

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Kinergy Corporation Ltd.**

**光控精技有限公司\***

*(Incorporated in Singapore with limited liability)*

**(Stock Code: 3302)**

**CONNECTED TRANSACTION  
JOINT ACQUISITION OF SHARES IN  
JINGUAN ELECTRIC COMPANY LIMITED**

**JOINT TRANSFEREES AGREEMENT**

The Board is pleased to announce that, on 20 December 2019 (after trading hours), Kinergy EMS entered into the Joint Transferees Agreement with Nantong Intelligent Fund and Nantong Guangguan Zhihe to jointly participate in the Open Bid organised by the QPRE to acquire an aggregate of 7,907,676 shares in Jinguan Electric (representing approximately 7.99% of the entire issued shares of Jinguan Electric) from Qingdao CEL Fund.

Under the Joint Transferees Agreement, Kinergy EMS, Nantong Intelligent Fund and Nantong Guangguan Zhihe sought to acquire 1,249,128, 6,519,756 and 138,792 shares in Jinguan Electric (representing approximately 1.26%, 6.59% and 0.14% of the entire issued shares of Jinguan Electric), respectively, under the Joint Acquisition.

On 20 December 2019, the Joint Transferees submitted a bid to the Open Bid and was successful in the Open Bid with a bidding price of RMB113,950,000, being the base price for the Open Bid. Accordingly, Kinergy EMS shall pay a consideration of RMB18 million (equivalent to approximately HK\$20.16 million) for the Kinergy Acquisition.

As at the date of this announcement, no binding share transfer agreement has been entered into between the Joint Transferees and Qingdao CEL Fund in relation to the Joint Acquisition. Following the successful bidding in the Open Bid, it is expected that each Joint Transferee will enter into a formal share transfer agreement with Qingdao CEL Fund by the end of December 2019.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CEL, being one of the controlling shareholders of the Company, indirectly holds (i) 100% interest in Shanghai CEL Puyan, which in turn manages and controls Nantong Intelligent Fund and (ii) 37.5% interest in Qingdao CEL Fund. Nantong Guangguan Zhihe is owned as to 98% by Mr. Du and 2% by an Independent Third Party. Accordingly, Qingdao CEL Fund, Nantong Intelligent Fund and Nantong Guangguan Zhihe are associates of CEL and connected persons of the Group, and therefore the Kinergy Acquisition will constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Kinergy Acquisition is less than 5%, the Kinergy Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement of the Company pursuant to Rule 14A.76(2) of the Listing Rules.

## **JOINT TRANSFEREES AGREEMENT**

The Board is pleased to announce that, on 20 December 2019 (after trading hours), Kinergy EMS entered into the Joint Transferees Agreement with Nantong Intelligent Fund and Nantong Guangguan Zhihe to jointly participate in the Open Bid organised by the QPRE to acquire the Jinguan Electric Sale Shares, representing approximately 7.99% of the entire issued shares of Jinguan Electric, from Qingdao CEL Fund.

### **Date**

20 December 2019

### **Parties**

- (i) Kinergy EMS;
- (ii) Nantong Intelligent Fund; and
- (iii) Nantong Guangguan Zhihe.

### **Joint Acquisition**

According to the Listing-for-sale Notice, Qingdao CEL Fund sought to dispose of the Jinguan Electric Sale Shares. Transfer of the Jinguan Electric Sale Shares was subject to the Open Bid organised by the QPRE, the result of which was announced upon the expiration of the Listing-for-sale Notice on 20 December 2019.

