



Kinergy Corporation Ltd.

精技集團有限公司*

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

Executive Directors:

Mr. Lim Kuak Choi Leslie

(Chief Executive Officer)

Mr. Du Xiaotang

Mr. Lim Khin Mann

Mr. Tay Kim Kah

Non-executive Directors:

Mr. Loh Kin Wah *(Chairman)*

Mr. Fan Zhirong

Independent Non-executive Directors:

Dr. Senerath Wickramanayaka

Mudiyanselage Sunil

Wickramanayaka

Mr. Hoon Chee Wai

Dr. Ang Peng Huat

Registered Office and Principal Place of

Business in Singapore:

1 Changi North Street 1

Singapore 498789

Principal Place of Business

in Hong Kong:

31/F

148 Electric Road

North Point

Hong Kong

14 June 2024

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ESTABLISHMENT OF FUND PARTNERSHIP
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

* *For identification purpose only*

I. INTRODUCTION

Reference is made to the announcement of the Company dated 17 May 2024 in relation to the Fund Partnership Agreement and the transactions contemplated thereunder.

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 resolution(s) to be proposed at the EGM in relation to the Fund Partnership Agreement and the transactions contemplated thereunder.

II. THE FUND PARTNERSHIP AGREEMENT

On 17 May 2024 (after trading hours), Shanghai GenLight, Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing, the Company and Guangguan Zhihe have entered into the Fund Partnership Agreement for the establishment and management of the Fund with total proposed size of RMB100 million (equivalent to approximately HK\$110 million). The proposed capital commitment of the Company is RMB30 million (equivalent to approximately HK\$33 million), representing 30% of the total committed capital contribution of the Fund.

The Fund will principally invest in start-up enterprises in emerging industries such as semiconductors, new energy (including hydrogen energy), new materials and advanced manufacturing, in the PRC.

Major Terms of the Fund Partnership Agreement

Date:	17 May 2024
Name of the Fund:	Nantong GenLight Venture Capital Fund Partnership (Limited Partnership) (the name of the Fund is subject to approval upon industrial and commercial filing (工商備案) in the PRC)
Parties:	(1) Shanghai GenLight (as General Partner and Fund Manager); (2) Nantong Angel Master Fund (as Limited Partner); (3) Nantong Kechuang (as Limited Partner);

- (4) Nengda Xinxing (as Limited Partner);
- (5) the Company (as Limited Partner); and
- (6) Guangguan Zhihe (as Limited Partner).

As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Shanghai GenLight is ultimately owned as to approximately 48.97% by CEL. Shanghai GenLight is therefore an associate of CEL and a connected person of the Company.

As at the Latest Practicable Date, Mr. Du is an executive Director, thus a connected person of the Company. Guangguan Zhihe is ultimately owned as to approximately 98.02% by Mr. Du. Guangguan Zhihe is therefore an associate of Mr. Du and a connected person of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of Nantong Angel Master Fund, Nantong Kechuang, Nengda Xinxing and their respective ultimate beneficial owners is an Independent Third Party.

Term of the Fund:

The expected term of the Fund shall be ten (10) years commencing from the date of its establishment.

The investment period of the Fund (the “**Investment Period**”) shall be three (3) years commencing from the date of receipt of the First Instalment (as defined below) in full by the Fund.

The withdrawal period of the Fund (the “**Withdrawal Period**”) shall be five (5) years commencing from the expiration of the Investment Period, during which the Fund may not make further investment other than those confirmed during the Investment Period.

For operational needs of the Fund, (i) the Investment Period can be extended for one (1) year free of management fee upon approval of all Fund Partners; and (ii) the Withdrawal Period can be extended for one (1) year free of management fee upon approval of Fund Partners holding more than half of the capital contribution.

Size of the Fund and Capital Contribution:

The initial total capital contribution by the Fund Partners to the Fund shall be RMB100 million (equivalent to approximately HK\$110 million). The respective capital commitment in RMB payable by each of the Fund Partners are as follows:

- (i) Shanghai GenLight — RMB8,000,000, representing 8.0% of the equity interest in the Fund;
- (ii) Nengda Xinxing — RMB30,000,000, representing 30.0% of the equity interest in the Fund;
- (iii) the Company — RMB30,000,000, representing 30.0% of the equity interest in the Fund;
- (iv) Nantong Angel Master Fund — RMB25,500,000, representing 25.5% of the equity interest in the Fund;
- (v) Nantong Kechuang — RMB4,500,000, representing 4.5% of the equity interest in the Fund; and

- (vi) Guangguan Zhihe — RMB2,000,000, representing 2.0% of the equity interest in the Fund.

