
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.

精技集團有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ESTABLISHMENT OF FUND PARTNERSHIP
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser

to the Independent Board Committee and the Independent Shareholders



A notice convening the extraordinary general meeting of Kinergy Corporation Ltd. to be held at the Company's registered office at 1 Changi North Street 1, Singapore 498789 on Friday, 5 July 2024 at 9:30 a.m. is set out in this Circular. Persons entitled to attend and vote at the EGM are allowed to attend and vote through the video-conference system which will be located in Hong Kong at the office of China Everbright Limited at 46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting should you so wish.

* For identification purposes only

14 June 2024

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DEFINITIONS

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

“Board”	the board of Directors
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (stock code: 165)
“Circular”	this circular to Shareholders dated 14 June 2024
“Company”	Kinergy Corporation Ltd. (精技集團有限公司*), a company incorporated in Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company as at the Latest Practicable Date
“EGM”	extraordinary general meeting of the Company to be convened for considering, and if thought fit, approving the Fund Partnership Agreement and the transactions contemplated thereunder (including the establishment of the Fund)
“EGM Notice”	the notice dated 14 June 2024 convening the EGM as set out in this Circular
“Fund”	Nantong GenLight Venture Capital Fund Partnership (Limited Partnership)* (南通光朴創業投資基金合夥企業(有限合夥)), a limited partnership to be established in the PRC pursuant to the Fund Partnership Agreement, the name of which is subject to approval upon industrial and commercial filing (工商備案) in the PRC)

DEFINITIONS

“Fund Manager”	the manager of the Fund under the Fund Partnership Agreement
“Fund Partner(s)”	the partner(s) of the Fund from time to time
“Fund Partnership Agreement”	the Fund Partnership Agreement entered into on 17 May 2024 (after trading hours) among Shanghai GenLight, Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing, the Company and Guangguan Zhihe in relation to the establishment of the Fund
“Group”	the Company and its subsidiaries
“Guangguan Zhihe”	Nantong Guangguan Zhihe Enterprise Management Partnership (Limited Partnership)* (南通光冠智合企業管理合夥企業(有限合夥)), which is more particularly described in the section headed “Information on the Parties” in this Circular
“HK\$”, “HKD” and “Hong Kong cents”	Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Fund Partnership Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Fund Partnership Agreement and the transactions contemplated thereunder

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“Independent Shareholders”	the Shareholders, other than those required by the Listing Rules to abstain from voting at the EGM in respect of the resolution(s) relating to the Fund Partnership Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, any third party independent of the Company and its connected persons
“Latest Practicable Date”	6 June 2024, being the latest practicable date before printing of this Circular for ascertaining information contained herein
“Limited Partner(s)”	Fund Partners admitted as limited partners of the Fund, including Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing, the Company and Guangguan Zhihe
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix D2 to the Listing Rules
“Mr. Du”	Mr. Du Xiaotang, an executive Director
“Nantong Angel Master Fund”	Nantong Angel Master Investment Fund (Limited Partnership)* (南通天使引導投資基金(有限合夥)), which is more particularly described in the section headed “Information on the Parties” in this Circular
“Nantong City”	Nantong City of Jiangsu province, the PRC
“Nantong Kechuang”	Nantong Kechuang Investment Group Company Limited* (南通科創投資集團有限公司), which is more particularly described in the section headed “Information on the Parties” in this Circular

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“Nengda Xinxing”	Nantong Nengda Xinxing Industry Master Fund Partnership (Limited Partnership)* (南通能達新興產業母基金合夥企業(有限合夥)), which is more particularly described in the section headed “Information on the Parties” in this Circular
“PRC”	the People’s Republic of China, for the purpose of this Circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”, “SGD” and “Singapore cents”	Singapore dollar(s) and cent(s), the lawful currency of Singapore
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai GenLight” or “General Partner”	Shanghai GenLight Capital Management Co. Ltd.* (上海光朴創業投資管理有限公司) (formerly known as Shanghai CEL Puyan Equity Investment Management Limited* (上海光控浦燕股權投資管理有限公司), which is admitted as general partner to the Fund and more particularly described in the section headed “Information on the Parties” in this Circular
“Share(s)”	ordinary shares(s) in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“Singapore Companies Act”	the Companies Act 1967 of Singapore as amended, supplemented or otherwise modified from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary(ies)” has the meaning ascribed thereto under the Listing Rules

“%” per centum or percentage

* *For identification purposes only*

In this Circular, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.1 for the purpose of illustrations.

LETTER FROM THE BOARD



Kinergy Corporation Ltd.

精技集團有限公司*

(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. Loh Kin Wah *(Chairman)*

Mr. Fan Zhirong

Independent Non-executive Directors:

Dr. Senerath Wickramanayaka

Mudiyanselage Sunil

Wickramanayaka

Mr. Hoon Chee Wai

Dr. Ang Peng Huat

*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

14 June 2024

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ESTABLISHMENT OF FUND PARTNERSHIP
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

* *For identification purpose only*

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated 17 May 2024 in relation to the Fund Partnership Agreement 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 resolution(s) to be proposed at the EGM in relation to the Fund Partnership Agreement and the transactions contemplated thereunder.

II. THE FUND PARTNERSHIP AGREEMENT

On 17 May 2024 (after trading hours), Shanghai GenLight, Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing, the Company and Guangguan Zhihe have entered into the Fund Partnership Agreement for the establishment and management of the Fund with total proposed size of RMB100 million (equivalent to approximately HK\$110 million). The proposed capital commitment of the Company is RMB30 million (equivalent to approximately HK\$33 million), representing 30% of the total committed capital contribution of the Fund.

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

Major Terms of the Fund Partnership Agreement

- | | |
|--------------------------|---|
| Date: | 17 May 2024 |
| Name of the Fund: | Nantong GenLight Venture Capital Fund Partnership (Limited Partnership) (the name of the Fund is subject to approval upon industrial and commercial filing (工商備案) in the PRC) |
| Parties: | (1) Shanghai GenLight (as General Partner and Fund Manager);

(2) Nantong Angel Master Fund (as Limited Partner);

(3) Nantong Kechuang (as Limited Partner); |

LETTER FROM THE BOARD

- (4) Nengda Xinxing (as Limited Partner);
- (5) the Company (as Limited Partner); and
- (6) Guanguan Zhihe (as Limited Partner).

As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Shanghai GenLight is ultimately owned as to approximately 48.97% by CEL. Shanghai GenLight is therefore an associate of CEL and a connected person of the Company.

As at the Latest Practicable Date, Mr. Du is an executive Director, thus a connected person of the Company. Guanguan Zhihe is ultimately owned as to approximately 98.02% by Mr. Du. Guanguan Zhihe is therefore an associate of Mr. Du and a connected person of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing and their respective ultimate beneficial owners is an Independent Third Party.

Term of the Fund:

The expected term of the Fund shall be ten (10) years commencing from the date of its establishment.

The investment period of the Fund (the "**Investment Period**") shall be three (3) years commencing from the date of receipt of the First Instalment (as defined below) in full by the Fund.

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The withdrawal period of the Fund (the “**Withdrawal Period**”) shall be five (5) years commencing from the expiration of the Investment Period, during which the Fund may not make further investment other than those confirmed during the Investment Period.

For operational needs of the Fund, (i) the Investment Period can be extended for one (1) year free of management fee upon approval of all Fund Partners; and (ii) the Withdrawal Period can be extended for one (1) year free of management fee upon approval of Fund Partners holding more than half of the capital contribution.

Size of the Fund and Capital Contribution:

The initial total capital contribution by the Fund Partners to the Fund shall be RMB100 million (equivalent to approximately HK\$110 million). The respective capital commitment in RMB payable by each of the Fund Partners are as follows:

- (i) Shanghai GenLight — RMB8,000,000, representing 8.0% of the equity interest in the Fund;
- (ii) Nengda Xinxing — RMB30,000,000, representing 30.0% of the equity interest in the Fund;
- (iii) the Company — RMB30,000,000, representing 30.0% of the equity interest in the Fund;
- (iv) Nantong Angel Master Fund — RMB25,500,000, representing 25.5% of the equity interest in the Fund;
- (v) Nantong Kechuang — RMB4,500,000, representing 4.5% of the equity interest in the Fund; and

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- (vi) Guangguan Zhihe — RMB2,000,000, representing 2.0% of the equity interest in the Fund.

