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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

FORMATION OF THE FUND

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



A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee is set out on pages 17 and 18 of this circular. A letter from Lego Corporate Finance Limited is set out on pages 19 to 42 of this circular.

A notice convening the EGM to be held at the Company's registered office at 1 Changi North Street 1, Singapore on Friday, 15 February 2019 at 9:30 am is set out on pages 49 to 51 of this circular. Persons entitled to attend and vote at the EGM are allowed to attend and vote through the video-conference system which will be located in Hong Kong at the registered office of China Everbright Limited at 46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong. 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 Registrar (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. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

* *For identification purposes only*

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 December 2018 in relation to the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund)
“associate(s)”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“Beijing Jinguanhadian”	Beijing Jinguanhadian Technology Limited* (北京金冠華電科技有限公司) which was renamed as Henan Jinguang Technology Limited Company* (河南金冠技術有限公司) on 28 December 2018, a limited liability company established in the PRC on 30 April 2014
“Board”	the board of Directors
“CEL” or “China Everbright Limited”	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 one of the controlling shareholders 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
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened and held on 15 February 2019, the notice of which is set out on pages 49 to 51 of this circular, and any adjournment thereof for the purpose of considering and, if thought fit, approving the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund)
“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)), a limited partnership to be established in the PRC pursuant to the Fund Partnership Agreement

DEFINITIONS

“Fund Manager”	the manager of the Fund under the Fund Partnership Agreement (i.e. Shanghai CEL Puyan)
“Fund Partner(s)”	the partner(s) of the Fund from time to time
“Fund Partnership Agreement”	the Fund Partnership Agreement entered into on 27 December 2018 among Shanghai CEL Puyan, Nantong Hengbang, Nantong Jianghai, Jiangsu Liyang CEL, Beijing Jinguanhuadian, Kinergy EMS, Mr. Du and Mr. Zhao in relation to the formation of the Fund
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the transactions contemplated under the Fund Partnership Agreement
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund)
“Independent Shareholders”	with respect to the Fund Partnership Agreement, Shareholders other than (i) CEL and its associates; (ii) Mr. Du and his associates; and (iii) any other Shareholders who are required by the Listing Rules to abstain from voting in respect of the resolution(s) relating to the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund)
“Independent Third Party(ies)”	to the best of the Directors’ knowledge having made all reasonable enquiries, any third party independent of the Company and its connected persons
“Jiangsu Liyang CEL”	Jiangsu Liyang CEL Equity Investment Partnership (Limited Partnership)* (江蘇溧陽光控股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on 21 November 2018 and a subsidiary of CEL

DEFINITIONS

“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
“Latest Practicable Date”	14 January 2019, being the latest practicable date before printing of this circular for ascertaining information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Du”	Mr. Du Xiaotang, an executive Director and one of the controlling shareholders of the Company
“Mr. Zhao”	Mr. Zhao Zehui, an Independent Third Party
“Nantong City”	Nantong City (南通市), a prefecture-level city in Jiangsu, the PRC
“Nantong Hengbang”	Nantong Hengbang Investment Management Limited* (南通恒邦投資管理有限公司), a limited liability company established in the PRC on 20 February 2017
“Nantong Jianghai”	Nantong Jianghai Industry Development Investment Fund (Limited Partnership)* (南通江海產業發展投資基金(有限合夥)), a limited partnership established in the PRC on 24 October 2016
“Portfolio Company(ies)”	any legal entity(ies) in which an investment is made by the Fund
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proxy Form”	the proxy form accompanying this circular
“Qualified Project(s)”	Qualified Project(s) in a specified place as specified under the Fund Partnership Agreement include, but are not limited to: <ul style="list-style-type: none">(i) any investment in enterprises in that specified place which is registered in that specified place and the actual operation is also in that specified place;(ii) any investment in projects outside of that specified place but are being acquired by enterprises of that specified place;(iii) any investment in projects outside of that specified place projects but acquire an enterprise of that specified place;

DEFINITIONS

	(iv) any investment in projects outside of that specified place which make investment in that specified place, including but not limited to subsidiary(ies), production bases, research & development centers, sales centers etc.; or
	(v) any investment in projects outside of that specified place but was introduced to invest in that specified place through an investment promotion event
“RMB”	Renminbi, the lawful currency of PRC
“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), a limited liability company established in the PRC on 6 July 2015 and an indirect wholly-owned subsidiary of CEL
“Share(s)”	shares(s) of the Company
“Shareholder(s)”	shareholders of the Company
“Singapore”	the Republic of Singapore
“Sino Expo”	Sino Expo Holdings Limited, a company incorporated in the British Virgin Islands on 28 June 2016 which is wholly owned by Mr. Du, one of the controlling shareholders of the Company
“Spectator”	the spectator of the Fund responsible for monitoring compliance of the investment of the Fund and to be nominated by Nantong Jianghai
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholders”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

In this circular, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.13 for the purpose of illustrations.

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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

*Registered Office and Principal Place of
Business in Singapore:*

1 Changi North Street 1
Singapore 498789

Non-executive Directors:

Mr. Chen Shuang *(Chairman)*
Ms. Foo Kaw Jee
Mr. Lim Khin Mann
(alternate Director to Ms. Foo Kaw Jee)
Mr. Bradley Fraser Kerr
Mr. Tsang Sui Cheong Frederick

Principal Place of Business in Hong Kong:

31/F
148 Electric Road
North Point
Hong Kong

Independent Non-executive Directors:

Mr. Ng Tiak Soon
Dr. Senerath Wickramanayaka
Mudiyanselage Sunil
Wickramanayaka
Professor Zhang Wei

17 January 2019

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

FORMATION OF THE FUND

I. INTRODUCTION

The Board refers to the Announcement of the Company dated 27 December 2018 in relation to the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund).

* *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 Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund).

II. THE FUND PARTNERSHIP AGREEMENT

On 27 December 2018, Kinergy EMS, a direct wholly-owned subsidiary of the Company, has entered into the Fund Partnership Agreement with the Fund Partners in relation to the formation of the Fund with initial proposed size of RMB500 million (equivalent to approximately HK\$565 million. The proposed capital commitment of the Group will amount to RMB100 million (equivalent to approximately HK\$113 million, representing 20% of the total committed capital contribution amount of the Fund. The Fund will be principally engaged in equity investments in enterprises in the information technology industry (which encompasses the semiconductor industry), intelligent manufacturing industry, and precision engineering equipment manufacturing industry (such as the semiconductor production equipment (“SPE”) industry) and peripheral industries (such as the analog chips and perceptual components sectors) in the PRC.

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

Date:	27 December 2018
Name of the Fund:	Nantong CEL Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership)*
Place of Establishment:	Nantong Economic and Technological Development Zone, Nantong City, the PRC

Terms of the Fund

The initial duration of the Fund will be five years commencing from the date on which the business license is obtained.

The three years commencing from the date on which the business license is obtained shall be the investment period of the Fund (the “**Investment Period**”). Upon unanimous consent of all Fund Partners, the Investment Period may be extended for one year.

The two years commencing from the expiration of the Investment Period is the withdrawal period of the Fund (the “**Withdrawal Period**”). Upon unanimous consent of all Fund Partners, the Withdrawal Period may be extended for one year.

Purpose and objectives of the Fund

The purpose of the Fund is to make equity investments in enterprises in the information technology industry (which encompasses the semiconductor industry), intelligent manufacturing and precision engineering equipment manufacturing industry (such as the SPE industry) and peripheral industries (such as the analog chips and

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perceptual components sectors) in the PRC. The Fund will be focusing on investment in companies with prospect and potential of listing. In particular, a minimum of 40% of the Fund shall be invested in Qualified Projects in Nantong City of which minimum 50% (representing 20% of the Fund) shall be invested in Qualified Projects in Nantong Economic and Technological Development Zone. Such allocation is determined after balancing the interests between Fund Partners which are government-invested enterprises, namely Nantong Hengbang (which is wholly-owned by the Administrative Committee of Nantong Economic and Technological Development Zone* (南通市經濟技術開發區管理委員會)) and Nantong Jianghai (of which the ultimate shareholders include Nantong Municipal People's Government* (南通市人民政府)), and other Fund Partners from the private sector. Also, 80% of the Fund shall be invested in companies at its mature stage with potential of listing and 20% of the Fund shall be invested in companies at its premature stage.

Size of the Fund and Capital Contribution

The initial size of the Fund is RMB500 million (equivalent to approximately HK\$565 million). The respective capital commitment in RMB payable by each of the Fund Partners are as follows:

Fund Partners	Commitments (RMB)	Percentage
Kinergy EMS (as a limited partner)	100,000,000	20%
Nantong Hengbang (as a limited partner)	100,000,000	20%
Jiangsu Liyang CEL (as a limited partner)	100,000,000	20%
Mr. Du (as a limited partner)	80,000,000	16%
Nantong Jianghai (as a limited partner)	50,000,000	10%
Shanghai CEL Puyan (as the general partner, executive partner and Fund Manager)	37,500,000	7.5%
Beijing Jinguanhudian (as a limited partner)	30,000,000	6%
Mr. Zhao (as a limited partner)	2,500,000	0.5%

The size of the Fund may be increased to RMB1 billion upon unanimous consent of all Fund Partners before 31 December 2020.

The capital contribution will be made by three installments in the following manner:

- (i) Initial installment of capital contribution amounting to RMB200 million (equivalent to approximately HK\$226.0 million) shall be made by the Fund Partners on or before 28 February 2019.
- (ii) Second installment of capital contribution amounting to RMB150 million (equivalent to approximately HK\$169.5 million) shall be made after the receipt of notice from Fund Manager. Such notice shall be made when 75% of the initial installment has been utilized for investment or the amount of investment to be made as determined by the Investment Committee reaches 75% of the initial installment.

