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Kinergy Corporation Ltd.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

COMPLETION OF SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

Reference is made to (i) the announcement dated 15 December 2020 and the circular dated 23 February 2021 (the “**Circular**”) of Kinergy Corporation Ltd. (the “**Company**”) in relation to the Subscription Agreements; and (ii) the announcement of the Company dated 10 March 2021 in relation to the termination of the First Subscription Agreement. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

THE COMPLETED SUBSCRIPTION AGREEMENTS

The Board hereby announces that pursuant to the Third Subscription Agreement, the First Connected Subscription Agreement, the Second Connected Subscription Agreement, the Third Connected Subscription Agreement and the Fourth Connected Subscription Agreement, completion of the Third Subscription, the First Connected Subscription, the Second Connected Subscription, the Third Connected Subscription and the Fourth Connected Subscription took place on 1 April 2021 (the “**Completed Subscriptions**”) and an aggregate of 43,597,070 new Shares have been allotted and issued to the Third Subscriber, Mr. Leslie Lim, Mr. Lim KM, Sino Expo and Mr. Tay at the Subscription Price of HK\$0.60 per Subscription Share pursuant to the terms and conditions of the Subscription Agreement.

THE SECOND SUBSCRIPTION AGREEMENT

The Second Subscriber has, in breach of the Second Subscription Agreement, failed to proceed to complete the Second Subscription on 1 April 2021. Pursuant to the Second Subscription Agreement, (i) the Company has terminated the Second Subscription Agreement; (ii) the Company and the Second Subscriber shall be released and discharged from their respective obligations under the Second Subscription Agreement; and (iii) no party to the Second Subscription Agreement shall have any claim against the other party save for any antecedent breach of the Second Subscription Agreement.

THE FIFTH CONNECTED SUBSCRIPTION AGREEMENT

The Company and the Fifth Connected Subscriber have agreed in writing to postpone the Completion Date of the Fifth Connected Subscription to a day on or before 13 April 2021. Save and except for the aforesaid postponement of the Completion Date of the Fifth Connected Subscription, all other terms of the Fifth Connected Subscription Agreement remain unchanged. The Company will publish an announcement in respect of the Fifth Connected Subscription Agreement as and when appropriate in accordance with the Listing Rules.

USE OF PROCEEDS

The aggregate gross proceeds of the Third Subscription and the Connected Subscriptions will be approximately HK\$37.8 million (equivalent to approximately S\$6.5 million) (as to approximately HK\$8.7 million (equivalent to approximately S\$1.5 million) from 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 Third Subscription and the Connected Subscriptions, after the deduction of related fees and expenses, will be approximately HK\$37.4 million (equivalent to approximately S\$6.5 million), which include (i) approximately HK\$8.6 million (equivalent to approximately S\$1.5 million) from the Third Subscription; and (ii) approximately HK\$28.8 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.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes, the changes of the shareholding structures of the Company following the Completion of the Completed Subscriptions and the Fifth Connected Subscription are as follows:

Shareholders	(i) Immediately before the Completion of the Completed Subscriptions and the Fifth Connected Subscription		(ii) Immediately after the Completion of the Completed Subscriptions		(iii) Immediately after the Completion of the Completed Subscriptions and the Fifth Connected Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Connected persons of the Company						
Lim's Party (Note 1)						
Mr. Leslie Lim	250,472,472	29.21%	265,005,246	29.41%	265,005,246	28.79%
Ms. Foo	18,148,000	2.12%	18,148,000	2.01%	18,148,000	1.97%
Mr. Lim KM	19,148,000	2.23%	23,992,000	2.66%	23,992,000	2.61%
Sub-total	287,768,472	33.56%	307,145,246	34.08%	307,145,246	33.37%
CEL Party (Note 2)						
Diamond Wealth and its associates	262,906,380	30.66%	262,906,380	29.18%	262,906,380	28.56%
Mr. Du/Sino Expo (Note 3)	8,193,704	0.96%	13,038,000	1.45%	13,038,000	1.42%
Mr. Yang/Future China Investment (Note 4)	—	—	—	—	19,377,000	2.11%
Sub-total	271,100,084	31.62%	275,944,380	30.63%	295,321,380	32.09%
Mr. Tay	1,700,000	0.20%	6,544,000	0.73%	6,544,000	0.71%
No. of Shares held by connected persons of the Company						
	560,568,556	65.38%	589,633,626	65.44%	609,010,626	66.17%
Public Shareholders						
Third Subscriber	—	—	14,532,000	1.61%	14,532,000	1.58%
Other public Shareholders	296,850,768	34.62%	296,850,768	32.95%	296,850,768	32.25%
No. of Shares held by the public Shareholders						
	296,850,768	34.62%	311,382,768	34.56%	311,382,768	33.83%
Total	857,419,324	100.00%	901,016,394	100.00%	920,393,394	100.00%

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 307,145,246 Shares, representing approximately 34.08% of the existing number of issued Shares immediately after the Completion of the Completed Subscriptions and 33.37% of the existing number of issued Shares immediately after the Completion of the Completed Subscription and the Fifth Connected Subscription.
2. Future China Investment intends to finance the Fifth Connected Subscription by a facility to be obtained by Mr. Yang from the 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 275,944,380 Shares, representing 30.63% of the existing number of issued Shares immediately after the Completions of the Completed Subscriptions and 295,321,380 Shares, representing approximately 32.09% of the existing number of issued Shares immediately after the Completion of the Completed Subscriptions and the Fifth Connected Subscription.
3. Sino Expo is wholly-owned by Mr. Du. Sino Expo and Mr. Du held 12,950,000 and 88,000 Shares as beneficial owner respectively, representing approximately 1.44% and 0.01% of the existing number of issued Shares immediately after Completion of the Completed Subscriptions and 1.41% and 0.01% of the existing number of issued Shares immediately after Completion of the Completed Subscriptions and the Fifth Connected Subscription.
4. Future China Investment is wholly-owned by Mr. Yang. As at the date of this announcement, Future China Investment and Mr. Yang were not interested in any Shares.
5. 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, 1 April 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 Mudiyanselage Sunil Wickramanayaka and Professor Zhang Wei.