
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Kinergy Corporation Ltd.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT TO THE FUND
PARTNERSHIP AGREEMENT**

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 9 to 27 of this circular. A letter from the Independent Board Committee is set out on pages 28 to 29 of this circular. A letter from Yue Xiu Capital Limited, the Independent Financial Adviser is set out on pages 30 to 58 of this circular. A notice convening the EGM to be held by way of electronic means on Friday, 12 November 2021 at 9:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Boardroom Share Registrars (HK) Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The Company will be conducting the EGM by way of electronic means at its registered office at 1 Changi North Street 1, Lobby 2, Singapore 498789. The Company will observe safe distancing measures in conducting the EGM. Shareholders should note that due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and **Shareholders will not be able to attend the EGM in person.**

* For identification purpose only

CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES FOR THE EGM	ii
DEFINITIONS	1
LETTER FROM THE BOARD	9
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	28
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	30
APPENDIX I — GENERAL INFORMATION	I-1
APPENDIX II — ALTERNATIVE ARRANGEMENTS	II-1
NOTICE OF EGM	EGM-1

PRECAUTIONARY MEASURES FOR THE EGM

Date, Time and Conduct of EGM

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

Notice of EGM, Circular and Proxy Form

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

Attendance at the EGM

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

Participation at the EGM

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

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

PRECAUTIONARY MEASURES FOR THE EGM

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

Key Dates and Times

Actions to be taken by Shareholders

5 p.m. on Tuesday,
9 November 2021

Deadline for Shareholders to:

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

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

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

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

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

PRECAUTIONARY MEASURES FOR THE EGM

Key Dates and Times

9:30 a.m. on Friday,
12 November 2021

Actions to be taken by Shareholders

Shareholders may participate at the EGM via electronic means by:

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

Important Reminder

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

DEFINITIONS

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

“Additional Capital Contribution”	the additional capital contribution to be made by the Partners to the Fund pursuant to the Supplemental Agreement
“affiliate(s)”	for the purposes of the Fund Partnership Agreement, in respect of any entity, (i) any entity directly or indirectly controlling, controlled by or under the same control of such entity; (ii) any entity directly or indirectly holding more than 50% interest of such entity or individual; (iii) any entity directly or indirectly holding more than 50% voting right or other interests of such entity or individual, whereas “control” means direct or indirect right to manage or influence the management and policies of the relevant entity, whether through equity interest carrying voting rights or contractual or other arrangements
“AMAC”	Asset Management Association of China (中國證券投資基金業協會)
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“AUM”	asset under management
“Board”	the board of Directors
“Capital Injection”	subscription for new capital of Shanghai CEL Puyan in the aggregate amount of RMB52.1 million by Kinergy IME, details of which are set forth in the announcement and the circular of the Company dated 6 November 2020 and 27 November 2020, respectively

DEFINITIONS

“CE Financial Investments”	China Everbright Financial Investments Limited, a company incorporated in Hong Kong on 5 March 1991, which holds 822,000 shares of the Company and is directly wholly-owned by CEL
“CE Venture”	China Everbright Venture Capital Limited, a company incorporated in BVI on 8 April 1999 and one of the substantial shareholders of the Company, which directly holds 100% shares in Diamond Wealth and is directly wholly-owned by CEL
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong on 25 August 1972, whose shares are listed on the Stock Exchange (stock code: 165), and 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
“Diamond Wealth”	Diamond Wealth Global Limited, a limited liability company incorporated in the BVI on 22 January 2016, which is wholly owned by CE Venture and is one of the substantial shareholders of the Company
“Director(s)”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving by the Independent Shareholders the Supplemental Agreement and the transactions contemplated thereunder

DEFINITIONS

“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 on 30 July 2021 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
“General Partner”	general partner of the Fund, namely Shanghai CEL Puyan
“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 of the Parties to the Supplemental Agreement and the Second Supplemental Agreement — Guangguan Zhihe” of this circular”
“Henan Jinguan”	Henan Jinguan Power Supply Services Limited* (河南金冠供電服務有限公司), which is more particularly described in the section headed “Information of the Parties to the Supplemental Agreement and the Second Supplemental Agreement — Henan Jinguan” of this circular
“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 Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Hoon Chee Wai, Dr. Senerath Wickramanayaka Mudiyansele Sunil Wickramanayaka and Professor Zhang Wei

DEFINITIONS

“Independent Financial Adviser” or “Yue Xiu Capital”	Yue Xiu Capital 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 respect of the Fund Partnership Agreement, the Supplemental Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than those who are required to abstain under the Listing Rules from voting at the EGM for the resolution(s) approving the Supplemental Agreement and the transactions contemplated thereunder
“Independent Third Party”	a third party which is independent of and not connected with the Company and its connected person and otherwise not a connected person of the Company
“Initial Capital Contributions”	initial capital contributions of the Partners to the Fund pursuant to the Fund Partnership Agreement
“Jiangsu Yiying”	Jiangsu Yiying Medical Equipment Co., Ltd.* (江蘇一影醫療設備有限公司), a limited liability company established in the PRC on 30 January 2018
“Jinguan Electric”	Jinguan Electric Co., Ltd.* (金冠電氣股份有限公司), a joint stock company established in the PRC on 28 March 2005
“Kinergy EMS”	Kinergy EMS (Nantong) Company Limited* (精技電子(南通)有限公司), a limited liability company established in the PRC on 23 July 2003 and a direct wholly-owned subsidiary 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 Supplemental Agreement and the Second Supplemental Agreement — Kinergy IME” of this circular

DEFINITIONS

“Latest Practicable Date”	18 October 2021, being the latest practicable date before printing of this circular for ascertaining information contained herein
“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Du”	Mr. Du Xiaotang, an executive Director
“Nantong Health Fund”	Nantong CEL Health Industry Investment Partnership (Limited Partnership)* (南通光控健康產業投資合夥企業(有限合夥)), which is more particularly described in the section headed “Information of the parties to the Supplemental Agreement and the Second Supplemental Agreement — Shanghai CEL Puyan — Nantong Health Fund” of this circular
“Nantong Intelligent Fund”	Nantong CEL Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership)* (南通光控智造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 Supplemental Agreement and the Second Supplemental Agreement — Shanghai CEL Puyan — Nantong Intelligent Fund” of this circular
“Nantong Jiufa”	Nantong Jiufa Enterprise Management Partnership (Limited Partnership)* (南通九發企業管理合夥企業(有限合夥)), which is more particularly described in the section headed “Information of the parties to the Supplemental Agreement and the Second Supplemental Agreement — Nantong Jiufa” of this circular

DEFINITIONS

“Nantong Ruici”	Nantong Ruici Hospital Co., Ltd.* (南通瑞慈醫院有限公司), a limited liability company established in the PRC on 14 August 2000
“Nantong Semiconductor Fund”	Nantong CEL Semiconductor Industry Investment Fund Partnership (Limited Partnership)* (南通光控半導體產業投資基金合夥企業(有限合夥)), which is more particularly described in the section headed “Information of the parties to the Supplemental Agreement and the Second Supplemental Agreement — Shanghai CEL Puyan — Nantong Semiconductor Fund” of this circular
“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 Supplemental Agreement and the Second Supplemental Agreement — Nanyang Chanye” of this circular”
“Nanyang City”	Nanyang City of Henan Province, the PRC
“New Partners”	Henan Jinguan and Nantong Jiufa
“Partner(s)”	the partner(s) of the Fund from time to time
“Proxy Form”	the proxy form accompanying this circular
“PRC”	the People’s Republic of China, which for the purpose of this circular does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qingdao Chenfei”	Qingdao Chenfei Food Limited* (青島晨非食品有限公司), a limited liability company established in the PRC on 16 April 2014
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Second Supplemental Agreement”	the supplemental agreement dated 30 September 2021 entered into among Shanghai CEL Puyan, Kinergy IME, Nanyang Chanye, Zibo Fuyan, Guangguan Zhihe, Henan Jinguan and Nantong Jiufa
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai CEL Puyan”	Shanghai CEL Puyan Equity Investment Management Limited* (上海光控浦燕股權投資管理有限公司), which is more particularly described in the section headed “Information of the Parties to the Supplemental Agreement and the Second Supplemental Agreement — Shanghai CEL Puyan” of this circular
“Shanghai Huafu”	Shanghai Huafu Asset Management Co., Ltd.* (上海華弗資產管理有限公司), a limited liability company established in the PRC on 2 February 2008
“Shanghai Yiwei”	Shanghai Yiwei Children’s Food Co., Ltd.* (上海伊威兒童食品有限公司), a limited liability company established in the PRC on 26 December 2008
“Shareholder(s)”	shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“Sino Expo”	Sino Expo Holdings Limited, a company incorporated in the BVI on 28 June 2016 which is wholly owned by Mr. Du
“SMEE”	Shanghai Micro Electronics Equipment (Group) Co., Ltd.* (上海微電子裝備(集團)股份有限公司), a joint stock company established in the PRC on 7 March 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 19 August 2021 entered into among Shanghai CEL Puyan, Kinergy IME, Nanyang Chanye, Zibo Fuyan and Guangguan Zhihe

DEFINITIONS

“Xinghan Intelligent”	Xinghan Intelligent Technology Co., Ltd.* (星漢智能科技股份有限公司), an other limited liability (non-listed) company established in the PRC on 22 March 2011
“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 Supplemental Agreement and the Second Supplemental Agreement — Zibo Fuyan” of this circular”
“%”	percent.

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

* For identification purposes only

LETTER FROM THE BOARD



Kinergy Corporation Ltd.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

Executive Directors:

Mr. Lim Kuak Choi Leslie
(Chief Executive Officer)
Mr. Du Xiaotang
Mr. Lim Khin Mann
Mr. Tay Kim Kah

Non-executive Directors:

Mr. Yang Ping *(Chairman)*
Mr. Tsang Sui Cheong Frederick

Independent Non-executive Directors:

Dr. Senerath Wickramanayaka
Mudiyanselage Sunil Wickramanayaka
Professor Zhang Wei
Mr. Hoon Chee Wai

*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

22 October 2021

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT TO THE FUND
PARTNERSHIP AGREEMENT
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

The Board refers to the announcement of the Company dated 3 August 2021 in relation to the Fund Partnership Agreement and the establishment and management of the Fund, the announcement of the Company dated 19 August 2021 in relation to the Supplemental Agreement and the transactions contemplated thereunder and the announcement of the Company dated 4 October 2021 in relation to the Second Supplemental Agreement and the transactions contemplated thereunder.

* For identification purposes only

LETTER FROM THE BOARD

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

II. THE FUND PARTNERSHIP AGREEMENT

On 30 July 2021, Shanghai CEL Puyan and Kinergy IME entered into the Fund Partnership Agreement with Nanyang Chanye, Zibo Fuyan and Guangguan Zhihe for the establishment and management of the Fund.

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 Latest Practicable Date, 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 Latest Practicable Date, 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 enquiries, 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.

LETTER FROM THE BOARD

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:

Partner	Type	Capital Contribution	Percentage
Shanghai CEL Puyan	General Partner	RMB10,200,000	17%
Kinergy IME	Limited Partner	RMB12,000,000	20%
Guangguan 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 (equivalent to approximately HK\$168,000,000) to RMB200,000,000 (equivalent to approximately HK\$240,000,000), 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.

LETTER FROM THE BOARD

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 more than twenty percent (20%) of the paid-up capital contribution in establishing sub-funds.

Investment Target and Restrictions:

The Fund targets to invest in enterprises incorporated in the PRC or foreign enterprises with operations in the PRC. It will prioritise investments in enterprise that is registered in Nanyang City or enterprises that is not registered in Nanyang City but has set up subsidiaries or investment projects in Nanyang City. The Fund has no specific restrictions on the amounts to be invested or proportion of the paid-up capital contribution to be invested in each of its potential investment projects.