The capital contribution shall be made by three instalments in the following manner:

- (i) first instalment (the “**First Instalment**”) of capital contribution amounting to RMB30 million (equivalent to approximately HK\$33 million) shall be made by the Fund Partners after the receipt of notice from the Fund Manager within the period specified therein;
- (ii) second instalment (the “**Second Instalment**”) of capital contribution amounting to RMB30 million (equivalent to approximately HK\$33 million) shall be made after the receipt of notice from the Fund Manager. Such notice shall be made (i) when 75% of the First Instalment has been utilised for investment and the capital actually contributed is insufficient to satisfy the relevant expected investment, and (ii) within the Investment Period; and
- (iii) third instalment of capital contribution amounting to RMB40 million (equivalent to approximately HK\$44 million) shall be made after the receipt of notice from the Fund Manager. Such notice shall be made when (i) 75% of the aggregate amount of First Instalment and the Second Instalment has been utilised for investment except when the capital actually contributed is insufficient to satisfy the relevant expected investment, and (ii) within the Investment Period.

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The said notices shall be sent to the Fund Partners concerned at least 30 days in advanced. Each Fund Partner shall contribute their capital for each instalment in proportion to their respective equity interest in the Fund. Any delay in making capital contribution will lead to penalty as specified under the Fund Partnership Agreement unless written waiver from all Fund Partners is obtained.

The capital contribution was determined after arm's length negotiations between the parties with reference to their respective interests in the Fund as well as the investment objective of the Fund. The Company will finance its capital commitment by internal resources.

**Purpose and objectives
of the Fund:**

The Fund will invest in start-up enterprises in emerging industries such as semiconductors, new energy (including hydrogen energy), new materials and advanced manufacturing, in the PRC. At least 60% of the capital contribution of the Fund shall be invested in start-up enterprises at their early stage (初創期). Start-up enterprises herein refer to those (i) in their first two rounds of external investment or established within 5 years of the relevant investment, (ii) with less than 200 employees and with assets or annual revenue of less than RMB20 million and (iii) that provide relevant research and development, production and related services.

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Management of the Fund:

The Fund shall be managed by Shanghai GenLight which acts as the General Partner and executive partner responsible for the operation of investment and administration of the Fund. Except during the extension period of the Investment Period or the Withdrawal Period, Shanghai GenLight is entitled to an annual management fee of the Fund in an amount equal to 2% per annum of the paid-up capital contribution of the Fund at the relevant time, commencing from receipt of the First Instalment in full by the Fund.

The annual management fee was determined after arm's length negotiation among the parties by reference to prevailing market rate.

Investment Committee:

The Fund shall establish an investment committee comprising five committee members, of which four members shall be nominated by executive partner or the Fund Manager and one member shall be nominated by Nengda Xinxing, will be formed.

The formation was agreed among the Fund Partners after arm's length negotiation.

**Transfer Restriction
of the Fund Interests:**

The General Partner may transfer any of its interest in the Fund to any third party provided that its remaining interests in the Fund shall be not less than 1% and may not voluntarily exit the Fund.

The Limited Partners shall not transfer all or any part of their interest unless they send a 30-day written notice to the executive partner and (i) for transfer to other Fund Partners, receive written approval of the executive partner of the Fund, and (ii) for transfer to third parties other than the Fund Partners, approval at a meeting of the Fund Partners held according to the procedures stipulated in the Fund Partnership Agreement.

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**Profit distribution
and loss sharing:**

Income distribution

Distributable income (“**Distributable Income**”) comprises the following and is calculated upon deduction of tax and other expenses and payables of the Fund:

- (i) income (including principal returned and profits made) from an investment project;
- (ii) capital contribution that the General Partner decides not to be further applied to investment or purposes after the Investment Period; and
- (iii) dividends, interests and other cash revenue from investment operation.

Upon the receipt of such Distributable Income by the Fund, distribution of Distributable Income shall be made in the following order:

- (i) to all the Fund Partners in proportion to their respective paid-up capital contributions until each of the partner is paid in aggregate, its paid-up capital contributions;
- (ii) out of the remaining balance (if any), to all the Fund Partners in proportion to their respective actual capital contributions until each of the Partners received an amount equal to its paid-up capital contribution plus an investment return at an annualised rate of return of 8%;

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(iii) out of the remaining balance (if any), 20% shall be paid equally to the General Partner (i.e. Shanghai GenLight) and Guangguan Zhihe as management performance income while the remaining 80% shall be shared among all Fund Partners in proportion to their respective paid-up capital contributions.

With respect to the management performance income (if any) which will be shared between Shanghai GenLight (being the General Partner) and Guangguan Zhihe, Guangguan Zhihe is a follow-up investment platform that employees of Shanghai GenLight directly or indirectly contribute to and have an interest in, and management performance income of the Fund is to be distributed partially to Guangguan Zhihe for the employees of Shanghai GenLight for incentive purposes, which is in line with general market practice.

Loss sharing

Any loss incurred by the Fund shall be shared by all the Fund Partners in proportion to their actual capital contribution. The limited partners shall be liable for the debts of the Fund up to the amount of their respective committed capital contribution amounts. The General Partner shall bear unlimited joint and several liability for the debts of the Fund.

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Conditions precedent:

The Fund shall be effective upon the fulfilment of the condition precedents including:

- (i) each of the Fund Partners and the Fund having obtained internal and external approval or consent or completed filing procedures in relation to the Fund Partnership Agreement and transactions contemplated thereunder; and
- (ii) the due execution of the Fund Partnership Agreement.

For the Company, approval of the Directors and the Independent Shareholders, and approval from the Stock Exchange (if applicable) should be obtained for the least. None of the above conditions can be waived. As at the Latest Practicable Date, condition (ii) above had been satisfied.

III. INFORMATION ON THE PARTIES

Information of the parties who are connected persons

Shanghai GenLight

Shanghai GenLight is a limited liability company established in the PRC on 6 July 2015. It is a non-wholly owned subsidiary of the Company which is ultimately and beneficially owned as to approximately 51.03% the Company and approximately 48.97% by CEL. As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Therefore, Shanghai GenLight is a connected person of the Company by virtue of it being a connected subsidiary of the Company. It is principally engaged in private equity fund management.

Guangguan Zhihe

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Guangguan Zhihe, being a follow-up investment platform set up by Shanghai GenLight's employees, is a limited partnership established in the PRC on 21 June 2019 and ultimately and beneficially owned as to (i) approximately 98.02% by Mr. Du, an executive Director, thus a

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connected person of the Company, and (ii) approximately 1.98% by Jiang Liran* (蔣鵬然), both being key management personnel of Shanghai GenLight. Therefore, Guangguan Zhihe is a connected person of the Company. It is principally engaged in providing corporate advisory services.

Information of the parties who are Independent Third Parties

Nantong Angel Master Fund

Nantong Angel Master Fund is a limited partnership established in the PRC on 6 December 2021. It is principally engaged in equity investment through private equity fund, investment management, asset management. Its general partner is Nantong Xinyuan Investment Development Company Limited* (南通新源投資發展有限公司) which is ultimately and wholly owned by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). The limited partner of Nantong Angel Master Fund, Nantong Chuangxin Development Fund (Limited Partnership)* (南通創新發展基金(有限合夥)), is a limited partnership ultimately and beneficially owned as to 99.9% by Nantong City Finance Bureau* (南通市財政局) and 0.1% by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

Nantong Kechuang

Nantong Kechuang is a limited company established in the PRC on 11 November 2021 and principally engaged in management of funds invested by the PRC government, equity investment, venture capital investment in private companies, private equity investment fund management and venture capital fund management. It is ultimately and wholly owned by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

Nengda Xinxing

Nengda Xinxing is a limited partnership registered in the PRC on 29 July 2021. It is a comprehensive fund invested by the PRC government established in the principally supporting development of leading industries such as new generation information technology in development zones, high-end equipment, medical health and new energy. Its general partner is Jiangsu Nengda

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Private Equity Fund Management Company Limited* (江蘇能達私募基金管理有限公司), which is ultimately owned as to 49% by Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會) and 51% by Nantong City Economic and Technological Development Zone Finance Bureau* (南通市經濟技術開發區財政局). The limited partners of Nengda Xinxing are Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會), Nantong Economic and Technological Development Zone Holdings Company Limited* (南通經濟技術開發區控股集團有限公司) and Jiangsu Weifu Group Company Limited* (江蘇煒賦集團有限公司), both limited companies ultimately and beneficially owned by Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會) and Nantong High-Tech Entrepreneurship Centre Company Limited* (南通高新技術創業中心有限公司), a limited company ultimately and beneficially wholly owned by the People's Government of Nantong City (南通市人民政府). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

