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Kinetic Development Group Limited

力量發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1277)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31 December		Change
	2025 RMB million	2024 RMB million	
Total Revenue	5,293.3	5,655.8	-6.4%
Revenue – coal mining segment	4,514.1	5,368.5	-15.9%
Gross profit	2,030.3	3,123.2	-35.0%
Gross profit margin	38.4%	55.2%	-16.8 p.p.
Profit before tax – coal mining segment	1,747.3	3,045.7	-42.6%
Profit after tax	889.4	2,080.7	-57.3%
Net profit margin	16.8%	36.8%	-20.0 p.p.
Earnings per share			
– Basic	RMB10.66 cents	RMB25.06 cents	
– Diluted	RMB10.57 cents	RMB25.06 cents	
Interim dividend per share	HKD5.0 cents	HKD4.0 cents	
Special dividend per share	HKD3.5 cents	HKD7.0 cents	
Proposed final dividend per share	HKD6.0 cents	HKD4.5 cents	

The board (the “**Board**”) of directors (the “**Directors**”) of Kinetic Development Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	<i>5</i>	5,293,266	5,655,829
Cost of sales		<u>(3,262,960)</u>	<u>(2,532,609)</u>
Gross profit		2,030,306	3,123,220
Other incomes and losses, net	<i>6</i>	(93,317)	(75,247)
Gains on fair value changes of financial assets		(55,430)	144,493
Selling expenses		(31,039)	(39,730)
Administrative and other expenses		<u>(486,348)</u>	<u>(344,114)</u>
Profit from operations		1,364,172	2,808,622
Share of profits less losses of associates		(53,738)	10,610
Finance costs	<i>8</i>	<u>(75,757)</u>	<u>(82,477)</u>
Profit before taxation	<i>7</i>	1,234,677	2,736,755
Income tax expense	<i>9</i>	<u>(345,265)</u>	<u>(656,101)</u>
Profit for the year		<u>889,412</u>	<u>2,080,654</u>
Other comprehensive income for the year that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements from functional currency to presentation currency		<u>14,958</u>	<u>25,821</u>
Total comprehensive income for the year		<u>904,370</u>	<u>2,106,475</u>

		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year attributable to:			
Equity shareholders of the Company		895,798	2,109,787
Non-controlling interests		(6,386)	(29,133)
		<u>889,412</u>	<u>2,080,654</u>
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		911,956	2,134,877
Non-controlling interests		(7,586)	(28,402)
		<u>904,370</u>	<u>2,106,475</u>
Earnings per share attributable			
to equity shareholders of the Company	<i>11</i>		
– Basic		RMB10.66 cents	RMB25.06 cents
– Diluted		<u>RMB10.57 cents</u>	<u>RMB25.06 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		3,655,126	3,431,271
Right-of-use assets		180,670	186,832
Intangible assets		3,415,758	3,200,749
Goodwill		245,404	156,181
Interest in associates		416,358	174,032
Deferred tax assets		154,041	75,142
Prepayments for proposed acquisitions	<i>12</i>	1,335,990	2,236,770
Other non-current assets	<i>13</i>	688,475	261,055
		<hr/>	<hr/>
Total non-current assets		10,091,822	9,722,032
Current assets			
Financial assets at fair value through profit or loss		208,185	334,409
Inventories	<i>14</i>	2,530,724	1,716,335
Trade and other receivables	<i>15</i>	674,042	200,439
Pledged and restricted deposits		18,177	127,584
Cash at bank and on hand		81,586	629,937
Current portion of other non-current assets		3,803	259,990
		<hr/>	<hr/>
Total current assets		3,516,517	3,268,694
Current liabilities			
Trade and other payables	<i>16</i>	2,157,486	1,522,347
Contract liabilities	<i>17</i>	915,063	891,021
Bank loans	<i>18</i>	117,000	535,720
Lease liabilities		27,100	20,363
Income tax payable		529,166	456,410
		<hr/>	<hr/>
Total current liabilities		3,745,815	3,425,861
Net current liabilities		(229,298)	(157,167)
		<hr/>	<hr/>
Total assets less current liabilities		9,862,524	9,564,865
		<hr/>	<hr/>

		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Bank loans	18	755,000	342,600
Lease liabilities		28,384	57,193
Long-term payables	19	719,918	779,414
Deferred tax liabilities		85,642	53,362
Accrual for reclamation costs		<u>61,069</u>	<u>57,549</u>
Total non-current liabilities		<u>1,650,013</u>	<u>1,290,118</u>
NET ASSETS		<u>8,212,511</u>	<u>8,274,747</u>
EQUITY			
Share capital	20	54,293	54,293
Reserves		<u>8,104,449</u>	<u>8,173,983</u>
Total equity attributable to equity shareholders of the Company		8,158,742	8,228,276
Non-controlling interests		<u>53,769</u>	<u>46,471</u>
TOTAL EQUITY		<u>8,212,511</u>	<u>8,274,747</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 July 2010 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) and its shares are publicly traded on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Group is mainly engaged in the extraction and sale of coal products, as well as certain newly developed business through acquisition including real estate and property management.

In the opinion of the Directors, King Lok Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate holding company of the Company; and the ultimate holding company of the Company is TMF (Cayman) Ltd., a company incorporated in Cayman Islands.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the “**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for the assets and liabilities are stated at their fair value as explained in the accounting policies set out in the full set of annual report. The consolidated financial statements also comply with the applicable disclosure requirements set out in the Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting years reflected in the consolidated financial statements.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As at 31 December 2025, the Group had net current liabilities of RMB229,298,000 and has undertaken several acquisitions with prepayments made as disclosed in Note 12 and Note 21 to the financial information extracted from consolidated financial statements. The Directors estimated to incur further expenditure for the business acquired or developed. In addition, the Group has also been contemplating to expand existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business beyond coal mining. The Group may seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure.

The Group's ability to fund the aforementioned acquisitions and further expenditures largely relies on its future operating cash inflows and its ability to finance through external borrowings, which may be influenced by the government macro-control policies and volatility in coal market price.

The scale of the expected capital and operating expenditure and possible mismatch of future cash flow projections may indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The Directors assessed the Group's ability to continue as a going concern, taking into account (i) the Group's current cash at bank and on hand; (ii) the expected operating cash flows of the Group for at least the next twelve months from the end of the current reporting year; and (iii) the Group's capital expenditure and other necessary additional amount forecasted for at least the next twelve months from the end of the current reporting year, with the potential gap to be satisfied by external borrowings. The Directors are of the opinion that the Group is proactively monitoring the progress of the acquisitions and additional cashflow needs and will take feasible initiatives to conclude the transactions. The Group will also carefully monitor its liquidity position. Assuming that the Group is able to generate sufficient cash inflows from future operations and obtain borrowings from banks or other financial institutions when needed, the Group will be able to meet its liabilities as and when they fall due for at least the next twelve months. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Up to the date of issue of the consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in the consolidated financial statements. These developments include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to HKFRS 10, <i>Consolidated financial statements</i> and <i>HKAS 28, Investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

4 OPERATING SEGMENT INFORMATION

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker (“CODM”) of the Group that are used to assess the performance and allocate resources. The Group manages its businesses by business lines, in a manner consistent with the way in which the information is reported internally to the Group's CODM. During the year ended 31 December 2025, the Group entered into agreements with counterparties to acquire certain properties and expanded its business into additional lines beyond coal mining. The reportable segments of the Group are the coal mining segment, the real estate and property management service segment, and the other segment, which mainly include agriculture and animal husbandry and cigar and tobacco, all of which align with the business plans and information provided to the CODM of the Group.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all current and non-current assets, excluding financial assets at fair value through profit or loss and deferred tax assets. Segment liabilities include all current and non-current liabilities, excluding income tax payable, taxes payable other than income tax and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The head office and corporate expenses are not allocated to individual segments.