The capital contribution shall be made by three instalments in the following manner:

- (i) first instalment (the “**First Instalment**”) of capital contribution amounting to RMB30 million (equivalent to approximately HK\$33 million) shall be made by the Fund Partners after the receipt of notice from the Fund Manager within the period specified therein;
- (ii) second instalment (the “**Second Instalment**”) of capital contribution amounting to RMB30 million (equivalent to approximately HK\$33 million) shall be made after the receipt of notice from the Fund Manager. Such notice shall be made (i) when 75% of the First Instalment has been utilised for investment and the capital actually contributed is insufficient to satisfy the relevant expected investment, and (ii) within the Investment Period; and
- (iii) third instalment of capital contribution amounting to RMB40 million (equivalent to approximately HK\$44 million) shall be made after the receipt of notice from the Fund Manager. Such notice shall be made when (i) 75% of the aggregate amount of First Instalment and the Second Instalment has been utilised for investment except when the capital actually contributed is insufficient to satisfy the relevant expected investment, and (ii) within the Investment Period.

The said notices shall be sent to the Fund Partners concerned at least 30 days in advanced. 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 penalty as specified under the Fund Partnership Agreement unless written waiver from all Fund Partners is obtained.

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 Company will finance its capital commitment by internal resources.

**Purpose and objectives
of the Fund:**

The Fund will invest in start-up enterprises in emerging industries such as semiconductors, new energy (including hydrogen energy), new materials and advanced manufacturing, in the PRC. At least 60% of the capital contribution of the Fund shall be invested in start-up enterprises at their early stage (初創期). Start-up enterprises herein refer to those (i) in their first two rounds of external investment or established within 5 years of the relevant investment, (ii) with less than 200 employees and with assets or annual revenue of less than RMB20 million and (iii) that provide relevant research and development, production and related services.

Management of the Fund:

The Fund shall be managed by Shanghai GenLight which acts as the General Partner and executive partner responsible for the operation of investment and administration of the Fund. Except during the extension period of the Investment Period or the Withdrawal Period, Shanghai GenLight is entitled to an annual management fee of the Fund in an amount equal to 2% per annum of the paid-up capital contribution of the Fund at the relevant time, commencing from receipt of the First Instalment in full by the Fund.

The annual management fee was determined after arm's length negotiation among the parties by reference to prevailing market rate.

Investment Committee:

The Fund shall establish an investment committee comprising five committee members, of which four members shall be nominated by executive partner or the Fund Manager and one member shall be nominated by Nengda Xinxing, will be formed.

The formation was agreed among the Fund Partners after arm's length negotiation.

**Transfer Restriction
of the Fund Interests:**

The General Partner may transfer any of its interest in the Fund to any third party provided that its remaining interests in the Fund shall be not less than 1% and may not voluntarily exit the Fund.

The Limited Partners shall not transfer all or any part of their interest unless they send a 30-day written notice to the executive partner and (i) for transfer to other Fund Partners, receive written approval of the executive partner of the Fund, and (ii) for transfer to third parties other than the Fund Partners, approval at a meeting of the Fund Partners held according to the procedures stipulated in the Fund Partnership Agreement.

**Profit distribution
and loss sharing:**

Income distribution

Distributable income (“**Distributable Income**”) comprises the following and is calculated upon deduction of tax and other expenses and payables of the Fund:

- (i) income (including principal returned and profits made) from an investment project;
- (ii) capital contribution that the General Partner decides not to be further applied to investment or purposes after the Investment Period; and
- (iii) dividends, interests and other cash revenue from investment operation.

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

- (i) to all the Fund Partners in proportion to their respective paid-up capital contributions until each of the partner is paid in aggregate, its paid-up capital contributions;
- (ii) out of the remaining balance (if any), to all the Fund Partners in proportion to their respective actual capital contributions until each of the Partners received an amount equal to its paid-up capital contribution plus an investment return at an annualised rate of return of 8%;

(iii) out of the remaining balance (if any), 20% shall be paid equally to the General Partner (i.e. Shanghai GenLight) and Guangguan Zhihe as management performance income while the remaining 80% shall be shared among all Fund Partners in proportion to their respective paid-up capital contributions.

With respect to the management performance income (if any) which will be shared between Shanghai GenLight (being the General Partner) and Guangguan Zhihe, Guangguan Zhihe is a follow-up investment platform that employees of Shanghai GenLight directly or indirectly contribute to and have an interest in, and management performance income of the Fund is to be distributed partially to Guangguan Zhihe for the employees of Shanghai GenLight for incentive purposes, which is in line with general market practice.