Information of the Group

The Company is a limited liability company incorporated in Singapore. The principal activities of the Group are (i) to provide contract manufacturing, design, engineering and assembly for the electronics industry; (ii) to provide design, manufacture and sale of automated machines, apparatus, systems and equipment; and (iii) to provide fund management services and investment activities in equity securities and funds.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE FUND PARTNERSHIP AGREEMENT

Leveraging on its expertise in precision engineering, the core business of the Group encompasses manufacturing equipment, machines and sub-systems in the semiconductor industries in the PRC. At least 60% of the capital contribution of the Fund shall be invested in start-up enterprises in emerging industries in the PRC, including those (i) in their first two rounds of external investment or established within 5 years of the relevant investment, (ii) with less than 200 employees and with assets or annual revenue of less than RMB20 million and (iii) that provide relevant research and development, production and related services. The Directors are optimistic about the prospect of start-up enterprises. Therefore, it is considered that the Fund will provide a platform, to tap into a larger pool of potential projects in the wider information technology industry which could create synergies with the Group, and in turn to enhance the financial returns to the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors are also of the view that the investment in the Fund will be a further step for the Group to increase its footprint in the semiconductor production equipment industry as well as related emerging industries in the PRC. They consider that the purpose of the Fund aligns with the objective of the Group to develop strategically in a multi-pronged approach. Given that the Fund will be investing in companies at its growing stage with potential of listing as well as companies at its premature stage, the Fund will form a balanced portfolio of diversified investments. The investment in the Fund by the Group is to be made with the internal resources of the Group. Establishment of the Fund will be recognised as investment in associate in the consolidated financial statements of the Group. Subsequent investments to be made by the Fund will be from the cash of the Fund. Such investments will be accounted for in the financial statements of the Fund and will not be reflected in the financial statements of the Group.

With investment being one of the principal activities of the Group, the Directors are of the view that entering into the Fund Partnership Agreement is in the ordinary and usual course of business of the Group. The terms of the Fund Partnership Agreement are made after arm's length negotiation among the parties. The Directors (excluding the independent non-executive Directors, whose views are set out in the Letter from the Independent Board Committee in this circular) consider that the terms of the Fund Partnership Agreement are on normal commercial terms and the Fund Partnership Agreement and transactions contemplated are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

V. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Shanghai GenLight is ultimately owned as to approximately 48.97% by CEL. Shanghai GenLight is therefore an associate of CEL and a connected person of the Company.

Mr. Du is an executive Director, thus a connected person of the Company. As at the Latest Practicable Date, Guangguan Zhihe is ultimately and beneficially owned as to approximately 98.02% by Mr. Du. Guangguan Zhihe is therefore an associate of Mr. Du and a connected person of the Company.

Accordingly, the Fund Partnership Agreement and the transactions contemplated thereunder (including the establishment of the Fund) constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the establishment of the Fund exceed 5% and are less than 25% but the proposed capital commitment of the Group exceeds HK\$10,000,000, the Fund Partnership Agreement and the

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transactions contemplated thereunder (including the establishment of the Fund) constitute a discloseable transaction under Chapter 14 of the Listing Rules and a non-exempt connected transaction for the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other than Mr. Du, none of the Directors has a material interest in the Fund Partnership Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the Board meeting.

VI. EGM AND INDEPENDENT SHAREHOLDERS' APPROVAL

The EGM will be convened to consider and, if thought fit, approve the Fund Partnership Agreement and the transactions contemplated thereunder.

To the best knowledge of the Directors, (i) CEL together with its associates, which are interested in 263,070,380 Shares (representing approximately 28.58% of the issued Shares) as at the Latest Practicable Date, and (ii) Mr. Du together with his associates, who are interested in 13,038,000 Shares (representing approximately 1.42% of the issued Shares) as at the Latest Practicable Date, and any shareholders who are required by the Listing Rules to abstain from voting, will abstain from voting at the EGM regarding the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund). To the best of the knowledge, information and belief of the Directors, none of the persons (excluding CEL, Mr. Du and their respective associates) who are required to abstain from voting at the EGM holds any Shares as at the Latest Practicable Date.

VII. CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 2 July 2024, to Friday, 5 July 2024, both dates inclusive, (the "**Book Close Period**") for the purpose of determining shareholders' entitlement to attend and vote at the EGM. During the Book Close Period, no transfer of shares will be registered. Shareholders whose names appear on the register of the Shareholders of the Company on Friday, 5 July 2024 will be entitled to attend and vote at the EGM.

In order to be entitled to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 28 June 2024.

LETTER FROM THE BOARD

VIII. EXTRAORDINARY GENERAL MEETING AND VOTING BY WAY OF POLL

The EGM Notice is set out in this Circular. At the EGM, resolution(s) will be proposed to the Shareholders to consider and, if thought fit, approve the Fund Partnership Agreement and the transactions contemplated thereunder. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll save for resolution(s) relating purely to a procedural or administrative matter. Accordingly, the Company will procure the chairman of the EGM to demand the resolution(s) to be put to vote by poll. The results of the poll will be announced by the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules.

IX. ACTION TO BE TAKEN

A form of proxy for use at the EGM is enclosed with this Circular and such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you are able to attend the meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, 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 later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. 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 should you so wish.

It should be noted that the completion of the Fund Partnership Agreement is subject to a number of conditions, including but not limited to, the approval of the Fund Partnership Agreement and the transactions contemplated thereunder (including the establishment of the Fund) by the Independent Shareholders in the EGM, which may or may not be fulfilled. The transactions contemplated under the Fund Partnership Agreement may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the respective securities of the Company.

X. RECOMMENDATION

The Board considers that the resolution(s) referred to in this Circular and in the EGM Notice are all in the best interest of the Company and the Shareholders and accordingly recommends the Shareholders to vote in favour of such resolution(s) to be proposed at the EGM.

LETTER FROM THE BOARD

XI. FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser and the additional information set out in appendix to this Circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of the Independent Board Committee setting out its recommendation to the Shareholders.



Kinergy Corporation Ltd.

精技集團有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

14 June 2024

To the Independent Shareholders:

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ESTABLISHMENT OF FUND PARTNERSHIP

We refer to the circular of the Company (the “**Circular**”) dated 14 June 2024 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 Independent Shareholders in respect of the Fund Partnership Agreement and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” in the Circular. The Independent Financial Adviser has been appointed to advise the Independent Board Committee in this regard.

Details of the advice and the principal factors the Independent Financial Adviser 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.

Having taken into account the terms of the Fund Partnership Agreement and the transactions contemplated thereunder as well as the advice of the Independent Financial Adviser, we are of the opinion that the entering into of the Fund Partnership Agreement is in the ordinary and usual

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

course of business of the Group, the terms of the Fund Partnership Agreement are on normal commercial terms, and the Fund Partnership Agreement and transactions contemplated thereunder are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

We, therefore, recommend that you vote in favour of the resolution(s) to be proposed at the EGM to approve the Fund Partnership Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

INDEPENDENT BOARD COMMITTEE

Senerath Wickramanayaka

Mudiyanselage Sunil Wickramanayaka,

Hoon Chee Wai and Ang Peng Huat

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Fund Partnership Agreement and the transactions contemplated thereunder.



14 June 2024

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION ESTABLISHMENT OF FUND PARTNERSHIP

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 Fund Partnership Agreement 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 14 June 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

On 17 May 2024 (after trading hours), the Company, Shanghai GenLight, Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing and Guangguan Zhihe have entered into the Fund Partnership Agreement for the establishment and management of the Fund with initial proposed size of RMB100 million (equivalent to approximately HK\$110 million). Under the Fund Partnership Agreement, the Group participates in the Fund as a Limited Partner (through the Company) and the General Partner and the Fund Manager (being Shanghai GenLight, a connected subsidiary of the Company). The proposed capital commitment of the Company and Shanghai

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

GenLight is RMB30 million (equivalent to approximately HK\$33 million) and RMB8 million (equivalent to approximately HK\$9 million), representing 30% and 8% of the total committed capital contribution of the Fund, respectively.

