.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

III. REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in contract manufacturing, design, engineering and assembly for the electronics industry, and the design, manufacture and sale of automated machines, apparatus, systems, equipment and precision moulds and dies.

The Subscriptions are being conducted by the Company to (i) raise capital for the Group's funding and liquidity requirements while broadening its shareholder base; and (ii) to pursue the opportunity in developing the business in smart-cards issuance systems to broaden the business spectrum of the Company and diversify business risks in view of the challenging operating environment during the COVID-19 pandemic.

As stated in the Company's 2019 annual report and 2020 interim report, even though the Group maintains a healthy financial position, the Group recorded a net loss of approximately S\$1.6 million for the year ended 31 December 2019 and an unaudited net profit of approximately S\$0.05 million for the six months ended 30 June 2020. The global economy is still showing unfavorable outlook resulting from the trade tension between the United States and China has simmered for more than two years. Furthermore, the outbreak of COVID-19 pandemic emerged since the beginning of 2020 has worsened the situation. With the worldwide countries currently being affected and nationwide lockdown being imposed to contain the pandemic, our supply chain as well as our operation in Singapore, China and the Philippines were disrupted. Given the current

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uncertainties relating to the global economy amidst the China-United States trade war and the outbreak of COVID-19, the Board has decided to adopt a prudent approach to strengthen the Group's financial position and cash reserve by (i) maintaining the current ratio (i.e. current assets divided by current liabilities) of the Group at not less than two times in order to monitor and optimise cash conversion cycle and (ii) obtaining a 5-year facility of up to an aggregate principal amount of S\$5,000,000 with the interest rate capped at 5% p.a. under the Temporary Bridging Loan Program of the Singapore government in May 2020, which was fully drawn by the Company in August 2020, to provide access for working capital requirement.

The Board also noted that the trading liquidity of the Company's Shares is relatively thin for a meaningful size of shares to be transacted in the market. From 13 December 2019 (being approximately one year prior to the Last Trading Day) up to and including the Last Trading Day, the average daily trading volume of the Shares was very thin, with a range of approximately 2,667 Shares to approximately 1,831,222 Shares, representing approximately 0.0003% to 0.2136% of the then number of Shares in issue. The Subscriptions will allow the Company to increase its financial resources, and to enhance the Company's publicity in the market, which the Board considers to be in line with the interests of the Company and its Shareholders as a whole.

The Directors believe that the Subscriptions reflect the confidence and commitment of the Subscribers, the Directors and the Controlling Shareholders in the long-term and sustainable development of the Company, and underscore the continuing support from the Controlling Shareholders. Their positive supports are crucial to the business stability and long-term development of the Group.

In addition, the Directors consider that taking into account the recent market conditions, raising funds by way of allotment and issue of the Subscription Shares would enable the Company to obtain funds with lower costs, as compared to a rights issue or an open offer. The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board has considered that debt financing will inevitably incur financial costs on the Group, while rights issue or open offer will involve the issue of listing documents with other application and administrative procedures which may require relatively longer time and incur additional administrative costs as compared to the equity financing by way of allotment and issue of new Shares under the Specific Mandates.

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The aggregate gross proceeds of the Subscriptions will be approximately HK\$66.8 million (equivalent to approximately S\$11.6 million) (as to approximately HK\$37.8 million (equivalent to approximately S\$6.5 million) from the First Subscription, the Second Subscription and the Third Subscription, and as to approximately HK\$29.0 million (equivalent to approximately S\$5.0 million) from the Connected Subscriptions). The aggregate net proceeds of the Subscriptions, after the deduction of related fees and expenses, will be approximately HK\$66.5 million (equivalent to approximately S\$11.5 million) (as to approximately HK\$37.6 million (equivalent to approximately S\$6.5 million) from the First Subscription, the Second Subscription and the Third Subscription, and as to approximately HK\$29.0 million (equivalent to approximately S\$5.0 million) from the Connected Subscriptions). The net price per Subscription Share is approximately HK\$0.596. The Directors will apply (i) approximately 43% of the proceeds for developing the business of manufacturing smart-cards issuance systems with the Group's production facilities in Nantong, the PRC to further utilize the Group's expertise in the semiconductor process equipment manufacturing industry by mid-2022; (ii) approximately 54% of the proceeds for meeting the future funding needs in respect of the Group's expected initial capital commitment on new private equity fund(s) that Shanghai CEL Puyan may establish from time to time, including a new private equity fund focusing on the intelligent manufacturing industry to be co-established by Shanghai CEL Puyan and a government authority of the PRC with an expected target size of RMB1 billion and an initial capital contribution of RMB150 million during the second half of 2021; and (iii) approximately 3% of the proceeds as working capital to strengthen the capital base and liquidity position of the Group, particularly for the settlement of trade payables to the Group's suppliers during the first half of 2021.

The Board (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser to be appointed) is also of the view that the terms of the Subscription Agreements (including the Subscription Price) are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

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IV. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING THE COMPLETION OF THE SUBSCRIPTIONS

As at the Latest Practicable Date, the Company had a total of 857,419,324 Shares in issue. For illustration purposes, the changes of the shareholding structures of the Company as a result of the Subscriptions are as follows:

Shareholders	(i) As at the Latest Practicable Date and immediately before the Completion of the Subscriptions	(ii) Immediately after the Completion of the First Subscription, the Second Subscription and the Third Subscription only	(iii) Immediately after the Completion of the First Connected Subscription and the Second Connected Subscription only	(iv) Immediately after the Completion of the Third Connected Subscription and the Fifth Connected Subscription only	(v) Immediately after the Completion of the Fourth Connected Subscription only	(vi) Immediately after the Completion of the Subscriptions	(vii) Immediately after the Completion of all Subscriptions
	Number of Shares Approximate %	Number of Shares Approximate %	Number of Shares Approximate %	Number of Shares Approximate %	Number of Shares Approximate %	Number of Shares Approximate %	Number of Shares Approximate %
Connected persons of the Company							
Lim's Party (Note 1)							
Mr. Leslie Lim	250,472,472	250,472,472	265,005,246	250,472,472	250,472,472	265,005,246	265,005,246
Ms. Foo	18,148,000	18,148,000	18,148,000	18,148,000	18,148,000	18,148,000	18,148,000
Mr. Lim KM	19,148,000	19,148,000	23,992,000	19,148,000	19,148,000	23,992,000	23,992,000
Sub-total	287,768,472	287,768,472	307,145,246	287,768,472	287,768,472	307,145,246	307,145,246
CEL Party (Note 2)							
Diamond Wealth	262,906,380	262,906,380	262,906,380	262,906,380	262,906,380	262,906,380	262,906,380
Mr. Dai/Sino Expo (Note 3)	8,193,704	8,193,704	8,193,704	8,193,704	8,193,704	8,193,704	8,193,704
Mr. Yang/Future China Investment (Note 4)	—	—	—	—	—	—	—
Sub-total	271,100,084	271,100,084	271,100,084	271,100,084	271,100,084	271,100,084	271,100,084
Mr. Tay	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
No. of Shares held by connected persons of the Company	560,568,556	560,568,556	579,945,330	584,789,852	565,412,556	609,010,626	609,010,626
Public Shareholders							
First Subscriber	—	38,754,000	—	—	—	—	38,754,000
Second Subscriber	—	9,688,000	—	—	—	—	9,688,000
Third Subscriber	—	14,532,000	—	—	—	—	14,532,000
Other public Shareholders	296,850,768	296,850,768	296,850,768	296,850,768	296,850,768	296,850,768	296,850,768
No. of Shares held by the public Shareholders	296,850,768	359,824,768	296,850,768	296,850,768	296,850,768	296,850,768	359,824,768
Total	857,419,324	920,393,324	876,796,098	881,640,620	862,263,324	905,861,394	968,835,394

LETTER FROM THE BOARD

Notes:

1. Mr. Leslie Lim is a Controlling Shareholder, an executive Director and the chief executive officer of the Company. Ms. Foo is Mr. Lim's spouse and Mr. Lim KM is the son of Mr. Lim and Ms. Foo. Mr. Leslie Lim, Ms. Foo and Mr. Lim KM, being parties acting in concert under the Takeovers Code, are interested in 287,768,472 Shares, representing approximately 33.56% of the existing number of issued Shares as at the Latest Practicable Date.
2. Future China Investment intends to finance the Fifth Connected Subscription by a facility to be obtained by Mr. Yang from the CEL Group. Furthermore, Mr. Yang holds several directorships in the subsidiaries of CEL Group. As such, Mr. Yang and Future China Investment are parties acting in concert with Diamond Wealth and its holding companies. Mr. Du and Sino Expo are parties acting in concert with Diamond Wealth and its holding companies. Accordingly, Mr. Du, Sino Expo, Mr. Yang, Future China Investment, CEL, CE Venture and Diamond Wealth, being parties acting in concert under the Takeovers Code, are interested in 271,100,084 Shares, representing approximately 31.62% of the existing number of issued Shares as at the Latest Practicable Date.
3. Sino Expo is wholly-owned by Mr. Du. As at the Latest Practicable Date, Sino Expo and Mr. Du held 8,105,704 and 88,000 Shares as beneficial owner respectively, representing approximately 0.95% and 0.01% of the existing number of issued Shares.
4. Future China Investment is wholly-owned by Mr. Yang. As at the Latest Practicable Date, Future China Investment and Mr. Yang were not interested in any Shares.
5. Each of the First Subscriber, the Second Subscriber and the Third Subscriber is expected to form part of the public float after Completion, and the Company is expected to maintain a sufficient amount of public float of at least 25% of the total number of the Shares in issue after Completion.
6. The above calculations were based on percentages rounded up to the nearest 2 decimal places. As such, the rounding difference may cause a slight change in the actual shareholding.

V. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fundraising activity in the past 12 months immediately preceding the Latest Practicable Date.

VI. LISTING RULES IMPLICATIONS

Each of the Connected Subscribers is a connected person of the Company. Accordingly, the Connected Subscriptions are connected transactions on the part of the Company under the Listing Rules and are subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval, inter alia, for the Connected Subscription Agreements and the granting of the Specific Mandates for the allotment and issue of the Connected Subscription Shares at the EGM.

LETTER FROM THE BOARD

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the Connected Subscription Agreements and the transactions contemplated thereunder. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

VII. RECOMMENDATION

Based on its views set out above, the Board (other than the independent non-executive Directors whose opinions and recommendations are contained in the letter from the Independent Board Committee, the text of which is set out on pages 31 and 32 of this circular) recommends that the Independent Shareholders vote in favour of the resolutions concerning the Connected Subscription Agreements and the transactions contemplated thereunder.

Your attention is drawn to the letter from the Independent Board Committee to the Shareholders, the text of which is set out on pages 31 and 32 of this circular. Your attention is also drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 33 and 63 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Connected Subscription Agreements are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the resolutions concerning the Connected Subscription Agreements and the transactions contemplated thereunder to be proposed at the EGM.

VIII. THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Connected Subscription Agreements are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Your attention is drawn to the letter from the Independent Board Committee to the Shareholders, the text of which is set out on pages 31 and 32 of this circular.