Under the Joint Transferees Agreement, Kinergy EMS, Nantong Intelligent Fund and Nantong Guangguan Zhihe sought to acquire the Jinguan Electric Sale Shares in the following manner:

<b>Parties</b>	<b>Percentage of shares in Jinguan Electric to be acquired</b>	<b>Number of Jinguan Electric Sale Shares to be acquired</b>	<b>Consideration (RMB'000)</b>
Nantong Intelligent Fund	6.59%	6,519,756	93,950
Kinergy EMS	1.26%	1,249,128	18,000
Nantong Guangguan Zhihe	<u>0.14%</u>	<u>138,792</u>	<u>2,000</u>
Total	<u><u>7.99%</u></u>	<u><u>7,907,676</u></u>	<u><u>113,950</u></u>

### **Consideration**

On 20 December 2019, the Joint Transferees submitted a bid to the Open Bid and was successful in the Open Bid with a bidding price of RMB113,950,000, being the base price for the Open Bid. Accordingly, Kinergy EMS shall pay a consideration of RMB18 million (equivalent to approximately HK\$20.16 million) in cash within five Business Days from the date of the Share Transfer Agreement.

The Group intends to finance the payment of the Consideration by using its internal resources.

### **SHARE TRANSFER AGREEMENT**

Following the successful bidding in the Open Bid, each Joint Transferee will enter into a formal share transfer agreement with Qingdao CEL Fund. Accordingly, Kinergy EMS and Qingdao CEL Fund will enter into the Share Transfer Agreement, the principal terms of which are summarised as follows:

#### **Date**

It is expected that the Share Transfer Agreement will be entered into by the end of December 2019.

#### **Parties**

- (i) Kinergy EMS, as purchaser; and
- (ii) Qingdao CEL Fund, as vendor.

## **Subject matter to be acquired**

1,249,128 shares in Jinguan Electric, representing approximately 1.26% of the entire issued shares of Jinguan Electric upon the Completion

## **Completion**

Completion is expected to take place no later than five Business Days from the date of the Share Transfer Agreement.

## **INFORMATION OF THE PARTIES TO THE JOINT TRANSFEREES AGREEMENT AND THE SHARE TRANSFER AGREEMENT**

### **Kinergy EMS**

Kinergy EMS is a limited liability company established in the PRC on 23 July 2003 and a direct wholly-owned subsidiary of the Company.

### **Nantong Intelligent Fund**

Nantong Intelligent Fund is a limited partnership established in the PRC on 12 September 2019. It is 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 SPE industry) and peripheral industries (such as the analog chips and perceptual components sectors) in the PRC. The initial size of the Nantong Intelligent Fund is RMB500 million (equivalent to approximately HK\$560 million). Furthermore, Kinergy EMS and Nantong Guangguan Zhihe (as limited partners) are interested in 20% and 10.6% of the total capital commitment of Nantong Intelligent Fund. The executive partner of Nantong Intelligent Fund is 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. Shanghai CEL Puyan currently manages three private equity funds in the PRC, namely Nantong Intelligent Fund, Nantong CEL Semiconductor Industry Investment Fund Partnership (Limited Partnership)\* (南通光控半導體產業投資基金合夥企業(有限合夥)) and Haimen CEL Health and Elderly Care Industry Investment Partnership (Limited Partnership)\* (海門光控健康養老產業投資合夥企業(有限合夥)).

### **Nantong Guangguan Zhihe**

Nantong Guangguan Zhihe is a limited partnership established in the PRC on 21 June 2019. Nantong Guangguan Zhihe is principally engaged in enterprise management consulting services. It is owned as to 98% by Mr. Du and 2% by an Independent Third Party.

## **Qingdao CEL Fund**

Qingdao CEL Fund is a limited partnership established in the PRC on 1 March 2017. It is principally engaged in equity investments in enterprises in Industry 4.0, intelligent equipment, intelligent manufacturing, TMT, transformation and upgrading of traditional industries and other internet-industry-related fields in the PRC. The initial size of the Qingdao CEL Fund is RMB520 million (equivalent to approximately HK\$582.4 million). Qingdao CEL Fund is indirectly owned as to 37.5% by CEL.