As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Shanghai GenLight is ultimately owned as to approximately 48.97% by CEL. Shanghai GenLight is therefore an associate of CEL and a connected person of the Company. Moreover, as at the Latest Practicable Date, Guangguan Zhihe is ultimately and beneficially owned as to approximately 98.02% by Mr. Du, an executive Director, thus a connected person of the Company. Guangguan Zhihe is therefore an associate of Mr. Du and a connected person of the Company.

Accordingly, the Fund Partnership Agreement and the transactions contemplated thereunder (including the establishment of the Fund) constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the establishment of the Fund exceed 5% and are less than 25% but the proposed capital commitment of the Company exceeds HK\$10,000,000, the Fund Partnership Agreement and the transactions contemplated thereunder (including the establishment of the Fund) constitute a discloseable transaction under Chapter 14 of the Listing Rules and a non-exempt connected transaction for the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best knowledge of the Directors, (i) CEL together with its associates, which are interested in 263,070,380 Shares (representing approximately 28.58% of the issued Shares) as at the Latest Practicable Date, and (ii) Mr. Du together with his associates, who is interested in 13,038,000 (representing approximately 1.42% of the issued Shares) Shares as at the Latest Practicable Date, and any shareholders who are required by the Listing Rules to abstain from voting, will abstain from voting at the EGM regarding the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund).

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 Fund Partnership Agreement are on normal commercial terms, and the Fund Partnership Agreement and transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. 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

OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company, Shanghai GenLight, Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing, Guangguan Zhihe or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no other engagement between the Company and us. Apart from normal professional fees paid or payable to us in connection with this appointment, 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 consider that we are eligible to give independent advice in respect of the Fund Partnership Agreement and the transactions contemplated thereunder.

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 Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Company (the “**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. We have also sought and received confirmation from the Directors 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 up to the Latest Practicable Date.

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 Group or the Fund or any of their respective subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Fund Partnership Agreement and the transactions contemplated thereunder (including the establishment of the Fund), we have considered the following principal factors and reasons:

1. Background information of the Group and the parties involved

Information on the Group

The Company is a limited liability company incorporated in Singapore. The principal activities of the Group are (i) to provide contract manufacturing, design, engineering and assembly for the electronics industry; (ii) to provide design, manufacture and sale of automated machines, apparatus, systems and equipment; and (iii) to provide fund management services and investment activities in equity securities and funds. The Group has three divisions, namely electronics manufacturing services division (the “**EMS Division**”), original design manufacturing division (the “**ODM Division**”) and investment division (the “**Investment Division**”). The Group’s EMS Division focuses primarily on manufacturing of sub-system, complete machines and components, for original design manufacturers and the provision of post-warranty period maintenance and commissioning services to our customers. The Group’s ODM Division focuses primarily on designs and manufacturing automated equipment, precision tools and spare parts under its own “Kinergy” brand for use in the semiconductor back-end equipment industry. The Group’s Investment Division focuses primarily on provision of fund management services and investment activities in equity securities and funds. The Group’s revenue from the Investment Division is mainly contributed by Shanghai GenLight. While the Group endeavours to continue to strength its market position in its principal businesses, it has been 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Below is the summary of the financial information of the Group for the years ended 31 December 2022 and 2023 extracted from the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”):

	For the year ended	
	31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
	(audited)	(audited)
Revenue	124,202	92,490
— <i>EMS Division</i>	<i>109,176</i>	<i>78,953</i>
— <i>ODM Division</i>	<i>11,921</i>	<i>11,233</i>
— <i>Investment Division</i>	<i>3,105</i>	<i>2,314</i>
Gross profit	19,001	7,001
Profit/(Loss) for the year	7,277	(926)
Profit/(Loss) attributable to equity holders of the parent	4,631	(2,559)
	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
	(audited)	(audited)
Total assets	168,914	159,373
Non-current assets	77,419	74,805
Current assets	91,495	84,568
	<hr/>	<hr/>
Total liabilities	46,612	49,818
Non-current liabilities	10,021	8,643
Current liabilities	36,591	41,175
	<hr/>	<hr/>
Net current assets	54,904	43,393
	<hr/>	<hr/>
Total equity	122,302	109,555
	<hr/> <hr/>	<hr/> <hr/>
Total equity attributable to equity holders of the parent	106,484	94,620
	<hr/> <hr/>	<hr/> <hr/>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group derives over 80% of its revenue from the EMS Division. According to the 2023 Annual Report, revenue of the Group declined from approximately S\$124.2 million for the year ended 31 December 2022 to approximately S\$92.5 million for the year ended 31 December 2023, which was mainly attributable to the decrease in sales volume from EMS division from approximately S\$109.2 million for the year ended 31 December 2022 to approximately S\$79.0 million for the year ended 31 December 2023 which mainly due to decline in semiconductor business as a result of the continued economic quagmire of uncertainties.

Gross profit of the Group decreased from approximately S\$19.0 million for the year ended 31 December 2022 to approximately S\$7.0 million for the year ended 31 December 2023, and the gross profit margin of the Group decreased from 15.3% for the year ended 31 December 2022 to 7.6% for the year ended 31 December 2023. According to the 2023 Annual Report, such decrease was mainly due to the decrease in revenue for the year ended 31 December 2023 while a substantial portion of the cost of sales is fixed cost. Thus, a decline in sales revenue did not decrease the cost of sales proportionally.

The Group recorded net loss of approximately S\$0.9 million for the year ended 31 December 2023 as opposed to net profit of approximately S\$7.3 million for the year ended 31 December 2022 primarily attributable to the decrease in gross profit of the Group as aforementioned.

As at 31 December 2023, total assets of the Group was approximately S\$159.4 million, of which inventories, property, plant and equipment and investment securities amounted to approximately S\$46.1 million, S\$26.0 million and S\$23.0 million, representing approximately 29.0%, 16.3% and 14.4% of total assets of the Group, respectively. Total liabilities of the Group as at 31 December 2023 was approximately S\$49.8 million, of which trade payables amounted to approximately S\$18.1 million or approximately 36.3% of total liabilities of the Group. The Group record equity attributable to the equity holders of the parent of approximately S\$94.6 million as at 31 December 2023.

Information of the parties who are connected persons

Shanghai GenLight

Shanghai GenLight is a limited liability company established in the PRC on 6 July 2015. It is a non-wholly owned subsidiary of the Company which is ultimately and beneficially owned as to approximately 51.03% by the Company and approximately 48.97% by CEL. As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Therefore, Shanghai GenLight is a connected person of the Company by virtue of it being a connected subsidiary of the Company. It is principally engaged in private equity fund management.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Guangguan Zhihe

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Guangguan Zhihe, being a follow-up investment platform set up by Shanghai GenLight's employees, is a limited partnership established in the PRC on 21 June 2019 and ultimately and beneficially owned as to (i) approximately 98.02% by Mr. Du, an executive Director, thus a connected person of the Company; and (ii) approximately 1.98% by Jiang Liran* (蔣鵬然), both being the key management personnel of Shanghai GenLight. Therefore, Guangguan Zhihe is a connected person of the Company. It is principally engaged in providing corporate advisory services.

Information of the parties who are Independent Third Parties

Nantong Angel Master Fund

Nantong Angel Master Fund is a limited partnership established in the PRC on 6 December 2021. It is principally engaged in equity investment through private equity fund, investment management, asset management. Its general partner is Nantong Xinyuan Investment Development Company Limited* (南通新源投資發展有限公司) which is ultimately and wholly owned by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). The limited partner of Nantong Angel Master Fund, Nantong Chuangxin Development Fund (Limited Partnership)* (南通創新發展基金(有限合夥)), is a limited partnership ultimately and beneficially owned as to 99.9% by Nantong City Finance Bureau* (南通市財政局) and 0.1% by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

Nantong Kechuang

Nantong Kechuang is a limited company established in the PRC on 11 November 2021 and principally engaged in management of funds invested by the PRC government, equity investment, venture capital investment in private companies, private equity investment fund management and venture capital fund management. It is ultimately and wholly owned by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Nengda Xinxing