Loss sharing

Any loss incurred by the Fund shall be shared by all the Fund Partners 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 committed capital contribution amounts. The General Partner shall bear unlimited joint and several liability for the debts of the Fund.

Conditions precedent:

The Fund shall be effective upon the fulfilment of the condition precedents including:

- (i) each of the Fund Partners and the Fund having obtained internal and external approval or consent or completed filing procedures in relation to the Fund Partnership Agreement and transactions contemplated thereunder; and
- (ii) the due execution of the Fund Partnership Agreement.

For the Company, approval of the Directors and the Independent Shareholders, and approval from the Stock Exchange (if applicable) should be obtained for the least. None of the above conditions can be waived. As at the Latest Practicable Date, condition (ii) above had been satisfied.

III. INFORMATION ON THE PARTIES

Information of the parties who are connected persons

Shanghai GenLight

Shanghai GenLight is a limited liability company established in the PRC on 6 July 2015. It is a non-wholly owned subsidiary of the Company which is ultimately and beneficially owned as to approximately 51.03% the Company and approximately 48.97% by CEL. As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Therefore, Shanghai GenLight is a connected person of the Company by virtue of it being a connected subsidiary of the Company. It is principally engaged in private equity fund management.

Guangguan Zhihe

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Guangguan Zhihe, being a follow-up investment platform set up by Shanghai GenLight's employees, is a limited partnership established in the PRC on 21 June 2019 and ultimately and beneficially owned as to (i) approximately 98.02% by Mr. Du, an executive Director, thus a

connected person of the Company, and (ii) approximately 1.98% by Jiang Liran* (蔣鵬然), both being key management personnel of Shanghai GenLight. Therefore, Guangguan Zhihe is a connected person of the Company. It is principally engaged in providing corporate advisory services.

Information of the parties who are Independent Third Parties

Nantong Angel Master Fund

Nantong Angel Master Fund is a limited partnership established in the PRC on 6 December 2021. It is principally engaged in equity investment through private equity fund, investment management, asset management. Its general partner is Nantong Xinyuan Investment Development Company Limited* (南通新源投資發展有限公司) which is ultimately and wholly owned by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). The limited partner of Nantong Angel Master Fund, Nantong Chuangxin Development Fund (Limited Partnership)* (南通創新發展基金(有限合夥)), is a limited partnership ultimately and beneficially owned as to 99.9% by Nantong City Finance Bureau* (南通市財政局) and 0.1% by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

Nantong Kechuang

Nantong Kechuang is a limited company established in the PRC on 11 November 2021 and principally engaged in management of funds invested by the PRC government, equity investment, venture capital investment in private companies, private equity investment fund management and venture capital fund management. It is ultimately and wholly owned by Nantong City People's Government State-owned Assets Supervision and Administration Commission* (南通市人民政府國有資產監督管理委員會). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

Nengda Xinxing

Nengda Xinxing is a limited partnership registered in the PRC on 29 July 2021. It is a comprehensive fund invested by the PRC government established in the principally supporting development of leading industries such as new generation information technology in development zones, high-end equipment, medical health and new energy. Its general partner is Jiangsu Nengda

Private Equity Fund Management Company Limited* (江蘇能達私募基金管理有限公司), which is ultimately owned as to 49% by Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會) and 51% by Nantong City Economic and Technological Development Zone Finance Bureau* (南通市經濟技術開發區財政局). The limited partners of Nengda Xinxing are Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會), Nantong Economic and Technological Development Zone Holdings Company Limited* (南通經濟技術開發區控股集團有限公司) and Jiangsu Weifu Group Company Limited* (江蘇煒賦集團有限公司), both limited companies ultimately and beneficially owned by Nantong City Economic and Technological Development Zone Management Committee* (南通市經濟技術開發區管理委員會) and Nantong High-Tech Entrepreneurship Centre Company Limited* (南通高新技術創業中心有限公司), a limited company ultimately and beneficially wholly owned by the People's Government of Nantong City (南通市人民政府). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of it and its ultimate beneficial owners is an Independent Third Party.

Information of the Group

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

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE FUND PARTNERSHIP AGREEMENT

Leveraging on its expertise in precision engineering, the core business of the Group encompasses manufacturing equipment, machines and sub-systems in the semiconductor industries in the PRC. At least 60% of the capital contribution of the Fund shall be invested in start-up enterprises in emerging industries in the PRC, including those (i) in their first two rounds of external investment or established within 5 years of the relevant investment, (ii) with less than 200 employees and with assets or annual revenue of less than RMB20 million and (iii) that provide relevant research and development, production and related services. The Directors are optimistic about the prospect of start-up enterprises. Therefore, it is considered that the Fund will provide a platform, to tap into a larger pool of potential projects in the wider information technology industry which could create synergies with the Group, and in turn to enhance the financial returns to the Group and the Shareholders as a whole.

