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**Kinergy Corporation Ltd.**

**光控精技有限公司\***

*(Incorporated in Singapore with limited liability)*

**(Stock Code: 3302)**

**TERMINATION OF AN AGREEMENT IN  
RELATION TO SUBSCRIPTION OF NEW SHARES  
UNDER SPECIFIC MANDATE**

Reference is made to the announcement dated 15 December 2020, the circular (the “**Circular**”) dated 23 February 2021 and the notice of extraordinary general meeting dated 23 February 2021 (the “**Notice of EGM**”) of Kinergy Corporation Ltd. (the “**Company**”) in relation to the Subscription Agreements. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless otherwise specified herein.

**DEED OF TERMINATION**

On 10 March 2021 (after trading hours), the First Subscriber (i.e., Rosy Height Ventures Limited (麗高創投有限公司)) and the Company entered into a deed of termination (the “**Deed of Termination**”) to terminate the First Subscription Agreement (the “**Termination**”). The Company and the First Subscriber decided not to proceed with the First Subscription due to commercial reasons after due and careful consideration of all circumstances in relation to the First Subscription.

Pursuant to the Deed of Termination, all rights, claims or interests of the parties under the First Subscription Agreement shall be fully waived, discharged and released and none of the parties shall have any rights, claims or interests whatsoever against any other party under the First Subscription Agreement.

As the First Subscription Agreement has been terminated, ordinary resolution no. 1 in the Notice of EGM will be withdrawn and will not be put forward at the extraordinary general meeting of the Company to be held on Friday, 12 March 2021 for voting.

The Directors consider that the Termination does not have any material adverse impact on the existing business or financial position of the Group, and is in the interest of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS FOLLOWING THE TERMINATION OF THE FIRST SUBSCRIPTION**

Following the Termination, the aggregate gross proceeds of the Second Subscription, the Third Subscription and the Connected Subscriptions (the “**Relevant Subscriptions**”) will be approximately HK\$43.6 million (equivalent to approximately S\$7.54 million) (as to approximately HK\$14.5 million (equivalent to approximately S\$2.50 million) from the Second Subscription and the Third Subscription, and as to approximately HK\$29.1 million (equivalent to approximately S\$5.0 million) from the Connected Subscriptions).

The aggregate net proceeds of the Relevant Subscriptions, after the deduction of related fees and expenses, will be approximately HK\$43.2 million (equivalent to approximately S\$7.47 million), which include (i) approximately HK\$14.2 million (equivalent to approximately S\$2.46 million) from the Second Subscription and the Third Subscription; and (ii) approximately HK\$29.0 million (equivalent to approximately S\$5.0 million) from the Connected Subscriptions. The net price per Subscription Share is approximately HK\$0.594.

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

## **SUBSCRIPTION SHARES FOLLOWING THE TERMINATION OF THE FIRST SUBSCRIPTION**

Following the Termination, the Second Subscriber and the Third Subscriber will subscribe in aggregate 24,220,000 Subscription Shares, representing (i) approximately 2.82% of the existing number of issued Shares as at the Latest Practicable Date and as at the date of this announcement; (ii) approximately 2.75% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (excluding the Connected Subscription Shares and assuming there is no change to the number of issued Shares between the date of this announcement and the Completion Date); and (iii) approximately 2.60% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change to the number of issued Shares between the date of this announcement and the Completion Date).

The Connected Subscribers will subscribe for 48,442,070 Connected Subscription Shares, representing (i) approximately 5.65% of the existing number of issued Shares as at the Latest Practicable Date and as at the date of this announcement; (ii) approximately 5.35% of the number of issued Shares as enlarged by the allotment and issue of the Connected Subscription Shares (assuming there is no change to the number of issued Shares between the date of this announcement and the Completion Date); and (iii) approximately 5.21% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change to the number of issued Shares between the date of this announcement and the Completion Date).

The Second Subscriber, the Third Subscriber and the Connected Subscribers will subscribe in aggregate 72,662,070 Subscription Shares, representing approximately 8.47% of the existing number of issued Shares as at the Latest Practicable Date and as at the date of this announcement, and approximately 7.81% of the number of issued Shares as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change to the number of issued Shares between the date of this announcement and the Completion Date).

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING THE TERMINATION OF THE FIRST SUBSCRIPTION AND THE COMPLETION OF THE RELEVANT SUBSCRIPTIONS

For illustration purposes, the changes of the shareholding structures of the Company following the Termination and the Completion of the Relevant Subscriptions are as follows:

Shareholders	(i) As at the Latest Practicable Date and immediately before the Completion of the Relevant Subscriptions		(ii) Immediately after the Completion of the Second Subscription and the Third		(iii) Immediately after the Completion of the First Connected Subscription and the Second Connected Subscription only		(iv) Immediately after the Completion of the Third Connected Subscription and the Fifth Connected Subscription only		(v) Immediately after the Completion of the Fourth Connected Subscription only		(vi) Immediately after the Completion of the Connected Subscriptions only		(vii) Immediately after the Completion of Relevant Subscriptions	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Connected persons of the Company</b>														
<b>Lim's Party (Note 1)</b>														
Mr. Leslie Lim	250,472,472	29.21%	250,472,472	28.41%	265,005,246	30.22%	250,472,472	28.41%	250,472,472	29.05%	265,005,246	29.26%	265,005,246	28.49%
Ms. Foo	18,148,000	2.12%	18,148,000	2.06%	18,148,000	2.07%	18,148,000	2.06%	18,148,000	2.10%	18,148,000	2.00%	18,148,000	1.95%
Mr. Lim KM	19,148,000	2.23%	19,148,000	2.17%	23,992,000	2.74%	19,148,000	2.17%	19,148,000	2.22%	23,992,000	2.65%	23,992,000	2.58%
<b>Sub-total</b>	<b>287,768,472</b>	<b>33.56%</b>	<b>287,768,472</b>	<b>32.64%</b>	<b>307,145,246</b>	<b>35.03%</b>	<b>287,768,472</b>	<b>32.64%</b>	<b>287,768,472</b>	<b>33.37%</b>	<b>307,145,246</b>	<b>33.91%</b>	<b>307,145,246</b>	<b>33.02%</b>
<b>CEL Party (Note 2)</b>														
Diamond Wealth and its associates	262,906,380	30.66%	262,906,380	29.82%	262,906,380	29.99%	262,906,380	29.82%	262,906,380	30.49%	262,906,380	29.02%	262,906,380	28.27%
Mr. Du/Sino Expo (Note 3)	8,193,704	0.96%	8,193,704	0.93%	8,193,704	0.93%	13,038,000	1.48%	8,193,704	0.95%	13,038,000	1.44%	13,038,000	1.40%
Mr. Yang/Future China Investment (Note 4)	—	—	—	—	—	—	19,377,000	2.20%	—	—	19,377,000	2.14%	19,377,000	2.08%
<b>Sub-total</b>	<b>271,100,084</b>	<b>31.62%</b>	<b>271,100,084</b>	<b>30.75%</b>	<b>271,100,084</b>	<b>30.92%</b>	<b>295,321,380</b>	<b>33.50%</b>	<b>271,100,084</b>	<b>31.44%</b>	<b>295,321,380</b>	<b>32.60%</b>	<b>295,321,380</b>	<b>31.75%</b>
Mr. Tay	1,700,000	0.20%	1,700,000	0.19%	1,700,000	0.19%	1,700,000	0.19%	6,544,000	0.76%	6,544,000	0.72%	6,544,000	0.70%
<b>No. of Shares held by connected persons of the Company</b>	<b>560,568,556</b>	<b>65.38%</b>	<b>560,568,556</b>	<b>63.58%</b>	<b>579,945,330</b>	<b>66.14%</b>	<b>584,789,852</b>	<b>66.33%</b>	<b>565,412,556</b>	<b>65.57%</b>	<b>609,010,626</b>	<b>67.23%</b>	<b>609,010,626</b>	<b>65.47%</b>
<b>Public Shareholders</b>														
Second Subscriber	—	—	9,688,000	1.10%	—	—	—	—	—	—	—	—	9,688,000	1.04%
Third Subscriber	—	—	14,532,000	1.65%	—	—	—	—	—	—	—	—	14,532,000	1.56%
Other public Shareholders	296,850,768	34.62%	296,850,768	33.67%	296,850,768	33.86%	296,850,768	33.67%	296,850,768	34.43%	296,850,768	32.77%	296,850,768	31.93%
<b>No. of Shares held by the public Shareholders</b>	<b>296,850,768</b>	<b>34.62%</b>	<b>321,070,768</b>	<b>36.42%</b>	<b>296,850,768</b>	<b>33.86%</b>	<b>296,850,768</b>	<b>33.67%</b>	<b>296,850,768</b>	<b>34.43%</b>	<b>296,850,768</b>	<b>32.77%</b>	<b>321,070,768</b>	<b>34.53%</b>
<b>Total</b>	<b>857,419,324</b>	<b>100%</b>	<b>881,639,324</b>	<b>100%</b>	<b>876,796,098</b>	<b>100%</b>	<b>881,640,620</b>	<b>100%</b>	<b>862,263,324</b>	<b>100%</b>	<b>905,861,394</b>	<b>100%</b>	<b>930,081,394</b>	<b>100%</b>

*Notes:*

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

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

Hong Kong, 10 March 2021

\* *For identification purpose only*

*As at the date of this announcement, the executive Directors are Mr. Lim Kuak Choi Leslie, Mr. Du Xiaotang, Mr. Lim Khin Mann, Mr. Tay Kim Kah; the non-executive Directors are Mr. Yang Ping (Chairman) and Mr. Tsang Sui Cheong Frederick; and the independent non-executive Directors are Mr. Ng Tiak Soon, Dr. Senerath Wickramanayaka Mudiyansele Sunil Wickramanayaka and Professor Zhang Wei.*