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IX. THE EGM AND INDEPENDENT SHAREHOLDERS' APPROVAL

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Subscription Agreements and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandates. The voting in relation to the Subscription Agreements and the Specific Mandates at the EGM will be conducted by way of a poll.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders are interested or involved in the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement, and no Shareholders are required to abstain from voting on the relevant ordinary resolutions to be proposed at the EGM to approve the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement, and the Specific Mandates in respect of the Subscription Shares to be allotted and issued pursuant to the First Subscription, the Second Subscription and the Third Subscription.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Connected Subscribers, its respective associates and parties acting in concert shall abstain from voting on the relevant ordinary resolutions to be proposed at the EGM to approve its/his Subscription Agreement and the relevant Specific Mandates in respect of the relevant Subscription Shares.

To the best of their knowledge, information and belief after having made all reasonable enquiries, save for (i) Mr. Leslie Lim and his associates (i.e. Ms. Foo and Mr. Lim KM), no Shareholder has a material interest in the First Connected Subscription and Second Connected Subscription; (ii) Mr. Du, Sino Expo, CEL and its associates (i.e. CE Venture and Diamond Wealth), no Shareholder has a material interest in the Third Connected Subscription and the Fifth Connected Subscription; and (iii) Mr. Tay, no Shareholder has a material interest in the Fourth Connected Subscription. As such, no Shareholder other than (i) Mr. Leslie Lim and his associates (i.e. Ms. Foo and Mr. Lim KM), who were, in aggregate, interested in 287,768,472 Shares, representing approximately 33.56% of the entire issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the resolution(s) for approving First Connected Subscription and Second Connected Subscription to be proposed at the EGM; (ii) Mr. Du, Sino Expo, CEL and his/its associates (i.e. CE Venture and Diamond Wealth), who were, in aggregate, interested in 271,100,084 Shares, representing approximately 31.62% of the entire issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the resolution(s) for approving the Third Connected Subscription and the Fifth Connected Subscription to be proposed at the EGM; and (iii) Mr. Tay, who were interested in 1,700,000

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Shares, representing approximately 0.20% of the entire issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the resolution(s) for approving the Fourth Connected Subscription to be proposed at the EGM.

The non-executive Director of the Company and chairman of the Board, Mr. Yang Ping, the executive Directors of the Company, Mr. Leslie Lim, Mr. Lim KM, Mr. Du and Mr. Tay have abstained from voting on the relevant resolutions of the Board.

A notice convening the EGM to be held at 9:30 a.m. on Friday, 12 March 2021 by way of electronic means at the Company's registered office at 1 Changi North Street 1, Lobby 2, Singapore 498789, is set out on pages 75 to 82 of this circular for the purpose of considering and, if thought fit, passing the resolutions as set out therein. In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of the Shareholders of the Company will be closed from Tuesday, 9 March 2021 to Friday, 12 March 2021 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of the Shareholders of the Company on Friday, 12 March 2021 will be entitled to attend and vote at the EGM.

A form of proxy for use by the Shareholders at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM, or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure that the chairman of the EGM shall demand voting on all resolutions set out in the notice of EGM be taken by way of poll.

Since the Completion of each of the Subscriptions is subject to the fulfilment of the Conditions as set out in the respective Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

X. FURTHER INFORMATION

Your attention is also drawn to the additional information set out on pages 64 to 70 of this circular.

Yours faithfully,
By Order of the Board
Kinergy Corporation Ltd.
Lim Kuak Choi Leslie
Executive Director and Chief Executive Officer



Kinergy Corporation Ltd.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

23 February 2021

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE**

We refer to the circular of the Company (the “**Circular**”) dated 23 February 2021 and despatched to the Shareholders which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Shareholders in respect of the Connected Subscription Agreements and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” in the Circular. Yue Xiu Capital Limited (“**YXCL**”) has been appointed to advise the Independent Board Committee in this regard.

Details of the advice and the principal factors YXCL has taken into consideration in rendering its advice are set out in the section headed “Letter from the Independent Financial Adviser” in the Circular. Your attention is also drawn to the additional information set out in the Circular.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Connected Subscription Agreements, and the transactions contemplated thereunder as well as the advice of YXCL, we are of the opinion that although the entering of the Connected Subscription Agreements is not in the ordinary and usual course of business of the Group, the terms of the Connected Subscription Agreements are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

We, therefore, recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the Connected Subscription Agreements and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

INDEPENDENT BOARD COMMITTEE

Ng Tiak Soon, Senerath Wickramanayaka

Mudiyanselage Sunil Wickramanayaka

and Zhang Wei

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Yue Xiu Capital Limited to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of inclusion in this circular.



28/F., Siu On Centre,
188 Lockhart Road, Wanchai, Hong Kong

23 February 2021

*To: the Independent Board Committee and the Independent Shareholders of
Kinergy Corporation Ltd.*

Dear Sirs or Madams,

CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Connected Subscription Agreements and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 23 February 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 15 December 2020 (after trading hours), the Company entered into five Connected Subscription Agreements with the Connected Subscribers, pursuant to which the Connected Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 48,442,070 Subscription Shares (Mr. Leslie Lim, Mr. Lim KM, Sino Expo, Mr. Tay and Future China Investment would subscribe for 14,532,774, 4,844,000, 4,844,296, 4,844,000 and 19,377,000 Subscription Shares, respectively) at the Subscription Price of HK\$0.60 per Subscription Share for a total cash consideration of approximately HK\$29,065,200. On the same day, the Company entered into a Subscription Agreement with each of the First Subscriber, the Second Subscriber and the Third Subscriber, pursuant to which the First Subscriber, the Second Subscriber and the Third Subscriber have conditionally agreed to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 62,974,000 Subscription Shares (the First Subscriber, the Second Subscriber and the Third Subscriber would subscribe for 38,754,000, 9,688,000 and 14,532,000 Subscription Shares, respectively) at the Subscription Price of HK\$0.60 per Subscription Share for a total cash consideration of approximately HK\$37,784,400.

Each of the Connected Subscribers is a connected person of the Company. Accordingly, the Connected Subscriptions are each respectively a connected transaction on the part of the Company under the Listing Rules and are each subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, each of the First Subscriber, the Second Subscriber and the Third Subscriber are third parties independent of the Company and its connected persons ("**Independent Third Parties**").

Save for (i) Mr. Leslie Lim and his associates (i.e. Ms. Foo and Mr. Lim KM), no Shareholder has a material interest in the First Connected Subscription and Second Connected Subscription; (ii) Mr. Du, Sino Expo, CEL and its associates (i.e. CE Venture and Diamond Wealth), no Shareholder has a material interest in the Third Connected Subscription and the Fifth Connected Subscription; and (iii) Mr. Tay, no Shareholder has a material interest in the Fourth Connected Subscription. As such, no Shareholder other than (i) Mr. Leslie Lim and his associates (i.e. Ms. Foo and Mr. Lim KM) shall abstain from voting on the resolution(s) for approving the First Connected Subscription and the Second Connected Subscription to be proposed at the EGM; (ii) Mr. Du, Sino Expo, CEL and his/its associates (i.e. CE Venture and Diamond Wealth) shall abstain from voting on the resolution(s) for approving the Third Connected Subscription and the Fifth Connected Subscription to be proposed at the EGM; and (iii) Mr. Tay shall abstain from voting on the resolution(s) for approving the Fourth Connected Subscription to be proposed at the EGM.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Connected Subscription Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Connected Subscription Agreements and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Yue Xiu Capital Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Yue Xiu Capital Limited. In the last two years, there was no engagement between the Group and Yue Xiu Capital Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we are qualified to give independent advice in respect of the Connected Subscription Agreements and the transactions contemplated thereunder.

II. BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company; (iii) the opinions expressed by and the representations of the Directors and the management of the Company (“**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. The Directors have confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Company and/or Directors and the Management are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Information on the Group and the Connected Subscribers

Information on the Group

The Company is a limited liability company incorporated in Singapore. The Group is principally engaged in contract manufacturing, design, engineering and assembly for the electronics industry, and the design, manufacture and sale of automated machines, apparatus, systems, equipment and precision moulds and dies.

Set out below is the selected financial information of the Group for the years ended 31 December 2018 and 2019 extracted from the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) and for the six months ended 30 June 2019 and 2020 extracted from the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”):

	Year ended		Six months ended	
	31 December	31 December	30 June	30 June
	2018	2019	2019	2020
	S\$'000	S\$'000	S\$'000	S\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	122,809	67,624	26,157	30,387
Gross profit	21,414	8,483	2,491	3,511
Profit/(Loss) attributable to the Shareholders	8,728	(1,632)	(2,447)	56

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Gross profit of the Group decreased from approximately S\$21.4 million for the year ended 31 December 2018 to approximately S\$8.5 million for the year ended 31 December 2019, which was generally in line with the decline in revenue. Gross profit margin decreased from 17.4% for the year ended 31 December 2018 to 12.5% for the year ended 31 December 2019 mainly due to the lower recovery of fixed overheads as a result of lower production volume/revenue.

The Group recorded a loss attributable to the Shareholders of approximately S\$1.6 million for the year ended 31 December 2019 as opposed to a profit attributable to the Shareholders of approximately S\$8.7 million for the year ended 31 December 2018 primarily as a result of the significant decrease in revenue and gross profit during the year ended 31 December 2019.

For the years ended 31 December 2018 and 2019, the Group recorded net cash flow generated from operating activities of approximately S\$10.5 million and S\$9.7 million, respectively. The Group's cash and cash equivalents declined from approximately S\$43.7 million as at 31 December 2018 to approximately S\$36.1 million as at 31 December 2019 mainly due to the purchases of investment securities during 2019. These investment securities are recorded as non-current assets as the Group has elected to measure the investment securities at fair value through other comprehensive income due to the Group's intention to hold these investment securities for long-term appreciation.

For the six months ended 30 June 2019 and 2020

Amid the unfavourable circumstances resulting from the China-United States trade war and the outbreak of COVID-19 pandemic, the Group recorded increases in its revenue and gross profit for the six months ended 30 June 2020 as compared to the corresponding period in 2019 mainly due to increase in orders from existing customers and contribution from new customers.

As a result, the Group also turned around from a loss attributable to the Shareholders of approximately S\$2.4 million for the six months ended 30 June 2019 to a profit attributable to the Shareholders of approximately S\$56,000 for the six months ended 30 June 2020.

For the six months ended 30 June 2019 and 2020, the Group recorded net cash flow used in operating activities of approximately S\$1.9 million and S\$0.8 million, respectively. The Group's cash and cash equivalents declined from approximately S\$36.1 million as at 31 December 2019 to approximately S\$30.6 million as at 30 June 2020 mainly due to the net operating cash outflows and purchase of investment securities during the six months ended 30 June 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information on the Connected Subscribers

Mr. Leslie Lim is a Controlling Shareholder, an executive Director and the chief executive officer of the Company. As at the Latest Practicable Date, Mr. Leslie Lim, held 250,472,472 Shares as beneficial owner, representing approximately 29.21% of the number of issued Shares.

Mr. Lim KM is an executive Director. As at the Latest Practicable Date, Mr. Lim KM held 19,148,000 Shares as beneficial owner, representing approximately 2.23% of the number of issued Shares.