The Fund will invest in growth companies or assets and will provide capital, professional network and other resources to corporations involved in industrial integration. It targets to enhance the value of business of its target companies through business optimisation, mergers and acquisitions and management incentives and subsequently exit by means of sale of shares or listing.

The Fund will also make equity investment in non-listed corporations in the form of common stocks, preferred stocks, and convertible preferred stocks and participate in placement, mergers and acquisitions, reorganisation, and privatisation of listed companies and non-listed corporations, which include companies listed on National Equities Exchange and Quotations (全國中小企業股份轉讓系統). Unutilised capital of the Fund can be used to invest in bank deposits, government bonds, low-risk wealth management products, currency funds or other cash management products.

LETTER FROM THE BOARD

The Fund is restricted from involving in, among others, (i) external guarantees, sponsorships or donations, (ii) any investment involving unlimited liabilities, (iii) capital contribution to the General Partner, and (iv) investment in futures, security investment funds, real estate, corporate bonds with ratings below AAA, non-guaranteed wealth management products, insurance plans and other financial derivatives.

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.

LETTER FROM THE BOARD

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%); and
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.

LETTER FROM THE BOARD

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 interests in the Fund is subject to the approval of the General Partner save and except for transfer to affiliate(s) of the transferring Limited Partners which does not require approval from the General Partner. With the approval of the General Partner, the Limited Partners may transfer their interests in the Fund to third parties upon which the non-transferring Partners shall enjoy a right of first refusal to acquire such interests. There shall be no priority treatment to any of the non-transferring Partners when exercising the right of first refusal. When more than one Limited Partners exercise the right of first refusal, such Limited Partners shall acquire the transferring interests in proportion to the percentage of their respective initial capital contribution. In the event that the right of first refusal is not exercised by non-transferring Partners within thirty (30) calendar days after the General Partner approved the transfer, the transferring Limited Partners shall have the right to transfer the interests to third parties.

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.

III. THE SUPPLEMENTAL AGREEMENT

On 19 August 2021 (after trading hours), the parties to the Fund Partnership Agreement entered into the Supplemental Agreement to amend and supplement certain terms and conditions of the Fund Partnership Agreement. Pursuant to the Supplemental Agreement, the Partners conditionally agreed to contribute further capital in the aggregate amount of RMB140,000,000 (equivalent to approximately HK\$168,000,000) in proportion to the percentage of Initial Capital Contribution. Immediately following the further capital contribution, the size of the Fund will be increase from RMB60,000,000 to RMB200,000,000 (equivalent to approximately HK\$240,000,000).

Major Terms Of The Supplemental Agreement

Date: 19 August 2021

Parties:

1. Shanghai CEL Puyan (as General Partner)
2. Kinergy IME (as Limited Partner)
3. Guangguan Zhihe (as Limited Partner)

LETTER FROM THE BOARD

4. Nanyang Chanye (as Limited Partner)

5. Zibo Fuyan (as Limited Partner)

As at the Latest Practicable Date, 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 Latest Practicable Date, 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 enquiries, each of Nanyang Chanye, Zibo Fuyan and their respective ultimate beneficial owners are an Independent Third Party.

Size of the Fund
and Capital
Contribution:

The size of the Fund shall be increased by RMB140,000,000 (equivalent to approximately HK\$168,000,000) to RMB200,000,000 (equivalent to approximately HK\$240,000,000), subject to fulfilment of the conditions precedent set out in the Supplemental Agreement.

The respective total capital contribution of the Partners before and after the Additional Capital Contribution is as follows:

Partner	Type	Capital Contribution		Aggregate Capital Contribution	Percentage after the Additional Capital Contribution
		before the Additional Capital Contribution	Additional Capital Contribution	after the Additional Capital Contribution	
Shanghai CEL Puyan	General Partner	RMB10,200,000	RMB23,800,000	RMB34,000,000	17%
Kinergy IME	Limited Partner	RMB12,000,000	RMB28,000,000	RMB40,000,000	20%
Guangguan Zhihe	Limited Partner	RMB1,800,000	RMB4,200,000	RMB6,000,000	3%
Nanyang Chanye	Limited Partner	RMB18,000,000	RMB42,000,000	RMB60,000,000	30%
Zibo Fuyan	Limited Partner	RMB18,000,000	RMB42,000,000	RMB60,000,000	30%

LETTER FROM THE BOARD

The respective Additional Capital Contribution of the Partners is determined after arm's length negotiations between the Partners with reference to the projected capital requirements of the Fund and the Partners' proportionate interests therein.

Conditions
Precedent:

The Supplemental Agreement is conditional upon:

- (a) the Partners having obtained approvals of the Supplemental Agreement in accordance with their respective approval requirements;
- (b) the Independent Shareholders having approved the Supplemental Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (c) the Company having obtained all necessary approvals and consents in relation to the execution of the Supplemental Agreement and the transactions contemplated hereunder.

In respect of condition (c) above, as at the Latest Practicable Date, the Directors are not aware of any consents, approvals necessary for completion other than conditions (a) to (b).

If any of the above conditions precedent is not fulfilled, all rights and obligations of the Partners under the Supplemental Agreement shall cease and terminate and payment notice will not be issued by the General Partner.

As the Latest Practicable Date, condition (a) had been satisfied.

Save as amended by the Supplemental Agreement, all other terms and provisions of the Fund Partnership Agreement shall remain unchanged.

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

LETTER FROM THE BOARD

IV. THE SECOND SUPPLEMENTAL AGREEMENT

On 30 September 2021 (after trading hours), (i) the parties to the Fund Partnership Agreement and the Supplemental Agreement; (ii) Henan Jinguan (as Limited Partner); and (iii) Nantong Jiufa (as Limited Partner) entered into the Second Supplemental Agreement to amend and supplement certain terms and conditions of the Fund Partnership Agreement and the Supplemental Agreement.

Pursuant to the Second Supplemental Agreement, it is agreed that 15% of the Initial Capital Contribution (RMB9,000,000 (equivalent to approximately HK\$10,800,000)) subscribed by Zibo Fuyan shall be transferred to Henan Jinguan and 10% of Initial Capital Contribution (RMB6,000,000 (equivalent to approximately HK\$7,200,000)) subscribed by Zibo Fuyan shall be transferred to Nantong Jiufa. Since the corresponding capital contribution has not yet been paid up, no transaction consideration will be set for the transfer. Zibo Fuyan's obligation to pay for its capital contribution shall be undertaken by Henan Jinguan and Nantong Jiufa. The Partners have agreed not to exercise the right of first refusal for the above transfer.

Zibo Fuyan further agreed to reduce its capital contribution in relation to the Additional Capital Contribution by an aggregate amount of RMB35,000,000 (equivalent to approximately HK\$42,000,000) (25% of the Additional Capital Contribution). Henan Jinguan agreed to make further capital contribution in an amount of RMB21,000,000 (equivalent to approximately HK\$25,200,000) (15% of the Additional Capital Contribution) and Nantong Jiufa agreed to make further capital contribution in an amount of RMB14,000,000 (equivalent to approximately HK\$16,800,000) (10% of the Additional Capital Contribution). The respective capital contribution of the Partners and the New Partners before and after the Additional Capital Contribution following the Second Supplemental Agreement are as follows:

Partner	Type	Initial Capital Contribution (RMB)	Additional Capital Contribution (RMB)	Aggregate Capital	Percentage after
				Contribution after the Additional Capital Contribution (RMB)	the Additional Capital Contribution (%)
Shanghai CEL Puyan	General Partner	10,200,000	23,800,000	34,000,000	17
Kinergy IME	Limited Partner	12,000,000	28,000,000	40,000,000	20
Guanguan Zhihe	Limited Partner	1,800,000	4,200,000	6,000,000	3
Nanyang Chanye	Limited Partner	18,000,000	42,000,000	60,000,000	30
Zibo Fuyan (<i>Note</i>)	Limited Partner	3,000,000	7,000,000	10,000,000	5
Henan Jinguan (<i>Note</i>)	Limited Partner	9,000,000	21,000,000	30,000,000	15
Nantong Jiufa (<i>Note</i>)	Limited Partner	6,000,000	14,000,000	20,000,000	10

Note: As amended pursuant to the Second Supplemental Agreement.

LETTER FROM THE BOARD

Save as disclosed above, there are no other changes to the Fund Partnership Agreement and the Supplemental Agreement and all other terms and conditions of the Fund Partnership Agreement and the Supplemental Agreement remain unchanged and continue to be in full force and effect.

V. REASONS FOR AND BENEFITS OF ENTERING INTO THE FUND PARTNERSHIP AGREEMENT, THE SUPPLEMENTAL AGREEMENT AND THE SECOND SUPPLEMENTAL AGREEMENT

The Fund Partnership Agreement

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, by leveraging the business network and opportunities to be brought about by the investee companies in the upstream and downstream of the semiconductor process equipment industry. Shanghai CEL Puyan will be entitled to nominate all members on the investment committee of the Fund which shall be responsible for making investment decisions for the Fund. The process of identifying potential investment targets and investing in the potential investees may lay the foundation for potential cooperation between the Group and the investee companies, which may expand the customer base of the Group and facilitate the research and development of new products. This 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 Latest Practicable Date. 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 Supplemental Agreement

Pursuant to the Fund Partnership Agreement, the size of the Fund may be increased by RMB140,000,000, subject to the unanimous consent of all Partners by way of a separate written agreement and subject to the Company obtaining the necessary approval from the shareholders of the Company.

LETTER FROM THE BOARD

Subsequent to the Initial Capital Contribution, the General Partner has identified various new investment targets and opportunities, investment in which is required to be completed by end of 2021. Investment targets and opportunities which the Fund intends to invest in are:

Potential Investment Target	Proposed Investment Amount
(i) An optical material manufacturer with headquarters in Nanyang City, the PRC	Not more than RMB100,000,000
(ii) A semi-conductor equipment manufacturer with headquarters in Shanghai, the PRC	Not more than RMB30,000,000
(iii) An automotive connector manufacturer with headquarters in Henan Province, the PRC and with overseas sales offices and subsidiaries	Not more than RMB50,000,000

It is expected that the Additional Capital Contribution will provide the Fund with capital resources to capture the above investment opportunities to achieve satisfactory return to the Partners.

Second Supplemental Agreement

The terms of the Second Supplemental Agreement were arrived at after arm's length negotiations between the Partners and the New Partners. Zibo Fuyan transferred and reduced its subscription in the Fund due to its internal investment arrangement. The introduction of the New Partners to the Fund will diversify the investor structure of the Fund and introduce additional high quality investors into the Fund.

Approval of the Board

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Fund Partnership Agreement, Supplemental Agreement and the Second Supplemental Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Du who is interested in the transactions contemplated under the Fund Partnership Agreement, the Supplemental Agreement and the Second Supplemental 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 the Supplemental Agreement, and none of the Directors has abstained from voting on the relevant board resolutions.