The Directors are also of the view that the investment in the Fund will be a further step for the Group to increase its footprint in the semiconductor production equipment industry as well as related emerging industries in the PRC. They consider that the purpose of the Fund aligns with the objective of the Group to develop strategically in a multi-pronged approach. Given that the Fund will be investing in companies at its growing stage with potential of listing as well as companies at its premature stage, the Fund will form a balanced portfolio of diversified investments. The investment in the Fund by the Group is to be made with the internal resources of the Group. Establishment of the Fund will be recognised as investment in associate in the consolidated financial statements of the Group. Subsequent investments to be made by the Fund will be from the cash of the Fund. Such investments will be accounted for in the financial statements of the Fund and will not be reflected in the financial statements of the Group.

With investment being one of the principal activities of the Group, the Directors are of the view that entering into the Fund Partnership Agreement is in the ordinary and usual course of business of the Group. The terms of the Fund Partnership Agreement are made after arm's length negotiation among the parties. The Directors (excluding the independent non-executive Directors, whose views are set out in the Letter from the Independent Board Committee in this circular) consider that the terms of the Fund Partnership Agreement are on normal commercial terms and the Fund Partnership Agreement and transactions contemplated are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

V. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CEL is interested in 263,070,380 Shares, representing approximately 28.58% of the issued Shares, thus a connected person of the Company. Shanghai GenLight is ultimately owned as to approximately 48.97% by CEL. Shanghai GenLight is therefore an associate of CEL and a connected person of the Company.

Mr. Du is an executive Director, thus a connected person of the Company. As at the Latest Practicable Date, Guangguan Zhihe is ultimately and beneficially owned as to approximately 98.02% by Mr. Du. Guangguan Zhihe is therefore an associate of Mr. Du and a connected person of the Company.

Accordingly, the Fund Partnership Agreement and the transactions contemplated thereunder (including the establishment of the Fund) constitute a connected transaction for the Company under Chapter 14A 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 establishment 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 establishment 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.

Other than Mr. Du, none of the Directors has a material interest in the Fund Partnership Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the Board meeting.

VI. EGM AND INDEPENDENT SHAREHOLDERS' APPROVAL

The EGM will be convened to consider and, if thought fit, approve the Fund Partnership Agreement and the transactions contemplated thereunder.

To the best knowledge of the Directors, (i) CEL together with its associates, which are interested in 263,070,380 Shares (representing approximately 28.58% of the issued Shares) as at the Latest Practicable Date, and (ii) Mr. Du together with his associates, who are interested in 13,038,000 Shares (representing approximately 1.42% of the issued 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). To the best of the knowledge, information and belief of the Directors, none of the persons (excluding CEL, Mr. Du and their respective associates) who are required to abstain from voting at the EGM holds any Shares as at the Latest Practicable Date.

VII. CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 2 July 2024, to Friday, 5 July 2024, both dates inclusive, (the "**Book Close Period**") for the purpose of determining shareholders' entitlement to attend and vote at the EGM. During the Book Close Period, no transfer of shares will be registered. Shareholders whose names appear on the register of the Shareholders of the Company on Friday, 5 July 2024 will be entitled to attend and vote at the EGM.

In order to be entitled to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 28 June 2024.

VIII. EXTRAORDINARY GENERAL MEETING AND VOTING BY WAY OF POLL

The EGM Notice is set out in this Circular. At the EGM, resolution(s) will be proposed to the Shareholders to consider and, if thought fit, approve the Fund Partnership Agreement and the transactions contemplated thereunder. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll save for resolution(s) relating purely to a procedural or administrative matter. Accordingly, the Company will procure the chairman of the EGM to demand the resolution(s) to be put to vote by poll. The results of the poll will be announced by the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules.

IX. ACTION TO BE TAKEN

A form of proxy for use at the EGM is enclosed with this Circular and such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you are able to attend the meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

It should be noted that the completion of the Fund Partnership Agreement is subject to a number of conditions, including but not limited to, the approval of the Fund Partnership Agreement and the transactions contemplated thereunder (including the establishment of the Fund) by the Independent Shareholders in the EGM, which may or may not be fulfilled. The transactions contemplated under the Fund Partnership Agreement may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the respective securities of the Company.

X. RECOMMENDATION

The Board considers that the resolution(s) referred to in this Circular and in the EGM Notice are all in the best interest of the Company and the Shareholders and accordingly recommends the Shareholders to vote in favour of such resolution(s) to be proposed at the EGM.

XI. FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser and the additional information set out in appendix to this Circular.

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