Ms. Foo is Mr. Leslie Lim's spouse and Mr. Lim KM is the son of Mr. Leslie Lim and Ms. Foo. Mr. Leslie Lim, Ms. Foo and Mr. Lim KM (the "**Lim's Family**"), being parties acting in concert and considered as a group of Controlling Shareholders, were interested in 287,768,472 Shares, representing approximately 33.56% of the number of issued Shares as at the Latest Practicable Date.

Sino Expo is an investment holding company incorporated in the BVI and is wholly owned by Mr. Du. Mr. Du is an executive Director and a Controlling Shareholder. Mr. Du is an executive Director nominated by Diamond Wealth pursuant to the share purchase agreement dated 5 September 2016 (as amended and supplemented by a supplemental agreement dated 31 December 2017) entered into by, among others, Mr. Leslie Lim as vendor and Diamond Wealth as purchaser in respect of the sale and purchase of the Shares. Mr. Du has held several positions in subsidiaries of China Everbright Group. As such, Diamond Wealth and its holding companies, including CE Venture and CEL, together with Mr. Du and Sino Expo are parties acting in concert and are considered as a group of Controlling Shareholders. As at the Latest Practicable Date, (i) Mr. Du held 88,000 Shares as beneficial owner, representing approximately 0.01% of the number of issued Shares; and (ii) Sino Expo held 8,105,704 Shares as beneficial owner, representing approximately 0.95% of the number of issued Shares. Mr. Du, Sino Expo and their parties acting in concert (i.e. Mr. Yang, Future China Investment, Diamond Wealth, CE Venture and CEL) were beneficially interested in 271,100,084 Shares, which represent approximately 31.62% of the number of issued Shares as at the Latest Practicable Date.

Mr. Tay is an executive Director and the chief financial officer of the Company. As at the Latest Practicable Date, Mr. Tay held 1,700,000 Shares as beneficial owner, representing approximately 0.20% of the number of issued Shares.

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Future China Investment is an investment holding company incorporated in the BVI and is wholly-owned by Mr. Yang. Mr. Yang is a non-executive Director and the chairman of the Board. Mr. Yang is the chief investment officer of CEL. Mr. Yang is in charge of the Asset Management business of Secondary Market Investment of the CEL Group. He is also the director of CE Venture and Diamond Wealth, both a Controlling Shareholder. As such, Mr. Yang and Future China Investment, together with Diamond Wealth and its holding companies, including CE Venture and CEL, are parties acting in concert. As at the Latest Practicable Date, Future China Investment and Mr. Yang were not interested in any Shares. Mr. Yang, Future China Investment and their parties acting in concert (i.e. Mr. Du, Sino Expo, Diamond Wealth, CE Venture and CEL) were beneficially interested in 271,100,084 Shares, which represent approximately 31.62% of the number of issued Shares as at the Latest Practicable Date.

Reasons for and benefits of the Subscriptions

As disclosed in the Letter from the Board, the Subscriptions are being conducted by the Company to (i) raise capital for the Group's funding and liquidity requirements while broadening its Shareholder base; and (ii) pursue the opportunity in developing the business in smart-cards issuance systems to broaden the business spectrum of the Company and diversify business risks in view of the challenging operating environment during the COVID-19 pandemic.

As stated in the 2019 Annual Report and 2020 Interim Report, even though the Group maintains a healthy financial position, the Group recorded a net loss of approximately S\$1.6 million for the year ended 31 December 2019 and an unaudited net profit of approximately S\$0.05 million for the six months ended 30 June 2020. The global economy is still showing unfavourable outlook resulting from the trade tension between China and the United States that has simmered for more than two years. Furthermore, the outbreak of COVID-19 pandemic since the beginning of 2020 has worsened the situation. With worldwide countries currently being affected and nationwide lockdown being imposed to contain the pandemic, the Group's supply chain as well as its operation in Singapore, China and the Philippines were disrupted. Given the current uncertainties relating to the global economy amidst the China-United States trade war and the outbreak of COVID-19, the Board has decided to adopt a prudent approach to strengthen the Group's financial position and cash reserve by (i) maintaining the current ratio (i.e. current assets divided by current liabilities) of the Group at not less than two times in order to monitor and optimise cash conversion cycle; and (ii) obtaining a 5-year facility of up to an aggregate principal amount of S\$5.0 million with the interest rate capped at 5% p.a. under the Temporary Bridging Loan Program of the Singapore government in May 2020, which was fully drawn by the Company in August 2020, to provide access for working capital requirement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Board also noted that the trading liquidity of the Company's Shares is relatively thin for a meaningful size of shares to be transacted in the market. From 13 December 2019 (being approximately one year prior to the Last Trading Day) up to and including the Last Trading Day, the average daily trading volume of the Shares was very thin, with a range of approximately 2,667 Shares to approximately 1,831,222 Shares, representing approximately 0.0003% to 0.2136% of the then number of Shares in issue. The Subscriptions will allow the Company to increase its financial resources, and to enhance the Company's publicity in the market, which the Board considers to be in line with the interests of the Company and its Shareholders as a whole.

The Directors believe that the Subscriptions reflect the confidence and commitment of the Subscribers, the Directors and the Controlling Shareholders in the long-term and sustainable development of the Company, and underscore the continuing support from the Controlling Shareholders. Their positive supports are crucial to the business stability and long-term development of the Group.

The aggregate net proceeds of the Subscriptions, after the deduction of related fees and expenses, will be approximately HK\$66.5 million (equivalent to approximately S\$11.5 million), of which (i) approximately HK\$37.6 million (equivalent to approximately S\$6.5 million) are net proceeds from the First Subscription, the Second Subscription and the Third Subscription; and (ii) approximately HK\$29.0 million (equivalent to approximately S\$5.0 million) are net proceeds from the Connected Subscriptions.

The Directors intend to apply (i) approximately 43% of the proceeds for developing the business of manufacturing of smart-cards issuance systems with the Group's production facilities in Nantong, the PRC to further utilise the Group's expertise in the semiconductor process equipment manufacturing industry by mid-2022; (ii) approximately 54% of the proceeds for meeting the future funding needs in respect of the Group's expected initial capital commitment on new private equity fund(s) that Shanghai CEL Puyan may establish from time to time, including a new private equity fund focusing on intelligent manufacturing industry to be co-established by Shanghai CEL Puyan and a government authority of the PRC with an expected target size of RMB1 billion and an initial capital contribution of RMB150 million during the second half of 2021; and (iii) approximately 3% of the proceeds as working capital to strengthen the capital base and liquidity position of the Group, particularly for the settlement of trade payables to the Group's suppliers during the first half of 2021.

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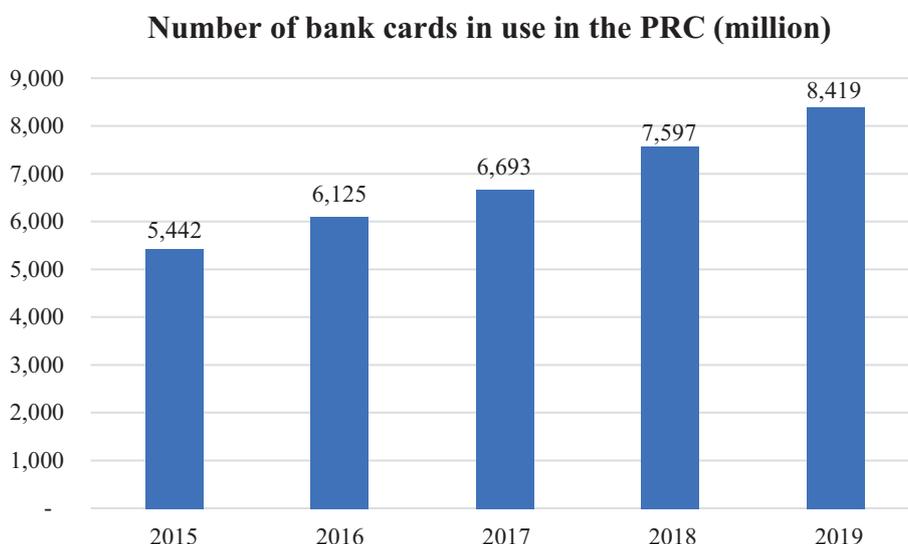
In assessing the reasons for and benefits of the Subscriptions, we have taken into consideration the followings:

Business prospects of smart-cards issuance systems in the PRC

As disclosed in the 2019 Annual Report and the 2020 Interim Report, the Group will continue to adopt a cautious approach in exploring opportunities to expand and diversify its operations through joint ventures, strategic collaborations and/or acquisitions with parties who can provide synergistic value to the Group's business, as well as access to new markets and customers.

As the Group has been specialising in the manufacture of equipment, machines, sub-systems, precision tools, spare parts and components in the semiconductor process equipment industry, it is expected that the Group will be able to build on its existing expertise and resources to develop the business in smart-cards issuance systems in the PRC.

According to the statistics of the People's Bank of China, the number of bank cards in use in the PRC recorded continued and stable growth in the past years, with a cumulative annual growth rate of approximately 11.5% from approximately 5,442 million in 2015 to approximately 8,419 million in 2019. The graph below illustrates the number of bank cards in use in the PRC from 2015 to 2019:



Source: People's Bank of China

In addition to the continued growth of smart-cards issuance in the PRC, the emergence of COVID-19 pandemic has created a global financial and health crisis during which contactless payments are set to increase. In view of higher security and minimal physical

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interaction, financial institutions and business organisations are focusing on the innovation and implementation of contactless smart-card technology, covering payment systems and procedure automation, which are more preferred across the globe during the outbreak of pandemic.

Having taken into account the foregoing, it appears that the business of manufacturing of smart-cards issuance systems represents an opportunity for the Group to expand its business spectrum and diversify its business risks in view of the challenging operating environment during the outbreak of COVID-19 pandemic.

Liquidity and funding requirements of the Company during economic uncertainties

The Group recorded generally deteriorated financial performance and liquidity position for the years ended 31 December 2019 and the six months ended 30 June 2020 as compared to that for the year ended 31 December 2018 as a result of the unfavourable circumstances resulting from the China-United States trade war and the outbreak of COVID-19 pandemic. As disclosed in the 2020 Interim Report, the Directors will continue to assess and monitor closely the impact of the COVID-19 pandemic and trade tension between China and the United States on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the COVID-19 pandemic.

As further disclosed in the 2020 Interim Report, in May 2020, the Company entered into a facility agreement with a bank in respect of 5-year Temporary Bridging Loan Program ("TBLP") of up to an aggregate principal amount of S\$5 million, with the interest rate capped at 5% p.a. TBLP is a Singapore government assisted financing scheme with the purpose to provides access to working capital for business needs during the COVID-19 pandemic. On 3 August 2020, the Company drew the TBLP loan in full.

Despite the drawing of the TBLP loan, the Group's cash and cash equivalents further declined to approximately S\$25.3 million (equivalent to approximately HK\$146.2 million) at the end of December 2020, of which approximately S\$20.0 million (equivalent to approximately HK\$115.6 million) represented the unutilised net proceeds from the initial public offering of the Company in 2018, based on the information provided by the Management. According to the 2020 Interim Report, such unutilised net proceeds have been designated for (i) expansion of production capacity; (ii) development and acquisition of engineering and technological knowledge; (iii) expansion of marketing activities in Japan, Europe and the United States; and (iv) strengthening research and development, and are expected to be fully utilised by the fourth quarter of 2021 or 2022 (as the case may be).