LETTER FROM THE BOARD

- (iii) Third installment of capital contribution amounting to RMB150 million (equivalent to approximately HK\$169.5 million) shall be made after the receipt of notice from Fund Manager. Such notice shall be made when 75% of the aggregate amount of the initial and the second installment has been utilized for investment or the amount of investment to be made as determined by the Investment Committee reaches 75% of the aggregate amount of the initial and the second installment.

Each Fund Partner shall contribute their capital for each installment in proportion to their respective equity interest in the Fund. Any delay in making capital contribution will lead to a penalty unless a written waiver from all Fund Partners is obtained. Such penalty shall equal to 0.05% of the multiple of (i) number of days of delay and (ii) the amount of outstanding capital contribution. Unless it is unanimously consented by all Fund Partners, all capital contributions shall be made within three years from the date on which the Fund is established.

The capital contribution was determined after arm's length negotiations among the parties, taking into account their respective interests in the Fund as well as the investment objective of the Fund. The Group will finance its capital commitment by its internal resources.

Profit Distribution and Management Bonus

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

- (i) income from disposal of an investment project;
- (ii) dividend income from an investment project;
- (iii) income from its liquid investments; and
- (iv) other cash revenue.

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

- a. distribute to all Fund Partners in proportion to their respective actual capital contribution until all Fund Partners recover their respective actual capital contribution;
- b. as to the balance, if any after making the distribution under item (a) above, will be distributed to all Fund Partners in proportion to their respective actual capital contribution until all Fund Partners have achieved an internal rate of return of 8% on their respective actual capital contribution;

LETTER FROM THE BOARD

- c. as to the balance, if any after making the distribution under item (b) above, 20% will be distributed to the Fund Manager (i.e. Shanghai CEL Puyan) as management bonus and 80% will be distributed to all Fund Partners in proportion to their respective capital contribution.

Management bonus to the Fund Manager was determined upon arm's length negotiation taking into account the potential return of the Fund and the nature of work of the Fund Manager.

Loss sharing

Any loss incurred by the Fund in connection with its investment projects shall be shared by all the Fund Partners participating in such projects in proportion to their actual capital contribution. The limited partners shall be liable for the debts of the Fund up to the amount of their respective capital contributions. The general partner shall bear unlimited joint and several liability for the debts of the Fund.

Management of the Fund

The Fund will be managed by Shanghai CEL Puyan, being the executive partner of the Fund and the Fund Manager, which will be responsible for the operation of investment and administering the Fund. An investment committee (the "**Investment Committee**") comprising five members, of which four members will be nominated by Shanghai CEL Puyan and one member will be nominated by Nantong Hengbang, will be formed. The power to approve any equity investments of the Fund will be solely vested in the Investment Committee and at least a three-fourths vote of all members of the Investment Committee must be obtained before investment can be made. The chairman of the Investment Committee will be nominated by the executive partner. Mr. Chen Shuang, one of the non-executive Directors and the chairman of the Board, is nominated to be the chairman of the Investment Committee as at the date of the Fund Partnership Agreement. To the understanding of the Directors, Mr. Du, Mr. Zhao and Mr. Tang Chi Chun, Richard, the chief financial officer and an executive director of CEL, together with Mr. Chen Shuang and a member to be nominated by Nantong Hengbang will form the Investment Committee. To the understanding of the Directors, while the role of Mr. Chen Shuang in CEL may involve identifying and initiating target projects, CEL generally allocates the target project to a fund after considering the nature of that target project and whether that target project aligns with the purposes and strengths of the candidate funds. To the understanding of the Directors, it is also the internal control principle of CEL that the interests of investors should be prioritized in the event of conflict of interests between CEL and its funds. The Directors therefore consider that the composition of the Investment Committee would not jeopardize the Fund's interests given that the allocation mechanism in place would ensure the Fund is allocated with a target project which matches the Fund's profile and therefore optimize risk management and return of the Fund. Moreover, to the knowledge of the Directors, generally, when a fund of CEL identifies and initiates a target project, CEL and its other funds will not compete with the initiating fund for that particular target project. As such, the Directors are of the view that conflict of interests arising from (i) allocation of target projects identified by Mr. Chen Shuang and (ii) CEL (and its other funds) competing

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with the Fund for making investment in one particular target would be unlikely. As such, the Directors consider that the possibility of conflict of interests arising from the composition of the Investment Committee is remote. In addition, while Mr. Chen Shuang is the director of CEL, Mr. Chen Shuang is also the Director of the Company, the Directors therefore consider that the composition of the Investment Committee, which include three members who presumably will not act in the sole favour of CEL (i.e. Mr. Chen Shuang, Mr. Du (who is a Director of the Company and an individual Fund Partner but not a director of CEL) and the member to be nominated by Nantong Hengbang), will not compromise the interests of the Fund and that of the Group.

During the period which commences from the date on which the initial installment of capital contributions by all Fund Partners are made and ends on the deregistration date of the Fund, Shanghai CEL Puyan, being the executive partner of the Fund, will be entitled to an annual management fee payable quarterly equivalent to 2% of the actual paid-up capital contribution of the Fund at the relevant time. The management fee was determined upon arm's length negotiation taking into account the nature of work of the executive partner.

Costs and expenses of the Fund

All costs and expenses incurred in relation to or in connection with the formation, operation, termination, dissolution and settlement will be borne by the Fund.

Investment Restrictions

The Fund shall not (i) receive deposits or engage in money lending; (ii) provide external guarantee(s), sponsorship(s) or donation(s); (iii) mortgage or pledge the property(ies) or asset(s) of the Fund unless it is in the interests of the Fund and with the consent of the Investment Committee and the Spectator; (iv) make any investments that will incur unlimited liability of the Fund; (v) contribute any capital to the general partner of the Fund; (vi) engage in dealings in shares listed in the secondary market(s), except for holding and selling shares of a Portfolio Company which becomes listed after investment in such Portfolio Company is made; and (vii) engaging in any other businesses that are prohibited by laws and regulations.

The Fund shall not invest in more than 30% shareholding of a single Portfolio Company and the total investment of the Fund in a single Portfolio Company shall not exceed 20% of the total committed capital contribution of the Fund.

The Fund shall not invest in any listed companies, except for the shares being held in a Portfolio Company which becomes listed after the Fund had made an investment in such Portfolio Company.

The Fund shall not invest in any companies engaging in equity investment and the Fund shall also not make any investment that will subject the Fund to unlimited liability.

The Fund is not permitted to re-invest into the same Portfolio Company after the Fund has exited its investment in such Portfolio Company.

LETTER FROM THE BOARD

Restrictions on transfer and withdrawal of partnership

Limited partners of the Fund shall not transfer all or any part of their interest without the prior approval by the executive partner of the Fund. Where approval by the executive partner is obtained, the other Fund Partners shall have the right of first refusal to acquire the interest of the selling Fund Partner.

Limited partners shall not withdraw from the Fund unless a Fund Partners meeting is held according to the procedures stipulated in the Fund Partnership Agreement and unanimous approval from all Fund Partners is obtained during the meeting.

Conditions Precedent

The Fund Partnership Agreement shall become effective upon the approval from the general meeting of the Company having been obtained. Other conditions precedent, namely, (i) the completion of the respective internal approval procedures and sealing of the Fund Partnership Agreement by the Fund Partners (who are not natural persons) and (ii) the execution of the Fund Partnership Agreement by all Fund Partners had been satisfied as at the date of this circular.

III. REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

Leveraging its manufacturing capabilities in precision engineering, the Group's core business encompasses manufacturing equipment, machines and sub-systems in the semiconductor industry. The Directors are optimistic about the prospect of the industries in which the Fund is going to invest, in particular, in light of the support and investment from the PRC government which is evidenced by favourable policies such as "Made in China 2025" (中國製造2025) and the "Thirteenth Five-year Development Plan for Scientific and Technological Innovation" (十三五科技創新規劃) which steer the development of the domestic semiconductor sector in the PRC. In particular, the Directors believe that the trend of production migration of SPE manufacturers to the PRC will benefit the domestic SPE industry as well as the wider semiconductor and information technology industry. In light of such favourable development, enterprises in these industries, which are investment targets of the Fund, present considerable growth potential. As such, the Directors consider that the Group's participation in the Fund, with the strengths of the Fund Partners, will allow the Group to identify and to seize opportunities that were not available to the Group or that the Group alone could not afford; and in turn allow the Group to ride on the favourable industry development and increase the Group's footprint in the SPE industry in the PRC. Therefore, it is considered that the Fund will provide a platform, with manageable risks, to tap into a larger pool of potential projects in the wider information technology industry which encompasses the semiconductor industry, and in turn diversify the financial returns of the Group. The Directors consider that, while the investment of the Fund does not form part of the future plans as disclosed in the Company's prospectus dated 29 June 2018 (the "**Prospectus**"), the Group's investment in the Fund is in line with the Group's broader objective and strategic direction to develop in a multi-pronged approach to grow and develop organically and inorganically as disclosed in the Prospectus. Given that the

LETTER FROM THE BOARD

Fund will be investing in companies at its mature stage with potential of listing as well as companies at its premature stage, the Fund will form a balanced portfolio of diversified investments.

The terms of the Fund Partnership Agreement are made after arm's length negotiation among the parties. The Directors consider that the terms of the Fund Partnership Agreement are on normal commercial terms and fair and reasonable, and the formation of the Fund is in the interest of the Company and the Shareholders as a whole.

The parties to the Fund Partnership Agreement started the discussion of the formation of the Fund in September 2018. The investment in the Fund by the Group is to be made with the internal resources of the Group. The Directors confirmed that proceeds raised from listing of the Company in July 2018 will not be used for financing its capital commitment under the Fund Partnership Agreement and the investment would not impact the daily operation of the Group's principal business. The Directors further confirmed that the investment in the Fund will not affect the Group's future plans as disclosed in the Prospectus. Upon formation of the Fund, the Group's investments in the Fund will be recognised as financial assets measured at fair value through other comprehensive income in the consolidated financial statements of the Group during both Investment Period and Withdrawal Period.