LETTER FROM THE BOARD

VI. INFORMATION OF THE PARTIES TO THE SUPPLEMENTAL AGREEMENT AND THE SECOND SUPPLEMENTAL AGREEMENT

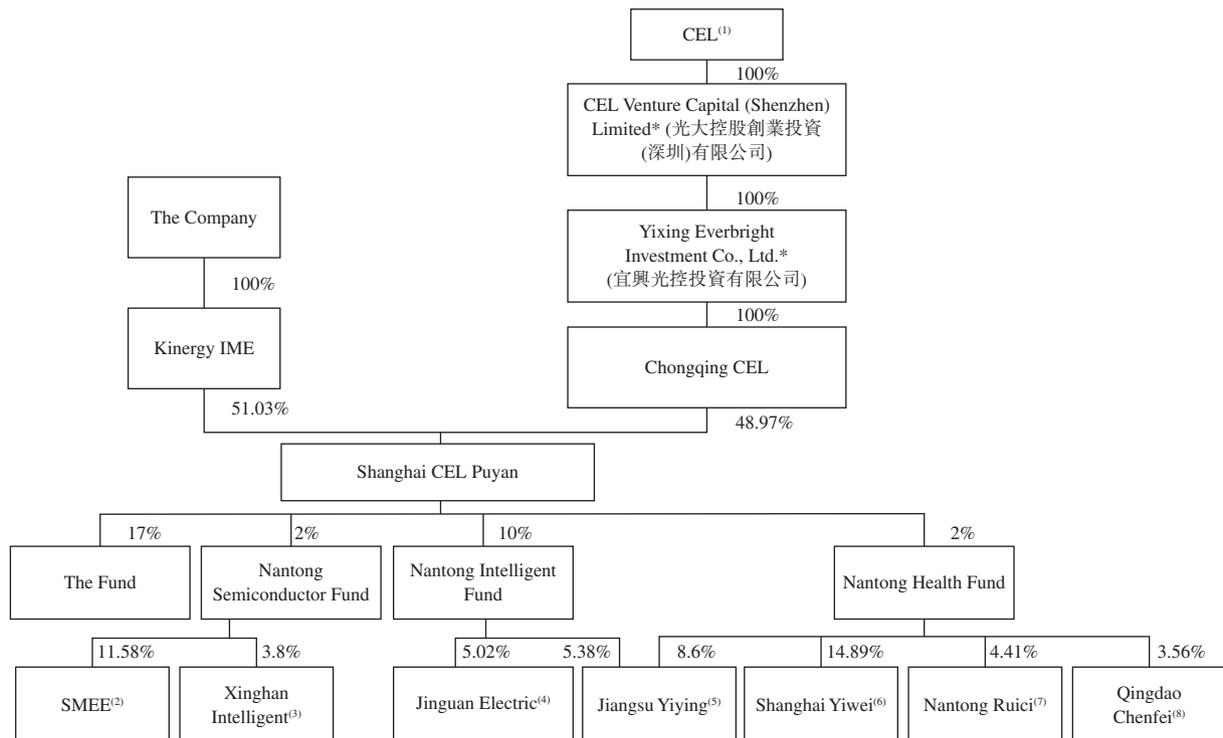
Information of the parties who are connected persons

Shanghai CEL Puyan

Shanghai CEL Puyan is a private equity fund manager (私募基金管理人) established on 6 July 2015 and registered with the AMAC which currently manages, as general partner, four funds namely (i) Nantong Intelligent Fund, (ii) Nantong Semiconductor Fund, (iii) Nantong Health Fund, and (iv) the Fund.

Reference is made to the announcement dated 6 November 2020 and circular dated 27 November 2020 of the Company in relation to the Capital Injection. Following the completion of the Capital Injection and as at the Latest Practicable Date, the registered capital of Shanghai CEL Puyan is RMB61.26 million and is ultimately and beneficially owned as to approximately 51.03% by the Company and approximately 48.97% by CEL.

Set out below is the group structure of Shanghai CEL Puyan as at the Latest Practicable Date:



LETTER FROM THE BOARD

Notes:

1. As at the Latest Practicable Date, 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 Datten Investments Limited and Everbright Investment & Management Limited; Datten Investments Limited holds 100% of the total issued share capital of Honorich Holdings Limited, which in turn holds approximately 49.39% of the total issued share capital of CEL; and Everbright Investment & Management Limited holds approximately 0.35% of the total issued share capital of CEL. China Everbright Group is held as to approximately 63.16% by Huijin, which is indirectly and wholly owned by the State Council of the PRC.
2. SMEE is principally engaged in the development, design, manufacture, sales and provision of technical services of semiconductor equipment, pan-semiconductor equipment and high-end intelligent equipment in the PRC. SMEE has three main product categories, namely (i) mask aligner; (ii) laser application and optical inspection; and (iii) special application.
3. Xinghan Intelligent is principally engaged in the research and development, manufacturing, processing and sale of embedded smart security products in the PRC, including magnetic stripe cards, smart cards, smart systems and radio frequency identification (electronic tags).
4. Jinguan Electric is principally engaged in the research, development and manufacturing of power system lightning arresters, transformers, reactive power compensation devices and substation intelligent online monitoring devices in the PRC. Jinguan Electric was listed on the Science and Technology Innovation Board of Shanghai Stock Exchange on 18 June 2021 (stock code: 688517).
5. Jiangsu Yiying is principally engaged in the production and research and development of medical imaging equipment. Completion of business registration for investment in Jiangsu Yiying by Nantong Intelligent Fund and Nantong Health Fund will take place by end of October 2021.
6. Shanghai Yiwei is principally engaged in the technology development, technology consulting, and technology services of children's food in the PRC.
7. Nantong Ruici is the medical service center in southeast Nantong and the only high-level general hospital in Nantong Economic and Technological Development Area, and an indirect non-wholly owned subsidiary of Rici Healthcare Holdings Limited, a limited liability company listed on the Stock Exchange (stock code: 1526).
8. Qingdao Chenfei is principally engaged in the production and development of beverage products including tea and milk foam and provision of production solutions in the PRC.

Major development of the funds managed by Shanghai CEL Puyan since the Capital Injection are set forth below.

LETTER FROM THE BOARD

Nantong Intelligent Fund

As at the Latest Practicable Date, Nantong Intelligent Fund has an AUM of RMB200 million, of which RMB20 million was contributed by Shanghai CEL Puyan and RMB40 million was contributed by Kinergy EMS. It has a total investment of approximately RMB98.39 million and holds approximately 5.02% equity interests in Jinguan Electric. Nantong Intelligent Fund will jointly invest with Nantong Health Fund in 5.38% (RMB25 million) and 8.6% (RMB40 million) equity interests in Jiangsu Yiying respectively. Business registration of such investment will be completed by end of October 2021.

Nantong Semiconductor Fund

As at the Latest Practicable Date, Nantong Semiconductor Fund has an AUM of RMB500 million, of which RMB10 million was contributed by Shanghai CEL Puyan. It has a total investment amount of approximately RMB456.97 million, approximately RMB435.58 million of which has been invested approximately in 11.58% equity interests in SMEE, and the remaining RMB21.39 million has been invested in 3.78% equity interests in Xinghan Intelligent. The Group is directly interested in approximately 0.4% equity interests in SMEE.

Nantong Health Fund

As at the Latest Practicable Date, Nantong Health Fund has an AUM of RMB441.5 million, of which RMB8.83 million (i.e. 2% of its AUM) was contributed by Shanghai CEL Puyan. It has a total investment amount of RMB230 million, RMB70 million of which has been invested in 14.89% equity interests in Shanghai Yiwei, RMB100 million has been invested in approximately 4.41% equity interests in Nantong Ruici, and the remaining RMB60 million has been invested in approximately 3.56% equity interest in Qingdao Chenfei. Nantong Intelligent Fund will jointly invest with Nantong Health Fund in 5.38% (RMB25 million) and 8.6% (RMB40 million) equity interests in Jiangsu Yiying respectively. Business registration of such investment will be completed by end of October 2021.

Guangguan Zhihe

To the best knowledge of the Directors having made all reasonable enquiries, Guangguan 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.

LETTER FROM THE BOARD

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. The ultimate beneficial owners of Shanghai Huafu are Zhang Yong* (張勇) and Yan Fang* (晏芳).

Henan Jinguan

To the best knowledge of the Directors having made all reasonable enquiries, Henan Jinguan is a limited liability company established in the PRC and is an Independent Third Party. It is principally engaged in construction and operation of electric power projects and its ultimate beneficial owner is Fan Chong* (樊崇).

Nantong Jiufa

To the best knowledge of the Directors having made all reasonable enquiries, Nantong Jiufa is a limited partnership established in the PRC and is an Independent Third Party. It is principally engaged in enterprise management consulting and its ultimate beneficial owners are Zhan Chuntao* (詹春濤), Jin Lingjun* (金玲鈞), Liu Hui* (劉輝) and Yan Ran* (閔然).

Information of the Company and Kinergy IME

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

LETTER FROM THE BOARD

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.

VII. LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Supplemental Agreement and the transactions contemplated thereunder, individually or as aggregated with the Fund Partnership Agreement pursuant to Rule 14.22 of the Listing Rules, exceed 5% but all applicable percentage ratios are less than 25%, the Supplemental Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company, and shall be subject to notice and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, 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 Supplemental Agreement and the transactions contemplated thereunder constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will convene the general meeting in due course.

VIII. EGM AND INDEPENDENT SHAREHOLDERS' APPROVAL

The EGM will be convened to obtain the Independent Shareholders' approval for the Supplemental Agreements and the transactions contemplated thereunder.

At the EGM, any Shareholders with a material interest in the Supplemental Agreement and the transactions contemplated thereunder are required to abstain from voting on the resolution(s) approving the same at the EGM. Mr. Du and his associates (i.e. Sino Expo), and CEL and its associates (i.e. Diamond Wealth and CE Financial Investments) shall abstain from voting on the resolution(s) for approving the Supplemental Agreement and the transactions contemplated thereunder at the EGM. The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, save for Mr. Du and his associates and CEL and its associates, at the Latest Practicable Date, no Shareholder has a material interest in the Supplemental Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

As at the Latest Practicable Date, (i) Mr. Du directly held 88,000 Shares representing approximately 0.01% issued share capital of the Company and Sino Expo, being an associate of Mr. Du, directly held 12,950,000 Shares, representing approximately 1.41% of the issued share capital of the Company. Mr. Du and Sino Expo held an aggregate of 13,038,000 Shares, and together controlled or were entitled to exercise control over voting rights of approximately 1.42% of the issued share capital of the Company; and (ii) Diamond Wealth, being an associate of CEL, held 262,084,380 Shares as beneficial owner, representing approximately 28.48% of the issued share capital of the Company; and CE Financial Investments, being an associate of CEL, held 822,000 Shares as beneficial owner, representing approximately 0.08% of the issued share capital of the Company. CEL and its associates held an aggregate of 262,906,380 Shares, and together controlled or were entitled to exercise control over voting rights of approximately 28.56% of the issued share capital of the Company.

A notice convening the EGM to be held on Friday, 12 November 2021 at 9:30 a.m. by way of electronic means at the Company's registered office at 1 Changi North Street 1, Lobby 2, Singapore 498789, is set out on pages EGM-1 to EGM-3 of this circular for the purpose of considering and, if thought fit, passing the resolutions as set out therein. In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of the Shareholders of the Company will be closed from Tuesday, 9 November 2021 to Friday, 12 November 2021 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of the Shareholders of the Company on Friday, 12 November 2021 will be entitled to attend and vote at the EGM.

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

Since the Supplemental Agreement, including the Additional Capital Contribution, is subject to the fulfilment of the conditions precedent as set out in the Supplemental Agreement, the Additional Capital Contribution may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

LETTER FROM THE BOARD

IX. RECOMMENDATIONS

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, the Supplemental Agreements, the Second Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Your attention is drawn to the letter from the Independent Board Committee to the Shareholders, the text of which is set out on pages 29 to 30 of this circular.

Your attention is drawn to the letter from the Independent Board Committee to the Shareholders, the text of which is set out on pages 29 to 30 of this circular. Your attention is also drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 30 to 58 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Fund Partnership Agreement, the Supplemental Agreement and the Second Supplemental Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee, as stated in its letter, recommends that the Independent Shareholders should vote in favour of the resolutions concerning the Supplemental Agreement and the transactions contemplated thereunder to be proposed at the EGM.

X. FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the additional information set out in the appendices to this circular and the notice of the EGM.

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.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

22 October 2021

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT TO THE FUND
PARTNERSHIP AGREEMENT**

We refer to the circular of the Company (the “**Circular**”) dated 22 October 2021 and despatched to the Shareholders which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the Fund Partnership Agreement, the Supplemental Agreement, the Second Supplemental Agreement and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” in the Circular. Yue Xiu Capital has been appointed to advise the Independent Board Committee in this regard.