## **INFORMATION OF JINGUAN ELECTRIC**

Jinguan Electric is a joint stock company established in the PRC on 28 March 2005. Jinguan Electric is currently owned as to approximately 7.99% by Qingdao CEL Fund, approximately 0.3% by Ningbo Guangzhi Guanhe and approximately 91.7% by other 16 Independent Third Parties.

Jinguan Electric is principally engaged in the research, development and manufacturing of power system lightning arresters, transformers, reactive power compensation devices and substation intelligent online monitoring devices in the PRC.

Set out below is the financial information of Jinguan Electric for the year ended 31 December 2017 and 2018 and the nine months ended 30 September 2019:

	<b>For the financial year ended 31 December 2017</b>	<b>31 December 2018</b>	<b>For the nine months ended 30 September 2019</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)	(unaudited)
Net profit/(loss) before tax	89,594	53,093	11,430
Net profit/(loss) after tax	74,348	46,621	9,660
Net asset value	241,902	292,858	268,700

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT TRANSFEREES AGREEMENT AND THE JOINT ACQUISITION**

Jinguan Electric Group is a leading high-end lightning arresters manufacturer in the PRC. Jinguan Electric has been undergoing the guidance in preparation for listing on a stock exchange in the PRC. The Group believes that its passive investment in Jinguan Electric will generate optimistic return to the Company and hence the Shareholders if the listing of Jinguan Electric is materialised.

The Company believes that participation in the Open Bid through the Joint Acquisition will enhance its competitiveness in the bidding and accordingly its chance of success in the Open Bid, as the Joint Transferees to bid for all the Jinguan Electric Sale Shares to be offered for sale by Qingdao CEL Fund could have a stronger bargaining power in successfully acquiring the Jinguan Electric Sale Shares at the base price set by Qingdao CEL Fund versus to bid individually for the Jinguan Electric Sale Shares on offer. Nantong Intelligent Fund and Nantong Guangguan Zhihe are the other Joint Transferees as they are also interested in acquiring Jinguan Electric Sale Shares.

The Directors (including the independent non-executive Directors) consider that the terms of the Joint Transferees Agreement and the Joint Acquisition are fair and reasonable, and that the Joint Acquisition is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CEL, being one of the controlling shareholders of the Company, indirectly holds (i) 100% interest of Shanghai CEL Puyan, which in turn manages and controls Nantong Intelligent Fund and (ii) 37.5% interest in Qingdao CEL Fund. Nantong Guangguan Zhihe is owned as to 98% by Mr. Du and 2% by an Independent Third Party. Accordingly, Qingdao CEL Fund, Nantong Intelligent Fund and Nantong Guangguan Zhihe are associates of CEL and connected persons of the Group, and therefore the Kinergy Acquisition will constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Kinergy Acquisition is less than 5%, the Kinergy Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement of the Company pursuant to Rule 14A.76(2) of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in the PRC
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated in Hong Kong on 25 August 1972, whose shares are listed on the Stock Exchange (stock code: 165), and 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
“Completion”	the completion of the Kinergy Acquisition
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	RMB18,000,000, being the aggregate amount payable in cash by Kinergy EMS for the Kinergy Acquisition on Completion
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	a third party which is independent of and not connected with the Company and otherwise not a connected person of the Company
“Jinguan Electric”	Jinguan Electric Company Limited* (金冠電氣股份有限公司), which is more particularly described in the section headed “Information of Jinguan Electric” of this announcement
“Jinguan Electric Group”	collectively, Jinguan Electric and its subsidiaries
“Jinguan Electric Sale Shares”	7,907,676 shares of Jinguan Electric, representing approximately 7.99% of the entire issued shares in Jinguan Electric
“Joint Acquisition”	the acquisition of the Jinguan Electric Sale Shares by the Joint Transferees pursuant to the Joint Transferees Agreement
“Joint Transferees”	Kinergy EMS, Nantong Intelligent Fund and Nantong Guangguan Zhihe (each a “Joint Transferee”)
“Joint Transferees Agreement”	the joint transferees agreement (聯合受讓協議) dated 20 December 2019 entered into between Kinergy EMS, Nantong Intelligent Fund and Nantong Guangguan Zhihe, pursuant to which the Joint Transferees would seek to acquire the Jinguan Electric Sale Shares from Qingdao CEL Fund through the Open Bid