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Based on the 2020 Interim Report, the Group's other major assets included property, plant and equipment and investment securities, inventories and trade receivables. Although the Group had investment securities of approximately S\$16.7 million as at 30 June 2020, it is noted that these investment securities are recorded as non-current assets as the Group has elected to measure the investment securities at fair value through other comprehensive income due to the Group's intention to hold these investment securities for long-term purpose.

With reference to the financial results of the Group for the year ended 31 December 2019 and the six months ended 30 June 2020, we noted that the Group's major operating costs (including cost of sales, sales and marketing expenses, and general and administrative expenses) amounted to approximately S\$69.8 million and S\$32.6 million, respectively. Such amounts of major operating costs translate into average monthly major operating costs of approximately S\$5.7 million of the Group, which we consider to be a general reference of the Group's monthly liquidity capital requirement. Accordingly, the net proceeds of approximately S\$5.0 million from the Connected Subscriptions approximate to a one-month liquidity buffer of the Group.

We have also noted from the circular of the Company dated 27 November 2020 and the announcement of the Company dated 11 January 2021 that the Group has completed the capital injection of approximately S\$10.42 million (equivalent to approximately HK\$60.2 million) to Shanghai CEL Puyan with its internal resources. As further disclosed in the circular of the Company dated 27 November 2020, the Group intends to introduce more limited partners to invest in the existing funds and other new private equity fund(s) that Shanghai CEL Puyan may establish from time to time in taking up new investment opportunities and portfolios. Such anticipated expansion would require the Group to increase its funding support and investment in Shanghai CEL Puyan which the Group owned its approximately 51.03% equity interest as at the Latest Practicable Date.

The Connected Subscribers' confidence, support and commitment towards the long-term and sustainable development of the Company during economic uncertainties

As at the Latest Practicable Date, (i) the Lim's Family was interested in 287,768,472 Shares, representing approximately 33.56% of the number of issued Shares; (ii) Mr. Du (as beneficial owner and through Sino Expo) was interested in 8,193,704 Shares, representing approximately 0.96% of the number of issued Shares; (iii) Mr. Tay was interested in 1,700,000 Shares, representing approximately 0.20% of the number of issued Shares; and (iv) Mr. Yang was not interested in any Shares.

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In terms of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date), it is noted that (i) the Lim's Family will maintain its shareholding interests in the Company at above 30%; (ii) Mr. Du (as beneficial owner and through Sino Expo) will increase his shareholding interests in the Company to approximately 1.35%; (iii) Mr. Tay will increase his shareholding interests in the Company to approximately 0.68%; and (iv) Mr. Yang will obtain approximately 2.0% shareholding interests in the Company, upon Completion.

The maintaining or increase in shareholding interests by the Connected Subscribers through the Connected Subscriptions when the Company is in need of funding during the outbreak of COVID-19 pandemic, with the 12-month lock-up period on the Connected Subscription Shares, serve as a vote of confidence in the Company by the Connected Subscribers and reflect their support and commitment towards the long-term and sustainable development of the Company notwithstanding the current economic uncertainties.

Having considered the Group's challenging business environment, the Group's liquidity position and funding requirements as discussed above, we concur with the Directors that there exists a genuine and timely funding need to meet the funding requirement in the development of the business in manufacturing smart-cards issuance systems and the expansion of investment portfolios of Shanghai CEL Puyan. The First Subscription, the Second Subscription, the Third Subscription and the Connected Subscriptions are expected to generate aggregate net proceeds of approximately HK\$66.5 million to enhance the Group's capital base and cash reserves.

Financing alternatives of the Group

The Company had not conducted any equity fundraising activity in the past 12 months immediately preceding the date of the Connected Subscription Agreements.

As disclosed in the Letter from the Board, the Directors consider that taking into account the recent market conditions, raising funds by way of allotment and issue of the Subscription Shares would enable the Company to obtain funds with lower costs, as compared to a rights issue.

The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board has considered that debt financing will inevitably incur financing costs on the Group, while a rights issue or an open offer would involve a lengthy implementation timeline entailing the issue of listing documents with the related application and administrative procedures, as well execution risks associated with external underwriting,

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not to mention the underwriting costs involved. In contrast to a rights issue, the Company can, subject to approval of the Independent Shareholders, complete the Connected Transaction under the Specific Mandate within a relatively shorter and defined timeframe. In addition and given the Group's recent loss making history, to incur additional borrowings would inevitably incur financial burden and there remains the uncertainty if the Group can secure longer-term bank borrowings at acceptable terms under current conditions.

The Connected Subscriptions, together with the First Subscription, the Second Subscription and the Third Subscription, which are priced at the same term as HK\$0.60 per Share, would fulfil the intended financing requirements of the Group for the foreseeable future. The fact that the Connected Subscriptions are subject to a 12-month lock-up demonstrates the long-term commitment of the Connected Subscribers in the Company.

2. Principal terms of the Connected Subscription Agreements

The principal terms of the Connected Subscription Agreements are set out below:

Date: 15 December 2020

Parties: — The Company (as issuer)

— Mr. Leslie Lim (as subscriber under the First Connected Subscription Agreement)

— Mr. Lim KM (as subscriber under the Second Connected Subscription Agreement)

— Sino Expo (as subscriber under the Third Connected Subscription Agreement)

— Mr. Tay (as subscriber under the Fourth Connected Subscription Agreement)

— Future China Investment (as subscriber under the Fifth Connected Subscription Agreement)

Subscription Shares

Pursuant to the terms of the respective Connected Subscription Agreements, Mr. Leslie Lim, Mr. Lim KM, Sino Expo, Mr. Tay and Future China Investment will subscribe for 14,532,774, 4,844,000, 4,844,296, 4,844,000, 19,377,000 Connected Subscription Shares at the Subscription Price, respectively.

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In aggregate, the Connected Subscribers will subscribe for 48,442,070 Connected Subscription Shares, representing (i) approximately 5.65% of the existing number of issued Shares as at the Latest Practicable Date; (ii) approximately 5.35% of the number of issued Shares as enlarged by the allotment and issue of the Connected Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date); and (iii) approximately 5.00% of the number of issued Shares as enlarged by the allotment and issue of all the Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date).

The Subscription Shares, when fully paid and issued, will rank equally in all respects among themselves and with the Shares in issue on the respective date of issue of the Subscription Shares.

Subscription Price

The Subscription Price is HK\$0.60 per Subscription Share. The aggregate Subscription Price shall be payable by the Subscribers in cash upon Completion.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers, with reference to the prevailing market price, the historical price trend and liquidity of the Shares, the unaudited net asset attributable to owners of the Company per Share as at 30 June 2020, the current capital market conditions, and the existing financial and operation prospects of the Group's business.

Lock-up

Each of the Connected Subscribers has irrevocably undertaken to the Company that from the date of completion of the his/its respective Subscriptions and until the date falling 12 months from the Completion Date (both days inclusive), save with the prior written consent of the Company, each of the Connected Subscribers (or, where applicable, its beneficial owners) shall not either directly or indirectly, conditionally or unconditionally:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant security over, encumber or otherwise transfer or dispose of, any of their respective Subscription Shares, whether any such transaction described above is to be settled by delivery of their respective Subscription Shares or such other securities, in cash or otherwise;

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- (b) enter into swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of their respective Subscription Shares, whether any such transaction described above is to be settled by delivery of their respective Subscription Shares or such other securities, in cash or otherwise;
- (c) deposit any of their respective Subscription Shares in any depository receipt facilities;
- (d) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or
- (e) announce or publicly disclose any intention to do any of the above.

Conditions precedent to Completion

Completion of the Subscriptions under the Subscription Agreements is conditional upon:

- (a) the Company obtaining such approval(s) from the Board and the Shareholders in connection with the relevant Subscription Agreement and the transactions contemplated therein as may be necessary, including but not limited to:
 - (i) the Specific Mandate;
 - (ii) the allotment and issue of Subscription Shares to the Subscribers under the Specific Mandate;
 - (iii) the issue of new share certificate(s) in respect of the Subscription Shares to be allotted and issued to the Subscribers; and
 - (iv) the lodgement of the required statutory returns with the relevant regulatory authority,

and such approval(s) not having been amended or revoked before the Completion Date;

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- (b) if the Subscriber is a connected person, the Company obtaining such approval(s) from the Independent Shareholders in connection with the relevant Subscription Agreement and the transactions contemplated herein as may be necessary, including but not limited to the allotment and issue of Subscription Shares to the relevant Subscriber under the Specific Mandate, and such approval(s) remaining in force and not having been amended or revoked before the Completion Date;
- (c) the Company obtaining such approval(s) from the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares, and such approval(s) not having been amended or revoked before the Completion Date, and if such approval(s) are subject to conditions, such conditions being fulfilled on or before the Completion Date;
- (d) the Company and the relevant Subscriber complying with the applicable requirements under the Companies Act (Chapter 50 of the laws of Singapore), the Securities and Futures Act (Chapter 289 of the laws of Singapore), the Companies Ordinance, the SFO, the Listing Rules and the Takeovers Code;
- (e) each of the representations, warranties and undertakings remaining true and accurate in all material respects as at the Completion Date (by reference to the facts and circumstances then subsisting) with the same force and effect as if repeated on the Completion Date;
- (f) no order or judgment of any court, or statutory, governmental or regulatory body, having been issued or made prior to completion of the relevant Subscription (and no legal or regulatory requirements remaining to be satisfied) which has the effect of making the relevant Subscription unlawful or otherwise prohibiting the relevant Subscription;
- (g) there having been no occurrence of a material adverse change on or before the Completion Date; and
- (h) all necessary consents, approvals and waivers where required for the transactions contemplated therein (including third party, statutory, governmental and regulatory consents, approvals and waivers) having been obtained by the Company and the relevant Subscriber, and such consents, approvals and waivers not having been amended or revoked before the Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being fulfilled on or before the Completion Date.

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Each of the parties to the Subscription Agreements shall use its/his best endeavours to procure the satisfaction of the Conditions as regards itself/himself. The Company may, at its discretion and upon such terms as it thinks fit, waive the compliance with the whole or any part of Conditions (e) and (g). Conditions (a), (b), (c), (d), (f) and (h) are not capable of being waived by the relevant parties.

If the Conditions have not been satisfied (or, if applicable, waived) on 14 March 2021 (or such other later date as the Company and the Subscribers may agree in writing), the relevant Subscription Agreement shall cease and terminate (save and except for provisions in relation to confidentiality, notices, governing law and other general provisions which shall continue to have full force and effect) save for any antecedent breach by any party.

Completion of the Subscriptions

Completion of the Subscriptions will take place on the Completion Date. The allotment and issue of the Subscription Shares are subject to the Independent Shareholders' approval.

Completion of each of the Subscription Agreements is not inter-conditional with each other, but it is intended that the Completion of the Subscription Agreements will take place simultaneously.