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

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Fund Partnership Agreement, Supplemental Agreement, the Second Supplemental Agreement and the transactions contemplated thereunder as well as the advice of Yue Xiu Capital, we are of the opinion that the entering into of the Fund Partnership Agreement, the Supplemental Agreement and the Second Supplemental Agreement involving Shanghai CEL Puyan is in the ordinary and usual course of business of the Group, the terms of the Fund Partnership Agreement, the Supplemental Agreement and the Second Supplemental Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Company and the Shareholders as a whole.

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

Yours faithfully,

For and on behalf of

INDEPENDENT BOARD COMMITTEE

Senerath Wickramanayaka

Mudiyanselage Sunil Wickramanayaka,

Zhang Wei and Hoon Chee Wai

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Yue Xiu Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Fund Partnership Agreement (as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement) and the transactions contemplated thereunder.



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

22 October 2021

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

Dear Sirs or Madams,

**DISCLOSEABLE AND CONNECTED TRANSACTION
FUND PARTNERSHIP AGREEMENT
(AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT
AND THE SECOND SUPPLEMENTAL AGREEMENT)**

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Fund Partnership Agreement (as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement) (the “**Amended 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 22 October 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 30 July 2021, Shanghai CEL Puyan and Kinergy IME entered into the Fund Partnership Agreement with Nanyang Chanye, Zibo Fuyan and Guangguan Zhihe in relation to the establishment and management of the Fund. The Initial Capital Contribution was RMB60,000,000, of which Shanghai CEL Puyan and Kinergy IME contributed RMB10,200,000 and RMB12,000,000, respectively.

On 19 August 2021, Shanghai CEL Puyan and Kinergy IME entered into the Supplemental Agreement with Nanyang Chanye, Zibo Fuyan and Guangguan Zhihe to amend and supplement certain terms and conditions of the Fund Partnership Agreement. Pursuant to the Supplemental Agreement, the Partners conditionally agreed to contribute new capital in the aggregate amount of RMB140,000,000 in proportion to the percentage of Initial Capital Contribution. Immediately following the Additional Capital Contribution, the size of the Fund will be increased from RMB60,000,000 to RMB200,000,000. The Additional Capital Contribution to be contributed by Shanghai CEL Puyan and Kinergy IME shall be RMB23,800,000 and RMB28,000,000, respectively. With the Initial Capital Contribution and the Additional Capital Contribution, the total capital contribution to be contributed by the Group shall be RMB74,000,000.

On 30 September 2021, (i) the parties to the Fund Partnership Agreement and the Supplemental Agreement; (ii) Henan Jinguan; and (iii) Nantong Jiufa entered into the Second Supplemental Agreement to amend and supplement certain terms and conditions of the Fund Partnership Agreement and the Supplemental Agreement. Pursuant to the Second Supplemental Agreement, it is agreed that 15% of the Initial Capital Contribution (i.e. RMB9,000,000) subscribed by Zibo Fuyan shall be transferred to Henan Jinguan and 10% of Initial Capital Contribution (i.e. RMB6,000,000) subscribed by Zibo Fuyan shall be transferred to Nantong Jiufa. The Partners have agreed not to exercise the right of first refusal for the above transfer. Further, Zibo Fuyan agreed to reduce its Additional Capital Contribution by an aggregate amount of RMB35,000,000 (i.e. 25% of the Additional Capital Contribution). Henan Jinguan and Nantong Jiufa agreed to make further capital contribution of RMB21,000,000 (i.e. 15% of the Additional Capital Contribution) and RMB14,000,000 (i.e. 10% of the Additional Capital Contribution), respectively.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Supplemental Agreement and the transactions contemplated thereunder, individually or as aggregated with the Fund Partnership Agreement pursuant to Rule 14.22 of the Listing Rules, exceed 5% but all applicable percentage ratios are less than 25%, the Supplemental Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, CEL, the substantial shareholder of the Company, held 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, held 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 Supplemental Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the announcement, reporting, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of (i) CEL and its associates (i.e. Diamond Wealth and CE Financial Investments); and (ii) Mr. Du and his associates (i.e. Sino Expo), will abstain from voting on the resolution(s) for approving the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Dr. Senerath Wickramanayaka Mudiyansele Sunil Wickramanayaka, Professor Zhang Wei and Mr. Hoon Chee Wai, has been formed to advise the Independent Shareholders as to whether the terms of the Amended Fund Partnership Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution(s) at the EGM to approve the Supplemental Agreement and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Yue Xiu Capital did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Yue Xiu Capital. In the last two years, save for the engagement as the independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to the subscription of new shares of the Company by connected persons under specific mandate (details of which were disclosed in the circular of the Company dated 23 February 2021), there was no other engagement between the Group and Yue Xiu Capital. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or any other party to the Fund Partnership Agreement, the Supplemental Agreement or the Second Supplemental Agreement. Accordingly, we are qualified to give independent advice in respect of the Amended Fund Partnership Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the announcements of the Company dated 3 August 2021, 19 August 2021 and 4 October 2021 in relation to the Fund Partnership Agreement, the Supplemental Agreement and the Second Supplemental Agreement, respectively, and the Circular; (ii) the information provided by the Group and its advisers; (iii) the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”); (iv) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (v) 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 material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. The Directors have confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Company and/or Directors and the Management are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the EGM.

The Circular, for which the Directors 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 Group. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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 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 any of its subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information on the Group

The Group is a major contract manufacturer specialising in the manufacture of equipment, machines, sub-systems, precision tools, spare parts and components mainly in the semiconductor processing equipment industry, with in-house production facilities located in Singapore, the PRC and the Philippines.

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 Investment Division has become one of the business segments of the Group as set out in the 2021 Interim Report following the completion of the Capital Injection in January 2021. Thus, as disclosed in the 2021 Interim Report, 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) provision of fund management services and investment activities in equity securities and funds.

2. Information on the parties to the Fund Partnership Agreement, the Supplemental Agreement and the Second Supplemental Agreement

(a) *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. Kinergy IME is a Limited Partner pursuant to the Amended Fund Partnership Agreement.

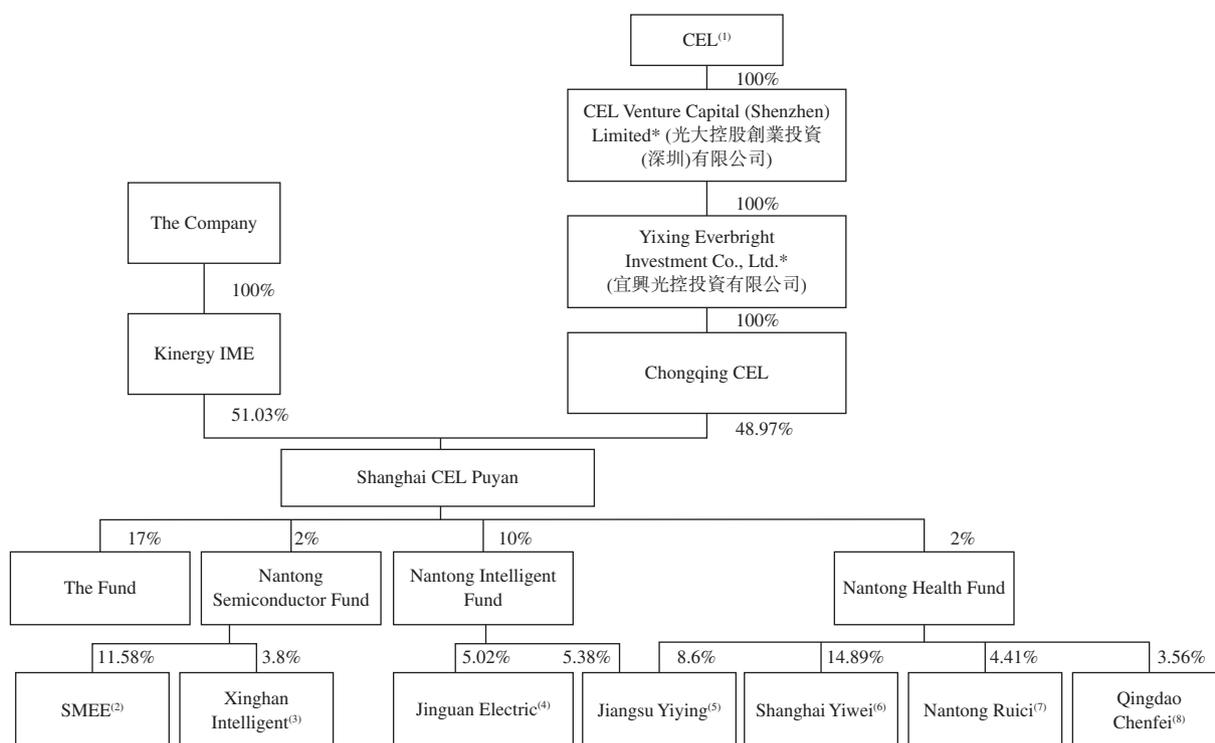
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Parties who are connected persons

(i) Shanghai CEL Puyan

Shanghai CEL Puyan is a private equity fund manager registered with the AMAC established in the PRC on 6 July 2015. As at the Latest Practicable Date, the registered capital of Shanghai CEL Puyan was RMB61.26 million and Shanghai CEL Puyan was ultimately and beneficially owned as to approximately 51.03% by the Company and approximately 48.97% by CEL. It is principally engaged in equity fund raising activities for non-listed corporations and related consultation services.

Pursuant to the Amended Fund Partnership Agreement, Shanghai CEL Puyan is the General Partner and executive partner responsible for the operation and investment and administering the Fund. Shanghai CEL Puyan currently manages, as general partner, four funds, namely (i) Nantong Intelligent Fund; (ii) Nantong Semiconductor Fund; (iii) Nantong Health Fund; and (iv) the Fund. Set out below is the group structure of Shanghai CEL Puyan as at the Latest Practicable Date:



LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. *As at the Latest Practicable Date, 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 Datten Investments Limited and Everbright Investment & Management Limited; Datten Investments Limited holds 100% of the total issued share capital of Honorich Holdings Limited, which in turn holds approximately 49.39% of the total issued share capital of CEL; and Everbright Investment & Management Limited holds approximately 0.35% of the total issued share capital of CEL. China Everbright Group is held as to approximately 63.16% by Huijin, which is indirectly and wholly owned by the State Council of the PRC.*
2. *SMEE is principally engaged in the development, design, manufacture, sales and provision of technical services of semiconductor equipment, pan-semiconductor equipment and high-end intelligent equipment in the PRC. SMEE has three main product categories, namely (i) mask aligner; (ii) laser application and optical inspection; and (iii) special application.*
3. *Xinghan Intelligent is principally engaged in the research and development, manufacturing, processing and sale of embedded smart security products in the PRC, including magnetic stripe cards, smart cards, smart systems and radio frequency identification (electronic tags).*
4. *Jinguan Electric is principally engaged in the research, development and manufacturing of power system lightning arresters, transformers, reactive power compensation devices and substation intelligent online monitoring devices in the PRC. Jinguan Electric was listed on the Science and Technology Innovation Board of Shanghai Stock Exchange on 18 June 2021 (stock code: 688517).*
5. *Jiangsu Yiyang is principally engaged in the production and research and development of medical imaging equipment. Completion of business registration for investment in Jiangsu Yiyang by Nantong Intelligent Fund and Nantong Health Fund will take place by end of October 2021.*
6. *Shanghai Yiwei is principally engaged in the technology development, technology consulting, and technology services of children's food in the PRC.*
7. *Nantong Ruici is the medical service center in southeast Nantong and the only high-level general hospital in Nantong Economic and Technological Development Area, and an indirect non-wholly owned subsidiary of Rici Healthcare Holdings Limited, a limited liability company listed on the Stock Exchange (stock code: 1526).*
8. *Qingdao Chenfei is principally engaged in the production and development of beverage products including tea and milk foam and provision of production solutions in the PRC.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the brief description of the major development of Nantong Intelligent Fund, Nantong Semiconductor Fund and Nantong Health Fund since the Capital Injection:

Nantong Intelligent Fund

As at the Latest Practicable Date, Nantong Intelligent Fund had an AUM of RMB200 million, of which RMB20 million was contributed by Shanghai CEL Puyan and RMB40 million was contributed by Kinergy EMS. It has a total investment of approximately RMB98.39 million and holds approximately 5.02% equity interests in Jinguan Electric. Nantong Intelligent Fund will jointly invest with Nantong Health Fund in 5.38% (RMB25 million) and 8.6% (RMB40 million) equity interests in Jiangsu Yiying respectively. Business registration of such investment will be completed by end of October 2021.