Profit before taxation is utilized to assess the profit or loss of the reporting segment.

The information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	Coal mining segment		Real estate and property management service segment		Other segment		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue	4,514,074	5,368,508	693,399	236,427	94,515	81,901	5,301,988	5,686,836
Inter-segment revenue	-	-	-	-	(8,722)	(31,007)	(8,722)	(31,007)
Revenue from external customers	<u>4,514,074</u>	<u>5,368,508</u>	<u>693,399</u>	<u>236,427</u>	<u>85,793</u>	<u>50,894</u>	<u>5,293,266</u>	<u>5,655,829</u>
Reportable segment profit/(loss) before taxation	<u>1,747,333</u>	<u>3,045,732</u>	<u>(242,159)</u>	<u>(62,182)</u>	<u>(164,740)</u>	<u>(144,776)</u>	<u>1,340,434</u>	<u>2,838,774</u>
Interest income	13,990	33,873	1	15	12	226	14,003	34,114
Finance costs	(69,548)	(77,624)	(3)	(115)	(5,716)	(4,618)	(75,267)	(82,357)
Depreciation and amortisation	(159,618)	(136,823)	(16,169)	-	(44,116)	(37,710)	(219,903)	(174,533)
Impairment on goodwill, other non-current assets and inventories	-	-	(166,544)	(50,569)	(120,704)	(147,758)	(287,248)	(198,327)
Impairment losses on trade and other receivables	-	-	(11,325)	-	-	-	(11,325)	-
Reportable segment assets	8,491,279	9,105,228	3,562,853	2,460,972	1,191,981	1,014,975	13,246,113	12,581,175
Additions to non-current segment assets	771,862	1,466,147	274,821	47,775	71,815	135,170	1,118,498	1,649,092
Reportable segment liabilities	<u>2,988,210</u>	<u>3,067,974</u>	<u>1,330,668</u>	<u>723,398</u>	<u>213,733</u>	<u>229,608</u>	<u>4,532,611</u>	<u>4,020,980</u>

(ii) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2025	2024
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	5,301,988	5,686,836
Elimination of inter-segment revenue	<u>(8,722)</u>	<u>(31,007)</u>
Consolidated revenue (Note 5)	<u>5,293,266</u>	<u>5,655,829</u>

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit		
Reportable segment profit before taxation	1,340,434	2,838,774
Elimination of inter-segment profits	<u>—</u>	<u>—</u>
Reportable segment profit before taxation derived from		
Group's external customers	1,340,434	2,838,774
Other incomes and losses, net	(27,812)	(49,361)
Depreciation and amortisation	(1,191)	(14,777)
Finance costs	(490)	(120)
Unallocated head office and corporate expenses	(76,264)	(37,761)
	<u>1,234,677</u>	<u>2,736,755</u>
Consolidated profit before taxation	<u>1,234,677</u>	<u>2,736,755</u>
	At	At
	31 December	31 December
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Assets		
Reportable segment assets	13,246,113	12,581,175
Financial assets at fair value through profit or loss	208,185	334,409
Deferred tax assets	154,041	75,142
	<u>13,608,339</u>	<u>12,990,726</u>
Consolidated total assets	<u>13,608,339</u>	<u>12,990,726</u>

	At 31 December 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Liabilities		
Reportable segment liabilities	4,532,611	4,020,980
Income tax payable	529,166	456,410
Taxes payable other than income tax	248,409	185,227
Deferred tax liabilities	<u>85,642</u>	<u>53,362</u>
Consolidated total liabilities	<u>5,395,828</u>	<u>4,715,979</u>

(iii) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets (excluding the deferred tax assets). The geographical location of customers is based on the location at which the goods or services are delivered. The geographical location of the non-current assets is based on the physical location of the asset to which they are operated or the location of the business to which they are managed.

	Revenue from external customers		Non-current assets	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	At 31 December 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
The PRC	5,283,511	5,639,594	9,081,761	8,999,301
Other regions or countries	<u>9,755</u>	<u>16,235</u>	<u>856,020</u>	<u>647,589</u>
	<u>5,293,266</u>	<u>5,655,829</u>	<u>9,937,781</u>	<u>9,646,890</u>

5 REVENUE

The principal activities of the Group are the extraction and sales of coal products. Revenue represents the sales value of goods supplied to customers or services provided to customers, excluding value added taxes or any trade discounts.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers		
Sales of coal products	4,514,074	5,368,508
Property management services	219,115	–
Sales of properties	474,284	236,427
Others	85,793	50,894
	<u>5,293,266</u>	<u>5,655,829</u>

Revenue from the joint trial operation of Yong'an Coal Mine of the Group for the year ended 31 December 2025 was RMB178,370,000. No single customer of the Group accounted for 10% or more of the revenue of the Group for the year ended 31 December 2025.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition		
Goods transferred at a point in time	5,074,151	5,655,829
Services rendered over a period of time	219,115	–

Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of coal and other products

The performance obligation is satisfied upon delivery of the coal and other products and certain residual payment, representing 10% to 20% of transaction amounts, is generally due within 30 to 90 days from delivery.

Provision of property management services

The performance obligation is satisfied over the period of services rendered.

Sales of properties

The performance obligation is satisfied upon delivery of the completed properties.

6 OTHER INCOMES AND LOSSES, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants	34,876	79,101
Interest income	14,003	34,861
Net gains on redemption of financial assets at fair value through profit or loss	9,338	1,180
Net gains/(losses) on disposal of property, plant and equipment	2,934	(116)
Foreign exchange differences, net	(27,864)	(51,954)
Impairment of goodwill	(99,152)	(94,492)
Penalties	(26,572)	(9,718)
Impairment losses on trade and other receivables	(11,325)	–
Loss on disposal of a subsidiary	(10,350)	–
Donation	(3,713)	(21,982)
Others	24,508	(12,127)
	<u>93,317</u>	<u>(75,247)</u>

7 PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	1,800,831	1,276,455
Transportation and storage costs	1,293,400	1,256,154
Cost of property management services	<u>168,729</u>	<u>–</u>
Cost of sales	<u><u>3,262,960</u></u>	<u><u>2,532,609</u></u>
Salaries, wages, bonuses and benefits	523,789	408,545
Contribution to defined contribution plans	19,056	16,744
Equity-settled share-based payment expenses	<u>18,611</u>	<u>–</u>
Staff costs (including directors' emoluments)	<u><u>561,456</u></u>	<u><u>425,289</u></u>
Depreciation of property, plant and equipment	167,253	134,397
Amortisation of intangible assets	52,138	34,889
Depreciation of right-of-use assets	3,857	6,498
Auditor's remuneration		
– Annual audit service	6,200	5,780
– Non-audit service	300	1,830

Cost of inventories sold and cost of property management services for the year ended 31 December 2025 included RMB486,079,000 (2024: RMB375,121,000) relating to staff costs, depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets, which were included in the respective expenses disclosed above.