3. Evaluation of the Subscription Price

Review on Share price performance

The Subscription Price:

- (i) represents a discount of approximately 17.8% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a discount of approximately 19.8% to the average closing price of approximately HK\$0.748 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) represents a discount of approximately 18.4% to the average closing price of approximately HK\$0.735 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

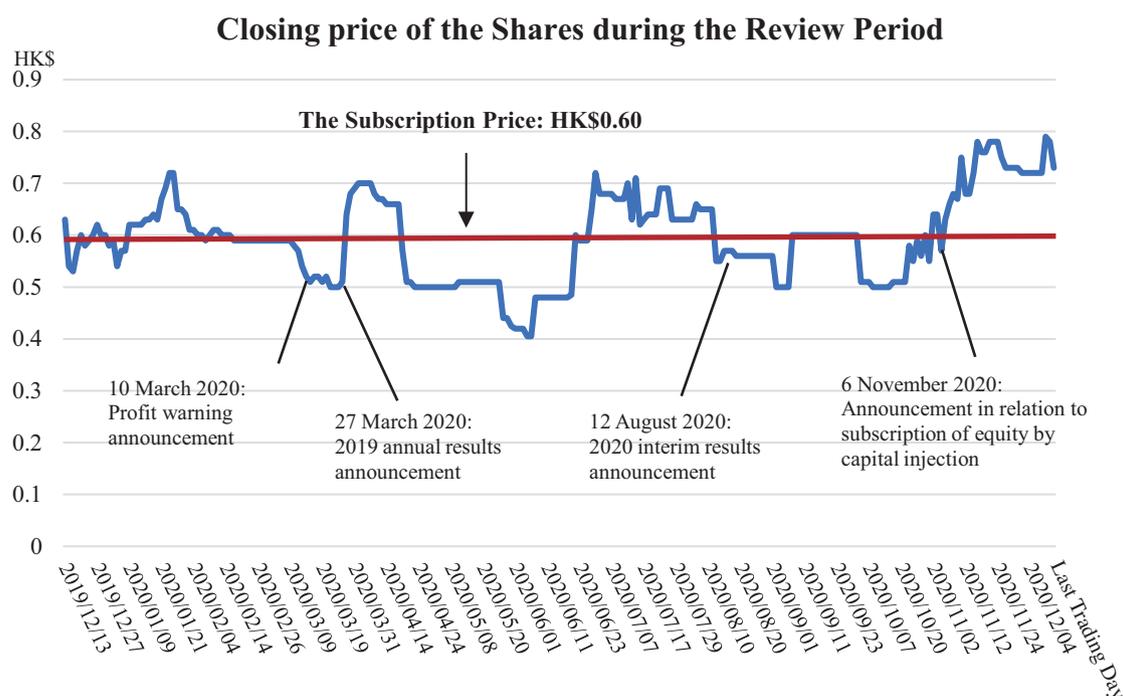
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- (iv) represents a discount of approximately 22.1% to the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) is equivalent to the unaudited net assets per Share attributable to owners of the Company of approximately HK\$0.60 (equivalent to approximately S\$0.104) as at 30 June 2020.

The Company entered into the Connected Subscription Agreements on the same day as the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement. The Subscription Price of HK\$0.60 per Subscription Share is the same for the Connected Subscriptions, the First Subscription, the Second Subscription and the Third Subscription. As stated in the Letter from the Board, the First Subscriber, the Second Subscriber and the Third Subscriber are Independent Third Parties, and the Subscription Price was negotiated on an arm's length basis between the Company and the Subscribers. On this basis, we consider that (i) the Subscription Price represents an arm's length subscription price that Independent Third Parties are willing to accept and pay under the prevailing market conditions; and (ii) the Subscription Price under the Connected Subscription Agreements is not more favourable to the Connected Subscribers than that under the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement which were entered into between the Company and Independent Third Parties.

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As part of our assessment on the fairness and reasonableness of the Subscription Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 13 December 2019 up to and including the Last Trading Day (the “**Review Period**”), being approximately one year prior to the date of the Connected Subscription Agreements. We consider that the Review Period is appropriate and sufficient as it represents a reasonable timeframe that covers the recent trend of the Share price that reflects the Company’s fundamental financial and business performance in response to the then prevailing market and operation conditions. The comparison of daily closing prices of the Shares and the Subscription Price is illustrated as follows:



Source: website of the Stock Exchange

During the Review Period, the closing prices of the Shares was generally in an oscillating trend. The daily closing price of the Shares ranged from the lowest of HK\$0.405 per Share recorded on 4 and 5 June 2020 to the highest of HK\$0.79 per Share recorded on 10 December 2020, with an average daily closing price per Share of approximately HK\$0.59.

It is noted that during the Review Period which included 247 trading days, the Subscription Price was higher than or equal to the closing prices of the Shares for 151 trading days. The Subscription Price also represents a premium of approximately 1.7% over the average daily closing price of HK\$0.59 per Share during the Review Period and is within range of daily closing price of the Shares during the Review Period.

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Review on trading liquidity of the Shares

We have also reviewed the trading volume in respect of the Shares during the Review Period.

The following table sets out (i) the average daily trading volume of the Shares; and (ii) the percentage of the average daily trading volume of the Shares to total number of issued Shares as at the end of the month/period during the Review Period:

	Total trading volume of the Shares <i>(Number of Shares)</i>	Number of trading days	Average daily trading volume of the Shares for the month/period <i>(Number of Shares)</i>	Percentage of the average daily trading volume to total number of issued Shares as at the end of the month/period <i>(Note 1)</i> (%)
2019				
December (commencing from 13 December)	5,304,000	11	482,182	0.0562%
2020				
January	5,354,000	20	267,700	0.0312%
February	494,000	20	24,700	0.0029%
March	1,030,000	22	46,818	0.0055%
April	142,000	19	7,474	0.0009%
May	70,000	20	3,500	0.0004%
June	630,000	21	30,000	0.0035%
July	4,620,000	22	210,000	0.0245%
August	56,000	21	2,667	0.0003%
September	2,116,000	22	96,182	0.0112%
October	32,962,000	18	1,831,222	0.2136%
November	11,762,000	21	560,095	0.0653%
December (up to and including the Last Trading Day)	14,074,000	10	1,407,400	0.1641%
Maximum			1,831,222	0.2136%
Minimum			2,667	0.0003%
Average (Note 2)			318,251	0.0371%

Source: Website of the Stock Exchange

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Notes:

1. The percentage of average daily trading volume to number of Shares in issue as at the end of relevant month/period is calculated based on (i) total trading volume divided by the corresponding number of trading days for the relevant month/period; divided by (ii) total number of Shares in issue as at the corresponding month/period end.
2. The average daily trading volume for the Review Period is calculated based on (i) total trading volume for the Review Period divided by the total number of trading days during the Review Period; divided by (ii) total number of Shares in issue as at 31 December 2020.

As illustrated in the table above, the average daily trading volume was thin during the Review Period, with a range of approximately 2,667 Shares to approximately 1,831,222 Shares, representing approximately 0.0003% to 0.2136% of the number of Shares in issue as at the end of the relevant month/period. The low liquidity of the Shares may imply the lack of interest from potential investors to invest in the Shares. In light of the above, we concur with the Company that it is reasonable to set the Subscription Price at a discount to the then prevailing Share price with a view to provide more incentive for the Subscribers to participate in the Subscriptions after taking into account the low liquidity of the Shares during the Review Period.

Comparable issue analysis

For comparison purposes, we have, on a best effort basis, conducted market research on recent subscription of new shares issued by companies listed on the Stock Exchange under specific mandate that were announced during the twelve-month period prior to the Last Trading Day (the “**Comparable Issues**”) as we considered that twelve complete calendar months is an appropriate benchmark to reflect the recent market practice and conditions of the general prevailing market on the Stock Exchange, and the adopted time span can cover sufficient number of comparable subscriptions to reflect the prevailing market trend.

The selection of the Comparable Issues was based on the following criteria: (i) subscription of new shares under specific mandate carried out by companies listed on the Main Board of the Stock Exchange with shareholders’ approval obtained (excluding companies with H shares whose share capital structure is different from that of the Company as not all the issued shares of such companies can be traded on the Stock Exchange); and (ii) the purpose of the subject share issuance was not for part/full settlement of a consideration for a transaction. Based on such criteria, we have identified an exhaustive list of 19 Comparable Issues, further details of which are set out below.

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We have compared the respective premium over/discount to the closing price of the shares of the Comparable Issues prior to/on the respective date of announcement (the “**Premium/Discount**”) and the last five consecutive trading days immediately prior to/prior to and including the respective date of announcement (the “**Five Days Premium/Discount**”) as represented by the subscription price of such Comparable Issues with the corresponding Premium/Discount and Five Days Premium/Discount represented by the Subscription Price. Shareholders should note that although the business, operations and prospects of the Group are not the same as the listed issuers of the Comparable Issues, the Comparable Issues are only used to provide a general reference for recent market practice on subscription of new shares issued by listed companies under specific mandate. We set out our findings in the table below:

Date of announcement	Principal businesses	Company name (stock code)	Five Days		Lock-up period
			Premium/ (Discount) (%)	Premium/ (Discount) (%)	
27 October 2020	Principally engaged in health-related businesses	Aidigong Maternal & Child Health Limited (286)	7.84	5.36	Yes
11 September 2020	Principally engaged in the trade of security products and provision of security services	Amber Hill Financial Holdings Limited (33)	(23.66)	(27.55)	No
10 September 2020	Principally engaged in commercial operation services and residential property management services	Powerlong Commercial Management Holdings Limited (9909)	0.00	(2.39)	Yes
8 September 2020	Mainly engaged in provision of online education services	Koolearn Technology Holding Limited (1797)	(7.30)	(12.80)	No
7 September 2020	Principally engaged in the business of insurance	Yunfeng Financial Group Limited (376)	(5.93)	(7.31)	Yes
2 September 2020	Principally engaged in trading of raw sugar	China Uptown Group Company Limited (2330)	47.10	38.10	No
13 August 2020	Mainly engaged in securities trading and investment business	OCI International Holdings Limited (329)	6.56	3.17	No

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Date of announcement	Principal businesses	Company name (stock code)	Five Days		Lock-up period
			Premium/ (Discount) (%)	Premium/ (Discount) (%)	
24 July 2020	Mainly engaged in the sale of construction machineries and spare parts	Aceso Life Science Group Limited (formerly known as Hao Tian Development Group Limited) (474)	(13.79)	(15.25)	No
20 July 2020	Principally engaged in manufacture and sales of copper and related products	China Metal Resources Utilization Limited (“China Metal”) (1636)	60.60 <i>(Note)</i>	48.00 <i>(Note)</i>	Yes
13 July 2020	Principally engaged in the provision of one-step personal financial services covering personal credit management, credit card technology services, and online credit facilitation and investment services	51 Credit Card Inc. (2051)	(24.05)	(1.64)	No
6 July 2020	Principally engaged in development of, investment in and operation of real estate projects, focusing on city and property development, hotel operations, commercial leasing and retail operations	China Jinmao Holdings Group Limited (817)	(6.56)	(0.56)	Yes
23 April 2020	Principally engaged in the sales of piped gas	Binhai Investment Company Limited (2886)	0.00	5.56	No
20 April 2020	Principally engaged in construction-related businesses	China Saite Group Company Limited (153)	(18.70)	3.30	No
14 April 2020	Principally engaged in the provision of software products and related services	AsiaInfo Technologies Limited (1675)	(27.60)	(26.40)	Yes

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Date of announcement	Principal businesses	Company name (stock code)	Five Days		Lock-up period
			Premium/ (Discount) (%)	Premium/ (Discount) (%)	
3 April 2020	Principally engaged in investment businesses	Gemini Investments (Holdings) Limited (“Gemini”) (174)	81.80 (Note)	98.00 (Note)	Yes
27 March 2020	Principally engaged in the provision of shipping services	Asia Energy Logistics Group Limited (351)	(3.03)	(6.98)	No
6 February 2020	Principally engaged in the cultivation, processing and trading of agricultural products	China Finance Investment Holdings Limited (875)	(31.60)	(33.90)	No
22 January 2020	Mainly engaged in the provision of construction services	CT Vision (International) Holdings Limited (994)	(21.57)	(21.41)	Yes
8 January 2020	Mainly engaged in the manufacturing and sale of high-strength concrete piles	Sunway International Holdings Limited (58)	25.00	24.07	No
		Maximum (Note)	47.10	38.10	
		Minimum (Note)	(31.60)	(33.90)	
		Average (Note)	(5.72)	(4.51)	
15 December 2020		The Connected Subscriptions	(17.8)	(19.8)	Yes

Note: Given that the premium under the issuance of shares by China Metal and Gemini are substantially higher than the range of the Premium/Discounts of the other Comparable Issues and with a view to ensure the Comparable Issues reflects the general market conditions, China Metal and Gemini are considered as outliers and are excluded in the analysis.