Nantong Semiconductor Fund

As at the Latest Practicable Date, Nantong Semiconductor Fund had an AUM of RMB500 million, of which RMB10 million was contributed by Shanghai CEL Puyan. It has a total investment amount of approximately RMB456.97 million, approximately RMB435.58 million of which has been invested approximately in 11.58% equity interests in SMEE, and the remaining RMB21.39 million has been invested in 3.78% equity interests in Xinghan Intelligent. The Group is directly interested in approximately 0.4% equity interests in SMEE.

Nantong Health Fund

As at the Latest Practicable Date, Nantong Health Fund has an AUM of RMB441.5 million, of which RMB8.83 million (i.e. 2% of its AUM) was contributed by Shanghai CEL Puyan. It has a total investment amount of RMB230 million, RMB70 million of which has been invested in 14.89% equity interests in Shanghai Yiwei, RMB100 million has been invested in approximately 4.41% equity interests in Nantong Ruici, and the remaining RMB60 million has been invested in approximately 3.56% equity interest in Qingdao Chenfei. Nantong Intelligent Fund will jointly invest with Nantong Health Fund in 5.38% (RMB25 million) and 8.6% (RMB40 million) equity interests in Jiangsu Yiying respectively. Business registration of such investment will be completed by end of October 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Guangguan Zhihe

Guangguan Zhihe is a limited partnership established in the PRC on 21 June 2019, which is ultimately and beneficially owned as to approximately 99.01% by Mr. Du, and approximately 0.99% by Zhuang Haoran (莊浩然). Guangguan Zhihe is principally engaged in providing corporate advisory services. Guangguan Zhihe is a Limited Partner pursuant to the Amended Fund Partnership Agreement.

(c) Parties who are Independent Third Parties

(i) Nanyang Chanye

Nanyang Chanye is a limited liability company established in the PRC which 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). Nanyang Chanye is a Limited Partner pursuant to the Amended Fund Partnership Agreement.

(ii) Zibo Fuyan

Zibo Fuyan is a limited liability company established in the PRC which is principally engaged in private equity investment fund management services and its ultimate beneficial owner is Liang Liyu* (梁力予) and Shanghai Huafu. The ultimate beneficial owners of Shanghai Huafu are Zhang Yong* (張勇) and Yan Fang* (晏芳). Zibo Fuyan is a Limited Partner pursuant to the Amended Fund Partnership Agreement.

(iii) Henan Jinguan

Henan Jinguan is a limited liability company established in the PRC which is principally engaged in construction and operation of electric power projects and its ultimate beneficial owner of Henan Jinguan is Fan Chong* (樊崇). Henan Jinguan becomes a Limited Partner pursuant to the Second Supplemental Agreement.

(iv) Nantong Jiufa

Nantong Jiufa is a limited partnership established in the PRC which is principally engaged in enterprise management consulting and its ultimate beneficial owners are Zhan Chuntao* (詹春濤), Jin Lingjun* (金玲鈞), Liu Hui* (劉輝) and Yan Ran* (閆然). Nantong Jiufa becomes a Limited Partner pursuant to the Second Supplemental Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Nanyang Chanye, Zibo Fuyan, Henan Jinguan, Nantong Jiufa and their respective ultimate beneficial owners is an Independent Third Party.

3. Financial information of the Group

Set out below is the selected financial information of the Group for the years ended 31 December 2019 and 2020 extracted from the 2020 Annual Report and for the six months ended 30 June 2021 extracted from the 2021 Interim Report:

	For the year ended		For the six months ended	
	31 December		30 June	
	2019	2020	2020	2021
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	67,624	70,979	30,387	77,545
• EMS Division	60,240	68,929	29,529	73,325
• ODM Division	7,384	2,050	858	2,781
• Investment Division	—	—	—	1,439
Cost of sales	(59,141)	(64,479)	(26,876)	(65,053)
Gross profit	8,483	6,500	3,511	12,492
(Loss)/Profit for the year/period attributable to the Shareholders	(1,632)	(2,660)	56	4,517

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December		As at 30 June
	2019	2020	2021
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Non-current assets	34,900	43,341	54,437
Property, plant and equipment	17,631	19,769	23,110
Investment securities	12,367	19,196	27,900
Current assets	73,054	81,802	120,206
Inventories	22,028	34,754	46,940
Trade receivables	12,909	17,744	34,110
Cash and cash equivalents	36,092	25,259	29,899
Total assets	107,954	125,143	174,643
Total liabilities	18,287	36,197	62,387
Net assets attributable to the			
Shareholders	89,667	87,391	99,902

For the years ended 31 December 2019 and 2020

The Group derives its revenue mainly from the EMS Division and the ODM Division. According to the 2020 Annual Report, the Group's revenue increased from approximately S\$67.6 million for the year ended 31 December 2019 to approximately S\$71.0 million for the year ended 31 December 2020, representing an increase of approximately 5.0% or approximately S\$3.4 million. The increase in revenue was primarily attributable to the combined effect of (i) the increase in sales from the Group's EMS Division from approximately S\$60.2 million for the year ended 31 December 2019 to approximately S\$68.9 million for the year ended 31 December 2020 mainly driven by the increase in orders from existing customers for inventory restocking and contribution from new customers secured by the Group for the year ended 31 December 2019; and (ii) the decrease in sales from the ODM Division from approximately S\$7.4 million for the year ended 31 December 2019 to approximately S\$2.1 million for the year ended 31 December 2020, which was mainly due to the outbreak of the COVID-19 pandemic during early 2020 and disruption in supply chain and working practices resulting in longer project timeline.

The Group's cost of sales increased by approximately 9.1% from approximately S\$59.1 million for the year ended 31 December 2019 to approximately S\$64.5 million for the year ended 31 December 2020. The increase in cost of sales was mainly due to the increase in revenue during the year and addition of allowance for inventory obsolescence of approximately S\$0.6 million for the year ended 31 December 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As a result of the changes in revenue and cost of sales as mentioned above, gross profit of the Group decreased by approximately S\$2.0 million, from approximately S\$8.5 million for the year ended 31 December 2019 to approximately S\$6.5 million for the year ended 31 December 2020, representing a decline of approximately 23.5%. Gross profit margin decreased from 12.5% for the year ended 31 December 2019 to approximately 9.2% for the year ended 31 December 2020 mainly due to significant decline in revenue from the ODM Division during the year ended 31 December 2020 and addition of allowance for inventory obsolescence as mentioned above.

The Group recorded a loss attributable to the Shareholders of approximately S\$2.7 million for the year ended 31 December 2020, representing an increase by approximately S\$1.1 million compared with that of approximately S\$1.6 million for the year ended 31 December 2019. Such increase was mainly due to the combined effect of (i) the decrease in gross profit as mentioned above; (ii) increase in general and administrative expenses in response to higher research and development expenses during the year; and (iii) increase in other income and gains contributed from government grant in relation to the jobs support scheme announced by the Singapore government.

As at 31 December 2020, total assets of the Group was approximately S\$125.1 million, of which inventories, cash and cash equivalents and trade receivables amounted to approximately S\$34.8 million, S\$25.3 million and S\$17.7 million, representing approximately 27.8%, 20.2% and 14.1% of total assets of the Group, respectively. Total liabilities of the Group as at 31 December 2020 was approximately S\$36.2 million, of which trade payables amounted to approximately S\$25.5 million or approximately 70.4% of total liabilities of the Group. The Group recorded net assets attributable to the Shareholders of approximately S\$87.4 million as at 31 December 2020.

For the six months ended 30 June 2020 and 2021

The Group's revenue increased by approximately 154.9% from approximately S\$30.4 million for the six months ended 30 June 2020 to approximately S\$77.5 million for the six months ended 30 June 2021. The significant increase in revenue was primarily attributable to the significant increase in the sales volume for both the EMS Division and the ODM Division during the period. Moreover, the Group's new Investment Division contributed revenue of approximately S\$1.4 million for the six months ended 30 June 2021 following the completion of the Capital Injection in January 2021.

The Group's cost of sales increased by approximately 142.0% from approximately S\$26.9 million for the six months ended 30 June 2020 to approximately S\$65.1 million for the six months ended 30 June 2021. The increase in cost of sales was generally in line with the increase in revenue during the six months ended 30 June 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's gross profit increased from approximately S\$3.5 million for the six months ended 30 June 2020 to approximately S\$12.5 million for the six months ended 30 June 2021. Gross profit margin also improved from 11.6% for the six months ended 30 June 2020 to approximately 16.1% for the six months ended 30 June 2021. The improvement was mainly attributable to (i) the higher recovery of fixed overheads as a result of higher production volume of the EMS Division and the ODM Division; and (ii) the contribution of revenue from the Investment Division.

As a result, profit attributable to the Shareholders for the six months ended 30 June 2021 was approximately S\$4.5 million compared to that of approximately S\$56,000 for the six months ended 30 June 2020. The notable period-on-period improvement was mainly due to the combined effect of (i) the increase in gross profit as mentioned above; and (ii) the increase in general and administrative expenses following the higher research and development expenses and indirect staff costs incurred by the Investment Division.

As at 30 June 2021, total assets of the Group increased to approximately S\$174.6 million, of which inventories, cash and cash equivalents and trade receivables amounted to approximately S\$46.9 million, S\$29.9 million and S\$34.1 million, representing approximately 26.9%, 17.1% and 19.5% of total assets of the Group, respectively. In addition, the investment securities of the Group represented approximately 16.0% of total assets as at 30 June 2021. Total liabilities of the Group as at 30 June 2021 was approximately S\$62.4 million, of which trade payables amounted to approximately S\$38.4 million or approximately 61.5% of total liabilities of the Group. The general increase in total asset and total liabilities was in line with the higher production for the six months ended 30 June 2021. Net assets attributable to the Shareholders increased from approximately S\$87.4 million as at 31 December 2020 to approximately S\$99.9 million as at 30 June 2021. Such increase was mainly attributable to the profit attributable to the Shareholders generated for the six months ended 30 June 2021 as mentioned above and the share subscription of the Company completed in April 2021 which raised approximately S\$6.4 million.

As disclosed in the 2021 Interim Report, the Group recorded (i) net fair value loss on investment securities at fair value through profit or loss of approximately S\$0.3 million for the six months ended 30 June 2021; (ii) fair value gain on investment securities at fair value through other comprehensive income of approximately S\$0.3 million for the six months ended 30 June 2021; and (iii) investment securities in the balance of S\$31.7 million as at 30 June 2021, which included the investments directly held by the Group in the amount of approximately S\$11.5 million and held through Shanghai CEL Puyan. Total balance of the Group's investment securities grew from approximately S\$19.2 million as at 31 December 2020 to approximately S\$31.7 million as at 30 June 2021 mainly as a result of the fair value changes in certain investments held by the Group and the consolidation of Shanghai CEL Puyan's financial position upon completion of the Capital Injection in January 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Information on the Fund

Set out below are (i) the purpose and objectives of the Fund; (ii) the investment target and restrictions of the Fund; and (iii) investment targets and opportunities identified by the General Partner as at the Latest Practicable Date:

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 more than twenty percent (20%) of the paid-up capital contribution in establishing sub-funds.