8 FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest expenses	43,405	47,767
Unwinding of discount	<u>32,352</u>	<u>34,710</u>
	<u><u>75,757</u></u>	<u><u>82,477</u></u>

9 INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax – the PRC	443,281	659,730
Deferred income tax		
Reversal and origination of temporary differences	<u>(98,016)</u>	<u>(3,629)</u>
Total tax expense for the year	<u><u>345,265</u></u>	<u><u>656,101</u></u>

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries either incorporated in the Cayman Islands or the British Virgin Islands were not subject to any income tax in the Cayman Islands and the British Virgin Islands, respectively.
- (b) Pursuant to the rules and regulations of the Kingdom of Cambodia, Power Cigar Tobacco Co., Ltd. was subject to a rate of 20% on the taxable income.
- (c) Except for Inner Mongolia Zhunge'er Kinetic Coal Limited (“**Kinetic Coal**”), PRC corporate income tax was provided at a rate of 25% on the taxable income of the subsidiaries operating in the Mainland China, as adjusted for income and expense items which were not assessable or deductible for income tax purposes. Kinetic Coal was recognised as qualified enterprise subject to the “Western Development Strategy” on 28 December 2023, hence it enjoys a preferential income tax rate of 15% from 2023 to 2030.
- (d) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if certain criteria are met. The Group is therefore subject to withholding taxes on dividends distributed by those subsidiaries established in the Mainland China in respect of earnings generated from 1 January 2008. In February 2025, the Company, Blue Gems Worldwide Limited and Kinetic (Asia) Limited obtained Hong Kong SAR Certificate of Resident Status for the calendar year 2025 and the two succeeding calendar years, respectively. As a result, under the “Arrangement between the Mainland China and Hong Kong SAR for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income”, the Group was subject to a withholding tax rate of 5% from 2025 to 2027. The Group provided for and paid the withholding taxes subject to a tax rate of 5% for the year ended 31 December 2025.

- (e) Reconciliation between income tax expense and profit before taxation at applicable tax rate is as follows:

	2025	2024
	RMB'000	RMB'000
Profit before taxation	<u>1,234,677</u>	<u>2,736,755</u>
Tax on profit before taxation, calculated at the rates applicable to the results in the jurisdictions concerned	191,809	465,236
Effect of non-deductible expenses	26,446	8,761
Adjustments in respect of current tax for previous years	(161)	715
Effect of non-taxable income	(3,377)	(847)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	62,005	94,207
Tax losses not recognised as deferred tax assets	<u>68,543</u>	<u>88,029</u>
Income tax expense	<u>345,265</u>	<u>656,101</u>

10 DIVIDENDS

	2025	2024
	RMB'000	RMB'000
Interim dividend – HKD5.0 cents (2024: HKD4.0 cents) per ordinary share	383,801	308,953
Special dividend – HKD3.5 cents (2024: HKD7.0 cents) per ordinary share	273,288	537,491
Proposed final dividend – HKD6.0 cents (2024: HKD4.5 cents) per ordinary share	446,274	351,293

The proposed final dividends subsequent to the end of the reporting year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The proposed final dividends have not been recognised as a liability as at 31 December 2025.

11 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2025 is based on the profit for the year attributable to equity shareholders of the Company of RMB895,798,000 (2024: RMB2,109,787,000) and the weighted average number of ordinary shares of 8,406,832,000 (2024: 8,418,618,000 shares) in issue during the year. The calculation of the weighted average number of ordinary shares takes into account the effect of the purchase of shares under the share award scheme.

The calculation of diluted earnings per share for the year ended 31 December 2025 is based on the profit for the year attributable to ordinary equity shareholders of the Company of RMB895,798,000 and the weighted average number of 8,473,690,000 shares (diluted) during the year. The calculation of the weighted average number of diluted shares takes into account the effect of the share-based incentives grants under the 2023 Share Award Scheme.

There were no dilutive potential ordinary shares during the year ended 31 December 2024, and therefore, diluted earnings per share was the same as the basic earnings per share.

12 PREPAYMENTS FOR PROPOSED ACQUISITIONS

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposed acquisition of Guizhou Liliang Energy Co., Ltd. (“ Guizhou Liliang ”)	<i>(a)</i>	1,080,256	1,080,256
Proposed acquisitions with Guangzhou Seedland Real Estate Development Co., Ltd (“ Seedland ”) and its subsidiaries	<i>(b)</i>	253,734	311,484
Acquisitions completed in 2025	<i>21(a)(b)</i>	—	843,030
		1,333,990	2,234,770
Other		2,000	2,000
		1,335,990	2,236,770

Notes:

- (a) On 24 December 2021, the Group entered into an acquisition agreement with Guizhou Liliang, an entity owned by Mr. Zhang Li, to acquire its 75% equity interests in Liupanshui Changlin Real Estate Development Co., Ltd. which would own the mining rights of a coal mine in Guizhou province upon completion of a restructuring, with a total consideration of RMB1,100,000,000. According to the acquisition agreement, the Group prepaid RMB550,000,000 in 2021 and RMB530,256,000 in 2022 to Guizhou Liliang, respectively. Prior to the completion of the acquisition, certain conditions shall be satisfied. If those conditions were not satisfied, the Group is entitled to require Guizhou Liliang to refund any payment (without interest) which the Group had actually made to it under the acquisition agreement. The recoverability of the prepayments is secured by 100% equity interests of Guizhou Liliang. This transaction is a connected and major transaction and subject to the shareholders' approval.
- (b) Since 2022, the Group entered into a series of property purchase agreements and supplemental agreements with subsidiaries of Seedland, to acquire certain properties. As at 31 December 2025, the balance of prepayments to Seedland and its subsidiaries is expected to be net off with consideration of proposed acquisition of Taijing Real Estate Development Co., Ltd. ("**Taiyuan Seedland**"). As at 31 December 2025, the acquisition of Taiyuan Seedland has not been completed and remains subject to the fulfilment of the relevant conditions, including approval by independent shareholders.

On 17 February 2023, Mr. Zhang Liang, Johnson and King Lok Holdings Limited, an entity then 100% owned by Mr. Zhang Liang, Johnson and currently 100% held by the Zhang Family Overseas Limited, a discretionary trust with Mr. Zhang Liang, Johnson as the settlor for the benefit of himself and his family members, agreed to pledge 5,307,450,000 shares held by them in the Company and the interests derived therefrom as security for the performance of contractual obligations of Guizhou Liliang, Mr. Zhang Li and subsidiaries of Seedland under the relevant acquisitions and loan agreements. The share pledge arrangement serves as a security of the prepayments made for the acquisition of Guizhou Liliang, acquisition of properties from Seedland, as well as loans to Guizhou Liliang.

The Directors have assessed the progress of the transactions and the ability of the related parties to fulfil the obligations under the agreements described above and even if these transactions are not completed as scheduled, the counterparties are financially capable to repay the outstanding amounts to the Company.

13 OTHER NON-CURRENT ASSETS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loans to a related party	293,316	259,990
Prepayment for acquiring of enlarged coal production capacity	116,788	90,967
Performance compensation receivable (<i>Note</i>)	113,049	84,734
Prepayments of equipment	55,458	44,632
Long-term deferred expense	6,671	6,774
Subscription of shares in MC Mining to be registered	77,741	–
Others	29,255	33,948
	<u>692,278</u>	<u>521,045</u>
Less: current portion of other non-current assets	<u>(3,803)</u>	<u>(259,990)</u>
Other non-current assets	<u><u>688,475</u></u>	<u><u>261,055</u></u>

Note: According to the performance undertaking clauses in the supplemental agreement of the acquisition of Star Idea and its subsidiaries (together, the “**Star Idea Group**”), the seller should compensate the Company in cash based on the shortfall of aggregate actual earnings before interests, taxes, depreciation and amortisation (“**EBITDA**”) compared with the aggregate estimated EBITDA of Star Idea and its subsidiaries during the period encompassing five financial years ending 31 December 2027. The actual amount of compensation will be adjusted in line with the actual performance of Star Idea Group till end of 2027.