The Directors are of the view that although the entering of the Fund Partnership Agreement is not in the ordinary course of business of the Group, the terms of the Fund Partnership Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

(1) Listing Rules implications

As at the Latest Practicable Date, CEL, being one of the controlling shareholders of the Company, indirectly held 100% interest of Shanghai CEL Puyan and 50% interest of Jiangsu Liyang CEL. Furthermore, Mr. Du is an executive Director and one of the controlling shareholders of the Company. Accordingly, Jiangsu Liyang CEL, Shanghai CEL Puyan and Mr. Du are connected persons of the Group; and therefore the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund) constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. Moreover, the formation of the Fund constitutes a notifiable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

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

LETTER FROM THE BOARD

The non-executive Director of the Company and chairman of the Board, Mr. Chen Shuang (who is also the chairman of the investment committee of Jiangsu Liyang CEL, an executive director and the chief executive officer of CEL), the executive Director of the Company, Mr. Du and the non-executive Director of the Company, Mr. Tsang Sui Cheong Frederick (who is a member of the investment committee of Jiangsu Liyang CEL and is also the supervisor of Shanghai CEL Puyan and the chief risk officer of CEL) have abstained from voting on the relevant resolutions of the Board.

To the best knowledge of the Directors, CEL together with its associates, which are interested in 262,360,380 Shares (representing approximately 30.6% of the total Shares) as at the Latest Practicable Date, Mr. Du together with his associates, who are interested in 8,105,704 Shares (representing approximately 0.94% of the total Shares) as at the Latest Practicable Date and any shareholders who are required by the Listing Rules to abstain from voting, will abstain from voting at the EGM regarding the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund).

(2) General information of the parties to the Fund Partnership Agreement

Information of the parties who are connected persons

Jiangsu Liyang CEL

Jiangsu Liyang CEL is a limited partnership established in the PRC on 21 November 2018 and is a subsidiary of CEL. It is principally engaged in equity and industrial investments, investment consultancy and business consultancy.

Shanghai CEL Puyan

Shanghai CEL Puyan is a limited liability company established in the PRC on 6 July 2015 and an indirect wholly-owned subsidiary of CEL. It is principally engaged in equity fund raising activities for non-listed corporations and related consultation services. The core members of Shanghai CEL Puyan include Mr. Chen Shuang, Mr. Yin Lianchen and Mr. Du who have extensive experience in professional management of investments at a corporate level. Mr. Chen Shuang has over 26 years of experience in commercial and investment banking. Apart from being the non-executive Director and chairman of the Board, Mr. Chen Shuang is an executive director and the chief executive officer of CEL, a cross-border investment and asset management company managing 48 funds with a fundraising scale of HKD129.1 billion as at the end of 2017. Mr. Chen Shuang oversees the overall operation of CEL, including its investment decision. Mr. Yin Lianchen has rich experience in financial and corporate management and has been executive director, chief investment officer, and a member of strategy committee of CEL since 2017. Mr. Du is an executive Director with over 15 years of experience in corporate finance, capital market, private equity investment (including semiconductor industry-related investment), merger and acquisitions and legal compliance advisory to listed companies, securities firms and mining companies.

LETTER FROM THE BOARD

Mr. Du

Mr. Du is an executive Director and one of the controlling shareholders of the Company.

Information of the parties who are Independent Third Parties

Beijing Jinguanhudian

To the best knowledge of the Directors, Beijing Jinguanhudian is a limited liability company established in the PRC on 30 April 2014 and was renamed as Henan Jinguang Technology Limited Company* (河南金冠技術有限公司) on 28 December 2018. Its ultimate beneficial owner is Mr. Fan Chong who is an Independent Third Party. It is principally engaged in technology promotion, technology development and technology consultation.

Mr. Zhao

Mr. Zhao is a senior investment director and a member of the management decision committee of CEL. Mr. Zhao has years of experience in corporate finance, insurance and real estate, equity investment and investment management.

Nantong Hengbang

To the best knowledge of the Directors, Nantong Hengbang is a limited liability company established in the PRC on 20 February 2017 and is an Independent Third Party. It is wholly-owned by the Administrative Committee of Nantong Economic and Technological Development Zone* (南通市經濟技術開發區管理委員會) and it is principally engaged in equity investment, security investment, fund investment, industry investment, corporation advisory management and investment management.

Nantong Jianghai

To the best knowledge of the Directors, Nantong Jianghai is a limited partnership established in the PRC on 24 October 2016 and is an Independent Third Party. Its ultimate shareholders include Jiangsu Provincial Department of Finance* (江蘇省財政廳) and Nantong Municipal People's Government* (南通市人民政府) and it is principally engaged in equity investment, venture capital investment, fund investment, industry investment and other investment management.

Information of the Group and Kinergy EMS

Kinergy Corporation Ltd. is a limited liability company incorporated in Singapore. The principal activities of the Company and its subsidiaries are to provide contract manufacturing, design, engineering and assembly for the semiconductor industry, and the design, manufacture and sale of automated

LETTER FROM THE BOARD

machines, apparatus, systems, equipment and precision molds and dies. Kinergy EMS is a limited liability company established in the PRC and a direct wholly-owned subsidiary of the Company.

III. RECOMMENDATION

Based on its views set out above, the Board (other than the independent non-executive Directors whose opinions and recommendations are contained in the letter from the Independent Board Committee, the text of which is set out on pages 17 and 18 of this circular) recommends that the Independent Shareholders vote in favour of the resolutions concerning the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund).

Your attention is drawn to the letter from the Independent Board Committee to the Shareholders, the text of which is set out on pages 17 and 18 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 19 to 42 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that although the entering of the Fund Partnership Agreement is not in the ordinary course of business of the Group, the terms of the Fund Partnership 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 recommends that the Independent Shareholders should vote in favour of the resolutions concerning the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund) to be proposed at the EGM.

IV. THE EGM AND INDEPENDENT SHAREHOLDERS' APPROVAL

The EGM will be held at the Company's registered office at 1 Changi North Street 1, Singapore on Friday, 15 February 2019 at 9:30 am. A notice to convene the EGM is set out on pages 49 to 51 of this circular.

At the EGM, ordinary resolutions will be proposed in relation to the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund).

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Fund Partnership Agreement are on normal commercial terms, are fair and reasonable 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 17 and 18 of this circular.

LETTER FROM THE BOARD

The non-executive Director of the Company and chairman of the Board, Mr. Chen Shuang (who is also the chairman of the investment committee of Jiangsu Liyang CEL and an executive director and the chief executive officer of CEL), the executive Director of the Company, Mr. Du and the non-executive Director of the Company, Mr. Tsang Sui Cheong Frederick (who is a member of the investment committee of Jiangsu Liyang CEL and is also the supervisor of Shanghai CEL Puyan and the chief risk officer of CEL) have abstained from voting on the relevant resolutions of the Board.

To the best knowledge of the Directors, CEL together with its associates, which are interested in 262,360,380 Shares (representing approximately 30.6% of the total Shares) as at the Latest Practicable Date, Mr. Du together with his associates, who are interested in 8,105,704 Shares (representing approximately 0.94% of the total Shares) as at the Latest Practicable Date and any shareholders who are required by the Listing Rules to abstain from voting, will abstain from voting at the EGM regarding the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund).

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, 12 February 2019 to Friday, 15 February 2019 (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, 15 February 2019 will be entitled to attend and vote at the EGM.

V. FURTHER INFORMATION

Your attention is also drawn to the additional information set out on pages 43 to 48 of this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from 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)

17 January 2019

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION FORMATION OF THE FUND

We refer to the circular of the Company (the “**Circular**”) dated 17 January 2019 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 Shareholders in respect of the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund), details of which are set out in the section headed “Letter from the Board” in the Circular. Lego Corporate Finance Limited has been appointed to advise the Shareholders and the Independent Board Committee in this regard.

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

Having taken into account the terms of the Fund Partnership Agreement, and the transactions contemplated thereunder as well as the advice of Lego, we are of the opinion that although the entering of the Fund Partnership Agreement is not in the ordinary course of business of the Group, the terms of the Fund Partnership Agreement are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

Yours faithfully,
For and on behalf of
INDEPENDENT BOARD COMMITTEE
Ng Tiak Soon, Senerath Wickramanayaka
Mudiyanselage Sunil Wickramanayaka
and Zhang Wei
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



17 January 2019

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION FORMATION OF THE FUND

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Fund Partnership Agreement and the transactions contemplated thereunder, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 17 January 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 27 December 2018, Kinergy EMS, a direct wholly-owned subsidiary of the Company, has entered into the Fund Partnership Agreement with the Fund Partners in relation to the formation of the Fund. CEL, being one of the controlling shareholders of the Company, indirectly holds 100% interest of Shanghai CEL Puyan and 50% interest of Jiangsu Liyang CEL. Furthermore, Mr. Du is an executive Director and one of the controlling shareholders of the Company. Accordingly, Jiangsu Liyang CEL, Shanghai CEL Puyan, and Mr. Du are connected persons of the Group; and therefore the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund) constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. Moreover, the formation of the fund constitutes a notifiable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the formation of the Fund exceed 5% and are less than 25% but the proposed capital commitment of the Group exceeds HK\$10,000,000, the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund) constitute a disclosable transaction under Chapter 14 of the Listing Rules and a non-

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

exempt connected transactions for the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The non-executive Director of the Company and chairman of the Board, Mr. Chen Shuang (who is also the chairman of the investment committee of Jiangsu Liyang CEL, an executive director and the chief executive officer of CEL), the executive Director of the Company, Mr. Du and the non-executive Director of the Company, Mr. Tsang Sui Cheong Frederick (who is a member of the investment committee of Jiangsu Liyang CEL and is also the supervisor of Shanghai CEL Puyan and the chief risk officer of CEL) have abstained from voting on the relevant resolutions of the Board. To the best knowledge of the Directors, CEL together with its associates, which are interested in 262,360,380 Shares (representing approximately 30.6% of the total Shares) as at the date of this letter, Mr. Du together with his associates, who are interested in 8,105,704 Shares (representing approximately 0.94% of the total Shares) as at the date of this letter and any shareholders who are required by the Listing Rules to abstain from voting, will abstain from voting at the EGM regarding the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund).