Source: Website of the Stock Exchange

Based on the above Comparable Issues analysis, it was noted that the Premium of the subscriptions of China Metal and Gemini of approximately 60.60% and 81.80% respectively, were significantly higher than all the other Comparable Issues, as evidenced by the facts that (i) the next highest Premium/Discount of the Comparable Issues was at approximately 47.10% Premium, whereas the Premium under each of the subscription of China Metal and Gemini was significantly higher by approximately 13.50 percentage points and 34.70

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percentage points, respectively; and (ii) the average Premium/Discount of the Comparable Issues (excluding China Metal and Gemini) was on a Discount of approximately 5.72%, whereas the premium under each of the subscription by Gemini and China Metal was significantly higher by approximately 54.88 percentage points and 76.08 percentage points, respectively.

For China Metal, we also noted that its closing share price in the past 12 months prior to the subject subscription announcement fluctuated significantly between HK\$0.27 (24 June 2020) and HK\$3.73 (22 July 2019). Such significant movement in the closing share price of China Metal may be attributable to, among others, the market reactions to the information contained in (i) the announcement of China Metal dated 5 June 2019, which disclosed that its controlling shareholder entered into framework agreements with a state-owned enterprise in the PRC and another company, pursuant to which its controlling shareholder intends to sell approximately 29.0% and 10.82% of the issued share capital of China Metal to the aforesaid state-owned enterprise and another company, respectively; (ii) the announcement of China Metal dated 19 May 2020, which disclosed that there was a research report issued on 17 May 2020 setting out certain allegations against China Metal's financial performance, certain strategy of and transactions carried out by China Metal; (iii) the announcement of China Metal dated 16 June 2020, which disclosed that there was forced sale of a small proportion of shares of China Metal owned by its chairman who is also an executive director, by certain stock brokers; and (iv) the delays in publication of the audited annual results announcement of China Metal for the year ended 31 December 2019 as per its various announcements published in May, June, July and August 2020.

For Gemini, we further noted that its closing share price in the past 12 months prior to the subject subscription announcement had been volatile, which ranged from HK\$0.445 (16 and 19 March 2020) to HK\$0.91 (various trading days in April and May 2019). Such volatility in closing share price of Gemini may be attributable to, among others, the profit warning for the six months ended 30 June 2019 published by Gemini in July 2019 and the announcement of Gemini's annual results for the year ended 31 December 2019 which recorded a loss attributable to its owners of approximately HK\$94.7 million as compared to a profit of approximately HK\$12.2 million for the year ended 31 December 2018. Moreover, as set out in Gemini's annual report for the year ended 31 December 2019, equity attributable to owners of Gemini as at 31 December 2019 amounted to approximately HK\$5,446.1 million which was substantially higher than its market capitalisation as at the date of the subject subscription agreement of approximately HK\$248.3 million, based on its then closing share price of HK\$0.55 and its then 451,390,000 issued shares. The substantial difference between Gemini's equity value and its then prevailing market capitalisation might indicate that the then share prices of Gemini might not be reflective of its fundamental business conditions

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and financial positions. In this regard, we consider that the Premiums under the case of Gemini may not be representative in assessing the fairness and reasonableness of the Subscription Price.

On the above basis, having considered (i) the significant share price fluctuations of China Metal and Gemini in the 12 months immediately prior to their respective subscription agreement; and (ii) the abnormally high subscription Premium compared to other Comparable Issues, we consider it appropriate to exclude China Metal and Gemini from our analysis as outliers since the inclusion of which would distort the results of our analysis.

As demonstrated in the table above, we noted that the Premium/Discount of the Comparable Issues, excluding the outliers, ranged from a Discount of approximately 31.60% to a Premium of approximately 47.10%, with an average Discount of approximately 5.72%. The Discount of approximately 17.8% of the Connected Subscriptions is within the range of the Premium/Discount of the Comparable Issues, and the Five Days Discount of approximately 19.8% of the Connected Subscriptions is also within the range of the Five Days Premium/Discount of the Comparable Issues. We further noted that 11 out of 17 Comparable Issues (excluding the outliers) were issued at a Discount, and 11 out of 17 Comparable Issues (excluding the outliers) were issued at a Five Days Discount.

Notwithstanding that the Subscription Price of HK\$0.60 per Subscription Share represents a discount to the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and the Discount of the Connected Subscriptions is below the average Discount of approximately 5.72% of the Comparable Issues as illustrated above, having considered that (i) the Subscription Price was higher than or equal to the closing prices of the Shares for 151 out of 247 trading days during the Review Period; (ii) the Subscription Price represents a premium of approximately 1.7% over the average daily closing price of the Shares of approximately HK\$0.59 during the Review Period and is within range of daily closing price of the Shares during the Review Period; (iii) the Discount of approximately 17.8% of the Subscription Price is within the range of Premium/Discount of the Comparable Issues; (iv) the low liquidity of the Shares during the Review Period; (v) the Subscription Price is equivalent to the unaudited net assets attributable owners of the Company per Share of approximately HK\$0.60 as at 30 June 2020; (vi) the Subscription Price under the Connected Subscription Agreements is the same as and not more favourable to the Connected Subscribers than that under the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement which were entered into between the Company and Independent Third Parties; (vii) the Subscriptions are considered a preferred means to raise funds and broaden Shareholders base than other forms of equity or debt financing which may involve longer time and higher administrative costs or finance costs (as the case may be); (viii) the reasons for and benefits of the Subscriptions as discussed in the

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above paragraph headed “Reasons for and benefits of the Subscriptions” in this letter; (ix) the Connected Subscribers’ participation in the Subscriptions reflects their confidence, support and commitment towards the long-term development of the Group notwithstanding the current economic uncertainties; and (x) the Group’s operations in Singapore, China and the Philippines were disrupted due to the outbreak of COVID-19 pandemic and the Group recorded generally deteriorated financial performance and liquidity position in the recent financial year/period, we consider that the Subscription Price was determined on reasonable bases.

4. Possible financial effects of the Connected Subscriptions

The Group’s cash and cash equivalents amounted to approximately S\$30.6 million (equivalent to approximately HK\$176.9 million) as at 30 June 2020 and declined to approximately S\$25.3 million (equivalent to approximately HK\$146.2 million) at the end of December 2020 based on the 2020 Interim Report and the information provided by the Management.

Upon completion of the Subscriptions, the liquidity and cash position of the Group will be improved as the Subscriptions will facilitate the Company to raise net proceeds of approximately HK\$66.5 million (equivalent to approximately S\$11.5 million), of which (i) approximately HK\$37.6 million (equivalent to approximately S\$6.5 million) are net proceeds from the First Subscription, the Second Subscription and the Third Subscription; and (ii) approximately HK\$29.0 million (equivalent to approximately S\$5.0 million) are net proceeds from the Connected Subscriptions. Accordingly, the cash position and net current assets and current ratio of the Company are expected to be improved upon Completion.

As such, the Connected Subscriptions are expected to have an overall positive effect on the Group’s financial and liquidity positions during the economic uncertainties resulting from the China-United States trade war and the outbreak of the COVID-19 pandemic. It should be noted that the aforementioned possible financial effects are for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon Completion.

5. Effect of the Connected Subscriptions on the shareholdings of the Company

As at the Latest Practicable Date, the Company had a total of 857,419,324 Shares in issue. The 48,442,070 Connected Subscription Shares represent (i) approximately 5.65% of the number of issued Shares as at the Latest Practicable Date; (ii) approximately 5.35% of the number of issued Shares as enlarged by the allotment and issue of the Connected Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date); and (iii) approximately 5.00% of the number of issued

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Shares as enlarged by the allotment and issue of all the Subscription Shares (assuming there is no change to the number of issued Shares between the date of the Subscription Agreements and the Completion Date).

For illustration purposes, the changes of the shareholding structures of the Company as a result of the Subscriptions are as follows:

	As at the Latest Practicable Date and immediately before the completion of any Subscriptions		Immediately after the completion of the First Subscription, the Second Subscription and the Third Subscription		Immediately after the completion of all Subscriptions	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Connected persons of the Company						
Lim's party (Note 1)						
Mr. Leslie Lim	250,472,472	29.21%	250,472,472	27.21%	265,005,246	27.35%
Ms. Foo	18,148,000	2.12%	18,148,000	1.97%	18,148,000	1.87%
Mr. Lim KM	19,148,000	2.23%	19,148,000	2.08%	23,992,000	2.48%
Sub-total	287,768,472	33.56%	287,768,472	31.27%	307,145,246	31.70%
CEL party (Note 2)						
Diamond Wealth	262,906,380	30.66%	262,906,380	28.56%	262,906,380	27.13%
Mr. Du/Sino Expo (Note 3)	8,193,704	0.96%	8,193,704	0.89%	13,038,000	1.35%
Mr. Yang/Future China Investment (Note 4)	—	—	—	—	19,377,000	2.00%
Sub-total	271,100,084	31.62%	271,100,084	29.45%	295,321,380	30.48%
Mr. Tay	1,700,000	0.20%	1,700,000	0.18%	6,544,000	0.68%
Number of Shares held by connected persons of the Company	560,568,556	65.38%	560,568,556	60.91%	609,010,626	62.86%
Public Shareholders						
First Subscriber	—	—	38,754,000	4.21%	38,754,000	4.00%
Second Subscriber	—	—	9,688,000	1.05%	9,688,000	1.00%
Third Subscriber	—	—	14,532,000	1.58%	14,532,000	1.50%
Other public Shareholders	296,850,768	34.62%	296,850,768	32.25%	296,850,768	30.64%
Number of Shares held by public Shareholders	296,850,768	34.62%	359,824,768	39.09%	359,824,768	37.14%
Total	857,419,324	100%	920,393,324	100%	968,835,394	100%

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Notes:

1. Mr. Leslie Lim is a Controlling Shareholder, an executive Director and the chief executive officer of the Company. Ms. Foo is Mr. Leslie Lim's spouse and Mr. Leslie Lim KM is the son of Mr. Lim and Ms. Foo. Mr. Leslie Lim, Ms. Foo and Mr. Lim KM, being parties acting in concert under the Takeovers Code, are interested in 287,768,472 Shares, representing approximately 33.56% of the number of issued Shares as at the Latest Practicable Date.
2. Future China Investment intends to finance the Fifth Connected Subscription by a facility to be obtained by Mr. Yang from the CEL Group. Furthermore, Mr. Yang holds several directorships in the subsidiaries of CEL Group. As such, Mr. Yang and Future China Investment are parties acting in concert with Diamond Wealth and its holding companies. Mr. Du and Sino Expo are parties acting in concert with Diamond Wealth and its holding companies. Accordingly, Mr. Du, Sino Expo, Mr. Yang, Future China Investment, CEL, CE Venture and Diamond Wealth, being parties acting in concert under the Takeovers Code, are interested in 271,100,084 Shares, representing approximately 31.62% of the number of issued Shares as at the Latest Practicable Date.
3. Sino Expo is wholly-owned by Mr. Du. As at the Latest Practicable Date, Sino Expo and Mr. Du held 8,105,704 and 88,000 Shares as beneficial owner respectively, representing approximately 0.95% and 0.01% of the number of issued Shares.
4. Future China Investment is wholly-owned by Mr. Yang. As at the Latest Practicable Date, Future China Investment and Mr. Yang were not interested in any Shares.
5. The above calculations were based on percentages rounded up to the nearest 2 decimal places. As such, the rounding difference may cause a slight change in the actual shareholding.