14 INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Properties	2,417,106	1,494,206
Coal products	147,482	126,486
Tobacco materials and products	112,275	98,168
Raw materials, accessories and chemicals	79,685	55,607
Others	<u>40,280</u>	<u>28,490</u>
	2,796,828	1,802,957
Less: write-down of inventories	<u>(266,104)</u>	<u>(86,622)</u>
	<u><u>2,530,724</u></u>	<u><u>1,716,335</u></u>

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount of inventories sold	1,621,349	1,192,172
Write down of inventories	206,612	84,283
Reversal of write-down of inventories	<u>(27,130)</u>	<u>–</u>
	<u><u>1,800,831</u></u>	<u><u>1,276,455</u></u>

15 TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade debtors		
– Amount due from third parties	132,784	6,528
– Amount due from related parties	48,233	–
	<u>181,017</u>	6,528
Other receivables		
– Prepayments and deposits	243,413	93,931
– Amount due from related parties	144,426	17,308
– Deductible input VAT	128,690	74,426
– Others	48,249	8,246
	<u>564,778</u>	200,439
Less: provision for bad debts	<u>(71,753)</u>	–
	<u><u>674,042</u></u>	<u><u>200,439</u></u>

An aging analysis of the trade debtors as at the end of the reporting year, based on the invoice date and net of provisions, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	62,065	6,528
1 to 2 years	32,203	–
2 to 3 years	14,311	–
Over 3 years	5,332	–
	<u>113,911</u>	6,528
	<u><u>113,911</u></u>	<u><u>6,528</u></u>

The movements of the provision for bad debts in respect of trade and other receivables during the year are as follows:

	2025 RMB'000
Balance at 1 January	–
Acquisition of a subsidiary (<i>Note 21(a)</i>)	60,428
Provision for the year	<u>11,325</u>
Balance at 31 December	<u><u>71,753</u></u>

16 TRADE AND OTHER PAYABLES

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Taxes payable other than income tax		248,409	185,227
Payables for construction	<i>(a)</i>	1,020,543	812,692
Notes payable		18,772	106,661
Payables for an acquisition		121,986	69,282
Amounts due to other related parties		142,745	11,000
Dividends payable		153,806	–
Other payables and accruals	<i>(b)</i>	<u>451,225</u>	<u>337,485</u>
		<u><u>2,157,486</u></u>	<u><u>1,522,347</u></u>

Note:

(a) Payables for construction are non-interest bearing.

An aging analysis of the payables for construction as at the end of the reporting year, based on the invoice date, is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Within 1 year	577,631	737,295
1 to 2 years	377,142	58,900
Over 2 years	<u>65,770</u>	<u>16,497</u>
	<u><u>1,020,543</u></u>	<u><u>812,692</u></u>

(b) Other payables and accruals are non-interest bearing and are expected to be settled within one year or repayable on demand.

17 CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of goods	551,273	542,001
Sales of properties	363,790	349,020
	<u>915,063</u>	<u>891,021</u>

All of the other contract liabilities are expected to be recognised as income within one year.

18 BANK LOANS

	At 31 December 2025			At 31 December 2024			
	Note	Effective interest rate (%)	Maturity	<i>RMB'000</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Current							
Bank loan – secured	(a)	5.00%	2026	50,000	–	–	–
Bank loan – secured		–	–	–	5.51%	2025	155,070
Long-term bank loan due within 1 year – secured	(b)	5.50%	2026	67,000	–	–	–
Long-term bank loan due within 1 year – secured		–	–	–	5.00%	2025	150,000
Long-term bank loan due within 1 year – secured		–	–	–	5.00%	2025	100,000
Long-term bank loan due within 1 year – secured		–	–	–	5.50%	2025	30,650
Long-term bank loan due within 1 year – secured		–	–	–	4.90%	2025	100,000
				<u>117,000</u>			<u>535,720</u>
Non-current							
Long-term bank loan – secured	(c)	4.90%	2027	280,000	–	–	–
Long-term bank loan – secured	(d)	4.95%	2028	295,000	–	–	–
Long-term bank loan – secured	(e)	5.80%	2027	180,000	–	–	–
Long-term bank loan – secured	(b)	–	–	–	5.50%	2026	67,600
Long-term bank loan – secured		–	–	–	4.90%	2026	275,000
				<u>755,000</u>			<u>342,600</u>
				<u>872,000</u>			<u>878,320</u>

Notes:

- (a) As at 31 December 2025, the Group's bank loans amounting to RMB50,000,000 was secured by the property, plant and equipment of the Group and guaranteed by Kinetic Coal, and will be due in 2026.
- (b) As at 31 December 2025, the Group's bank loans amounting to RMB67,000,000 was guaranteed by Kinetic Coal and will be due in 2026.
- (c) As at 31 December 2025, the Group's bank loans amounting to RMB280,000,000 was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal and will be due in 2027.
- (d) As at 31 December 2025, the Group's bank loans amounting to RMB295,000,000 was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal and will be due in 2028.
- (e) As at 31 December 2025, the Group's bank loans amounting to RMB180,000,000 was secured by the mining right of Coal Mine held by Kinetic Ningxia and will be due in 2027.

19 LONG-TERM PAYABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Present value of payables in relation to mining rights	497,770	554,197
Present value of compensation payable in relation to the demolition and relocation	307,424	307,578
	805,194	861,775
Current portion recorded in trade and other payables	(85,276)	(82,361)
	719,918	779,414

20 SHARE CAPITAL

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Issued and fully paid: 8,430,000,000 ordinary shares of USD0.001 each	54,293	54,293

There was no movement in the Company's share capital during the year. The authorised share capital of the Company is USD500,000,000 consisting of 500,000,000,000 ordinary shares of USD0.001 each.

21 ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Seedlife

On 6 September 2024, the Group entered into a share purchase agreement with Seedland Smart Service and Seedlife to acquire 100% equity interests of Seedlife. The total consideration of the acquisition was RMB423,000,000. Upon the completion of the acquisition on 13 January 2025, the Group controls 100% equity interests of Seedlife. As at 31 December 2025, the remaining consideration amounting to RMB42,300,000 was payable by the Group.

Seedlife is a limited liability company incorporated under the Laws of the British Virgin Islands, which principally engages in property management services through its subsidiaries in the PRC.

The acquisition of Seedlife contributed consolidated revenue of RMB219,114,000 and consolidated net profit of RMB16,975,000 to the Group for the period from the acquisition date to 31 December 2025.

	Acquisition date RMB'000
Total consideration	423,000
Less: Fair value of total identifiable net assets	<u>(234,625)</u>
Goodwill	<u>188,375</u>
Total consideration	423,000
Less: Cash at bank and on hand of acquiree	(14,146)
Prepayment for the proposed acquisition in previous years	(278,405)
Payables for the acquisition	(42,300)
Account receivable deducted from the consideration	<u>(50,000)</u>
Net cash outflow arising from the acquisition of Seedlife	<u><u>38,149</u></u>

The goodwill arising from the acquisition is attributable to the anticipated future benefit following the acquisition of the equity interests in the aforementioned subsidiary. None of the goodwill recognised is expected to be deductible for tax purposes.

