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**Kinergy Corporation Ltd.**

**光控精技有限公司\***

*(Incorporated in Singapore with limited liability)*

**(Stock Code: 3302)**

## **CONNECTED TRANSACTION ESTABLISHMENT OF FUND PARTNERSHIP**

### **FUND PARTNERSHIP AGREEMENT**

The Board is pleased to announce that, on 30 July 2021, Shanghai CEL Puyan and Kinergy IME have entered into the Fund Partnership Agreement with Nanyang Chanye, Zibo Fuyan and Guangguan Zhihe for the establishment and management of the Fund.

The Fund is a limited partnership registered in the PRC and will engage in equity investments in enterprises in the optoelectronics industry, precision technology equipment manufacturing industry, information technology industry, advanced manufacturing and other related industries in the PRC.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CEL, a substantial shareholder of the Company, holds approximately 48.97% interest in Shanghai CEL Puyan. Shanghai CEL Puyan is therefore an associate of CEL and a connected person of the Company. Besides, Mr. Du, an executive Director, holds approximately 99.01% interest in Guangguan Zhihe. Guangguan Zhihe is therefore an associate of Mr. Du and a connected person of the Company. Accordingly, the transactions contemplated under the Fund Partnership Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Fund Partnership Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Fund Partnership Agreement are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements, but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that, on 30 July 2021, Shanghai CEL Puyan and Kinergy IME have entered into the Fund Partnership Agreement with Nanyang Chanye, Zibo Fuyan and Guangguan Zhihe for the establishment and management of the Fund.

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## MAJOR TERMS OF THE FUND PARTNERSHIP AGREEMENT

**Date:** 30 July 2021

**Parties:**

1. Shanghai CEL Puyan (as General Partner)
2. Kinergy IME (as Limited Partner)
3. Guangguan Zhihe (as Limited Partner)
4. Nanyang Chanye (as Limited Partner)
5. Zibo Fuyan (as Limited Partner)

As at the date of this announcement, CEL, a substantial shareholder of the Company, holds approximately 48.97% interest in Shanghai CEL Puyan. Shanghai CEL Puyan is therefore an associate of CEL and a connected person of the Company.

As at the date of this announcement, Mr. Du holds approximately 99.01% interest in Guangguan Zhihe. Guangguan 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 Nanyang Chanye, Zibo Fuyan and their respective ultimate beneficial owners are an Independent Third Party.

**Term of the Fund:** The term of the Fund shall be seven (7) years starting from the date on which the business license of the Fund is obtained.

The investment period of the Fund (the “**Investment Period**”) shall be four (4) years starting from the date on which the business license of the Fund is obtained. The Investment Period can be further extended for one (1) year subject to the approval of the General Partner.

The withdrawal period of the Fund shall be two (2) years commencing from the expiration of the investment period. Upon consent of the General Partner, the withdrawal period may be extended for not more than one (1) year.

The business license of the Fund was obtained on 30 July 2021.

**Size of the Fund and Capital Contribution:** The initial total capital contribution by the Partners to the Fund shall be RMB60,000,000 (equivalent to approximately HK\$72,000,000). The respective capital contribution to be made by each of the Partners is as follows:

<b>Partner</b>	<b>Type</b>	<b>Capital Contribution</b>	<b>Percentage</b>
Shanghai CEL Puyan	General Partner	RMB10,200,000	17%
Kinergy IME	Limited Partner	RMB12,000,000	20%
Guanguan Zhihe	Limited Partner	RMB1,800,000	3%
Nanyang Chanye	Limited Partner	RMB18,000,000	30%
Zibo Fuyan	Limited Partner	RMB18,000,000	30%

The size of the Fund may be increased by RMB140,000,000 to RMB200,000,000, subject to the unanimous consent of all Partners by way of a separate written agreement and subject to the Company has obtained the necessary approval from the shareholders of the Company. The Partners shall make their respective further capital contribution to the Fund in proportion to the above percentage of initial capital contribution.

The respective capital contribution to the Fund is determined after arm’s length negotiations between the Partners with reference to the proposed capital requirements of the Fund and the Partners’ proportionate interests therein.

Each Partner shall make their capital contribution according to the requirements specified in the payment notice to be issued by the General Partner. Any delay in making the capital contribution will lead to penalty as specified under the Fund Partnership Agreement unless written waiver from the General Partner is obtained.

**Purpose and objectives of the Fund:**

The Fund will make equity investments in enterprises in the optoelectronics industry, precision technology equipment manufacturing industry, information technology industry, advanced manufacturing and other related industries in the PRC. The Fund will focus on investments in companies with prospect and potential of listing. The Fund may use not less than twenty percent (20%) of the paid-up capital contribution in establishing sub-funds. The Fund will invest in enterprises in the PRC or in foreign enterprises with operations in the PRC, with priority on investments in enterprises in Nanyang City.