As shown in the table above, the other existing public Shareholders' shareholdings will be diluted from approximately 32.25% immediately after completion of the First Subscription, the Second Subscription and the Third Subscription to approximately 30.63% immediately after the completion of all Subscriptions.

Nonetheless, having considered and balanced (i) the reasons for and benefits of the Subscriptions to the Group, details of which are set out under the paragraph headed "Reasons for and benefits of the Subscriptions" of this letter; (ii) that the net proceeds from the Subscriptions will be utilised for the purposes of pursuing business opportunity identified and strengthening the financial and liquidity positions of the Company; (iii) that the Subscription Price is considered to be determined on reasonable bases as discussed under the paragraph headed "3. Evaluation of the Subscription Price" of this letter; and (iv) that the financial and liquidity positions of the Group will be improved immediately upon the completion of the Connected Subscriptions as set out in the paragraph headed "4. Possible financial effects of the Connected Subscriptions" of this letter, we are of the view that the dilution effect of the Connected Subscriptions on the shareholding interests of the existing public Shareholders is not excessive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. RECOMMENDATION

Although the Connected Subscription Agreements were not entered into in the ordinary and usual course of the Group's business, we note the fact that the Subscription Price of Connected Subscriptions of HK\$0.60 per Share is identical to that of the First Subscription, the Second Subscription and the Third Subscription which were negotiated with Independent Third Parties on normal commercial terms.

Having considered the principal factors considered and the analysis set out in this letter, we are of the view that the terms of the Connected Subscriptions are fair and reasonable to the Company and the Shareholders as a whole, noting that the Connected Subscription Shares are singularly bound by a 12-month lock-up.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Connected Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

Yours faithfully,
For and on behalf of
YUE XIU CAPITAL LIMITED
Kenneth Sit
Managing Director

Mr. Kenneth Sit is a licensed person registered with the Securities and Futures Commission and a responsible officer of Yue Xiu Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 16 years of experience in corporate finance industry.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respect and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

II. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and/or chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were 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 deemed or taken 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Nature of interest	Number of Shares⁽¹⁾	Approximate percentage of shareholding (%)
Mr. Lim Kuak Choi Leslie ⁽²⁾	Beneficial owner; interest of spouse	268,620,472 (L)	31.33
Mr. Lim Khin Mann	Beneficial owner	19,148,000 (L)	2.23
Mr. Du ⁽³⁾	Interest of a controlled corporation; beneficial owner	8,193,704 (L)	0.96
Mr. Tay Kim Kah	Beneficial owner	1,700,000 (L)	0.20

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the securities.
- (2) These Shares comprise 250,472,472 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, and Ms. Foo Kaw Jee is deemed or taken to be interested in the Shares held by herself and Mr. Lim Kuak Choi Leslie under the SFO.
- (3) These Shares comprise 88,000 shares held directly by Mr. Du and 8,105,704 shares held through Sino Expo. Sino Expo is owned as to 100% by Mr. Du. Mr. Du is also the sole director of Sino Expo. Therefore, Mr. Du is deemed or taken to be interested in the Shares held by Sino Expo under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any 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 the interests and short positions in which they were deemed or taken 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 pursuant to the Model Code.

As at the Latest Practicable Date, Mr. Du is the sole director and the sole beneficial owner of Sino Expo. Sino Expo is a company having an interest in the Company’s Shares and underlying Shares required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

III. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, 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:

Name of Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding (%)
Ms. Foo Kaw Jee ⁽²⁾	Beneficial owner, interest of spouse	268,620,472 (L)	31.33
Diamond Wealth ⁽³⁾	Beneficial owner	262,906,380 (L)	30.66
CE Venture ⁽³⁾	Interest of a controlled corporation	262,906,380 (L)	30.66
CEL ⁽³⁾	Interest of a controlled corporation	262,906,380 (L)	30.66
Honorich Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	262,906,380 (L)	30.66
Datten Investments Limited ⁽⁴⁾	Interest of a controlled corporation	262,906,380 (L)	30.66
CE Hong Kong ⁽⁴⁾	Interest of a controlled corporation	262,906,380 (L)	30.66
China Everbright Group ⁽⁴⁾	Interest of a controlled corporation	262,906,380 (L)	30.66
Huijin ⁽⁵⁾	Interest of a controlled corporation	262,906,380 (L)	30.66
Unitras (H.K.) Limited ⁽⁶⁾	Beneficial owner	76,498,768 (L)	8.92
Ms. Joyce S. Kerr ⁽⁶⁾	Interest of a controlled corporation	76,498,768 (L)	8.92
Mr. Bradley Fraser Kerr ⁽⁶⁾	Interest of spouse	76,498,768 (L)	8.92

Notes:

(1) The letter "L" denotes the entity/person's long position in the securities.

- (2) These Shares comprise 250,472,472 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, and Ms. Foo Kaw Jee is deemed or taken to be interested in the Shares held by herself and Mr. Lim Kuak Choi Leslie under the SFO.
- (3) CEL holds 100% of the total issued share capital of CE Venture; and CE Venture holds 100% of the total issued share capital of Diamond Wealth. Therefore, each of CEL and CE Venture is deemed to be interested in the Shares held by Diamond Wealth under the SFO.
- (4) China Everbright Group holds 100% of total issued share capital of CE Hong Kong; CE Hong Kong holds 100% of the total issued share capital of each of Datten Investments Limited and Everbright Investment & Management Limited; Datten Investments Limited holds 100% of the total issued share capital of Honorich Holdings Limited, which in turn holds approximately 49.39% of the total issued share capital of CEL; and Everbright Investment & Management Limited holds approximately 0.35% of the total issued share capital of CEL. Accordingly, each of China Everbright Group, CE Hong Kong, Datten Investments Limited and Honorich Holdings Limited is deemed to be interested in CEL's interest in the Shares under the SFO.
- (5) Huijin is indirectly wholly-owned by the State Council of the PRC and holds approximately 55.67% equity interest of China Everbright Group Ltd. Accordingly, Central Huijin Investment Limited 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. Therefore, Ms. Joyce S. Kerr is deemed or taken to be interested in the Shares held by Unitras (H.K.) Limited under the SFO. Ms. Joyce S. Kerr is the spouse of Mr. Bradley Fraser Kerr and therefore Mr. Bradley Fraser Kerr is deemed or taken to be interested in the Shares held by herself.

Save as disclosed above, as at the Latest Practicable Date, 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.

IV. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group other than contracts expiring or determinable by the relevant employer within one year without payment of compensation (except statutory compensation).

V. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was considered by the Company to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.

VI. DIRECTORS' INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in the transactions or any assets which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

VII. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

VIII. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

IX. EXPERT AND CONSENT

- (1) The following are the qualifications of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Yue Xiu Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (2) Yue Xiu Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name included herein in the form and context in which it appears.
- (3) As at the Latest Practicable Date, Yue Xiu Capital Limited did not have any interest or shareholding, direct or indirect, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (4) As at the Latest Practicable Date, Yue Xiu Capital Limited had no direct or indirect interest in any assets which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

X. MISCELLANEOUS

- (1) The registered office of the Company in Singapore is at 1 Changi North Street 1, Singapore, 498789, and the principal place of business in Hong Kong is situated at 31/F, 148 Electric Road, North Point, Hong Kong.
- (2) The joint company secretaries of the Company are Mr. Lee Cheuk Wang and Ms. Gn Jong Yuh Gwendolyn. Mr. Lee Cheuk Wang is a solicitor of the High Court of the Hong Kong Special Administrative Region. Ms. Gn Jong Yuh Gwendolyn is currently a partner of Shook Lin & Bok LLP. She has been responsible for the Company's compliance with all relevant statutory and regulatory requirements in Singapore since her appointment.
- (3) The Singapore branch share registrar and transfer office of the Company is Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore, 048623. The Hong Kong branch share registrar and transfer office of the Company is at Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.
- (4) In any event of inconsistency, the English version of this circular shall prevail over the Chinese version to the extent of such inconsistency.

XI. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at 31/F, 148 Electric Road, North Point, Hong Kong for a period of 14 days (excluding Saturdays and public holidays) from the date of this circular:

- (a) the Subscription Agreements;
- (b) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this circular;
- (e) the letter of consent referred to under the section headed “Expert and Consent” in this appendix; and
- (f) this circular.

Shareholders may electronically access the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers, submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM and submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote on his/her/its behalf at the EGM.

To do so, Shareholders will need to complete the relevant steps below.

Steps	Details
Pre-registration for the live audio-visual webcast or live audio-only stream	<p>Shareholders must pre-register by providing the following particulars via email to ir@kinergy.com.sg from 10 a.m. on Wednesday, 24 February 2021 until 5 p.m. on Tuesday, 9 March 2021 to enable the Company's Share Registrar, Boardroom Share Registrars (HK) Limited, to verify their status as Shareholders of the Company:</p> <ul style="list-style-type: none">(a) Full Name of the Shareholder and corporate representative (if any)(b) Hong Kong Identity Card No./Singapore National Registration Identity Card No./Passport No./Company Registration No. for corporate Shareholders(c) Number of Shares held(d) Email address(e) Contact number

Following the verification, authenticated Shareholders will receive an email by 12 p.m. on Thursday, 11 March 2021 which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the “**Confirmation Email**”).