The assets and liabilities arising from the acquisition of Seedlife are as follows:

	Fair value at the acquisition date RMB'000
Property, plant and equipment	2,737
Intangible assets	268,296
Deferred tax assets	15,165
Trade and other receivables	272,025
Cash at bank and on hand	14,146
Pledged and restricted deposits	798
Other non-current assets	1,322
Trade and other payables	(233,293)
Contract liabilities	(39,592)
Deferred tax liabilities	(66,979)
	<hr/>
Total identifiable net assets	<u><u>234,625</u></u>

The fair value of the identifiable assets and liabilities acquired in the acquisition was determined based on independent valuation conducted by an external valuer using discounted cash flow for intangible assets and cost method for all other assets and liabilities.

(b) Acquisition of Qinhuangdao Jifu

On 6 December 2024, the Group entered into an acquisition framework agreement with Hainan Hangxiao Real Estate Development Co., Ltd. (“**Hainan Hangxiao**”) and other vendors to acquire 100% equity interests of Qinhuangdao Jifu. R&F Properties agreed to transfer to the Group, and the Group agreed to receive, the creditor’s rights held by R&F Properties against Qinhuangdao Jifu totalling RMB617,394,000 (“**Creditor’s Rights**”) for a consideration of RMB564,625,000 (“**Creditor’s Rights Transfer**”); the Hainan Hangxiao agreed to transfer to R&F Properties, and R&F Properties agreed to receive, the debt owed by Hainan Hangxiao to the Group (i.e. the amount paid by the Group under the previous property purchase framework agreement) in the amount of RMB564,625,000 (“**Debt Transfer**”); and Hainan Hangxiao and the Group agreed to terminate the previous property purchase framework agreement. The consideration payable by the Group for the Creditor’s Rights Transfer shall be fully set off by the equivalent amount payable by R&F Properties under the Debt Transfer. Upon the completion of the acquisition in January 2025, the Group controls 100% equity interests of Qinhuangdao Jifu.

Qinhuangdao Jifu is a limited liability company established in the PRC, which principally engages in real estate development and sales.

The identifiable assets of Qinhuangdao Jifu are mainly properties under development that the Group intends to acquire for sale.

The assets and liabilities arising from the acquisition of Qinhuangdao Jifu are as follows:

	Acquisition date RMB'000
Property, plant and equipment	2
Inventories	1,036,959
Trade and other receivables	57,680
Pledged and restricted deposits	607
Trade and other payables	(205,542)
Contract liabilities	<u>(325,081)</u>
 Total identifiable net assets	 564,625
 Less: Prepayment for the proposed acquisition	 <u>(564,625)</u>
 Cash outflow arising from the acquisition of Qinhuangdao Jifu	 <u><u>–</u></u>

(c) Acquisition of Maoming Shengda and Maoming Shengcheng

On 1 November 2024, the Group entered into the fifth supplemental agreement with subsidiaries of Seedland to acquire 100% equity interests of Maoming Shengda and Maoming Shengcheng. The total consideration of the acquisition was RMB70,000,000. Upon the completion of the acquisition in June 2025, the Group controls 100% equity interests of Maoming Shengda and Maoming Shengcheng.

Maoming Shengda and Maoming Shengcheng are companies established in the PRC with limited liability, which principally engage in real estate development and sales.

The identifiable assets of Maoming Shengda and Maoming Shengcheng are mainly properties under development that the Group intends to acquire for sale.

The assets and liabilities arising from the acquisition of Maoming Shengda and Maoming Shengcheng at the acquisition date are as follows:

	Maoming Shengda RMB'000	Maoming Shengcheng RMB'000
Trade and other receivables	21,479	1,080
Cash at bank and on hand	22,858	–
Inventories	293,758	102,209
Trade and other payables	(252,133)	(21,594)
Contract liabilities	(26,117)	–
Bank loans and other borrowings	<u>(14,540)</u>	<u>(57,000)</u>
Total identifiable net assets	45,305	24,695
Total identifiable net assets combined		<u>70,000</u>
Total consideration for the identifiable net assets acquired		70,000
Less: Cash at bank and on hand of acquirees		(22,858)
Prepayment for the proposed acquisition		(57,750)
Payables for the acquisition		(12,250)
Add: Payment in relation to the other borrowings prior to the acquisition date		<u>55,000</u>
Net cash outflow arising from the acquisition of Maoming Shengda and Maoming Shengcheng		<u><u>32,142</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Market Review

In 2025, international geopolitical conflicts were more frequent and intense, the international situation was complex and volatile, trade protectionism prevailed, and the momentum of global economic growth weakened. Faced with a complex situation of shrinking external demand and rising uncertainty, the Chinese government persisted in promoting high-quality development, strengthened macro-control, and implemented a proactive fiscal policy and a prudent monetary policy. The national economy withstood multiple pressures and maintained a steady and progressive development trend. According to the data from the National Bureau of Statistics of China, China's GDP for 2025 reached approximately RMB140.2 trillion, representing a year-on-year increase of 5.0%; the industrial enterprises above the designated size across the country achieved a revenue of approximately RMB139.20 trillion, representing a year-on-year increase of 1.1%; and the industrial enterprises above the designated size across the country achieved a total profit of approximately RMB7,398.20 billion, representing a year-on-year increase of 0.6%.

In 2025, the domestic coal market was generally oversupplied. On the supply side, the growth rate of domestic coal production showed a pattern of high growth in the first half of the year and low growth in the second half, but still achieved a slight overall increase. According to the data from the National Bureau of Statistics of China, total raw coal output of China's industrial enterprises above the designated size amounted to approximately 4.83 billion tonnes for 2025, representing a year-on-year increase of 1.2%. Meanwhile, imports contracted significantly due to the weakening price advantage of imported coal. According to data from the General Administration of Customs of China, China imported approximately 490 million tonnes of coal during the year, representing a year-on-year decrease of 9.6%. On the demand side, downstream demand was generally weak, with a decline in demand from thermal power generation and major coal-consuming industries, thus limiting the growth of coal consumption. According to the data from the National Bureau of Statistics of China, China's thermal power generation of enterprises above the designated size in 2025 amounted to approximately 6.3 trillion kWh, representing a year-on-year decrease of 1.0%; China's pig iron production of enterprises above designated size was 840 million tonnes, representing a year-on-year decrease of 3.0%; and China's crude steel production of enterprises above designated size was 960 million tonnes, representing a year-on-year decrease of 4.4%.

In 2025, the overall price of domestic coal shifted downward compared to the previous year. In the first half of 2025, coal prices continued to bottom out. From July to early November, driven by the national coal industry’s “anti-involution” policy and improved demand during the peak season, coal prices rebounded after hitting a low point. At the end of the year, the implementation of national supply guarantee policy continued to gain momentum, leading to a rapid decline in coal prices. Affected by the downward shift of the overall coal price, coal enterprises faced operational pressures, resulting in a dual decrease in both revenue and profit. According to the data from the National Bureau of Statistics of China, in 2025, the principal business income of enterprises above the designated size from the coal mining and coal washing industries across the country amounted to approximately RMB2,608.86 billion, representing a year-on-year decrease of 17.8%, while the total profit amounted to approximately RMB352.00 billion, representing a year-on-year decrease of 41.8% on a comparable basis.

In summary, the coal market in 2025 was oversupplied, and coal prices declined compared to the previous year, putting pressure on the industry.