Investment target and restrictions of the Fund

The Fund targets to invest in enterprises incorporated in the PRC or foreign enterprises with operations in the PRC. It will prioritise investments in enterprise that is registered in Nanyang City or enterprises that is not registered in Nanyang City but has set up subsidiaries or investment projects in Nanyang City. The Fund has no specific restrictions on the amounts to be invested or proportion of the paid-up capital contribution to be invested in each of its potential investment projects.

We noted that Nanyang Chanye, one of the Limited Partners, is the investment platform of Nanyang City Finance Bureau. According to the Management Guideline of Nanyang Municipal Government Investment Fund (Trial)* (南陽市政府投資基金管理辦法(試行)), the investment funds set up by the Nanyang municipal government shall prioritise investments in enterprises engaging in emerging industries supported by Nanyang City.

The Fund will invest in growth companies or assets and will provide capital, professional network and other resources to corporations involved in industrial integration. It targets to enhance the value of business of its target companies through business optimisation, mergers and acquisitions and management incentives and subsequently exit by means of sale of shares or listing.

The Fund will also make equity investment in non-listed corporations in the form of common stocks, preferred stocks, and convertible preferred stocks and participate in placement, mergers and acquisitions, reorganisation, and privatisation of listed companies and non-listed corporations,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

which include companies listed on National Equities Exchange and Quotations (全國中小企業股份轉讓系統). Unutilised capital of the Fund can be used to invest in bank deposits, government bonds, low-risk wealth management products, currency funds or other cash management products.

The Fund is restricted from involving in, among others, (i) external guarantees, sponsorships or donations, (ii) any investment involving unlimited liabilities, (iii) capital contribution to the General Partner, and (iv) investment in futures, security investment funds, real estate, corporate bonds with ratings below AAA, non-guaranteed wealth management products, insurance plans and other financial derivatives.

Potential Investment Targets

Subsequent to the Initial Capital Contribution, the General Partner has identified various new investment targets and opportunities, investment in which is required to be completed by end of 2021. Set out below is the summary of potential investment targets and opportunities (the “**Potential Investment Targets**”) which the General Partner intends to invest in:

Potential Investment Targets	Proposed investment amount
(i) An optical material manufacturer with headquarters in Nanyang City, the PRC	Not more than RMB100,000,000
(ii) A semi-conductor equipment manufacturer with headquarters in Shanghai, the PRC	Not more than RMB30,000,000
(iii) An automotive connector manufacturer with headquarter in Henan Province, the PRC and overseas sales offices and subsidiaries	Not more than RMB50,000,000

We have obtained the investment proposal from the management of the General Partner and reviewed the principal activities and product catalogs from the official websites of the Potential Investment Targets. We noted that (i) the Potential Investment Targets are operating in the optoelectronics, advanced manufacturing or precision technology equipment related industries in the PRC, with their principal products mainly including optical materials and related products, semiconductor equipment and related products, automotive parts and new energy automotive related products; and (ii) they generally fall within the purpose and objectives of the Fund.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

As disclosed in the 2020 Annual Report, the principal activities of the Group are to provide contract manufacturing, design, engineering and assembly for the electronics industry, and the design, manufacture and sale of automated machines, apparatus, systems, equipment and precision moulds and dies. The purpose of the investment in the Fund is to bring about the synergy of the principal business of the Group and the investee companies of the Fund, by leveraging the business network and opportunities to be brought about by the investee companies in the upstream and downstream of the semiconductor process equipment industry. Shanghai CEL Puyan will be entitled to nominate all members on the investment committee of the Fund which shall be responsible for making investment decisions for the Fund. The process of identifying potential investment targets and investing in the potential investees may lay the foundation for potential cooperation between the Group and the investee companies, which may expand the customer base of the Group and facilitate the research and development of new products. This 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 the Capital Injection on 8 January 2021, the Group owned approximately 51.03% equity interest in Shanghai CEL Puyan as at the Latest Practicable Date. 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.

It is expected that the Additional Capital Contribution will provide the Fund with capital resources to capture the investment opportunities (i.e. the Potential Investment Targets) to achieve satisfactory return to the Partners. Furthermore, the introduction of Henan Jinguan and Nantong Jiufa to the Fund as Limited Partners pursuant to the Second Supplemental Agreement will diversify the investor structure of the Fund and introduce additional high quality investors into the Fund.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the reasons for and benefits of entering into the Amended Fund Partnership Agreement, we have considered the following perspectives:

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

As disclosed in the 2020 Annual Report and the 2021 Interim Report, the Group will adhere to prudent financial management in project selection and cost control as well as to adopt a cautious approach in exploring opportunities to expand and diversify the operations through joint ventures, strategic collaborations and/or acquisitions with parties who can provide synergistic value to the Group's business, and access to new markets and customers. As such, the Group's participation in the Fund, with the financial contribution from the General Partner and the Limited Partners, will allow the Group to identify and to seize opportunities that were not available to the Group or that the Group could not afford on its own. It appears that the entering into of the Amended Fund Partnership Agreement is consistent with the stipulated business strategies adopted by the Group. Also, with the private equity fund investment experience of Shanghai CEL Puyan and by leveraging on background and experience of investment committee members of the Fund, it is expected that the Group would be able to continue to develop a leading semiconductor equipment and high-end equipment manufacturing industry investment platform.

(b) Favourable government policies on the PRC semiconductor and related industries

The purpose and objectives of the Fund is to invest in enterprises in the optoelectronics industry, precision technology equipment manufacturing industry, information technology industry, advanced manufacturing and other related industries in the PRC, which are considered to be supported by the below favourable government policies and development objectives.

The PRC government announced the "Made in China 2025" policy in May 2015, in which semiconductors are one of the five areas of particular emphasis. The goal of this policy is to have the PRC increasing its self-sufficiency rate for integrated circuits to 40% by 2020 and to 70% by 2025. It shows that the PRC government has ambitious aspirations on semiconductor industry and the government will increase direct support through state funding, low interest loans, tax breaks and other subsidies.

Also, 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 promotes optimising and upgrading of the manufacturing industry. The 14th Five-year Plan requires in-depth

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

implementation of intelligent manufacturing and green manufacturing projects and development of service-oriented manufacturing and promoting innovation and development of the manufacturing industries.

Also, in light of the above favourable development objectives of the PRC, the Potential Investment Targets, which are engaging in the PRC semiconductor and related industries, may present considerable growth potential by capturing the opportunities following the favourable government policies on the PRC semiconductor and related industries.

(c) The Potential Investment Targets would bring business opportunities and synergies to the Group's business

As the Potential Investment Targets are principally operating in the optoelectronics, advanced manufacturing or precision technology equipment related industries in the PRC, the Group's participation in the Fund would potentially allow the Group to (i) build up closer business ties with the Potential Investment Targets through potential business cooperation; and (ii) explore and materialise possible business opportunities by further expanding the Group's customer base or business partners into other related industries in the future.

As advised by the Management, the Potential Investment Targets are operating in the upstream or downstream industry chain of the semiconductor related industry based on their principal businesses and products. On this basis, it is considered that potential business opportunities and synergistic benefits could be achieved since (i) the Group, with its skills and capabilities in the semiconductor industry, is able to provide the products and services required by the relevant Potential Investment Targets in their course of business; and (ii) it is the understanding of the Management that the Potential Investment Targets intend to expand their respective product usage into the semiconductor related industry, for which the Group's established presence and experience in the semiconductor industry would be valuable resources to the Potential Investment Targets. It is noted that one of the Potential Investment Targets has become a customer of the Group.

We have also assessed the current developments and trends of the relevant industries of the Potential Investment Targets, and noted that:

- (a) the optoelectronic sector benefits from the potential opportunities brought by the rapid development of intelligentisation and digitalisation in recent years. For example, the extensive application of 5G and artificial intelligence, together with the commercialisation of the application of ultra-high-definition video, augmented reality (AR) technology, virtual reality (VR) technology and autonomous driving technology has driven demand for optoelectronic related products;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) with the rapid development of the Internet of Things and 5G markets, the requirements for chip performance are getting higher and higher. The demand for high-performance lithography equipment has risen as a result. In recent years, downstream wafer foundries have accelerated the expansion of production capacity, driving the demand for lithography equipment. This increase in demand is expected to continue in recent years; and

- (c) despite the COVID-19 pandemic has brought material impact on the global automobile industry since 2020, the automobile industry saw signs of recovery which was attributable to the economic recovery in the PRC and the stimulation of economic policies from the PRC government. Meanwhile, the development and promotion of new energy vehicles are expected to provide new growth momentum to the automobile industry.

In the light of the foregoing, it appears that the business prospects of the Potential Investment Targets to be positive and would bring potential business opportunities and synergies to the Group.

(d) The participation in the Fund represents diversification of revenue and additional revenue contribution to the Group

Following the completion of the Capital Injection in January 2021, Shanghai CEL Puyan has become a 51.03% owned subsidiary of the Group. The Group's revenue from the Investment Division represented the contribution from the operations of Shanghai CEL Puyan which is a private equity fund manager. For the six months ended 30 June 2021, the Investment Division contributed revenue of approximately S\$1.4 million to the Group, representing approximately 1.8% of the Group's total revenue for the period. The operation of Shanghai CEL Puyan has therefore provided a diversification of revenue and additional revenue contribution to the Group.

The Group's participation in the Fund as General Partner and Limited Partner through the entering into of the Amended Fund Partnership Agreement represents an opportunity to further expand the business of Shanghai CEL Puyan, and demonstrates the Group's support on its Investment Division with the aim of achieving further diversification of revenue sources and additional revenue and earnings contributions.

Having considered the foregoing, we concur with the Directors' view as to the reasons for and benefits of entering into the Amended Fund Partnership Agreement, and it is justifiable for the Group to enter into the Amended Fund Partnership Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Principal terms of the Amended Fund Partnership Agreement

The principal terms of the Amended Fund Partnership Agreement are summarized as follows:

(i) *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)
6. Henan Jinguan (as Limited Partner)
7. Nantong Jiufa (as Limited Partner)

(ii) *Term of the Fund:*

According to the Amended Fund Partnership Agreement, 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 (the “**Withdrawal Period**”) of the Fund was 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.

According to Article 17 of the China Securities Investment Fund Industry Association’s Private Equity Fund Filing Notes (私募投資基金備案須知) published by AMAC, a self-regulatory association of fund management companies in China subject to the guidance, supervision and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

administration of China Securities Regulatory Commission, in December 2019, the term of private equity funds shall be not less than five years. Moreover, fund managers are encouraged to set up private equity funds with a term of more than or equal to seven years.

(iii) Size of the Fund and capital contribution

Pursuant to the Fund Partnership Agreement, the initial total capital contribution by the Partners to the Fund shall be RMB60,000,000. The Partners shall make their respective further capital contribution to the Fund in proportion to the below percentage of the Initial Capital Contribution. As amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement, the size of the Fund shall be increased by RMB140,000,000 to RMB200,000,000, subject to fulfilment of the conditions precedent set out below.

The following table sets out a summary of the Initial Capital Contribution and Additional Capital Contribution by the Partners:

Partners	Type	Initial Capital Contribution	Additional Capital Contribution	Total capital contribution	Percentage of the interest in the Fund
Shanghai CEL Puyan	General Partner	10,200,000	23,800,000	34,000,000	17%
Kinergy IME	Limited Partner	12,000,000	28,000,000	40,000,000	20%
Guanguan Zhihe	Limited Partner	1,800,000	4,200,000	6,000,000	3%
Nanyang Chanye	Limited Partner	18,000,000	42,000,000	60,000,000	30%
Zibo Fuyan <i>(Note)</i>	Limited Partner	3,000,000	7,000,000	10,000,000	5%
Henan Jinguan <i>(Note)</i>	Limited Partner	9,000,000	21,000,000	30,000,000	15%
Nantong Jiufa <i>(Note)</i>	Limited Partner	6,000,000	14,000,000	20,000,000	10%
Total		60,000,000	140,000,000	200,000,000	100%

Note: As amended pursuant to the Second Supplemental Agreement.