Steps**Details**

	<p>Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 12 p.m. on Thursday, 11 March 2021, should contact the Company at ir@kinergy.com.sg.</p>
<p>Submission of comments, queries and/or questions in advance of the EGM</p>	<p>Shareholders will not be able to comment, raise queries and/or ask questions at the EGM during the live audio-visual webcast or live audio-only stream. It is therefore important for Shareholders to submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM.</p> <p>Submission of comments, queries and/or questions. Shareholders may submit comments, queries and/or questions related to the resolutions in the Notice of EGM to the Chairman of the Meeting in advance of the EGM in the following manner:</p> <p>(a) By post — Shareholders may submit their comments, queries and/or questions by post to the Company at 1 Changi North Street 1, Lobby 2, Singapore 498789. Comments, queries and/or questions submitted by Shareholders by post must be accompanied by the Shareholders' full name, address and the manner in which the Shareholder holds Shares in the Company.</p> <p>(b) By electronic means — Shareholders, who have pre-registered registered for the live audio-visual webcast or live audio-only stream, may submit their comments, queries and/or questions by electronic means via email to ir@kinergy.com.sg.</p>

Steps	Details
Submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM	<p data-bbox="702 255 1410 425">Deadline to submit comments, queries and/or questions. Shareholders must submit all comments, queries and/or questions by 5 p.m. on Thursday, 11 March 2021.</p> <p data-bbox="702 468 1410 638">Addressing comments, queries and/or questions. The Company will address all substantial and relevant comments, queries and/or questions received from Shareholders at the EGM.</p> <p data-bbox="702 680 1410 978">Appointment of Chairman of the Meeting as proxy. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.</p> <p data-bbox="702 1021 1410 1361">Specific instructions as to voting must be given. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.</p> <p data-bbox="702 1404 1410 1489">Submission of Proxy Forms. The Proxy Form must be submitted to the Company in the following manner:</p> <p data-bbox="702 1532 1410 1710">(a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong; or</p>

Steps**Details**

(b) if submitted by way of electronic means, be submitted via email to the Company's Share Registrar at srinfo.hk@boardroomlimited.com,

in either case, by 9:30 a.m. on Wednesday, 10 March 2021.

A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.

In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.

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Kinergy Corporation Ltd.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Kinergy Corporation Ltd. will be held by way of electronic means on Friday, 12 March 2021 at 9:30 am for the purposes of considering and, if thought fit, passing with or without modifications, the following proposed ordinary resolutions of the Company. The Company will be conducting the EGM by way of electronic means at its registered office at 1 Changi North Street 1, Lobby 2, Singapore 498789. The Company will observe safe distancing measures in conducting the EGM. Shareholders should note that due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and **Shareholders will not be able to attend the EGM in person**. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 23 February 2021.

ORDINARY RESOLUTIONS

1. THE FIRST SUBSCRIPTION

“**THAT:-**

- (a) the subscription agreement dated 15 December 2020 entered into between the Company and Rosy Height Ventures Limited (the “**First Subscriber**”) (a copy of the First Subscription Agreement has been produced to the meeting and marked “A” and initialed by the chairman of the Meeting for identification purpose) entered into between the Company and the First Subscriber (the “**First Subscription Agreement**”) in relation to the subscription of 38,754,000 new shares (the “**Shares**”) in the capital of the Company (the “**First Subscription Shares**”) by the First Subscriber at the subscription price of HK\$0.60 per First Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

* *For identification purposes only*

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- (b) conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in the First Subscription Shares on the Stock Exchange, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to allot and issue the First Subscription Shares in accordance with the terms of the First Subscription Agreement; and
- (c) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the First Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the First Subscription Shares.”

2. THE SECOND SUBSCRIPTION

“**THAT:-**

- (a) the subscription agreement dated 15 December 2020 entered into between the Company and Huaxin Capital Limited (the “**Second Subscriber**”) (a copy of the Second Subscription Agreement has been produced to the meeting and marked “**B**” and initialed by the chairman of the Meeting for identification purpose) entered into between the Company and the Second Subscriber (the “**Second Subscription Agreement**”) in relation to the subscription of 9,688,000 new shares (the “**Shares**”) in the capital of the Company (the “**Second Subscription Shares**”) by the Second Subscriber at the subscription price of HK\$0.60 per Second Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Second Subscription Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to allot and issue the Second Subscription Shares in accordance with the terms of the Second Subscription Agreement; and
- (c) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Second Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the Second Subscription Shares.”

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3. THE THIRD SUBSCRIPTION

“THAT:-

- (a) the subscription agreement dated 15 December 2020 entered into between the Company and Redlink Group Limited (the “**Third Subscriber**”) (a copy of the Third Subscription Agreement has been produced to the meeting and marked “C” and initialed by the chairman of the Meeting for identification purpose) entered into between the Company and the Third Subscriber (the “**Third Subscription Agreement**”) in relation to the subscription of 14,532,000 new shares (the “**Shares**”) in the capital of the Company (the “**Third Subscription Shares**”) by the Third Subscriber at the subscription price of HK\$0.60 per Third Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Third Subscription Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to allot and issue the Third Subscription Shares in accordance with the terms of the Third Subscription Agreement; and
- (c) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Third Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the Third Subscription Shares.”

4. THE FIRST CONNECTED SUBSCRIPTION

“THAT:-

- (a) the subscription agreement dated 15 December 2020 entered into between the Company and Mr. Lim Kuak Choi Leslie (“**Mr. Leslie Lim**”) (a copy of the First Connected Subscription Agreement has been produced to the meeting and marked “D” and initialed by the chairman of the Meeting for identification purpose) entered into between the Company and Mr. Leslie Lim (the “**First Connected Subscription Agreement**”) in relation to the subscription of 14,532,774 new shares (the “**Shares**”) in the capital of the Company (the “**First Connected Subscription Shares**”) by Mr. Leslie Lim at the subscription price of HK\$0.60 per First Connected Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

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- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the First Connected Subscription Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to allot and issue the First Connected Subscription Shares in accordance with the terms of the First Connected Subscription Agreement; and
- (c) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the First Connected Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the First Connected Subscription Shares.”

5. THE SECOND CONNECTED SUBSCRIPTION

“THAT:-

- (a) the subscription agreement dated 15 December 2020 entered into between the Company and Mr. Lim Khin Mann (“**Mr. Lim KM**”) (a copy of the Second Connected Subscription Agreement has been produced to the meeting and marked “E” and initialed by the chairman of the Meeting for identification purpose) entered into between the Company and Mr. Lim KM (the “**Second Connected Subscription Agreement**”) in relation to the subscription of 4,844,000 new shares (the “**Shares**”) in the capital of the Company (the “**Second Connected Subscription Shares**”) by Mr. Lim KM at the subscription price of HK\$0.60 per Second Connected Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Second Connected Subscription Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to allot and issue the Second Connected Subscription Shares in accordance with the terms of the Second Connected Subscription Agreement; and
- (c) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Second Connected Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the Second Connected Subscription Shares.”

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6. THE THIRD CONNECTED SUBSCRIPTION

“THAT:-

- (a) the subscription agreement dated 15 December 2020 entered into between the Company and Sino Expo Holdings Limited (“**Sino Expo**”) (a copy of the Third Connected Subscription Agreement has been produced to the meeting and marked “F” and initialed by the chairman of the Meeting for identification purpose) entered into between the Company and Sino Expo (the “**Third Connected Subscription Agreement**”) in relation to the subscription of 4,844,296 new shares (the “**Shares**”) in the capital of the Company (the “**Third Connected Subscription Shares**”) by Sino Expo at the subscription price of HK\$0.60 per Third Connected Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Third Connected Subscription Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to allot and issue the Third Connected Subscription Shares in accordance with the terms of the Third Connected Subscription Agreement; and
- (c) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Third Connected Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the Third Connected Subscription Shares.”

7. THE FOURTH CONNECTED SUBSCRIPTION

“THAT:-

- (a) the subscription agreement dated 15 December 2020 entered into between the Company and Mr. Tay Kim Kah (also known as Mr. Tee Kim Kah) (“**Mr. Tay**”) (a copy of the Fourth Connected Subscription Agreement has been produced to the meeting and marked “G” and initialed by the chairman of the Meeting for identification purpose) entered into between the Company and Mr. Tay (the “**Fourth Connected Subscription Agreement**”) in relation to the subscription of 4,844,000 new shares (the “**Shares**”) in the capital of

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the Company (the “**Fourth Connected Subscription Shares**”) by Mr. Tay at the subscription price of HK\$0.60 per Fourth Connected Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Fourth Connected Subscription Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to allot and issue the Fourth Connected Subscription Shares in accordance with the terms of the Fourth Connected Subscription Agreement; and
- (c) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Fourth Connected Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the Fourth Connected Subscription Shares.”

8. THE FIFTH CONNECTED SUBSCRIPTION

“**THAT:-**

- (a) the subscription agreement dated 15 December 2020 entered into between the Company and Future China Investment Co., Ltd. (“**Future China Investment**”) (a copy of the Fifth Connected Subscription Agreement has been produced to the meeting and marked “H” and initialed by the chairman of the Meeting for identification purpose) entered into between the Company and Future China Investment (the “**Fifth Connected Subscription Agreement**”) in relation to the subscription of 19,377,000 new shares (the “**Shares**”) in the capital of the Company (the “**Fifth Connected Subscription Shares**”) by Future China Investment at the subscription price of HK\$0.60 per Fifth Connected Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of and permission to deal in the Fifth Connected Subscription Shares on the Stock Exchange, the Directors be and are hereby granted a specific mandate to allot and issue the Fifth Connected Subscription Shares in accordance with the terms of the Fifth Connected Subscription Agreement; and

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(c) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Fifth Connected Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the Fifth Connected Subscription Shares.”

Yours faithfully,
By Order of the Board
Kinergy Corporation Ltd.
Lim Kuak Choi Leslie

Executive Director and Chief Executive Officer

Hong Kong, 23 February 2021

Notes:

1. In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of the Shareholders of the Company will be closed from Tuesday, 9 March 2021, to Friday, 12 March 2021 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of the Shareholders of the Company on Friday, 12 March 2021 will be entitled to attend and vote at the EGM. In order to attend the EGM, any Shareholder whose transfer has not been registered shall lodge the transfer documents together with the relevant share certificate with Boardroom Share Registrars (HK) Limited, the Company's Hong Kong branch share registrar and transfer office, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Monday, 8 March 2021.
2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means at 9:30 a.m. on Friday, 12 March 2021.
3. Printed copies of the Notice of EGM, the Circular and this Proxy Form will be sent to Shareholders. The Notice of EGM, the Circular and this Proxy Form may also be accessed at the Company's website at <http://www.kinergy.com.sg/>.
4. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out at Appendix II of the Circular.
5. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on this Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.**

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6. This Proxy Form may be accessed at the Company's website at <http://www.kinergy.com.sg/>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
7. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
8. This Proxy Form must be submitted to the Company in the following manner:
 - a. if submitted by post, be lodged with the Company's Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong; or
 - b. if submitted by way of electronic means, be submitted via email to the Company's Share Registrar at srinfo.hk@boardroomlimited.com.

in either case, by 9:30 a.m. on Wednesday, 10 March 2021. A Shareholder who wishes to submit this Proxy Form must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
9. Where this Proxy Form is executed by an individual, it must be executed under the hand of the individual or his/her attorney duly authorised. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
10. As at the date hereof, the executive Directors are Mr. Lim Kuak Choi Leslie, Mr. Du Xiaotang, Mr. Lim Khin Mann and Mr. Tay Kim Kah; the non-executive Directors are Mr. Yang Ping (Chairman) and Mr. Tsang Sui Cheong Frederick; and the independent non-executive Directors are Mr. Ng Tiak Soon, Dr. Senerath Wickramanayaka Mudiyansele Sunil Wickramanayaka and Professor Zhang Wei.