Nengda Xinxing is a limited partnership registered in the PRC on 29 July 2021. It is a comprehensive fund invested by the PRC government established in the principally supporting development of leading industries such as new generation information technology in development zones, high-end equipment, medical health and new energy. Its general partner is Jiangsu Nengda Private Equity Fund Management Company Limited* (江蘇能達私募基金管理有限公司), which is ultimately owned as to 49% by Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會) and 51% by Nantong City Economic and Technological Development Zone Finance Bureau* (南通市經濟技術開發區財政局). The limited partners of Nengda Xinxing are Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會), Nantong Economic and Technological Development Zone Holdings Company Limited* (南通經濟技術開發區控股集團有限公司) and Jiangsu Weifu Group Company Limited* (江蘇煒賦集團有限公司), both limited companies ultimately and beneficially owned by Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會) and Nantong High-Tech Entrepreneurship Centre Company Limited* (南通高新技術創業中心有限公司), a limited company ultimately and beneficially wholly owned by the People's Government of Nantong City (南通市人民政府). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

2. Reasons for and benefits of entering into the Fund Partnership Agreement

The entering into of the Fund Partnership Agreement is in line with the business strategies adopted by the Group

As disclosed in the Letter from the Board, leveraging on its expertise in precision engineering, the core business of the Group encompasses manufacturing equipment, machines and sub-systems in the semiconductor industries in the PRC. At least 60% of the capital contribution of the Fund shall be invested in the start-up enterprises in emerging industries in the PRC, including those (i) in their first two rounds of external investment or established within 5 years of relevant investment, (ii) with less than 200 employees and with assets or annual revenue of less than RMB20 million and (iii) that provide relevant research and development, production and related services. The Directors are optimistic about the prospect of the start-up enterprises. Therefore, it is considered that the Fund will provide a platform, to tap into a larger pool of potential projects in the wider information technology industry which could create synergies with the Group, and in turn to enhance the financial returns to the Group and the Shareholders as a whole. Nonetheless, it is expected that the Fund will be a further step for the Group to increase its footprint in the semiconductor production equipment industry as well as related emerging industries in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2023 Annual Report, consequent to the trade and technology wars between China and countries such as the USA, Europe, Japan and South Korea, in the fortunes of industries in China it is imperative of Shanghai GenLight to re-examine the investable industries and companies in China. The Shanghai GenLight team will closely study the change of business status in the China economy to discover the industries and companies that are good investment targets. The semiconductor processing equipment industry is still highly investment worthy as are high-tech equipment in the medical and test-and-analysis equipment. In view of the expanding and diversifying strategy which has been adopted by the Group and the nature of the principal underlying investments of the Fund, it appears that the Fund Partnership Agreement (i) represents an opportunity to extend and deepen the Group's footprint in the opportunities identified and being pursued by the Group to further expand and diversify its operations, to seek synergistic value to its business and to access to new markets and customers; and (ii) is generally in line with the Group's strategy of continually seeking expansion opportunities, leveraging the Group's strong business network, sound industry knowledge as well as strength in upstream and downstream resources in the field of semiconductor process equipment industry.

Nonetheless, with the Investment Division being one of the principal business activities of the Group, we are of the view that the entering into of the Fund Partnership Agreement is in the ordinary and usual course of business of the Group.

Favourable government policies in the PRC semiconductor and related industries

As disclosed in the Letter from the Board, the purpose and objective of the Fund is to invest in enterprises in the start-up enterprises in industries such as semiconductors, new energy (including hydrogen energy), new materials and advanced manufacturing, in the PRC, where these emerging industries are supported by the favourable government policies and align with the national development objectives in the PRC.

The report of the 20th National Congress of the Communist Party of China* (中國共產黨第二十次全國代表大會) emphasising “promoting the development of strategic emerging industries and building a generation of new growth engines” as a national development strategy. Further, in order to implement such strategy, the State Council of China formulated the “Category of Industrial Strategic Emerging Industries Catalogue (2023)”* (《工業戰略性新興產業分類目錄(2023)》) to provide a detailed catalogue to outline the nine strategic emerging industries, which including information technology, high-end equipment manufacturing, advanced material, biotechnology, new energy vehicle, new energy, energy saving and environmental protection, aerospace industry and marine equipment industry.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The PRC government announced the “Fourteenth Five-year Plan for National Economic and Social Development and Long-Range Objectives for 2035”* (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》, the “**14th Five-year Plan**”), which outlines the PRC’s ambitious plans with dedication to named semiconductors industry as a frontier field for government support. As one of the goals in the 14th Five-year Plan is to become an advanced manufacturing power, which aims to build or further develop advanced manufacturing clusters across the country, with semiconductor manufacturing one of the targeted areas.

In addition, the PRC government announced the “Notice on the Relevant Requirements for Formulating the List of the Integrated Circuit Companies or Projects and Software Companies that Enjoy Preferential Tax Policies in 2024”* (《關於做好2024年享受稅收優惠政策的積體電路企業或項目、軟體企業清單制定工作有關要求的通知》) in March 2024, which proposed the procedures to identify a list of companies which principally engaged in the key integrated circuit designed area as a supporting notice in relation to “Notice of the State Council on Issuing Several Policies to Promote the High-Quality Development of the Integrated Circuit Industry and Software Industry in the New Era”* (《國務院有關印發新時期促進積體電路產業及軟體產業高品質發展若干政策的通知》). It shows the PRC government’s determination on the semiconductor industry and the government provides its direct support through state funding, tax breaks, and other subsidies.

In light of the above, we are of the view that the potential investment targets of the Fund could present considerable growth potential in capturing the business opportunities in the emerging industries as supported by the favourable government policies in the PRC which is in the interest of the Company and the Shareholders as whole.

Diversification of revenue and additional revenue contribution to the Group

As disclosed in the 2023 Annual Report, over 80% of the revenue of the Group are derived from the EMS Division, which principally engaged in manufactures electronics manufacturing services products for use in the semiconductor processing equipment industry for the year ended 31 December 2022 and 2023, respectively. The Group’s participation in the Fund as General Partner and Limited Partner under the Fund Partnership Agreement represents opportunities to further expand its Investment Division of the Group while enables potential synergies in business development of the Group with an aim of achieving further diversification of revenue sources and additional revenue and earning contributions.

Having considered the foregoing, we concur with the Directors’ view that the entering into of the Fund Partnership Agreement is in the ordinary and usual course of business of the Company, and is in the interest to the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Principal terms of the Fund Partnership Agreement

The principal terms of the Fund Partnership Agreement are set out below:

- Date:** 17 May 2024
- Name of the Fund:** Nantong GenLight Venture Capital Fund Partnership (Limited Partnership) (the name of the Fund is subject to approval upon industrial and commercial filing (工商備案) in the PRC)
- Parties:**
- (1) Shanghai GenLight (as General Partner and Fund Manager);
 - (2) Nantong Angel Master Fund (as Limited Partner);
 - (3) Nantong Kechuang (as Limited Partner);
 - (4) Nengda Xinxing (as Limited Partner);
 - (5) the Company (as Limited Partner); and
 - (6) Guangguan Zhihe (as Limited Partner).

As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Shanghai GenLight is ultimately owned as to approximately 48.97% by CEL. Shanghai GenLight is therefore an associate of CEL and a connected person of the Company.

As at the Latest Practicable Date, Mr. Du is an executive Director, thus a connected person of the Company. Guangguan Zhihe is ultimately owned as to approximately 98.02% by Mr. Du. Guangguan Zhihe is therefore an associate of Mr. Du and a connected person of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing and their respective ultimate beneficial owners is an Independent Third Party.

Term of the Fund:

The expected term of the Fund shall be ten (10) years commencing from the date of its establishment.

The investment period of the Fund (the "**Investment Period**") shall be three (3) years commencing from the date of receipt of the First Instalment (as defined below) in full by the Fund.

The withdrawal period of the Fund (the "**Withdrawal Period**") shall be five (5) years commencing from the expiration of the Investment Period, during which the Fund may not make further investment other than those confirmed during the Investment Period.