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Ng Tiak Soon, Dr. Senerath Wickramanayaka Mudiyanseelage Sunil Wickramanayaka and Professor Zhang Wei, has been formed to advise the Independent Shareholders as to whether the terms of the Fund Partnership Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Fund Partnership Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to approve the Fund Partnership 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, Lego Corporate Finance Limited did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. 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. Accordingly, we are qualified to give independent advice in respect of the terms of the Fund Partnership Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular and the prospectus of the Company dated 30 June 2018 (the "**Prospectus**"); (ii) the information supplied by the Group and its advisers; (iii) the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

opinions expressed by and the representations of the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the management of the Group, for which they are solely and wholly responsible for, or contained or referred to in the Circular and the Prospectus were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular and the Prospectus are true at the time they were made and continue to be true as at the date of the EGM and the Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 13.80 of the Listing Rules until the EGM. We have also assumed that all such statements of belief, opinions and intentions of the management of the Group and those as set out or referred to in the Circular and the Prospectus 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 management of the Group and/or the advisers of the Group. We have also sought and received confirmation from the management of the Group that no material facts have been withheld or omitted from the information provided and referred to in the Circular and the Prospectus and that all information or representations provided to us by the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular and the Prospectus 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 of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or the Subscribers or any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group and the parties to the Fund Partnership Agreement

The Group

The Company is incorporated in Singapore with limited liability, and the Shares have been listed on the Stock Exchange since 18 July 2018.

The principal activities of the Company and its subsidiaries are to provide contract manufacturing, design, engineering and assembly for the semiconductor industry, and the design, manufacture and sale of automated machines, apparatus, systems, equipment and precision molds and dies with in-house

production facilities located in Singapore, the PRC and the Philippines. Kinergy EMS is a limited liability company established in the PRC and a direct wholly-owned subsidiary of the Company.

Parties to the Fund Partnership Agreement

Pursuant to the Fund Partnership Agreement, Kinergy EMS, a limited liability company established in the PRC and a direct wholly-owned subsidiary of the Company, will participate in the Fund as a limited partner.

Parties who are connected persons

Jiangsu Liyang CEL is a limited partnership established in the PRC on 21 November 2018 and is a subsidiary of CEL. It is principally engaged in equity and industrial investments, investment consultancy and business consultancy.

Shanghai CEL Puyan is a limited liability company established in the PRC on 6 July 2015 and an indirect wholly-owned subsidiary of CEL. It is principally engaged in equity fund raising activities for non-listed corporations and related consultation services. Shanghai CEL Puyan is the general partner, executive partner and the Fund Manager of the Fund. The core members of Shanghai CEL Puyan include Mr. Chen Shuang, Mr. Yin Lianchen and Mr. Du who have extensive experience in professional management of investments at a corporate level. Mr. Chen Shuang has over 26 years of experience in commercial and investment banking. Apart from being the non-executive Director and chairman of the Board, Mr. Chen Shuang is an executive director and the chief executive officer of CEL, a cross-border investment and asset management company managing 48 funds with fundraising scale of HK\$129.1 billion as at the end of 2017. Mr. Chen Shuang oversees the overall operation of CEL, including its investment decision. Mr. Yin Lianchen has rich experience in financial and corporate management and has been executive director, chief investment officer, and a member of strategy committee of CEL since 2017. Mr. Du is an executive Director with over 15 years of experience in corporate finance, capital market, private equity investment (including semiconductor industry-related investment), merger and acquisitions and legal compliance advisory to listed companies, securities firms and mining companies.

Mr. Du is an executive Director and one of the controlling shareholders of the Company.

Parties who are Independent Third Parties

To the best knowledge of the Directors, Beijing Jinguanhudian is a limited liability company established in the PRC on 30 April 2014 and was renamed as Henan Jinguang Technology Limited Company* (河南金冠技術有限公司) on 28 December 2018. Its ultimate beneficial owner is Mr. Fan Chong who is an Independent Third Party. It is principally engaged in technology promotion, technology development and technology consultation.

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Mr. Zhao is a senior investment director and a member of the management decision committee of CEL. Mr. Zhao has years of experience in corporate finance, insurance and real estate, equity investment and investment management.

To the best knowledge of the Directors, Nantong Hengbang is a limited liability company established in the PRC on 20 February 2017 and is an Independent Third Party. It is wholly owned by the Administrative Committee of Nantong Economic and Technological Development Zone* (南通市經濟技術開發區管理委員會) and is principally engaged in equity investment, security investment, fund investment, industry investment, corporation advisory management and investment management.

To the best knowledge of the Directors, Nantong Jianghai is a limited partnership established in the PRC on 24 October 2016 and is an Independent Third Party. Its ultimate shareholders include Jiangsu Provincial Department of Finance* (江蘇省財政廳) and Nantong Municipal People's Government* (南通市人民政府) and it is principally engaged in equity investment, venture capital investment, fund investment, industry investment and other investment management.

Except for Shanghai CEL Puyan as the general partner, executive partner and the Fund Manager, all the other seven parties participated into the Fund as limited partners.

2. Financial information of the Group

The following table is a summary of the audited financial information of the Group for the years ended 31 December 2016 and 2017, as extracted from the Prospectus and the unaudited financial information of the Group for the six months ended 30 June 2018, as extracted from the interim report of the Company for the six months ended 30 June 2018 (the "2018 Interim Report").

	For the year ended		For the six months ended	
	31 December	31 December	30 June	30 June
	2016	2017	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	106,997	128,952	72,791	78,684
Cost of sales	(85,080)	(104,142)	(56,546)	(64,160)
Gross profit	21,917	24,810	16,245	14,524
Profit for the year/ period	3,096	8,032	7,844	5,176

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	As at 31 December		As at 30
	2016	2017	June
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(audited)	(audited)	(unaudited)
Non-current assets			
Property, plant and equipment	16,807	18,083	19,932
Current assets			
Inventories	25,406	33,974	36,551
Trade receivables	17,819	21,216	29,480
Cash and cash equivalents	21,820	13,657	30,264
 Total assets	<u>86,064</u>	<u>99,338</u>	<u>124,447</u>
 Total liabilities	<u>22,257</u>	<u>29,045</u>	<u>49,494</u>
 Net assets	<u>63,807</u>	<u>70,293</u>	<u>74,953</u>

For the years ended 31 December 2016 and 2017

Revenue of the Group increased by approximately 20.5% from approximately S\$107.0 million for the year ended 31 December 2016 to approximately S\$129.0 million for the year ended 31 December 2017. According to the Prospectus, such increase was primarily due to strong demand from a major customer as a result of their business expansion in the PRC market. Cost of sales increased by approximately 22.4% from approximately S\$85.1 million for the year ended 31 December 2016 to approximately S\$104.1 million for the year ended 31 December 2017. According to the Prospectus, such increase was primarily attributable to the direct material costs which was in line with the increase in revenue. The Gross profit of the Group increased by approximately 13.2%, as the increase in revenue of approximately 20.5% partially offset by the increase in cost of sales of approximately 22.4% and there is a slight decrease of the gross profit margin by approximately 1.3% from approximately 20.5% for the year ended 31 December 2016 to approximately 19.2% for the year ended 31 December 2017, which is primarily due to the further decrease in proportion of revenue generated from service income which has a higher gross profit margin under the EMS Division of the Company. In addition, the profit of the Group increased by approximately 159.4%, from approximately S\$3.1 million for the year ended 31 December 2016 to approximately S\$8.0 million for the year ended 31 December 2017, mainly due to the increase in net profit margin from approximately 2.9% for the year ended 31 December 2016 to approximately 6.2% for the year ended 31 December 2017. The low net profit margin achieved by the Group in 2016 was primarily due to the settlement of a customer's one-off and non-recurring claim of approximately S\$6.9 million as stated in the Prospectus.

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As at 31 December 2017, total assets of the Group amounted to approximately S\$99.3 million, of which inventories, trade receivables and cash and cash equivalents amounted to approximately S\$34.0 million, S\$21.2 million and S\$13.7 million, respectively, representing approximately 34.2%, 21.4% and 13.7% of the total assets of the Group, respectively. As at 31 December 2017, total liabilities of the Group amounted to approximately S\$29.0 million, of which trade payables amounted to approximately 73.9% and represented approximately 73.9% of the total liabilities of the Group.

For the six months ended 30 June 2017 and 2018

Revenue of the Group increased by approximately 8.1% from approximately S\$72.8 million for the six months ended 30 June 2017 to approximately S\$78.7 million for the six months ended 30 June 2018. According to the 2018 Interim Report, such increase was mainly came from orders from existing Japanese customers. Gross profit of the Group decreased by approximately 10.6% from approximately S\$16.2 million for the six months ended 30 June 2017 to approximately S\$14.5 million for the six months ended 30 June 2018. According to the 2018 Interim Report, the main reason was due to the depreciation of US dollar against Singaporean dollars and the Group's revenue is mainly denominated in US dollars whereas the Group's purchase is mostly denominated in Singaporean dollars and RMB. Consequently, the Group's gross profit margin decreased from approximately 22.3% for the six months ended 30 June 2017 to approximately 18.5% for the six months ended 30 June 2018. Moreover, profit of the Group decreased by approximately 34.0%, from approximately S\$7.8 million for the six months ended 30 June 2017 to approximately S\$5.2 million for the six months ended 30 June 2018, mainly due to the lower gross profit margin and the listing expenses incurred during the six months ended 30 June 2018 as stated in the 2018 Interim Report.