Business Review

Principal Coal and Mining Business

As a leading integrated coal enterprise in China, the Group’s core operating assets include the Dafanpu Coal Mine in Inner Mongolia, the Yong’an Coal Mine, and the Weiyi Coal Mine in Ningxia, with its operations covering coal production, washing, loading, transportation and trading, spanning the entire coal industry chain. Concurrently, the Group is expanding its overseas business through the subscription of new shares in MC Mining Limited (“**MC Mining**”) to focus on developing, among others, the Makhado coal mine project in South Africa; and in partnership with Minenet Company Limited (“**Minenet**”) to develop a rutile mine project in Sierra Leone. The subscription of new shares in MC Mining is still in progress. Upon completion of the subscription, MC Mining will be held as to 51% by the Group and will become a non-wholly owned subsidiary of the Group and its financial results will be consolidated into that of the Group.

In 2025, through a flexible combination of diverse purchase and sale models, such as Free on Board, Delivered Ex Quay, Free on Trains and Ex-Mine Sales, the Group continued to further broaden the market coverage of its coal products among downstream customers and achieved consolidation and expansion of its market share. Northern ports primarily focused on the sales of “Kinetic 2”, the self-produced thermal coal product from the Dafanpu Coal Mine in Inner Mongolia. This product is an environmentally friendly coal type with low sulphur and a high ash melting point, which aligns with the national future requirements for energy and environmental protection. It has become a branded coal specie at various ports and has gained extensive market recognition. During the year, sales volume of the Group’s 5,000 kcal low-sulphur environmentally friendly thermal coal product slightly increased by 0.7% as compared to the same period last year, with brand influence continuing to consolidate.

In 2025, market coal prices generally declined. Under these circumstances, the Group actively promoted a competitive bidding sales model, striving to secure more favourable price levels amidst market fluctuations. Specifically, the average selling price of the Group’s 5,000 kcal low-sulphur environmentally friendly thermal coal amounted to approximately RMB602.8 per tonne, representing a year-on-year decrease of approximately 19.9%.

The Group always prioritizes safety in production and continuously improves its safety management system. By regularly convening coal mine safety committee meetings, systematically carrying out safety education and training, and institutionalizing the investigation and rectification of hidden dangers, the level of coal mine safety governance has been steadily improved.

The Group firmly upholds the principles of green and sustainable development. In 2019, the Dafanpu Coal Mine was included in the national-level Green Mine directory and has maintained this honour ever since. Inner Mongolia Zhunge’er Kinetic Coal Limited (“**Kinetic Coal**”) received recognition as the “Advanced Enterprise in the Construction of Green Mines in Zhunge’er Banner for the Year 2023” and the “Advanced Enterprise in the Construction of Green Mines in Ordos City”, fully demonstrating the Group’s comprehensive strength in sustainable mining development.

In recent years, leveraging the mature operational experience of Dafanpu Coal Mine in Inner Mongolia and the advantage of self-owned funds, the Group has steadily advanced the domestic and overseas expansion of its core coal business. Domestically, the Group successfully expanded into the Yong'an Coal Mine and the Weiyi Coal Mine in Ningxia, while overseas, the Makhado coal mine project in South Africa is progressing in an orderly manner, resulting in a simultaneous increase in the scale of the core business and resource reserves.

In terms of coal mining business in Ningxia, the Yong'an Coal Mine is currently under joint trial operation phase. During the year, "Kinetic Fat Coal", the first batch of coking coal products of the Yong'an Coal Mine in Ningxia, officially entered the market. This product features low ash content, strong adhesion and excellent coking properties and has received positive feedback from downstream customers. The mine is expected to commence production in the second half of 2026 and is planned to reach full production capacity in 2027, with a designed annual production capacity of 1.2 million tonnes. The Weiyi Coal Mine, also located in Ningxia, is still under construction and is scheduled to commence the joint trial operation in the second half of 2026 and reach full production capacity in 2028, with a designed annual production capacity of 0.9 million tonnes. To support the production and operation of the Yong'an Coal Mine and the Weiyi Coal Mine, a large-scale coking coal preparation plant with an annual processing capacity of 2.4 million tonnes has commenced trial operation. The washed and processed clean coal is of excellent quality, suitable for use for coking, blending for coking, power generation and liquefaction coal processes, providing quality raw materials for clients in the coking, steel and other industries. This expansion from a single thermal coal business to the production of all coal types not only further improved the Group's product structure, but also significantly enhanced its overall competitiveness in the coal market, laying a solid foundation for future sustainable development.

In terms of coal mining business in South Africa, in August 2024, the Group announced its subscription of 51% new shares in MC Mining. The subscription is being conducted in phases, and as of the date of this announcement, the Group holds a cumulative 47.42% shares in MC Mining. As a result, the Group will take part in the development and operation of four coal mine projects in South Africa, with a total coal resource of approximately 8.296 billion tonnes, which boast a superior resource endowment. Notably, the Makhado open-pit coal mine project has coal resources of approximately 706 million tonnes, with mineable reserves of approximately 296 million tonnes, consisting of hard coking coal and thermal coal. Under the Group's participation, the mining construction works and coal preparation plant construction for the Makhado project were fully launched in November 2024, with production and operations expected to officially commence by the first half of 2026. This project marks a significant milestone in the Group's overseas expansion strategy and is positioned to become a key driver of the Group's future performance growth.

Regarding the rutile mining business in Sierra Leone, in December 2025, the Group announced a joint development with Minenet to develop a rutile mine project in Sierra Leone. The project will produce high-quality heavy sand minerals, which are expected to be mainly sold to the Chinese market. The project is currently under construction and is expected to commence production in the second half of 2026. The three production lines in the first phase are expected to have an annual production capacity of approximately 280,000 tonnes of mineral products (heavy sand minerals). All mineral products shall be allocated on the basis of 80% to the Group and 20% to Minenet.

In 2025, affected by the downward shift price levels in the coal market, revenue from the Group's core coal mining segment decreased by 15.9% year-on-year to approximately RMB4,514.1 million, accounting for 85.3% of total revenue. In response to pricing pressure, the Group has proactively strengthened cost and expense controls and implemented refined operations to mitigate the impact of coal price adjustments on profitability. The overall operation of the Dafanpu Coal Mine in Inner Mongolia remained stable. During the reporting period, the Group's partial equity interest in MC Mining, accounted for under the equity method, resulted in the recognition of its attributable share of losses of approximately RMB76.1 million, which did not affect the Group's own business operations or cash flows. Meanwhile, Yong'an Coal Mine of Ningxia Kinetic was still in the initial stage of joint commissioning, and Weiyi Coal Mine remained in the construction phase, leading to increased operating costs. As a result, Ningxia Kinetic recorded a loss before taxation of approximately RMB62.5 million for the year, which was a drag on the profit of the core coal mining business. Taking the above factors into account, the Group's core coal mining segment recorded a profit before taxation of approximately RMB1,747.3 million in 2025, representing a year-on-year decrease of 42.6%.

Ancillary Businesses

In recent years, the Group has developed potential ancillary businesses including real estate, property management services, agriculture and animal husbandry, and cigar and tobacco on the basis of consolidating the core advantages of its principal coal business, aiming to seek more profit growth opportunities for shareholders.