For operational needs of the Fund, (i) the Investment Period can be extended for one (1) year free of management fee upon approval of all Fund Partners; and (ii) the Withdrawal Period can be extended for one (1) year free of management fee upon approval of Fund Partners holding more than half of the capital contribution.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Size of the Fund and Capital Contribution:** The initial total capital contribution by the Fund Partners to the Fund shall be RMB100 million (equivalent to approximately HK\$110 million). The respective capital commitment in RMB payable by each of the Fund Partners are as follows:
- (i) Shanghai GenLight — RMB8,000,000, representing 8.0% of the equity interest in the Fund;
 - (ii) Nengda Xinxing — RMB30,000,000, representing 30.0% of the equity interest in the Fund;
 - (iii) the Company — RMB30,000,000, representing 30.0% of the equity interest in the Fund;
 - (iv) Nantong Angel Master Fund — RMB25,500,000, representing 25.5% of the equity interest in the Fund;
 - (v) Nantong Kechuang — RMB4,500,000, representing 4.5% of the equity interest in the Fund; and
 - (vi) Guangguan Zhihe — RMB2,000,000, representing 2.0% of the equity interest in the Fund.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The capital contribution shall be made by three instalments in the following manner:

- (i) first instalment (the “**First Instalment**”) of capital contribution amounting to RMB30 million (equivalent to approximately HK\$33 million) shall be made by the Fund Partners after the receipt of notice from the Fund Manager within the period specified therein;
- (ii) second instalment (the “**Second Instalment**”) of capital contribution amounting to RMB30 million (equivalent to approximately HK\$33 million) shall be made after the receipt of notice from the Fund Manager. Such notice shall be made (i) when 75% of the First Instalment has been utilised for investment and the capital actually contributed is insufficient to satisfy the relevant expected investment, and (ii) within the Investment Period; and
- (iii) third instalment of capital contribution amounting to RMB40 million (equivalent to approximately HK\$44 million) shall be made after the receipt of notice from the Fund Manager. Such notice shall be made when (i) 75% of the aggregate amount of First Instalment and the Second Instalment has been utilised for investment except when the capital actually contributed is insufficient to satisfy the relevant expected investment, and (ii) within the Investment Period.

The said notices shall be sent to the Fund Partners concerned at least 30 days in advanced. Each Fund Partner shall contribute their capital for each instalment in proportion to their respective equity interest in the Fund. Any delay in making capital contribution will lead to penalty as specified under the Fund Partnership Agreement unless written waiver from all Fund Partners is obtained.

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The capital contribution was determined after arm's length negotiations between the parties with reference to their respective interests in the Fund as well as the investment objective of the Fund. The Company will finance its capital commitment by internal resources.

Purpose and objectives of the Fund:

The Fund will invest in start-up enterprises in emerging industries such as semiconductors, new energy (including hydrogen energy), new materials and advanced manufacturing, in the PRC. At least 60% of the capital contribution of the Fund shall be invested in start-up enterprises at their early stage (初創期). Start-up enterprises herein refer to those (i) in their first two rounds of external investment or established within 5 years of the relevant investment, (ii) with less than 200 employees and with assets or annual revenue of less than RMB20 million and (iii) that provide relevant research and development, production and related services.

Management of the Fund:

The Fund shall be managed by Shanghai GenLight which acts as the General Partner and executive partner responsible for the operation of investment and administration of the Fund. Except during the extension period of the Investment Period or the Withdrawal Period, Shanghai GenLight is entitled to an annual management fee of the Fund in an amount equal to 2% per annum of the paid-up capital contribution of the Fund at the relevant time, commencing from receipt of the First instalment in full by the Fund.

The annual management fee was determined after arm's length negotiation among the parties by reference to prevailing market rate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Investment Committee:

The Fund shall establish an investment committee (the “**Investment Committee**”) comprising five committee members, of which four members shall be nominated by executive partner or the Fund Manager and one member shall be nominated by Nengda Xinxing, will be formed.

The formation was agreed among the Fund Partners after arm’s length negotiation.

Transfer Restriction of the Fund Interests:

The General Partner may transfer any of its interest in the Fund to any third party provided that its remaining interests in the Fund shall be not less than 1% and may not voluntarily exit the Fund.

The Limited Partners shall not transfer all or any part of their interest unless they send a 30-day written notice to the executive partner and (i) for transfer to other Fund Partners, receive written approval of the executive partner of the Fund, and (ii) for transfer to third parties other than the Fund Partners, approval at a meeting of the Fund Partners held according to the procedures stipulated in the Fund Partnership Agreement.

Profit distribution and loss sharing:

Income distribution

Distributable income (“**Distributable Income**”) comprises the following and is calculated upon deduction of tax and other expenses and payables of the Fund:

- (i) income (including principal returned and profits made) from an investment project;
- (ii) capital contribution that the General Partner decides not to be further applied to investment or purposes after the Investment Period; and
- (iii) dividends, interests and other cash revenue from investment operation.

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Upon the receipt of such Distributable Income by the Fund, distribution of Distributable Income shall be made in the following order:

- (i) to all the Fund Partners in proportion to their respective paid-up capital contributions until each of the partner is paid in aggregate, its paid-up capital contributions;
- (ii) out of the remaining balance (if any), to all the Fund Partners in proportion to their respective actual capital contributions until each of the Partners received an amount equal to its paid-up capital contribution plus an investment return at an annualised rate of return of 8%;
- (iii) out of the remaining balance (if any), 20% shall be paid equally to the General Partner (i.e. Shanghai GenLight) and Guangguan Zhihe as management performance income while the remaining 80% shall be shared among all Fund Partners in proportion to their respective paid-up capital contributions.

With respect to the management performance income (if any) which will be shared between Shanghai GenLight (being the General Partner) and Guangguan Zhihe, Guangguan Zhihe is a follow-up investment platform that employees of Shanghai GenLight directly or indirectly contribute to and have an interest in, and management performance income of the Fund is to be distributed partially to Guangguan Zhihe for the employees of Shanghai GenLight for incentive purposes, which is in line with general market practice.

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Loss sharing

Any loss incurred by the Fund shall be shared by all the Fund Partners in proportion to their actual capital contribution. The limited partners shall be liable for the debts of the Fund up to the amount of their respective committed capital contribution amounts. The General Partner shall bear unlimited joint and several liability for the debts of the Fund.

Conditions precedent:

The Fund shall be effective upon the fulfilment of the condition precedents including:

- (i) each of the Fund Partners and the Fund having obtained internal and external approval or consent or completed filing procedures in relation to the Fund Partnership Agreement and transactions contemplated thereunder; and
- (ii) the due execution of the Fund Partnership Agreement.

For the Company, approval of the Directors and the Independent Shareholders, and approval from the Stock Exchange (if applicable) should be obtained for the least. None of the above conditions can be waived. As at the Latest Practicable Date, condition (ii) above had been satisfied.

Profit distribution and loss sharing mechanism of the Fund

Pursuant to the Fund Partnership Agreement, the Distributable Income shall be first distributed to all the Fund Partners up to respective paid-up capital contributions then an investment return at an annual rate of 8%, in proportion to their respective paid-up capital contributions. For any remaining balance will be shared between the General Partner and Guangguan Zhihe as management performance income, and share among all Fund Partners in proportion to their respective paid-up contributions, in the ratio of 20% and 80% of any remaining balance, respectively. For any loss incurred by the Fund shall be shared by all the Fund Partners in proportion to their actual capital contribution. The limited partners shall be liable for the debts of the Fund up to the amount of their respective committed capital contribution amounts.

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In this regard, we have conducted independent due diligence works on the profit distribution and loss sharing mechanism of funds established/formed by the listed issuers listed on the Stock Exchange, and no unusual matter has come to our attention in respect to the profit distribution and loss sharing mechanism of the Fund and it is in line with the general market practice. In particular, references are made to the announcements of China Power International Development Limited (stock code: 2380) dated 8 December 2023, Anhui Conch Cement Company Limited (stock code: 914) dated 6 June 2023 and 8 September 2023, and Haitong Securities Co., Ltd. (stock code: 6837) dated 21 June 2023, we noted that same profit distribution and loss sharing mechanism of respective funds is in line with that of the Fund.

With respect to the management performance income (if any) which will be shared between the General Partner and Guangguan Zhihe. We were given to understand from the Management that, Guangguan Zhihe is a follow-up investment platform that Shanghai GenLight's employees directly or indirectly contribute to and have an interest in. Based on our independent due diligence conducted, we are of the view that it is not uncommon for the management performance income of a fund to be distributed solely or partially to a limited partner for the employees of the general partner for incentive purposes and it is in line with the general market practice. In particular, references are made to the announcements of Anhui Expressway Company Limited (stock code: 995) dated 2 November 2023, Guotai Junan Securities Co., Ltd (stock code: 2611) and China Life Insurance Company Limited (stock code: 2628) dated 16 December 2021, we noted that the sharing mechanism of management performance income of respective funds is in line with that of the Fund.