3. The Fund Partnership Agreement

3.1 Reasons for and benefits of the Fund Partnership Agreement

As disclosed in the Letter from the Board, the purpose and objectives of the Fund is to make equity investments in enterprises in the information technology industry (which encompasses the semiconductor industry), intelligent manufacturing and precision engineering equipment manufacturing industry (such as the SPE industry) and peripheral industries (such as the analog chips and perceptual components sectors) in the PRC. The Fund will be focusing on investment in companies with prospect and potential of listing. In particular, a minimum of 40% of the Fund shall be invested in Qualified Projects in Nantong City of which minimum of 50% (representing 20% of the Fund) shall be invested in Qualified Projects in Nantong Economic and Technological Development Zone (南通市經濟技術開發區) ("NETDZ"). Also, 80% of the Fund shall be invested in companies at its mature stage with potential of listing and 20% of the Fund shall be invested in companies at its premature stage.

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As the Group's principal business is the manufacturing of equipment, machines, sub-systems, precision tools, spare parts and components in the semiconductor industry, the Fund's investment focus in enterprises which focus on analog chips and perceptual components is within the same semiconductor industry in which the Group is operating in. The Directors are of the view that the Group can leverage on its manufacturing capabilities in precision engineering as the Group's core business encompasses manufacturing equipment, machines and sub-systems in the semiconductor industry. Moreover, according to the Prospectus, (i) the explosion of demand of data; (ii) existing wide applications of semiconductors; and (iii) novel applications of semiconductors will lead to an expansion of semiconductor industry. It is expected that the global semiconductor industry will continue to expand and will reach a market size of approximately US\$531.5 billion by 2022, representing a CAGR of 5.2% during the period between 2017 and 2022. The Directors are of the view that the Company will be able to seize the opportunities by participating into the Fund as the purpose and objectives of the Fund is to make equity investments in the information technology industry, intelligent manufacturing and precision engineering equipment manufacturing industry and peripheral industries in the PRC, which include the semiconductor industry and SPE industry. Moreover, according to the Prospectus, there has been a migration of manufacturers of semiconductor to the PRC, making the PRC to be one of the largest markets globally in terms of the total revenue generated in the SPE industry. The migration is evidenced by the PRC's increasing shares of global SPE revenue from approximately 6.8% to 14.5% from 2013 to 2017, representing a CAGR of approximately 24.9%, and this migration is anticipated to sustain and expand in the future. It is expected that the share of global SPE revenue of the PRC will reach approximately 17.4% in 2022. The Directors consider that the Fund will provide a platform, with manageable risks, to tap into a larger pool of potential projects in the wider information technology industry which encompasses the semiconductor industry, and in turn diversify the financial returns of the Group.

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. The PRC government also announced the "Thirteenth Five-year Development Plan for Scientific and Technological Innovation" which steer the development of the domestic semiconductor sector in the PRC. Therefore, the Directors are optimistic about the prospect of the industries in which the Fund is going to invest, in particular, in light of the support and investment from the PRC government. In light of such favourable development, enterprises in these industries, which are investment targets of the Fund, present considerable growth potential. As such, the Directors consider that the Group's participation in the Fund, with the strengths of the Fund Partners, will allow the Group to identify and to seize opportunities that were not available

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to the Group or that the Group alone could not afford; and in turn allow the Group to ride on the favourable industry development and increase the Group's footprint in the SPE industry in the PRC.

Additionally, it is required that a minimum of 40% of the Fund shall be invested in Qualified Projects in Nantong City of which minimum of 50% (representing 20% of the Fund) shall be invested in Qualified Projects in NETDZ. As disclosed in the Letter from the Board, such allocation is determined after balancing the interests between Fund Partners with government-invested enterprises, namely Nantong Hengbang (which is wholly-owned by the Administrative Committee of Nantong Economic and Technological Development Zone* (南通市經濟技術開發區管理委員會)) and Nantong Jianghai (of which the ultimate shareholders include Nantong Municipal People's Government* (南通市人民政府)), and other Fund Partners from the private sector. The Group has a production facility situated in NETDZ which has been in operation since 2002 and also another production facility situated in Nantong which had not yet been in operation but will be renovated and set up production space in order to expand its production capacity for its long-term growth in the industry and to diversify the Group's customer base as mentioned in its expansion plan according to the Prospectus. We have also conducted shareholding search on Nantong Hengbang and Nantong Jianghai and noted that Nantong Hengbang is a wholly-owned subsidiary of Administrative Committee of NETDZ* (南通市經濟技術開發區管理委員會) and the ultimate shareholders of Nantong Jianghai shareholders include Jiangsu Provincial Department of Finance* (江蘇省財政廳) and Nantong Municipal People's Government* (南通市人民政府). Therefore, the Directors are of the view that the Group has relevant knowledge and experience in Nantong city and the Fund has strong background to support its future development. Also, NETDZ is one of the first batch of 14 national economic and technological development zones in the PRC with ISO14000 awarded by the State Environmental Protection Administration* (國家環保總局). It is also regarded as one of the top 10 developing zones in term of highest investment value for the multinational corporations. After more than 30 years of development, NETDZ has attracted more than 800 foreign funded enterprises with a total investment value of approximately US\$15 billion, the Directors are of the view that it is justifiable for the Fund to invest in NETDZ.

According to Implementation Outline of Made in China 2025* (中國製造2025南通實施綱要), it is noted that the PRC government will focus on supporting Nantong to become the advanced manufacturing base for the North Wing of the Yangtze River Delta Economic Zone, including electronic information, in particular integrated circuits design and manufacturing. Seizing the development opportunities of the "The Belt and Road Initiative", the PRC government expects that Nantong can become an advanced manufacturing base for the North Wing of the Yangtze River Delta Economic Zone, and has specially formulated and issued this outline. In order to attract investment, the government in this region will provide support for the development of the manufacturing industry in order to cater the demand from new consumers and the new opportunities from diversified industries. With the great opportunities surrounded

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in the region and the release of the PRC government's policy and strategic goals, Nantong is expected to become an advanced manufacturing base in China according to the Implementation Outline of Made in China 2025.

As disclosed in the Letter from the Board, it is also required that 80% of the Fund shall be invested in companies at its mature stage with potential of listing and 20% of the Fund shall be invested in companies at its premature stage. The Directors consider that, while the investment of the Fund does not form part of the future plans as disclosed in the Prospectus, the Group's investment in the Fund is in line with the Group's broader objective and strategic direction to develop in a multi-pronged approach to grow and develop organically and inorganically as disclosed in the Prospectus. Given that the Fund will be investing in companies at its mature stage with potential of listing as well as companies at its premature stage, the Fund will form a balanced portfolio of diversified investments. The Fund is also subject to certain investment restrictions as disclosed in the Letter from the Board, including the restriction that the Fund shall not invest in more than 30% shareholding of a single Portfolio Company and the total investment of the Fund in a single Portfolio Company shall not exceed 20% of the total committed capital contribution of the Fund.

As disclosed in the Letter from the Board, the parties to the Fund Partnership Agreement started the discussion of the formation of the Fund in September 2018. The investment in the Fund by the Company is to be made with the internal resources of the Company, the Directors confirmed that proceeds raised from listing of the Company in July 2018 will not be used for financing its capital commitment under the Fund Partnership Agreement and the investment would not impact the daily operation of the Company's principal business. The Directors further confirmed that the investment in the Fund will not affect the Group's future plans as disclosed in the Prospectus. Upon formation of the Fund, the Company's investments in the Fund will be recognised as financial assets measured at fair value through other comprehensive income in the consolidated financial statements of the Company during both Investment Period and Withdrawal Period.

Based on our review of the Prospectus and 2018 Interim Report, we noted that the Group had (i) annual or annualised return on total assets of approximately 13.5%, 3.6%, 8.1% and 8.3% (with an average of approximately 8.4%); and (ii) annual or annualised net profit margin of approximately 10.5%, 2.9%, 6.2% and 6.6% (with an average of approximately 6.6%) for the years ended 31 December 2015, 2016, 2017 and 2018, respectively. Having considered the above and the investment return of limited partners under the profit distribution arrangement pursuant to the Fund Partnership Agreement (for details, please refer to the paragraph headed "3.2 Principal terms of the Fund Partnership Agreement — Profit distribution and management bonus" below), we have no objection to the Directors' view that the investment in the Fund represents an opportunity to diversify the financial returns of the Group with its internal resources under the Group's objective to develop strategically in a multi-pronged approach.

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Based on the foregoing, we concur with the Directors' view as to the reasons for and benefits of entering into the Fund Partnership Agreement and it is justifiable for the Group to enter into the Fund Partnership Agreement with its internal resources.

3.2 Principal terms of the Fund Partnership Agreement

Tenure of the Fund

The initial duration of the Fund will be five years commencing from the date on which the business license is obtained.

The three years commencing from the date on which the business license is obtained shall be the investment period of the Fund (the "**Investment Period**"). Upon unanimous consent of all Fund Partners, the Investment Period may be extended for one year.

The two years commencing from the expiration of the Investment Period is the withdrawal period of the Fund (the "**Withdrawal Period**"). Upon unanimous consent of all Fund Partners, the Withdrawal Period may be extended for one year.

Please also refer to the paragraph headed "Market comparable analysis" below for further assessment on the fairness and reasonableness of the tenure of the Fund.