**Management of the Fund:**

The Fund will be managed by Shanghai CEL Puyan, which acts as the General Partner and executive partner responsible for the operation of investment and administering the Fund. Shanghai CEL Puyan is entitled to an annual management fee of the Fund in an amount equal to two percent (2%) per annum of the paid-up capital contribution of the Fund at the relevant time.

**Investment Committee:**

The Fund shall establish an investment committee comprising four (4) committee members. All committee members shall be nominated by Shanghai CEL Puyan. Decisions on investment projects shall be passed by a vote of three (3) out of four (4) committee members. The investment team shall be responsible for implementing investment decisions made by the investment committee.

**Profit distribution  
and loss sharing:**

*Profit distribution*

Distributable income of any investment project comprises the following and calculated after deduction of tax and other expenses of the Fund:

1. income from disposal of an investment project;
2. dividend income from an investment project;
3. income from its liquid investments;
4. indemnity from Partner(s) in relation to delay in capital contribution;
5. paid-up capital contribution which will not to be used for investment or for other purposes; and
6. other revenue.

Upon the receipt of such distributable income by the Fund, distribution of distributable income will be made in the following order:

1. to all the Partners in proportion to their respective paid-up capital contributions until each of the partner is paid in aggregate, its paid-up capital contributions;
2. out of the remaining balance (if any), to all 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 eight percent (8%);
3. out of the remaining balance (if any), twenty percent (20%) shall be paid to the General Partner as management performance income while the other eighty percent (80%) shall be shared among all Partners in proportion to their respective paid-up capital contributions.

### *Loss sharing*

The General Partner shall bear unlimited joint and several liability for the losses of the Fund, and any losses attributable to its failure in performing its management duties in a diligent manner. The Limited Partners shall be liable for any losses of the Fund in proportion to their respective committed capital contribution, up to the amount of their respective paid-up capital contribution to the Fund.

**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 higher than 2%. The transfer of a Limited Partner's interest in the Fund is subject to the approval of the General Partner. The non-transferring Partners shall have a right of first refusal if the proposed transferee is not an affiliate.

## **INFORMATION OF THE PARTIES TO THE FUND PARTNERSHIP AGREEMENT**

### **Information of the parties who are connected persons**

#### *Shanghai CEL Puyan*

Shanghai CEL Puyan is a limited liability company established in the PRC on 6 July 2015 and owned as to approximately 51.03% by the Company and ultimately and beneficially owned as to approximately 48.97% by CEL. It is principally engaged in equity fund raising activities for non-listed corporations and related consultation services.

#### *Guanguan Zhihe*

To the best knowledge of the Directors having made all reasonable enquiries, Guanguan Zhihe is a limited partnership established in the PRC on 21 June 2019 and ultimately and beneficially owned as to approximately 99.01% by Mr. Du and approximately 0.99% by Zhuang Haoran (莊浩然). It is principally engaged in providing corporate advisory services.

## **Information of the parties who are Independent Third Parties**

### ***Nanyang Chanye***

To the best knowledge of the Directors having made all reasonable enquiries, Nanyang Chanye is a limited liability company established in the PRC and is an Independent Third Party. It is principally engaged in private equity investment fund management services and its ultimate beneficial shareholder is Nanyang City Finance Bureau\* (南陽市財政局).

### ***Zibo Fuyan***

To the best knowledge of the Directors having made all reasonable enquiries, Zibo Fuyan is a limited liability company established in the PRC and is an Independent Third Party. It is principally engaged in private equity investment fund management services and its ultimate beneficial owner is Liang Liyu\* (梁力予) and Shanghai Huafu Asset Management Co., Ltd.\* (上海華弗資產管理有限公司).

## **Information of Kinergy IME**

Kinergy IME is a limited liability company established in the PRC on 2 April 2020 and a wholly-owned subsidiary of the Company. The principal business of Kinergy IME is investment holding.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FUND PARTNERSHIP AGREEMENT**

The principal activities of the Group are to provide contract manufacturing, design, engineering and assembly for the semiconductor industry, and the design, manufacture and sale of automated machines, apparatus, systems, and equipment. The purpose of the investment is to bring about the synergy of the principal business of the Group and the investee companies of the Fund, which will enable the Group to seize opportunities that were not available to the Group or that the Group could not afford on its own, and accelerate the Group's expansion of footprint in the semiconductor process equipment industry in the PRC.