Analysis on the principal terms of the Fund Partnership Agreement

In order to assess the fairness and reasonableness of the principal terms of the Fund Partnership Agreement, we have performed desktop search on the website of the Stock Exchange to identify comparable establishment/subsorption of investment fund or partnership (the “**Comparable Funds**”) based on the following criteria: (i) the listed issuers are currently listed on the Main Board of the Stock Exchange; (ii) the Comparable Funds were established with its primary investment target(s) ; and (iii) the initial announcement of respective Comparable Funds was published during the period of approximately three months (the “**Review Period**”) immediate prior to the date of the Fund Partnership Agreement. To the best of our knowledge, we have identified an exhaustive list of 10 Comparable Funds under the aforementioned criteria.

It should be noted that the subject companies involved in the Comparable Funds may have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company. However, we consider that the Review Period and Comparable

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Funds are adequate and appropriate to provide a general overview on the recent market practice of the principal terms of the investment fund or partnership under the current market condition and thus are fair and representative for comparison purpose.

Set forth below is the summary of the principal terms of the Comparable Funds:

Date of announcement	Company name	Stock Code	Initial		Management fee (%)	Investment return (%)	Profit distribution to fund manager over the capital contribution and investment return of the partners (%)	Primary investment targets
			term (year)	Extension (Yes/No)				
2 February 2024	Ruihe Data Technology Holdings Limited	3680	8	Yes	1.25% ^(Note 1)	8%	25% ^(Note 2)	Information technology related businesses
5 February 2024	Joinn Laboratories (China) Co., Ltd.	6127	7	Yes	1.0%	8%	20%	Life and healthcare industry
12 March 2024	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	2196	9	Yes	Not disclosed	8%	20%	Life and healthcare, and biomedical industries
12 March 2024	Oi Wah Pawnshop Credit Holding Limited	1319	3	Yes	1.5%	Not disclosed	20%	Real estate private credit industry
27 March 2024	BOCOM International Holding Company Limited	3329	5	Yes	2.0%	8%	20%	Medical and health-care industries, financial technology and pension and nursing industries
28 March 2024	G-Resources Group Limited	1051	5	Yes	2.0%	Not disclosed	Not disclosed	Environmental industry
8 April 2024	Pharmaron Beijing Co., Ltd.	3759	7	Not disclosed	2.0%	8%	20%	Biopharmaceutical industry
16 April 2024	Beijing Airdoc Technology Co., Ltd.	2251	7	Yes	1.75% ^(Note 3)	Not disclosed	Not disclosed	Life science, healthcare services, smart healthcare, and artificial intelligence industries
29 April 2024	Asymchem Laboratories (Tianjin) Co., Ltd.	6821	7	No	1.0%	8%	20%	Biopharmaceutical, synthetic biology and other industries

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Date of announcement	Company name	Stock Code	Initial		Management fee (%)	Investment return (%)	Profit distribution to fund manager over the capital contribution and investment return of the partners (%)	Primary investment targets
			term (year)	Extension (Yes/No)				
10 May 2024	Hisense Home Appliances Group Co., Ltd.	921	7	Yes	1.25% ^(Note 4)	6%	15%	Smart manufacturing, artificial intelligence, integrated circuits, next-generation information technology, and related industries throughout the supply chain
	Maximum		9		2.0%	8%	25%	
	Minimum		3		1.0%	6%	15%	
	Average		7		1.5%	7.71%	20%	
	Median		7		1.5%	8%	20%	
	The Fund		8 ^(Note 5)	Yes	2.0%	8%	20%	Start-up enterprises in emerging industries such as semiconductors, new energy (including hydrogen energy), new materials and advanced manufacturing

Source: Website of the Stock Exchange

Notes:

1. According to the relevant announcement, the general partner is entitled to charge an annual management fee at 1.5% of the limited partners' paid-up capital. During the exit period, an annual management fee will be charged at 1% of the total remaining investment amount of the limited partners (i.e. the total paid-up capital minus the investment amount made in exited projects). For illustration purposes, a simple average rate of annual management fee of 1.25% is therefore adopted in the table above.
2. According to the relevant announcement, any profit of the fund will be distributed between the limited partners and the general partner in the ratio of 80% and 20%, or 70% and 30% respectively, depending on the nature of the investments made in accordance with the terms and conditions of the relevant partnership agreement. For illustration purposes, a simple average rate of profit distribution of 25% is therefore adopted in the table above.

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3. According to the relevant announcement, the management fee to be paid to the Fund Manager shall be 2.5% per annum of the total paid-in capital of the partnership during the investment period, and 1.0% per annum of the principal amount invested during the exit period. For illustration purposes, a simple average rate of annual management fee of 1.75% is therefore adopted in the table above.
4. According to the relevant announcement, the general partner is entitled to charge an annual management fee at 1.5% of the limited partners' paid-up capital. During the exit period, an annual management fee will be charged at 1% of the total remaining investment amount of the limited partners (i.e. the total paid-up capital minus the investment amount made in exited projects). For illustration purposes, a simple average rate of annual management fee of 1.25% is therefore adopted in the table above.
5. For the avoidance of doubt, having considered the term of the Fund may not necessary to be extended, the initial term of eight years of the Fund is being adopted in the table above, representing the Investment Period of three years and the Withdrawal Period of five years, for the purpose of a consistent comparison with the initial term of the Comparable Funds.

As demonstrated by the above table, the term of the Fund of eight years is within the range of the Comparable Funds which ranged from three years to 9 years, and is comparable to the average and median of the Comparable Funds of seven years. It is also noted that the term of majority of the Comparable Funds are extensible which is in line with that of the Fund.

With respect to the management fee of 2.0% per annum to be charged under the Fund Partnership Agreement, it is within the range of the Comparable Funds which ranged from 1.0% to 2.0% per annum, and is comparable to the average and median of the Comparable Funds of approximately 1.5% per annum. With respect to the investment return and profit distribution of 8% and 20% under the Fund Partnership Agreement, respectively, it is in line with the average and median of the Comparable Funds and in line with market practice.

Based on the foregoing, we are of the view that the principle terms of the Fund Partnership Agreement are fair and reasonable so as the Independent Shareholders are concerned.

Nonetheless, Shareholders or potential investors should note that the business, operations, and financial performance of the listed issuers in establishing or subscribing to the Comparable Funds are not same as the Company and we have not conducted any in-depth investigation into the businesses and operations of these listed issuers.

4. Possible financial effects of the participation in the Fund

As stated in the 2023 Annual Report, loss attributable to the Shareholders amounted to approximately S\$2.6 million for the year ended 31 December 2023. Given the tenure and profit distribution mechanism of the Fund, the entering into of the Fund Partnership Agreement and the transactions contemplated thereunder are not expected to have significant contribution or impact to the profitability of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Letter from the Board, the Company will finance its capital commitment by internal resources. Having considered that (i) the proposed capital commitment of the Company and Shanghai GenLight to the Fund is RMB30 million and RMB8 million, respectively; (ii) cash and cash equivalents of the Group amounted to approximately S\$18.1 million (equivalent to approximately RMB95.9 million), while net current assets of the Group amounted to approximately S\$43.4 million (equivalents to approximately RMB230.0 million) as at 31 December 2023; and (iii) the continuous net cash inflow generated by the Group from its operating activities for the two years ended 31 December 2022 and 2023. We concur with the Directors' view that the initial capital contribution of the Company to the Fund is not expected to have material adverse impact to the working capital or liquidity of the Group.

As advised by the Management, the Group's investment in the Fund will be recognised as investment in associate in the consolidated financial statements of the Group. Subsequent investments to be made by the Fund will be from the cash of the Fund. Such investments will be accounted for in the financial statements of the Fund and will not be reflected in the financial statements of the Group. As such, it is expected that the Group's participation in the Fund will not have immediate material adverse impact on net assets value of the Group immediately upon completion of the initial capital contribution.

It should be noted that the aforementioned analysis is for illustrative purpose only and do not purport to represent how the financial positions and performance of the Group will be upon completion of the Fund Partnership Agreement and the transactions contemplated thereunder.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the entering into of the Fund Partnership Agreement are in the ordinary and usual course of business of the Company; (ii) the Fund Partnership Agreement has been entered into based on normal commercial terms and the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) the entering into of the Fund Partnership Agreement is in the interests of the Company and the Shareholders as a whole. Hence, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to approve the Fund Partnership Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,

For and on behalf of

Lego Corporate Finance Limited

Stanley Ng

Responsible Officer

Andrew Lau

Responsible Officer

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 19 years of experience in the accounting and investment banking industries.