“Kinergy Acquisition”	the acquisition of 1,249,128 shares in Jinguan Electric by Kinergy EMS from Qingdao CEL Fund contemplated under the Joint Transferees Agreement
“Kinergy EMS”	Kinergy EMS (Nantong) Company Limited* (精技電子(南通)有限公司), which is more particularly described in the section headed “Information of the parties to the Joint Transferees Agreement and the Share Transfer Agreement — Kinergy EMS” of this announcement
“Listing-for-sale Notice”	the listing-for-sale notice in respect of the Jinguan Electric Sale Shares published by Qingdao CEL Fund on the QPRE on 25 November 2019
“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
“Nantong Guangguan Zhihe”	Nantong Guangguan Zhihe Enterprise Management Partnership (Limited Partnership)* (南通光冠智合企業管理合夥企業(有限合夥)) which is more particularly described in the section headed “Information of the parties to the Joint Transferees Agreement and the Share Transfer Agreement — Nantong Guangguan Zhihe” of this announcement
“Nantong Intelligent Fund”	Nantong CEL Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership)* (南通光控智造股權投資基金合夥企業(有限合夥)), which is more particularly described in the section headed “Information of the parties to the Joint Transferees Agreement and the Share Transfer Agreement — Nantong Intelligent Fund” of this announcement
“Ningbo Guangzhi Guanhe”	Ningbo Free Trade Port Area Guangzhi Guanhe Investment Partnership (Limited Partner-ship)* (寧波梅山保稅港區光智冠合投資合夥企業(有限合夥)), a limited partnership established in the PRC on 24 October 2017 and owned as to 58.5% by Mr. Du
“Open Bid”	a public bidding process conducted on QPRE through which Qingdao CEL Fund will dispose of the Jinguan Electric Sale Shares



“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qingdao CEL Fund”	Qingdao CEL Intelligent Manufacturing Equity Investment Limited* (青島光控智造股權投資有限公司), which is more particularly described in the section headed “Information of the parties to the Joint Transferees Agreement and the Share Transfer Agreement — Qingdao CEL Fund” of this announcement
“QPRE”	Qingdao Property Rights Exchange (青島產權交易所) of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai CEL Puyan”	Shanghai CEL Puyan Equity Investment Management Limited* (上海光控浦燕股權投資管理有限公司), which is more particularly described in the section headed “Information of the parties to the Joint Transferees Agreement and the Share Transfer Agreement — Nantong Intelligent Fund” of this announcement
“Share(s)”	shares(s) of the Company
“Share Transfer Agreement”	the formal share transfer agreement to be entered into between Kinergy EMS as purchaser and Qingdao CEL Fund as vendor in respect of the Kinergy Acquisition
“Shareholder(s)”	shareholders of the Company
“Singapore”	the Republic of Singapore
“SPE”	semiconductor process equipment, equipment used in the production of semiconductors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed thereto under the Listing Rules

“%” per cent

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB1 = HK\$1.12 for the purpose of illustrations.

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

Hong Kong, 20 December 2019

\* *For identification purpose only*

*As at the date of this announcement, the executive Directors are Mr. Lim Kuak Choi Leslie, Mr. Du Xiaotang, Mr. Lim Khin Mann, Mr. Tay Kim Kah; the non-executive Directors are Mr. Yang Ping (Chairman) and Mr. Tsang Sui Cheong Frederick; and the independent non-executive Directors are Mr. Ng Tiak Soon, Dr. Senerath Wickramanayaka Mudiyansele Sunil Wickramanayaka and Professor Zhang Wei.*