The respective Initial Capital Contribution and Additional Capital Contribution was determined after arm's length negotiations between the Partners with reference to the projected 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 Amended Fund Partnership Agreement unless written waiver from the General Partner is obtained.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iv) 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 more than twenty percent (20%) of the paid-up capital contribution in establishing sub-funds.

(v) 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.

(vi) 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.

(vii) 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

(viii) 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.

(ix) 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 interests in the Fund is subject to the approval of the General Partner save and except for transfer to affiliates of the transferring Limited Partners which does not require approval from the General Partner. With the approval of the General Partner, the Limited Partners may transfer their interests in the Fund to third parties upon which the non-transferring Partners shall enjoy a right of first refusal to acquire such interests. There shall be no priority treatment to any of the non-transferring Partners when exercising the right of first refusal. When more than one Limited Partners exercise the right of first refusal, such Limited Partners shall acquire the transferring interests in proportion to the percentage of their respective initial capital contribution. In the event that the right of first refusal is not exercised by non-transferring Partners within thirty (30) calendar days after the General Partner approved the transfer, the transferring Limited Partners shall have the right to transfer the interests to third parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(x) Conditions precedents to the Supplemental Agreement:

The Supplemental Agreement is conditional upon:

- (a) the Partners having obtained approvals of the Supplemental Agreement in accordance with each of their respective approval requirements;
- (b) the Independent Shareholders having approved the Supplemental Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (c) the Company having obtained all necessary approvals and consents in relation to the execution of the Supplemental Agreement and the transactions contemplated thereunder.

If any of the above conditions precedent is not fulfilled, all rights and obligations of the Partners under the Supplemental Agreement shall cease and terminate and payment notice will not be issued by the General Partner.

We noted that the principal terms of the Amended Fund Partnership Agreement applicable to Limited Partners, including restriction on transfer, withdrawal of partnership, profit distribution and loss sharing are substantially the same to all the Limited Partners, which include both connected persons and Independent Third Parties. Accordingly, we consider that the principal terms of the Amended Fund Partnership Agreement are no less favourable to the Group as a Limited Partner than those applicable to Independent Third Parties as a whole.

As the Group participates in the Fund as both General Partner and Limited Partner, we have further assessed the fairness and reasonableness of the principal terms of the Amended Fund Partnership Agreement applicable to the General Partner and Limited Partners including (i) the term of the Fund; (ii) the level of management fee; (iii) the level of investment return required for distributing distributable income; (iv) profit distribution mechanism to the General Partner; and (v) restriction on transfer of the Fund on the Limited Partners in the below section.

7. Assessment of the principal terms of the Amended Fund Partnership Agreement

In order to assess the fairness and reasonableness of the principal terms of the Amended Fund Partnership Agreement, we have, to the best of our knowledge and as far as we are aware of, identified an exhaustive list of formation of limited partnerships (excluding the formation of limited partnerships for the sole purpose of acquiring equity interest in a single company) announced by companies listed on the Stock Exchange from 31 January 2021 up to and including the date of the Fund Partnership Agreement (the “**Comparable Partnerships**”), being approximately six months prior to the date of the Fund Partnership Agreement (the “**Comparable**

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Partnerships Review Period”). We consider that the Comparable Partnerships Review Period is adequate and appropriate for identifying the Comparable Partnerships with recent market practice of the principal terms under the current market conditions and thus are representative for comparison purpose.

It should be noted that the subject companies involved in the Comparable Partnerships may have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company. However, as the Comparable Partnerships can provide general reference of the terms for this type of transaction in Hong Kong under the current market environment, we consider them to be relevant in assessing the fairness and reasonableness of the principal terms of the Amended Fund Partnership Agreement.

Set out below is the summary of the principal terms of the Comparable Partnerships:

Date of announcement	Stock code	Company name	Term (year)	Extension	Annual management fee	Investment return included in the profit distribution arrangement (if any) (Note)	General partner distribution in excess of capital contribution/ annual rate of return (Note)	Restriction of transfer on limited partners (Note)
23 February 2021	3366	Overseas Chinese Town (Asia) Holdings Limited	20	Yes	N/A	8% — 10%	N/A	Prior approval by the executive partner required
24 February 2021	6978	Immunotech Biopharm Ltd	7	Yes	2%	6%	20%	Not allowed
8 March 2021	2359	Wuxi Aptec Co., Ltd.	19	N/A	N/A	N/A	N/A	N/A
18 March 2021	1456	Guolian Securities Co., Ltd.	7	Yes	N/A	N/A	N/A	N/A
30 March 2021	1091	South Manganese Investment Limited	Indefinite	N/A	1%	6%	30%	Free to withdraw after 5 years
23 April 2021	1222	Wang On Group Limited	7	Yes	2%	8%	20%	Prior written consent from the general partner required
26 April 2021	291	China Resources Beer (Holdings) Company Limited	7	Yes	0.6%	N/A	N/A	Prior consent from partners representing more than 80% of the actual capital commitment required
26 April 2021	3366	Overseas Chinese Town (Asia) Holdings Limited	20	Yes	N/A	12%	N/A	Prior approval by the executive partner required
28 April 2021	2611	Guotai Junan Securities Co., Ltd.	15	Yes	1%	8%	10%	N/A
12 May 2021	1490	Cheshi Holdings Limited	7	Yes	0.1%	8%	20%	Prior written consent from all general partners required

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Stock code	Company name	Term (year)	Extension	Annual management fee	Investment return included in the profit distribution arrangement (if any) (Note)	General partner distribution in excess of capital contribution/ annual rate of return (Note)	Restriction of transfer on limited partners (Note)
2 June 2021	9992	Pop Mart International Group Limited	7	Yes	2%	8%	20% — 30%	N/A
9 June 2021	1037	Maxnerva Technology Services Limited	8	Yes	2.5%	5%	20%	Prior written consent from the general partner required
11 June 2021	985	CST Group Limited	10	Yes	2%	N/A	20%	Prior written consent from the general partner required
11 June 2021	598	Sinotrans Limited	8	Yes	1%	N/A	N/A	Prior unanimous consent of all partners required
16 June 2021	32	The Cross-Harbour (Holdings) Limited	10	Yes	0.0% — 1.5%	N/A	N/A	Prior consent from the general partner required
23 June 2021	1051	G-Resources Group Limited	10	Yes	2%	N/A	N/A	Prior consent from the general partner required
28 June 2021	165	China Everbright Limited	5	Yes	1%	8%	10%	Prior consent from the general partner required
12 July 2021	3347	Hangzhou Tigermed Consulting Co., Ltd.	20	Yes	0.5% — 1.5%	8%	20%	Prior consent from the general partner and the approval of the partners' meeting required
15 July 2021	3396	Legend Holdings Corporation	8	Yes	1.5% — 2%	6%	20%	N/A
19 July 2021	3366	Overseas Chinese Town (Asia) Holdings Limited	10	Yes	1%	6%	10%	Prior consent from all general partners required
20 July 2021	1198	Royale Home Holdings Limited	10	Yes	2%	10%	20%	Prior consent from the investment manager required
27 July 2021	3759	Pharmaron Beijing Co., Ltd.	8	Yes	2%	8%	20%	Prior consent from the general partner required
29 July 2021	3329	BOCOM International Holdings Company Limited	7	Yes	N/A	6%	20%	Prior consent from the general partner required
30 July 2021	1522	BII Railway Transportation Technology Holdings Company Limited	9	Yes	2%	8%	20%	N/A
		Maximum	Indefinite		2.5%	12%	30%	
		Minimum	5		0.0%	5%	10%	

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Stock code	Company name	Term (year)	Extension	Annual management fee	Investment return included in the profit distribution arrangement (if any) (Note)	General partner distribution in excess of capital contribution/annual rate of return (Note)	Restriction of transfer on limited partners (Note)
	3302	The Company	7	Yes	2.0%	8%	20%	Prior approval from the General Partner required

Source: Website of the Stock Exchange

Note: "N/A" represents not applicable as such arrangement was not disclosed in the relevant announcement of the respective Comparable Partnerships.

As demonstrated by the above table, the Comparable Partnerships have (i) term ranging from 5 years to indefinite period; (ii) annual management fee ranging from 0.0% to 2.5%; (iii) investment return included in the profit distribution arrangement ranging from 5.0% to 12.0%; and (iv) the general partner distribution in excess of capital contribution/annual rate of return ranging from 10.0% to 30.0%.

We noted that (i) the term of the Fund; (ii) annual management fee; (iii) investment return included in the profit distribution arrangement; and (iv) general partner distribution in excess of capital contribution/annual rate of return of the Fund are within the respective range of the Comparable Partnerships. In addition, according to our findings above, we are of the view that it is not uncommon that there are restrictions on transfer of the limited partners' interest in the funds, which normally requires prior approval by the general partner or even unanimous approval of all partners.

Based on the foregoing, it is noted that the principal terms of the Amended Fund Partnership Agreement are generally in line with those under the Comparable Partnerships.

8. Possible financial effects of participation in the Fund

As stated in the 2021 Interim Report, the Group's consolidated net assets attributable to the Shareholders was approximately S\$99.9 million as at 30 June 2021. The Group's profit attributable to the Shareholders was approximately S\$4.5 million for the six months ended 30 June 2021. Given the tenure and profit distribution mechanism of the Fund, the entering into of the Amended Fund Partnership Agreement and the transactions contemplated thereunder are not expected to have significant contribution or impact to the earnings of the Group for the year ending 31 December 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Letter from the Board, 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 in April 2021. Having taken into account that (i) the aggregate amount of the Initial Capital Contribution and the Additional Capital Contribution by the Group is RMB74 million (equivalent to approximately S\$15.4 million) and the Group's cash and cash equivalents amounted to approximately S\$29.9 million as at 30 June 2021; (ii) the Group had unutilised banking facilities of approximately S\$18.2 million as at 30 June 2021; and (iii) the Group only had actual capital expenditures of approximately S\$3.7 million for the six months ended 30 June 2021 and there was no other planned material capital expenditures which were required to be settled by the Group shortly as at the Latest Practicable Date, the Management considers that the participation in the Fund by the Group is not expected to have material adverse impact to the working capital or liquidity of the Group immediately upon completion of the Initial Capital Contribution and the Additional Capital Contribution.

As advised by the Management, the Group's investment in the Fund will be recognised as investment securities in the consolidated 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 asset value of the Group immediately upon completion of the Initial Capital Contribution and the Additional 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 Amended Fund Partnership Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that:

- the entering into of the Amended Fund Partnership Agreement is in the ordinary course of business of the Group on the basis that (i) Shanghai CEL Puyan is a non-wholly owned subsidiary of the Company and a private equity fund manager; and (ii) the Group's participation in the Fund through Shanghai CEL Puyan as the General Partner and Kinergy IME as a Limited Partner fall within the Group's principal business activities which include the provision of fund management services and investment activities in equity securities and funds; and
- the terms of the Amended Fund Partnership Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Company and the Shareholders as a whole.