In terms of real estate business and property management service business, the Group has been acquiring high-quality real estate projects in Wuhai, Taiyuan, Guangzhou, Qinhuangdao and Maoming in recent years, comprising residential properties, villas, office buildings, apartments and commercial spaces. While vigorously driving sales efforts, the Group also closely monitored the construction progress of projects under construction to ensure that all these projects will proceed in an orderly manner and will be delivered according to schedule. Among which, the Taiyuan Kinetic Yingtong Plaza (太原力量盈通廣場), Maoming Taoyuan Grandeur Project (茂名力量桃園項目), and Qinhuangdao Mental Harbor Project (秦皇島力量灣項目), which are under development, started to achieve contract signings and deliveries in 2025, laying a solid foundation for “guaranteed delivery”. Additionally, the Group completed the acquisition of 100% equity interests in Seedlife Holding Limited (“**Seedlife**”) in January 2025, and has begun operating property management services through its wholly-owned subsidiaries in PRC. The service network spans 32 cities nationwide with a GFA under management of nearly 10 million square meters, enabling effective collaboration with the Group’s real estate projects to enhance overall operational efficiency.

In terms of agriculture and animal husbandry, the Group has integrated green mining, land reclamation and modern agriculture to successfully establish an ecological industry chain integrating agricultural product planting and livestock breeding in its mine reclamation area. The Group has constructed a 1,500-mu orchard, a 550-mu vineyard and a winery with an annual production capacity of 200 tonnes in the land reclamation area of the Dafanpu Coal Mine in Inner Mongolia. In addition, the Group established a national-level quarantine facility and an original breeding pig farm in 2022, and imported 650 great-grandparent original breeding pigs from France in October of the same year. In 2023 and 2024, the Lijiata 50,000-head commercial pig farm and the Qianhao Ten Thousand Breeding Farm (前壕萬頭擴繁場) were successively completed and put into operation. It is expected that by 2027, the number of commercial pigs of various types will reach 200,000.

In terms of cigar and tobacco business, through holding 82.81% equity interests in Star Idea Enterprises Limited (“**Star Idea**”), the Group operates the cigar and tobacco production, operations and sales business in Cambodia.

In 2025, the Group's ancillary businesses contributed total revenue of approximately RMB779.2 million, of which the real estate and property management service segment generated approximately RMB693.4 million, while the other segments (agriculture and animal husbandry, and cigar and tobacco) contributed approximately RMB85.8 million. On a prudent basis, the Group recognised non-cash impairment of approximately RMB287.2 million in respect of its ancillary businesses due to market fluctuations. Such non-cash adjustments did not affect the operations or cash flows of the Group's core businesses. Taking the above factors into account, the Group's ancillary businesses recorded a consolidated loss before taxation of approximately RMB406.9 million in 2025 (including the aforementioned non-cash impairment and operating losses). Within this amount, the real estate segment (loss before taxation of approximately RMB264.8 million) and the property management service segment (profit before taxation of approximately RMB22.6 million) together recorded a loss before taxation of approximately RMB242.2 million, while the other segments (agriculture and animal husbandry, and cigar and tobacco) recorded a loss before taxation of approximately RMB164.7 million. Although the Group's performance for the year was affected by these temporary impacts from ancillary businesses that are still in their early stages of development, the Board believes that the performance of the relevant segments is expected to improve as market conditions recover and the Group's ancillary businesses mature over time.

Future Outlook

Looking ahead to 2026, economic downturn risks stemming from international trade disputes and geopolitical tensions persist. In its Global Economic Prospects released in January 2026, the World Bank projected that global economic growth rate would slow down slightly to 2.6%. In 2026, the Chinese government will adhere to the principle of seeking progress while maintaining stability and improving quality and efficiency, continue to expand domestic demand and optimize supply, and promote the effective improvement of the quality and reasonable growth in quantity of the economy.

In the coal market, the domestic coal supply and demand relationship is expected to improve in 2026, shifting from a loose supply to a balanced supply and demand, and the overall coal price may recover. Specifically, on the supply side, constrained by the national policy of “anti-involution, anti-overproduction, and strengthening safety regulations” in the coal industry, the increase in domestic coal production is expected to be limited, and the industry has entered a stage of “stabilizing production and ensuring supply”. In addition, Indonesia’s significant reduction in coal production quotas is expected to lead to a substantial decrease in domestic imports, which will support coal prices. On the demand side, with the moderate growth of the domestic economy, electricity demand will remain relatively resilient, and overall demand for thermal coal will remain at a high level. The slow recovery of the real estate sector and limited growth in steel demand, coupled with trade barriers restricting steel exports, suggest that demand for coking coal will remain weak. In 2026, supported by rising coal prices, coal companies are expected to see improved performance.

Looking ahead to 2026, the Group will continue to implement the mine development concept that stresses safety, efficiency and environmental protection, fully leverage resources such as the Dafanpu Coal Mine in Inner Mongolia, the Yong’an Coal Mine in Ningxia, and the Weiyi Coal Mine in Ningxia, and further explore the value of overseas resources, and continue to deepen its layout and operations across the entire coal industry chain and globalization. The Group will continue to uphold the principle of high-quality development. On the basis of the steady development of the principal coal business, it will further diversify its ancillary businesses, improve its overall operation efficiency, and reward its shareholders with outstanding results.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased from approximately RMB5,655.8 million for the year ended 31 December 2024 to approximately RMB5,293.3 million for the year ended 31 December 2025, representing a decrease of 6.4% as compared with the corresponding period last year. Revenue from the coal mining segment decreased from approximately RMB5,368.5 million for the year ended 31 December 2024 to approximately RMB4,514.1 million for the year ended 31 December 2025, representing a decrease of 15.9%. This was primarily due to the decline in the sales price of the Group’s coal products resulting from the downturn in the coal market.

Revenue from the real estate and property management service segment increased from approximately RMB236.4 million for the year ended 31 December 2024 to approximately RMB693.4 million for the year ended 31 December 2025, representing a growth of 193.3%. This increase was primarily driven by the delivery of completed properties in the real estate development business, as well as revenue generated from property management services business, which were not under the Group's operation during the corresponding period last year.

Revenue from the other segments, which includes agriculture and animal husbandry as well as cigar and tobacco business, increased from approximately RMB50.9 million for the year ended 31 December 2024 to approximately RMB85.8 million for the year ended 31 December 2025, representing a growth of 68.6%. This increase was primarily driven by organic expansion within the segment and reflects the Group's continued progress along the strategic direction of strengthening and scaling its diversified business portfolio.

The decrease in the Group's revenue was mainly due to a decline in coal prices amid continued market volatility partially offset by an increase in revenue from the real estate and property management service segment and the other segments.

Cost of Sales

For the year ended 31 December 2025, the Group incurred cost of sales of approximately RMB3,263.0 million as compared to the cost of sales amounted to approximately RMB2,532.6 million for the year ended 31 December 2024, representing an increase of 28.8%. The increase in the Group's cost of sales was mainly attributable to higher operating costs at the Yong'an Coal Mine in Ningxia Hui Autonomous Region arising from joint trial operations as well as impairment recognised on inventory under the real estate development segment. The cost of sales of the Group under the coal mining segment mainly comprised salaries of coal mine workers, costs of supplementary materials, fuel and electricity, depreciation, amortisation, surcharges of mining operations and transportation costs. The cost of sales of the Group under the real estate development segment mainly comprised land use rights premiums, land acquisition costs, related taxes and levies at acquisition, labour, contractor fees, site preparation, mechanical and electrical works, fit-out and finishing works, etc..

Gross Profit and Gross Profit Margin

During the year ended 31 December 2025, the Group recorded a gross profit of approximately RMB2,030.3 million and a gross profit margin of 38.4% as compared to the gross profit of approximately RMB3,123.2 million and the gross profit margin of 55.2% for the year ended 31 December 2024.