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Capital contributions to the Fund

The Company's committed capital contribution to the Fund shall be RMB100 million. The respective capital commitment in RMB payable by each of the Fund Partners are as follows:

Fund Partners	Commitments (RMB)	Percentage of the equity interest in the Fund
Kinergy EMS (as a limited partner)	100,000,000	20%
Nantong Hengbang (as a limited partner)	100,000,000	20%
Jiangsu Liyang CEL (as a limited partner)	100,000,000	20%
Mr. Du (as a limited partner)	80,000,000	16%
Nantong Jianghai (as a limited partner)	50,000,000	10%
Shanghai CEL Puyan (as the general partner, executive partner and Fund Manager)	37,500,000	7.5%
Beijing Jinguanhudian (as a limited partner)	30,000,000	6%
Mr. Zhao (as a limited partner)	<u>2,500,000</u>	<u>0.5%</u>
Total	<u><u>500,000,000</u></u>	<u><u>100%</u></u>

The size of the Fund may be increased to RMB1 billion upon unanimous consent of all Fund Partners before 31 December 2020.

The capital contribution will be made by three installments in the following manner:

- (i) Initial installment of capital contribution amounting to RMB200 million (equivalent to approximately HK\$226.0 million) shall be made by the Fund Partners on or before 28 February 2019.
- (ii) Second installment of capital contribution amounting to RMB150 million (equivalent to approximately HK\$169.5 million) shall be made after the receipt of notice from Fund Manager. Such notice shall be made when 75% of the initial installment has been utilized for investment or the amount of investment to be made as determined by the investment committee of the Fund (“**Investment Committee**”) reaches 75% of the initial installment.

- (iii) Third installment of the capital contribution amounting to RMB150 million (equivalent to approximately HK\$169.5 million) shall be made after the receipt of notice from Fund Manager. Such notice shall be made when 75% of the aggregate amount of initial and the second installment has been utilized for investment or the amount of investment to be made as determined by the Investment Committee reaches 75% of the aggregate amount of the initial and second installment.

Each Fund Partner shall contribute their capital for each instalment in proportion to their respective equity interest in the Fund. Any delay in making capital contribution will lead to a penalty unless a written waiver from all Fund Partners is obtained. Such penalty shall equal to 0.05% of the multiple of (i) number of days of delay and (ii) the amount of outstanding capital contribution. Unless it is unanimously consented by all Fund Partners, all capital contributions shall be made within three years from the date on which the Fund is established. The capital contribution was determined after arm's length negotiations between the parties with reference to their respective interests in the Fund as well as the investment objective of the Fund. The Group will finance its capital commitment by internal resources.

Management of the Fund

The Fund will be managed by Shanghai CEL Puyan, being the executive partner of the Fund and the Fund Manager, which will be responsible for the operation of investment and administering the Fund. During the period which commences from the date on which the initial installment of capital contributions by all Fund Partners are made and ends on the deregistration date of the Fund, Shanghai CEL Puyan, being the executive partner of the Fund and the Fund Manager, will be entitled to an annual management fee payable quarterly equivalent to 2% of the actual paid-up capital contribution of the Fund at the relevant time. The management fee was determined upon arm's length negotiation taking into account the nature of work of the executive partner.

As advised by the management of the Company, Shanghai CEL Puyan is currently managing a fund size of RMB500 million. The core members of Shanghai CEL Puyan include Mr. Chen Shuang, Mr. Yin Lianchen and Mr. Du Xiaotang. We have reviewed their resumes and noted that (i) Mr. Chen Shuang is the chairman of the Board and a non-executive Director, and he is also an executive director and the chief executive officer of CEL who oversees the overall operation of CEL, including its investment decision and Mr. Chen has over 26 years of experience in commercial and investment banking; (ii) Mr. Yin Lianchen has been executive director, chief investment officer, and a member of strategy committee of CEL since 2017 with rich experience in financial and corporate management; and (iii) Mr. Du Xiaotang is an executive Director with over 15 years of experience in corporate finance, capital market, private equity investment (including semiconductor industry-

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related investment), merger and acquisitions and legal compliance advisory to listed companies, securities firms and mining companies. All of them have actively managed Shanghai CEL Puyan since August 2017. We have also obtained and reviewed a list of funds managed by Mr. Chen Shuang, Mr. Yin Lianchen and Mr. Du Xiaotang from October 2013 to August 2018, including a fund with principal business of developing designing and manufacturing the SPE in Shanghai, and noted that investment return of these funds ranged from approximately 1.6 times to 4.2 times of the initial investment value of the funds. Accordingly, we noted that the management team of Shanghai CEL Puyan does possess prior experience in fund management.

Please also refer to the paragraph headed “Market comparable analysis” below for further assessment on the fairness and reasonableness of the management fee level of the partnership.

Investment Committee

The Investment Committee comprising five members, of which four members will be nominated by Shanghai CEL Puyan and one member will be nominated by Nantong Hengbang, will be formed. The power to approve any equity investments of the Fund will be solely vested in the Investment Committee and at least a three-fourths vote of all members of the Investment Committee must be obtained before any investment can be made. The chairman of the Investment Committee will be nominated by the executive partner. Mr. Chen Shuang, one of the non-executive Directors and the chairman of the Board, is nominated to be the chairman of the Investment Committee as at the date of the Fund Partnership Agreement.

Mr. Chen Shuang is mainly responsible for monitoring the executive Directors and participates in the decision-making process of significant matters such as the operational strategies of the Company. Mr. Chen Shuang is also a non-official member of Financial Services Development Council of Hong Kong, the vice-chairman of China Mergers & Acquisitions Association, the permanent honorary chairman of Chinese Financial Association of Hong Kong, the vice-chairman of Chinese Securities Association of Hong Kong, and a visiting professor of East China University of Political Science and Law.

The Directors consider that it is beneficial to the Company to have a non-executive Director and the chairman of the Board to be the chairman of the Investment Committee as the Fund will be more active in pursuing the Company’s further development in the semiconductor industry with Mr. Chen having more incentive to maximise both the Company’s and the Fund’s long-term interests.

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As mentioned in the Letter from the Board, to the understanding of the Directors, Mr. Du, Mr. Zhao and Mr. Tang Chi Chun, Richard, the chief financial officer and executive director of CEL, together with Mr. Chen Shuang and a member to be nominated by Nantong Hengbang will form the Investment Committee. To the understanding of the Directors, while the role of Mr. Chen Shuang in CEL may involve identifying and initiating target projects, CEL generally allocates the target project to a fund after considering the nature of that target project and whether that target project aligns with the purposes and strengths of the candidate funds. To the understanding of the Directors, it is also the internal control principle of CEL that the interests of investors should be prioritized in the event of conflict of interests between CEL and its funds. The Directors therefore consider that the composition of the Investment Committee would not jeopardize the Fund's interests given that the allocation mechanism in place would ensure the Fund is allocated with a target project which matches the Fund's profile and therefore optimize risk management and return of the Fund. Moreover, to the knowledge of the Directors, generally, when a fund of CEL identifies and initiates a target project, CEL and its other funds will not compete with the initiating fund for that particular target project. As such, the Directors are of the view that conflict of interests arising from (i) allocation of target projects identified by Mr. Chen Shuang and (ii) CEL (and its other funds) competing with the Fund for making investment in one particular target would be unlikely. As such, the Directors consider that the possibility of conflict of interests arising from the composition of the Investment Committee is remote.

In addition, while Mr. Chen Shuang is the director of CEL, Mr. Chen Shuang is also the Director of the Company, the Directors therefore consider that the composition of the Investment Committee, which include three members who presumably will not act in the sole favour of CEL (i.e. Mr. Chen Shuang, Mr. Du (who is a Director of the Company and an individual Fund Partner but not a director of CEL) and the member to be nominated by Nantong Hengbang), will not compromise the interests of the Fund and that of the Group.

Furthermore, we are advised that, to the best knowledge of the Directors, it is CEL group's internal control policy to balance the CEL group's overall interest and to avoid conflicts within the CEL group (including the Fund). As mentioned above, the conflict of interests arising from the roles of Mr. Chen and other members of the investment committee would be unlikely, but in the event that there is potential conflict of interests, they should report the matters to the relevant management authority and also the respective investment committee immediately, and should abstain from voting on the relevant investment decisions.

In view of the above, we concur with the Directors' view that (i) the possibility for any conflict of interests arising from the roles of the members of the investment committee is remote; and (ii) in the event that there is potential conflict of interests, it can be mitigated by CEL group's internal

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control policy involving project allocation mechanism, prioritization of investors' interest, internal reporting and the requirement of abstention from voting.

Restriction on transfer and withdrawal of partnership

Limited partners of the Fund shall not transfer all or any part of their interest without the prior approval by the executive partner of the Fund. Where approval by the executive partner is obtained, the other Fund Partners shall have the right of first refusal to acquire the interest of the selling Fund Partner.

Limited partners shall not withdraw from the Fund unless a Fund Partners meeting is held according to the procedures stipulated in the Fund Partnership Agreement and a unanimous approval from all Fund Partners is obtained during the meeting.

Please also refer to the paragraph headed "Market comparable analysis" below for further assessment on the fairness and reasonableness of the restriction on transfer of the partnership.

Profit distribution and management bonus

Distributable income (the "**Distributable Income**") of any investment project comprises the following and calculated upon deduction of tax and other expenses of the Fund:

- (i) income from disposal of an investment project;
- (ii) dividend income from an investment project;
- (iii) income from its liquid investments; and
- (iv) other cash revenue.

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

- a. distribute to all Fund Partners in proportion to their respective actual capital contribution until all Fund Partners recover their respective actual capital contribution;
- b. as to the balance, if any after making the distribution under item (a) above, will be distributed to all Fund Partners in proportion to their respective actual capital contribution until all Fund Partners have achieved an internal rate of return of 8% on tier respective actual capital contribution;

- c. as to the balance, if any after making the distribution under item (b) above, 20% will be distributed to the Fund Manager (i.e. Shanghai CEL Puyan) as management bonus and 80% will be distributed to all Fund Partners in proportion to their respective capital contribution.