Accordingly, 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 be proposed at the EGM to approve the Supplemental Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
YUE XIU CAPITAL LIMITED
Andrew Lau
Executive Director

Mr. Andrew Lau is a licensed person registered with the Securities and Futures Commission and a responsible officer of Yue Xiu Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 13 years of experience in the accounting and corporate finance 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 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange were as follows:

Interest in shares

Name of Directors	Nature of interest	Number of Shares⁽¹⁾	Approximate percentage of shareholding (%)
Mr. Lim Kuak Choi Leslie ⁽²⁾	Beneficial owner; interest of spouse	295,653,246(L)	32.12
Mr. Du Xiaotang ⁽³⁾	Beneficial owner; interest of a controlled corporation	13,038,000(L)	1.42
Mr. Lim Khin Mann	Beneficial owner	23,992,000(L)	2.61
Mr. Tay Kim Kah	Beneficial owner	6,544,000(L)	0.71
Mr. Yang Ping ⁽⁴⁾	Interest of a controlled corporation	19,377,000(L)	2.11

Notes:

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

- (2) These Shares comprise 277,505,246 Shares held directly by Mr. Lim Kuak Choi Leslie and 18,148,000 Shares held directly by Ms. Foo Kaw Jee. Ms. Foo Kaw Jee is the spouse of Mr. Lim Kuak Choi Leslie. Therefore, Mr. Lim Kuak Choi Leslie is deemed or taken to be interested in the Shares held by himself and Ms. Foo Kaw Jee under the SFO.
- (3) These Shares comprise 88,000 shares held directly by Mr. Du Xiaotang and 12,950,000 shares held through Sino Expo. Sino Expo is owned as to 100% by Mr. Du Xiaotang. Mr. Du Xiaotang is also the sole director of Sino Expo. Therefore, Mr. Du Xiaotang is deemed or taken to be interested in the Shares held by Sino Expo under the SFO.
- (4) These Shares are held by Future China Investment Co., Ltd. Future China Investment Co., Ltd. is owned as to 100% by Mr. Yang Ping. Therefore, Mr. Yang Ping is deemed or taken to be interested in the Shares held by Future China Investment Co., Ltd. under the SFO.

Interest in shares, underlying shares of the Company

Share Option Scheme (Granted on 1 June 2021)

Name of Directors	Nature of interest	Number of Shares outstanding involved in the options granted under the share option scheme adopted by the Company on 27 June 2018	Approximate percentage of shareholding of those options granted and exercised under the share option scheme adopted by the Company on 27 June 2018 based on the existing issued share capital of the Company
Mr. Lim Kuak Choi Leslie	Beneficial owner	3,000,000	0.33%
Mr. Du Xiaotang	Beneficial owner	2,500,000	0.27%
Mr. Lim Khin Mann	Beneficial owner	1,500,000	0.16%
Mr. Tay Kim Kah	Beneficial owner	3,000,000	0.33%

Notes:

- (1) The exercise price of the share options granted on 1 June 2021 was HK\$1 per Share.
- (2) The vesting schedule of the share options shall vest in two tranches in accordance with the following dates:
- Tranche 1: shall be vested on the date which the Board announces the Group's consolidated audited financial results of FY2022.
- Tranche 2: shall be vested on the date which the Board announces the Group's consolidated audited financial results of FY2023.

The exercise of the share options shall commence from the vesting schedule up to 31 May 2026 conditional upon the fulfilment of certain performance targets relating to the Group. The performance targets have been determined by the Board and specified in the respective grant letters of each Grantee. If the performance targets are not met, the share options granted will lapse.

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 ⁽¹⁾	Approximate percentage of shareholding (%)
Ms. Foo Kaw Jee ⁽²⁾	Beneficial owner; interest of spouse	198,653,246(L)	32.44
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	262,906,380(L)	28.56
Honorich Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	262,906,380(L)	28.56
Datten Investments Limited ⁽⁴⁾	Interest of a controlled corporation	262,906,380(L)	28.56

Name of Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding (%)
China Everbright Holdings Company Limited ⁽⁴⁾	Interest of a controlled corporation	262,906,380(L)	28.56
China Everbright Group Ltd. ⁽⁴⁾	Interest of a controlled corporation	262,906,380(L)	28.56
Central Huijin Investment Ltd. ⁽⁵⁾	Interest of a controlled corporation	262,906,380(L)	28.56
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
Mr. 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 277,505,246 Shares and 3,000,000 underlying shares of the Company held directly by Mr. Lim Kuak Choi Leslie and 18,148,000 Shares held directly by Ms. Foo Kaw Jee. Ms. Foo Kaw Jee is the spouse of Mr. Lim Kuak Choi Leslie. Therefore, Mr. Lim Kuak Choi Leslie is deemed or taken to be interested in the Shares held by himself and Ms. Foo Kaw Jee, and Ms. Foo Kaw Jee is deemed or taken to be interested in the Shares held by herself and Mr. Lim Kuak Choi Leslie under the SFO.
- (3) CEL holds 100% of the total issued share capital of CE Venture and CE Venture Capital holds 100% of the total issued share capital of Diamond Wealth, CEL also holds 100% of the total issued share capital of CE Financial Investments and CE Financial Investments holds 822,000 shares of the Company. Therefore, CE Venture is deemed to be interested in the Shares held by Diamond Wealth and CEL is deemed to be interested in the Shares held by Diamond Wealth and CE Financial Investments under 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 Datten Investments Limited and Everbright Investment & Management Limited; Datten Investments Limited holds 100% of the total issued share capital of Honorich Holdings Limited, which in turn holds approximately 49.39% of the total issued share capital of 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, Datten Investments Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited’s interest in the Shares under 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 under the SFO.

- (6) Unitras (H.K.) Limited is wholly-owned by Ms. Joyce S. Kerr. Therefore, Ms. Joyce S. Kerr is deemed or taken to be interested in the Shares held by Unitras (H.K.) Limited under the SFO. Ms. Joyce S. Kerr is the spouse of Mr. Bradley Fraser Kerr and therefore Mr. Bradley Fraser Kerr is deemed or taken to be interested in the Shares held by herself.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

IV. DIRECTORS' SERVICE CONTRACTS

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

V. COMPETING INTERESTS

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

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

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in the transactions or any assets which had been, since 31 December 2020 (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 2020, being the date to which the latest published audited financial statements of the Company were made up.

IX. EXPERT AND CONSENT

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

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

- (2) Yue Xiu Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name included herein in the form and context in which it appears.
- (3) As at the Latest Practicable Date, Yue Xiu Capital 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, Yue Xiu Capital had no direct or indirect interest in any assets which had been, since 31 December 2020 (being the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

X. MISCELLANEOUS

- (1) The registered office of the Company in Singapore is at 1 Changi North Street 1, Singapore, 498789, and the principal place of business in Hong Kong is situated at 31/F, 148 Electric Road, North Point, Hong Kong.

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

XI. DOCUMENTS ON DISPLAY

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

- (1) the Supplemental 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;
- (5) the letter of consent referred to under the section headed "Expert and Consent" in this appendix; and
- (6) this circular.

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

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

Steps	Details
Pre-registration for the live audio-visual webcast or live audio-only stream	<p>Shareholders must pre-register by providing the following particulars via email to ir@kinergy.com.sg from 10 a.m. on Monday, 25 October 2021 until 5 p.m. on Tuesday, 9 November 2021 to enable the Company's Share Registrar, Boardroom Share Registrars (HK) Limited, to verify their status as Shareholders of the Company:</p> <ul style="list-style-type: none">(a) Full Name of the Shareholder and corporate representative (if any)(b) Hong Kong Identity Card No./Singapore National Registration Identity Card No./Passport No./Company Registration No. for corporate Shareholders(c) Number of Shares held(d) Email address(e) Contact number <p>Following the verification, authenticated Shareholders will receive an email by 12 noon on Thursday, 11 November 2021 which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the “Confirmation Email”).</p>

Steps**Details**

Submission of comments, queries and/or questions in advance of the EGM

Shareholders will not be able to comment, raise queries and/or ask questions at the EGM during the live audio-visual webcast or live audio-only stream. It is therefore important for Shareholders to submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM.

Submission of comments, queries and/or questions. Shareholders may submit comments, queries and/or questions related to the resolutions in the Notice of EGM to the Chairman of the Meeting in advance of the EGM in the following manner:

- (a) By post — Shareholders may submit their comments, queries and/or questions by post to the Company at 1 Changi North Street 1, Lobby 2, Singapore 498789. Comments, queries and/or questions submitted by Shareholders by post must be accompanied by the Shareholders' full name, address and the manner in which the Shareholder holds Shares in the Company.
- (b) By electronic means — Shareholders, who have pre-registered registered for the live audio-visual webcast or live audio-only stream, may submit their comments, queries and/or questions by electronic means via email to **ir@kinergy.com.sg**.

Deadline to submit comments, queries and/or questions. Shareholders must submit all comments, queries and/or questions by 5 p.m. on Tuesday, 9 November 2021.

Addressing comments, queries and/or questions. The Company will address all substantial and relevant comments, queries and/or questions received from Shareholders at the EGM.

Steps	Details
Submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM	<p>Appointment of Chairman of the Meeting as proxy. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.</p> <p>Specific instructions as to voting must be given. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.</p> <p>Submission of Proxy Forms. The Proxy Form must be submitted to the Company in the following manner:</p> <ul style="list-style-type: none"><li data-bbox="667 1081 1410 1244">(a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong; or<li data-bbox="667 1293 1410 1410">(b) if submitted by way of electronic means, be submitted via email to the Company's Share Registrar at <u>srinfo.hk@boardroomlimited.com</u>, <p>in either case, by 9:30 a.m. on Wednesday, 10 November 2021.</p> <p>A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.</p>

Steps**Details**

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

NOTICE OF EGM



Kinergy Corporation Ltd.

光控精技有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Kinergy Corporation Ltd. will be held by way of electronic means on Friday, 12 November 2021 at 9:30 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following proposed ordinary resolutions of the Company. The Company will be conducting the EGM by way of electronic means at its registered office at 1 Changi North Street 1, Lobby 2, Singapore 498789. The Company will observe safe distancing measures in conducting the EGM. Shareholders should note that due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and **Shareholders will not be able to attend the EGM in person**. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 22 October 2021.

ORDINARY RESOLUTIONS

1. **“THAT:-**

- (a) the supplemental agreement (the “**Supplemental Agreement**”) dated 19 August 2021 entered into among Shanghai CEL Puyan Equity Investment Management Limited* (上海光控浦燕股權投資管理有限公司), Kinergy Intelligent Manufacturing Equipment (Nantong) Co. Ltd.* (精技智能裝備(南通)有限公司), Nanyang Chanye Investment Group Limited* (南陽產業投資集團有限公司), 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)) 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)) (the “**Partners**”) (a copy of the Supplemental Agreement has been produced to the meeting and marked “A” and initialed by the chairman of the Meeting for identification purpose) to amend and supplement certain terms and conditions of the fund partnership agreement dated 30 July 2021, entered into among the Partners and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

* For identification purposes only

NOTICE OF EGM

- (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 Supplemental 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, 22 October 2021

Notes:

1. In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of the Shareholders of the Company will be closed from Tuesday, 9 November 2021, to Friday, 12 November 2021 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of the Shareholders of the Company on Friday, 12 November 2021 will be entitled to attend and vote at the EGM. In order to attend the EGM, any Shareholder whose transfer has not been registered shall lodge the transfer documents together with the relevant share certificate with Boardroom Share Registrars (HK) Limited, the Company's Hong Kong branch share registrar and transfer office, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Monday, 8 November 2021.
2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means at 9:30 a.m. on Friday, 12 November 2021 for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in the Notice of EGM dated 22 October 2021.
3. The details in relation to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in Appendix II of the Circular dated 22 October 2021 which may be accessed at the SEHK (www.hkexnews.hk) and/or the Company's website (<http://www.kinergy.com.sg>).
4. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM. The Proxy Form may be accessed at the SEHK (www.hkexnews.hk) and/or the Company's website (<http://www.kinergy.com.sg>). Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

NOTICE OF EGM

5. The Proxy Form must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong; or
 - (b) if submitted by way of electronic means, be submitted via email to the Company's Share Registrar at **srinfo.hk@boardroomlimited.com**.

in either case, by 9:30 a.m. on Wednesday, 10 November 2021. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.

6. 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.
7. As at the date hereof, the executive Directors are Mr. Lim Kuak Choi Leslie, Mr. Du Xiaotang, Mr. Lim Khin Mann and Mr. Tay Kim Kah; the non-executive Directors are Mr. Yang Ping (Chairman) and Mr. Tsang Sui Cheong Frederick; and the independent non-executive Directors are Dr. Senerath Wickramanayaka Mudiyansele Sunil Wickramanayaka, Professor Zhang Wei and Mr. Hoon Chee Wai.