Mr. Andrew Lau is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 15 years of experience in the accounting and investment banking industries.

** for identification purposes only*

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 set out in Appendix D2 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	Capacity and nature of interest	Number of Shares held⁽¹⁾	Approximate percentage of shareholding (%)
Mr. Lim Kuak Choi Leslie ⁽²⁾	Beneficial owner; interest of spouse	304,791,246 (L)	33.12
Mr. Du Xiaotang ⁽³⁾	Beneficial owner; Interest of a controlled corporation	13,038,000 (L)	1.42
Mr. Lim Khin Mann	Beneficial owner	24,092,000 (L)	2.62
Mr. Tay Kim Kah ⁽⁴⁾	Beneficial owner; Interest of a controlled corporation	7,416,000 (L)	0.81
Mr. Loh Kin Wah	Beneficial owner	9,094,000 (L)	0.99

Notes:

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

Interest in the underlying shares of the Company:

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

Save as disclosed above, to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors of the Company had any interests and/or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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 interested in ⁽¹⁾	Approximate percentage of shareholding (%)
Foo Kaw Jee ⁽²⁾	Beneficial owner, interest of spouse	305,711,246 (L)	33.22
Diamond Wealth Global Limited ⁽³⁾	Beneficial owner	262,084,380 (L)	28.48
China Everbright Venture Capital Limited ⁽³⁾	Interest of a controlled corporation	262,084,380 (L)	28.48
China Everbright Limited ⁽³⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
Honorich Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	263,070,380 (L)	28.58

Name of Shareholders	Nature of interest	Number of Shares interested in ⁽¹⁾	Approximate percentage of shareholding (%)
China Everbright Holdings Company Limited ⁽⁴⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
China Everbright Group Ltd. ⁽⁴⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
Central Huijin Investment Ltd. ⁽⁵⁾	Interest of a controlled corporation	263,070,380 (L)	28.58
Unitras (H.K.) Limited ⁽⁶⁾	Beneficial owner	56,498,768 (L)	6.14
Ms. Joyce S. Kerr ⁽⁶⁾	Interest of a controlled corporation	56,498,768 (L)	6.14
Bradley Fraser Kerr ⁽⁶⁾	Interest of spouse	56,498,768 (L)	6.14

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) These Shares comprise 18,148,000 Shares held directly by Ms. Foo Kaw Jee and 287,563,246 Shares Mr. Lim Kuak Choi Leslie, an executive Director and chief executive officer of the Company is interested in. Mr. Lim is the spouse of Ms. Foo. Therefore, Ms. Foo is deemed to be interested in the Shares held by herself and Mr. Lim by virtue of the SFO.
- (3) China Everbright Limited holds 100% of the total issued share capital of China Everbright Venture Capital Limited and China Everbright Venture Capital Limited holds 100% of the total issued share capital of Diamond Wealth Global Limited. China Everbright Limited also holds 100% of the total issued share capital of China Everbright Financial Investments Limited and China Everbright Financial Investments Limited holds 986,000 Shares. Therefore, China Everbright Venture Capital Limited is deemed to be interested in the Shares held by Diamond Wealth Global Limited and China Everbright Limited is deemed to be interested in the Shares held by Diamond Wealth Global Limited and China Everbright Financial Investments Limited by virtue of the SFO.
- (4) China Everbright Group Ltd. holds 100% of the total issued share capital of China Everbright Holdings Company Limited; China Everbright Holdings Company Limited holds 100% of the total issued share capital of each of Honorich Holdings Limited and Everbright Investment & Management Limited; Honorich Holdings Limited in turn holds approximately 49.39% of the total issued share capital of China Everbright

Limited; and Everbright Investment & Management Limited holds approximately 0.35% of the total issued share capital of China Everbright Limited. Accordingly, each of China Everbright Group Ltd., China Everbright Holdings Company Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited's interest in the Shares by virtue of the SFO.

- (5) Central Huijin Investment Ltd. is indirectly wholly-owned by the State Council of the PRC and holds approximately 63.16% equity interest of China Everbright Group Ltd.. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in China Everbright Group Ltd.'s interest in the Shares by virtue of the SFO.
- (6) Unitras (H.K.) Limited is wholly-owned by Ms. Joyce S. Kerr. Therefore, Ms. Joyce S. Kerr is deemed to be interested in the Shares held by Unitras (H.K.) Limited by virtue of the SFO. Ms. Joyce S. Kerr is the spouse of Mr. Bradley Fraser Kerr and therefore Mr. Bradley Fraser Kerr is deemed to be interested in the Shares held by Ms. Joyce S. Kerr by virtue of the SFO.

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 2023 (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 2023, being the date to which the latest published audited financial statements of the Company were made up.

IX. EXPERT AND CONSENT

The following are the qualifications of the expert who has given its opinion or advice which is contained in this Circular:

Name	Qualification
Lego Corporate Finance Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

The Independent Financial Adviser 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. As at the Latest Practicable Date, the Independent Financial Adviser 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. As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interest in any assets which had been, since 31 December 2023 (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 compliance of the Company 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 ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.KinergyCorp.com) for 14 days from the date of this Circular:

- (1) the Fund Partnership Agreement;
- (2) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this Circular;
- (3) 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;
- (4) 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; and
- (5) the letter of consent referred to under the section headed “Expert and Consent” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Kinergy Corporation Ltd.

精技集團有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Kinergy Corporation Ltd. (the “**Company**”) will be held at 1 Changi North Street 1, Singapore 498789 on Friday, 5 July 2024 at 9:30 a.m. (the “**EGM**”). Persons entitled to attend and vote at the EGM are allowed to attend and vote through the video-conference system which will be located in Hong Kong at the office of China Everbright Limited at 46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 14 June 2024. The abovementioned extraordinary general meeting will be held for the purposes of considering and, if thought fit, passing with or without modifications, the following proposed ordinary resolution(s) of the Company:

“THAT:

- (a) the fund partnership agreement (the “**Fund Partnership Agreement**”) dated 5 July 2024 entered into among Shanghai GenLight Capital Management Co. Ltd.* (上海光朴創業投資管理有限公司), Nantong Angel Master Investment Fund (Limited Partnership)* (南通天使引導投資基金(有限合夥)), Nantong Kechuang Group Company Limited* (南通科創集團有限公司), Nantong Nengda Xinxing Industry Master Fund Partnership (Limited Partnership)* (南通能達新興產業母基金合夥企業(有限合夥)), the Company and Nantong Guangguan Zhihe Enterprise Management Partnership (Limited Partnership)* (南通光冠智合企業管理合夥企業(有限合夥)) (a copy of the Fund Partnership Agreement has been produced to the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) 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 Fund Partnership Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 14 June 2024

Principal place of business in Hong Kong:

31/F
148 Electric Road
North Point
Hong Kong

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, 2 July 2024, to Friday, 5 July 2024 (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, 5 July 2024 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 Friday, 28 June 2024.
2. A member of the Company who is not Relevant Intermediary and entitled to attend and vote at the EGM convened by the above notice is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a member appoints more than one (1) proxy, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the EGM convened by the above notice is entitled to appoint more than two (2) proxies to attend and vote on his/her behalf, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where a member appoints more than one (1) proxy, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

“Relevant Intermediary” shall have the same meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. A proxy need not be a member of the Company.
4. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. In order to be valid, the Proxy Form must be deposited at the office of 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 not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof, should he/she so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In the case of joint holders of a share, if more than one of such joint holders is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy or by attorney, or in the case of a corporation, by its duly authorized representative, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the name which stands first in the Register of Members in respect of the joint holding.
7. As at the date hereof, the board of directors of the Company comprises:
 - Mr. LIM Kuak Choi Leslie (*Chief Executive Officer, Executive Director*)
 - Mr. DU Xiaotang (*Executive Director*)
 - Mr. LIM Khin Mann (*Executive Director*)
 - Mr. TAY Kim Kah (*Executive Director*)
 - Mr. LOH Kin Wah (*Chairman, Non-Executive Director*)
 - Mr. FAN Zhirong (*Non-Executive Director*)
 - Mr. HOON Chee Wai (*Independent Non-Executive Director*)
 - Dr. Senerath Wickramanayaka Mudiyanseelage Sunil WICKRAMANAYAKA
(*Independent Non-Executive Director*)
 - Dr. ANG Peng Huat (*Independent Non-Executive Director*)