Management bonus to the Fund Manager was determined upon arm's length negotiation taking into account the potential return of the Fund and the nature of work of the Fund Manager.

Loss sharing

Any loss incurred by the Fund in connection with its investment projects shall be shared by all the Fund Partners participating in such projects in proportion to their actual capital contribution. The limited partners shall be liable for the debts of the Fund up to the amount of their respective capital contribution. The general partner shall bear unlimited joint and several liability for the debts of the Fund.

We also noted that the principal terms of the 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 limited partners of the partnership, which include both connected persons and Independent Third Parties. Accordingly, we consider that the principal terms of the Fund Partnership Agreement are no less favourable to the Group than those applicable to Independent Third Parties as a whole.

Please also refer to the paragraph headed "Market comparable analysis" below for further assessment on the fairness and reasonableness of the levels of investment return and distributions of the partnership.

Market comparable analysis

In order to further assess the fairness and reasonableness of the principal terms of the Fund Partnership Agreement, we have, to the best of our knowledge and as far as we are aware of, identified an exhaustive list of limited partnerships announced by companies listed on the Stock Exchange from 1 December 2017 up to and including the date of the Fund Partnership Agreement (the "**Comparable Partnerships**"), being approximately one year prior to the date of the Fund Partnership Agreement (the "**Comparable Partnerships Review Period**"). We consider that the Comparable Partnerships Review Period is adequate and appropriate for identifying Comparable Partnerships as the Comparable Partnerships are considered to assess recent market practice in relation to the principal terms under the current market conditions and thus are representative for comparison purpose.

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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 Fund Partnership Agreement.

Date of announcement	Stock code	Company name	Term (year)	Extension	Annual management fee	Investment return included in the profit distribution arrangement (if any) (Note 1)	General partner distribution in excess of capital contribution/ annual rate of return (Note 1)	Restriction of transfer on limited partner (Note 1)
1 December 2017	1862	Jingrui Holdings Limited	5	Yes	2%	N/A	N/A	N/A
12 December 2017	686	Panda Green Energy Group Limited	N/A	N/A	N/A	N/A	N/A	N/A
13 December 2017	295	Kong Sun Holdings Limited	5	N/A	0.38%	7%	N/A	unanimous approval of limited partners
14 December 2017	995	Anhui Expressway Company Limited	7	Yes	1.0–2.0%	8%	20%	approval by fund manager company and other limited partners
14 December 2017	3383	Agile Group Holdings Limited	7	N/A	Yes	N/A	N/A	N/A
19 December 2017	2628	China Life Insurance Company Limited	20	N/A	0.3%	8%	20%	N/A
26 December 2017	3996	China Energy Engineering Corporation Limited	28	N/A	0.005%	6.24%	N/A	N/A
28 December 2017	106	Landsea Green Properties Co., Ltd.	20	N/A	N/A	N/A	N/A	N/A
29 January 2018	1608	VPower Group International Holdings Limited	12	N/A	Yes	N/A	N/A	approval by majority of interest
8 February 2018	9	Nine Express Limited	10	Yes	N/A (Note 2)	7.5–11.5%	N/A	prior consent of general partner

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Date of announcement	Stock code	Company name	Term (year)	Extension	Annual management fee	Investment return included in the profit distribution arrangement (if any) (Note 1)	General partner distribution in excess of capital contribution/ annual rate of return (Note 1)	Restriction of transfer on limited partner (Note 1)
13 February 2018	1528	Red Star Macalline Group Corporation Ltd.	5	Yes	N/A	N/A	N/A	N/A
20 February 2018	3329	BOCOM International Holdings Company Limited	6	N/A	N/A (Note 2)	8%	20%	prior written consent of general partner
20 February 2018	3329	BOCOM International Holdings Company Limited	N/A	N/A	N/A (Note 2)	N/A	20%	consent of general partner
12 March 2018	1458	Zhou Hei Ya International Holdings Company Limited	7	Yes	N/A	8%	20%-25%	N/A
26 March 2018	1141	CMBC Capital Holdings Limited	3	Yes	N/A	N/A	N/A	N/A
29 March 2018	1822	HongDa Financial Holding Limited	3	Yes	2%	N/A	20%	prior written consent of limited partners
4 April 2018	1708	Nanjing Sample Technology Co., Ltd.	7	N/A	0.8%	N/A	N/A	N/A
18 April 2018	1980	Tian Ge Interactive Holdings Limited	N/A	N/A	1.5%-2%	N/A	20%	N/A
3 May 2018	981	Semiconductor Manufacturing International Corporation	7	Yes	Yes	N/A	N/A	approval of general partner
30 May 2018	412	China Shandong Hi-Speed Financial Group Limited	3	Yes	0.0%	N/A	N/A	prior written consent of general partner
6 June 2018	687	Hong Kong International Construction Investment Management Group Co. Limited	10	Yes	1%	N/A	N/A	no restriction to transfer if the transferee is qualified by general partner

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Date of announcement	Stock code	Company name	Term (year)	Extension	Annual management fee	Investment return included in the profit distribution arrangement (if any) (Note 1)	General partner distribution in excess of capital contribution/ annual rate of return (Note 1)	Restriction of transfer on limited partner (Note 1)
14 June 2018	519	Applied Development Holdings Limited	5	Yes	2%	N/A	20%	prior written consent of general partner
15 June 2018	1009	International Entertainment Corporation	N/A	Yes	0.0%	N/A	N/A	prior written consent of general partner
15 June 2018	1091	CITIC Dameng Holdings Limited	10	N/A	0.5%	N/A	N/A	N/A
26 June 2018	272	Shui On Land Limited	N/A	N/A	N/A	N/A	N/A	prior written notice to all parties
28 June 2018	1107	Modern Land (China) Co., Limited	N/A	N/A	N/A	N/A	N/A	N/A
13 July 2018	697	Shougang concord international enterprises company limited	6	Yes	1%	9%	20%	N/A
20 July 2018	256	Citychamp Watch & Jewellery Group Limited	5	N/A	1.25%	8%	20%	N/A
24 July 2018	864	Wing Lee Property Investments Limited	5	Yes	Yes	N/A	N/A	consent of general partner
1 August 2018	2399	China Fordoo Holdings Limited	3	Yes	N/A	N/A	N/A	N/A
8 August 2018	165	China Everbright Limited	8	Yes	2%	6%	20%	prior written consent of general partner
8 August 2018	1051	G-Resources Group Limited	10	Yes	2%	N/A	N/A	prior written consent of general partner
12 August 2018	697	Shougang concord international enterprises company limited	5-10	Yes	0.5%-2%	8%	20%	N/A
21 August 2018	295	Kong Sun Holdings Limited	5	Yes	0.3%	7%	N/A	N/A

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Date of announcement	Stock code	Company name	Term (year)	Extension	Annual management fee	Investment return included in the profit distribution arrangement (if any) (Note 1)	General partner distribution in excess of capital contribution/ annual rate of return (Note 1)	Restriction of transfer on limited partner (Note 1)
23 August 2018	2628	China Life Insurance Company Limited	8	N/A	Yes	8%	20%	N/A
16 September 2018	1278	China New Town Development Company Limited	5	N/A	2%	8%	20%	no restriction
28 September 2018	2688	ENN Energy Holdings Limited	5	Yes	0.0%	2.5%	50%	no restriction
5 October 2018	183	Winfull Group Holdings Ltd	5	N/A	1%	N/A	N/A	N/A
12 October 2018	1109	China Resources Land Limited	8	Yes	N/A	N/A	N/A	approval of all partners
26 October 2018	1697	Shandong International Trust Co., Ltd	9	Yes	1.5%–2%	Yes (Note 3)	20%	N/A
26 October 2018	177	Jiangsu Expressway Company Limited	4	N/A	Yes	N/A	N/A	N/A
13 November 2018	1833	Ping An Healthcare and Technology Company Limited	7	Yes	0.75%–1%	8%	10%	consent by general partner
21 November 2018	128	ENM Holdings Limited	8	Yes	1%–2%	N/A	N/A	prior written consent of general partner
28 November 2018	939	China Construction Bank Corporation	10	Yes	Yes	N/A	N/A	N/A
28 November 2018	3329	BOCOM International Holdings Company Limited	7	N/A	Yes	N/A	20%	prior written consent of general partner
5 December 2018	6139	Jinmao (China) Hotel Investments and Management Limited	3	Yes	2%	12%	20%	prior written consent of general partner
11 December 2018	6860	FingerTango Inc.	1.2	Yes	0.1%	5%	N/A	prior written consent of general partner

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Date of announcement	Stock code	Company name	Term (year)	Extension	Annual management fee	Investment return included in the profit distribution arrangement (if any) (Note 1)	General partner distribution in excess of capital contribution/ annual rate of return (Note 1)	Restriction of transfer on limited partner (Note 1)
17 December 2018	817	China Jinmao Holdings Group Limited	5	Yes	1.2%	15%	20%	N/A
21 December 2018	1589	China Logistics Property Holdings Co., Ltd	4	Yes	0.8%	N/A	N/A	prior written consent of general partner
23 December 2018	3377	Sino-ocean Group Holding Ltd.	5	Yes	1%	N/A	N/A	prior written consent of general partner
		Maximum	28		2%	15%	50.0%	
		Minimum	1.2		0.0%	2.5%	10.0%	
27 December 2018	3302	The Company	5	Yes	2%	8%	20%	prior approval of executive partner

Notes:

1. “N/A” represents not applicable as such arrangement was not disclosed in the announcement of the respective listed issuer.
2. One-off management fee is required instead of annual management fee.
3. The rate of benchmark return per annum for each partner is based on the benchmark interest rate for three-year loan announced by the People’s Bank of China.