Following the completion of capital injection to Shanghai CEL Puyan on 8 January 2021, the Group owns approximately 51.03% equity interest in Shanghai CEL Puyan as at the date of the announcement. Through investment in the Fund by Shanghai CEL Puyan, the Group intends to leverage on the private equity fund investment experience of Shanghai CEL Puyan to develop a leading semiconductor equipment and high-end equipment manufacturing industry investment platform.

The investment in the Fund by the Group is to be made with the internal resources of the Group, in particular, proceeds from the share subscriptions of the Company which were completed on 1 April 2021 and 13 April 2021 respectively.

The Directors (including all independent non-executive Directors) consider that the terms of the Fund Partnership Agreement are fair and reasonable, and that the investment in the Fund is on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole. Mr. Du who is interested in the transactions contemplated under the Fund Partnership Agreement by virtue of his shareholding interest in Guangguan Zhihe has abstained from voting on the relevant board resolutions. Save as above, none of the Directors (including the independent non-executive Directors) has a material interest in the Fund Partnership Agreement, and none of the Directors has abstained from voting on the relevant board resolutions.

## **LISTING RULES IMPLICATIONS**

As of the date of this announcement, CEL, a substantial shareholder of the Company, holds approximately 48.97% interest in Shanghai CEL Puyan. Shanghai CEL Puyan is therefore an associate of CEL and a connected person of the Company. Besides, Mr. Du, an executive Director, holds approximately 99.01% interest in Guangguan Zhihe. Guangguan Zhihe is therefore an associate of Mr. Du and a connected person of the Company. Accordingly, the transactions contemplated under the Fund Partnership Agreement constitutes connected transactions for the Company under Chapter 14A of the Listing Rules.

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## **DEFINITIONS**

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong on 25 August 1972, whose shares are listed on the Stock Exchange (stock code: 165), and a substantial shareholders of the Company holding approximately 28.56% issued shares of the Company

“Company”	Kinergy Corporation Ltd. (光控精技有限公司*), a company incorporated in Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	directors of the Company
“Fund”	Nanyang Kinergy Equity Investment Fund Partnership (Limited Partnership)* (南陽精技股權投資基金合夥企業 (有限合夥)), a limited partnership established in the PRC pursuant to the Fund Partnership Agreement
“Fund Partnership Agreement”	the partnership agreement, dated 30 July 2021, entered into among Shanghai CEL Puyan, Kinergy IME, Guangguan Zhihe, Nanyang Chanye and Zibo Fuyan, as further described in the section headed “Major Terms of the Fund Partnership Agreement”
“General Partner”	general partner of the Fund, namely Shanghai CEL Puyan
“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 of the Parties to the Fund Partnership Agreement — Guangguan Zhihe” of this announcement”
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party”	a third party which is independent of and not connected with the Company and otherwise not a connected person of the Company
“Kinergy IME”	Kinergy Intelligent Manufacturing Equipment (Nantong) Co. Ltd.* (精技智能裝備 (南通) 有限公司), which is more particularly described in the section headed “Information of the Parties to the Fund Partnership Agreement — Kinergy IME” of this announcement

“Limited Partner(s)”	limited partner(s) of the Fund, namely Kinergy IME, Guangguan Zhihe, Nanyang Chanye and Zibo Fuyan, and a limited partner shall refer to any one of them
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Du”	Mr. Du Xiaotang, an executive Director
“Nanyang City”	Nanyang City of Henan Province, the PRC
“Nanyang Chanye”	Nanyang Chanye Investment Group Limited* (南陽產業投資集團有限公司), which is more particularly described in the section headed “Information of the Parties to the Fund Partnership Agreement — Nanyang Chanye” of this announcement”
“Partner(s)”	the partner(s) of the Fund from time to time
“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	renminbi, the lawful currency of the PRC
“Shanghai CEL Puyan”	Shanghai 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 more particularly described in the section headed “Information of the Parties to the Fund Partnership Agreement — Shanghai CEL Puyan” of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zibo Fuyan”	Zibo Fuyan Equity Investment Fund Partnership (Limited Partnership)* (淄博弗燕股權投資基金合夥企業 (有限合夥)), which is more particularly described in the section headed “Information of the Parties to the Fund Partnership Agreement — Zibo Fuyan” of this announcement”
“%”	percent.

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.20 for the purpose of illustrations.

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

Hong Kong, 3 August 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 and Mr. Tay Kim Kah; the non-executive Directors are Mr. Yang Ping (Chairman) and Mr. Tsang Sui Cheong Frederick; and the independent non-executive Directors are Dr. Senerath Wickramanayaka Mudiyansele Sunil Wickramanayaka, Professor Zhang Wei and Mr. Hoon Chee Wai.*