As demonstrated by the above table, (i) the term of the Comparable Partnerships ranged from 1.2 years to 28 years; (ii) annual management fee of the Comparable Partnerships ranged from 0.0% to 2.0%; (iii) investment return included in the profit distribution arrangement ranged from 2.5% to 15.0%; and (iv) the general partner distribution in excess of capital contribution/annual rate of return ranged from 10.0% to 50.0%.

We note that (i) the term; (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 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 interest of the funds, which normally requires prior written approval by the general partner or even unanimous approval of all limited partners.

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Having considered the foregoing, we are of the view that the principal terms of the Fund Partnership Agreement are generally no less favourable than those available to other transactions under the Comparable Partnerships and are, therefore, fair and reasonable so far as the Independent Shareholders are concerned. Based on our review on the Fund Partnership Agreement, and taking into account the principal terms of the Fund Partnership Agreement as highlighted above, we are of the view that the terms of the Fund Partnership Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Possible financial effects of the Fund

As stated in the 2018 Interim Report, the consolidated net assets value of the Group was approximately S\$75.0 million as at 30 June 2018. Profit of the Group was approximately S\$5.2 million for the six months ended 30 June 2018. Given the tenure and profit distribution mechanism of the Fund, the Fund Partnership Agreement and the transactions contemplated thereunder are not expected to have any significant contribution to the earnings of the Group for the year ending 31 December 2018. It is expected that the Company's committed capital contribution to the Fund under the Fund Partnership Agreement will not have immediate material adverse impact on net asset value and earnings of the Group immediately upon completion of the Fund Partnership Agreement.

According to the Letter from the Board, the Company's committed capital contribution to the Fund under the Fund Partnership Agreement will be satisfied by internal funding. Having taken into account of the above and the capital contribution will be made by three installments, we consider that the Company's committed capital contribution to the Fund under the Fund Partnership Agreement is not expected to have any material adverse impact to the working capital of the Group immediately upon completion of the Fund Partnership Agreement.

Upon formation of the Fund, the Company's investments in the Fund will be recognised as financial assets measured at fair value through other comprehensive income in the consolidated financial statements of the Company during both Investment Period and Withdrawal Period.

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

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RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that although the entering into of the Fund Partnership Agreement is not in the ordinary course of business of the Group, the terms of the 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 ordinary resolution to be proposed at the EGM to approve the Fund Partnership Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Gary Mui
Chief Executive Officer

Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the finance and investment banking industry.

** 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 for Securities Transactions by Directors of Listed Issuers (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:

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	264,514,472 ^(L)	30.81
Ms. Foo Kaw Jee ⁽²⁾	Beneficial owner; interest of spouse	264,514,472 ^(L)	30.81
Mr. Bradley Fraser Kerr ⁽³⁾	Interest of spouse	76,498,768 ^(L)	8.91
Mr. Du ⁽⁴⁾	Interest of a controlled corporation	8,105,704 ^(L)	0.94
Mr. Lim Khin Mann ⁽⁵⁾	Beneficial owner	18,148,000 ^(L)	2.11

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the securities.
- (2) These Shares comprise 246,366,472 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, 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) There Shares are held by Unitras (H.K.) Limited. Mr. Bradley Fraser Kerr is the spouse of Ms. Joyce S. Kerr and Ms. Joyce S. Kerr owns 100% of the issued share capital of Unitras (H.K.) Limited. Therefore, Mr. Bradley Fraser Kerr is deemed or taken to be interested in Shares held by Unitras (H.K.) Limited under the SFO.
- (4) These Shares are held by Sino Expo. Sino Expo is owned as to 100% by Mr. Du. Therefore, Mr. Du is deemed or taken to be interested in the Shares held by Sino Expo under the SFO.
- (5) Mr. Lim Khin Mann is the alternate Director to Ms. Foo Kaw Jee.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any 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 the 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 pursuant to the Model Code.

As at the Latest Practicable Date, Mr. Chen Shuang is a director of China Everbright Limited which is a company having an interest in the Company's Shares required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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 (%)
Diamond Wealth Global Limited ⁽²⁾	Beneficial owner	262,084,380 ^(L)	30.52
China Everbright Venture Capital Limited ⁽²⁾	Interest of a controlled corporation	262,084,380 ^(L)	30.52
China Everbright Limited ⁽²⁾	Interest of a controlled corporation	262,084,380 ^(L)	30.52
Honorich Holdings Limited ⁽³⁾	Interest of a controlled corporation	262,084,380 ^(L)	30.52

Name of Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding (%)
Datten Investments Limited ⁽³⁾	Interest of a controlled corporation	262,084,380 ^(L)	30.52
China Everbright Holdings Company Limited ⁽³⁾	Interest of a controlled corporation	262,084,380 ^(L)	30.52
China Everbright Group Ltd. ⁽³⁾	Interest of a controlled corporation	262,084,380 ^(L)	30.52
Central Huijin Investment Limited ⁽⁴⁾	Interest of a controlled corporation	262,084,380 ^(L)	30.52
Unitras (H.K.) Limited ⁽⁵⁾	Beneficial owner	76,498,768 ^(L)	8.91
Ms. Joyce S. Kerr ⁽⁵⁾	Interest of a controlled corporation	76,498,768 ^(L)	8.91

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the securities.
- (2) China Everbright Limited holds 100% of the total issued share capital of China Everbright Venture Capital Limited; and China Everbright Venture Capital Limited holds 100% of the total issued share capital of Diamond Wealth Global Limited. Therefore, each of China Everbright Limited and China Everbright Venture Capital Limited is deemed to be interested in the Shares held by Diamond Wealth Global Limited under the SFO.
- (3) China Everbright Group Ltd. holds 100% of 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.
- (4) Central Huijin Investment Limited is indirectly wholly-owned by the State Council of the PRC and holds approximately 55.67% equity interest of China Everbright Group Ltd.. Accordingly, Central Huijin Investment Limited is deemed to be interested in China Everbright Group Ltd.’s interest in the Shares under the SFO.
- (5) 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.

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 2017 (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 2017, 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
Lego Corporate Finance Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

- (2) Lego Corporate Finance Limited 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, Lego Corporate Finance Limited 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.
- (4) As at the Latest Practicable Date, Lego Corporate Finance Limited had no direct or indirect interest in any assets which had been, since 31 December 2017 (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 Ms. Wan Kim Ying Kasina and Ms. Gn Jong Yuh Gwendolyn. Ms. Wan Kim Ying Kasina is a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. 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 principal share registrar of the Company in Singapore 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 Registrar (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 AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at 31/F, 148 Electric Road, North Point, Hong Kong for a period of 14 days (excluding Saturdays and public holidays) from the date of this circular:

- (a) the Fund Partnership Agreement; and
- (b) the letter of consent referred to under the section headed “Expert and Consent” in this appendix.

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 at the Company’s registered office at 1 Changi North Street 1, Singapore on Friday, 15 February 2019 at 9:30 am for the purposes of considering and, if thought fit, passing with or without modifications, the following proposed ordinary resolutions of the Company. Persons entitled to attend and vote at the EGM are allowed to attend and vote through the video-conference system which will be located in Hong Kong at the registered office of China Everbright Limited at 46th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 17 January 2019.

ORDINARY RESOLUTIONS

1. “THAT

- (a) the Fund Partnership Agreement dated 27 December 2018 entered into between Shanghai CEL Puyan, Nantong Jianghai, Nantong Hengbang, Jiangsu Liyang CEL, Beijing Jinguanhuan, Kinergy EMS, Mr. Du and Mr. Zhao (a copy of which is produced to the EGM marked “A” and signed by the Chairman of the EGM for the purpose of identification), and for the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more Directors of the Company be and is hereby authorised to do all such things and acts as he/she may in his/her discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Fund Partnership Agreement, including but not limited to the execution of all such documents under seal where applicable, as he/she considers necessary or expedient in his/her opinion to implement and/or give effect to the Fund Partnership Agreement and the transactions contemplated thereunder (including the formation of the Fund), and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its Shareholders as a whole.”

Yours faithfully,
By Order of the Board
Kinergy Corporation Ltd.
Lim Kuak Choi Leslie

Executive Director and Chief Executive Officer

Hong Kong, 17 January 2019

* *For identification purposes only*

NOTICE OF EGM

As at the date of this circular, the executive Directors are Mr. Lim Kuak Choi Leslie and Mr. Du Xiaotang; the non-executive Directors are Mr. Chen Shuang (Chairman), Ms. Foo Kaw Jee, Mr. Lim Khin Mann (alternate Director to Ms. Foo Kaw Jee), Mr. Bradley Fraser Kerr and Mr. Tsang Sui Cheong Frederick; and the independent non-executive Directors are Mr. Ng Tiak Soon, Dr. Senerath Wickramanayaka Mudiyanseelage Sunil Wickramanayaka and Professor Zhang Wei.

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, 12 February 2019, to Friday, 15 February 2019 (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, 15 February 2019 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 Registrar (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, 11 February 2019.
2. (a) A member of the Company who is not Relevant Intermediary and entitled to attend and vote at the EGM convened by the above notice is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a member appoints more than one (1) proxy, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

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

(c) "Relevant Intermediary" shall have the same meaning ascribed to it in Section 181 of the Companies Act (Cap. 50) of Singapore.
3. A proxy need not be a member of the Company.
4. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

NOTICE OF EGM

5. The Proxy Form must be deposited at the office of the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrar (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof, should he/she so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.
6. All resolutions at the EGM will be decided by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
7. In case the EGM is anticipated to be affected by black rainstorms or tropical cyclone with warning signal no. 8 or above, please refer to the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and the Company's website at <http://www.kinergy.com.sg> for announcement on bad weather arrangement for the EGM.
8. The form of proxy in connection with the EGM is enclosed herewith.