The decrease in Group's gross profit margin for the year ended 31 December 2025 was mainly attributable to the combined impact of falling coal prices and increased operating costs at the Yong'an Coal Mine in the Ningxia Hui Autonomous Region and the impairment recognised on inventory under the real estate development segment during the reporting year.

Other Incomes and Losses, Net

The Group's net amount of other incomes and losses increased from net losses of approximately RMB75.2 million for the year ended 31 December 2024 to net losses of approximately RMB93.3 million for the year ended 31 December 2025 representing an increase of 24.0% as compared with the corresponding period last year. The increase was mainly attributed to the impairment loss on goodwill related to the underperformance of Star Idea and its subsidiaries, the impairment losses on trade and other receivables, the loss on disposal of a subsidiary and a drop in the government grants. The Group's net amount of other incomes and losses mainly comprised impairment of goodwill, government grants, net foreign exchange differences, net gains/(losses) on disposal of property, plant and equipment interest income, donation, and net gains from the disposal of financial assets.

Selling Expenses

The Group's selling expenses decreased from approximately RMB39.7 million for the year ended 31 December 2024 to approximately RMB31.0 million for the year ended 31 December 2025, representing a decrease of 21.9% as compared with the corresponding period last year. The decrease in the Group's selling expenses was mainly attributable to the decrease in marketing related expenses. The Group's selling expenses mainly comprised salaries of sales staff and marketing related expenses. The Group's selling expenses mainly comprised salaries of sales staff and marketing related expenses.

Administrative Expenses and Other Expenses

The Group's administrative expenses increased from approximately RMB344.1 million for the year ended 31 December 2024 to approximately RMB486.3 million for the year ended 31 December 2025, representing an increase of 41.3% as compared with the corresponding period last year. The increase in the Group's administrative expenses was mainly attributable to higher operating expenses arising from the newly developed businesses, including the Yong'an Coal Mine, the Group's oversea expansion and the real estate and property management service segment, during the reporting year. The Group's administrative expenses mainly comprised salaries and related personnel expenses of the administrative, finance and human resources departments, consultancy fees, lease expenses and other incidental administrative expenses.

Share of profits less losses of associates

The Group's share of profits less losses of associates changed from net gains of approximately RMB10.6 million for the year ended 31 December 2024 to net losses of approximately RMB53.7 million for the year ended 31 December 2025. The movement was mainly attributable to the share of loss of MC Mining, accounted for using the equity method, in which the Group held a 40.13% interest as at 31 December 2025. This loss more than offset the share of profit contributed by Shenhua Zhunneng Xiaojia Shayan Coal Storage and Delivery Limited* (神華准能肖家沙壩煤炭集運有限責任公司), also accounted for using the equity method, in which the Group held a 45.00% interest as at 31 December 2025.

Finance Costs

The Group's finance costs decreased from approximately RMB82.5 million for the year ended 31 December 2024 to approximately RMB75.8 million for the year ended 31 December 2025, representing a decrease of 8.1% as compared with the corresponding period last year. The decrease in the Group's finance costs was mainly attributable to the lower interest for the renewed long-term secured bank loans and the decrease in the unwinding of discount expenses during the year.

Income Tax Expense

The Group's income tax expense decreased from approximately RMB656.1 million for the year ended 31 December 2024 to approximately RMB345.3 million for the year ended 31 December 2025, representing a drop of 47.4% as compared with the corresponding period last year. The decrease in the Group's income tax expense was mainly attributable to the decrease in taxable income generated from coal mining segment during the year, resulting in a reduction in current tax charges.

Profit for the Year

The Group recorded a consolidated profit after tax of approximately RMB899.4 million for the year ended 31 December 2025, which decreased from the consolidated profit after tax of approximately RMB2,080.7 million for the year ended 31 December 2024. Net profit margin declined from 36.8% for the year ended 31 December 2024 to 16.8% for the year ended 31 December 2025. The Group's profit for the year declined mainly because coal prices fell, leading to lower revenue from the Group's core coal mining business. Although the Group's revenue from the real estate and property management service segment and the other segments increased, this growth could not fully offset the drop in revenue from the coal mining segment. At the same time, operating costs rose, particularly at the Yong'an Coal Mine during joint trial operations. The Group's non-core businesses, which remain in the early stages of expansion, recorded operating losses and impairment recognised on inventory under the real estate development segment. These factors together reduced the Group's net profit margin and resulted in a lower profit for the year.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

As at 31 December 2025, the Group had net current liabilities of approximately RMB229.3 million and has undertaken several acquisitions with prepayments made amounting to approximately RMB1,336.0 million as disclosed in Note 12 to the financial information extracted from consolidated financial statements. The Directors estimated that the remaining amounts to be made in relation to the aforementioned acquisitions and other additional capital expenditure will be approximately RMB851.5 million and may undertake other necessary additional amount to complete the acquisitions. In addition, the Group has also been contemplating to expand existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business beyond coal mining. The Group needs to seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure. In light of our current liquidity position and our projected cash inflows generated from operations, the Directors believe that the Group has sufficient working capital for our present requirements and for the next 12 months.

For the year ended 31 December 2025, the Group's cash at bank were primarily utilized for the development of the Group's Dafanpu Coal Mine, Yong'an Coal Mine, Weiyi Coal Mine and the investment in MC Mining. Additionally, it served to manage the Group's indebtedness and fund working capital needs. The Group financed its funding requirements mainly through a combination of interest-bearing bank loans and cash generated from operating activities. The Group's gearing ratio were 8.8% as at 31 December 2025 and 2.9% as at 31 December 2024, respectively. This ratio is calculated as net debt divided by capital plus net debt. Net debt is calculated as total borrowings less cash at bank and on hand. Capital is equivalent to the total equity.

As at 31 December 2025, the Group's cash at bank and on hand amounted to approximately RMB81.6 million.

These balances were mainly denominated in RMB, which is the Group's primary operating currency. The remaining balances were held in Hong Kong dollars, U.S. dollars and Cambodian Riel.

As at 31 December 2025 and 31 December 2024, the Group's secured bank loans were as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current	117,000	535,720
Non-Current	755,000	342,600
	<u>872,000</u>	<u>878,320</u>

As at 31 December 2025, the Group's total bank loans amounted to approximately RMB872 million, broadly in line with approximately RMB878 million as at 31 December 2024. The bank loan portfolio remained fully secured, primarily by the Group's mining rights and certain property assets.

The current portion of bank loans decreased significantly to approximately RMB117 million (as at 31 December 2024: approximately RMB536 million), mainly due to the settlement of several long-term bank loans that were due within one year in the prior period. The remaining current bank loans mainly comprise secured bank loans maturing in 2026.

The non-current portion of bank loans increased to approximately RMB755 million (as at 31 December 2024: approximately RMB343 million), reflecting the refinancing and extension of loan maturities during the year. New long-term secured facilities with maturities ranging from 2027 to 2028 were drawn to support the Group's operational and development needs.

Overall, the shift from short-term to long-term borrowings strengthened the Group's liquidity position by extending the debt maturity profile and reducing near-term refinancing pressure.

Capital Expenditures

The Group incurred capital expenditures of approximately RMB724.1 million for the year ended 31 December 2025, which were mainly related to the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, the Weiyi Coal Mine and other projects. These capital expenditures were financed by a combination of interest-bearing bank loans and internal resources.

Capital Commitments

The Group's capital commitments as at 31 December 2025 amounted to approximately RMB851.5 million which were mainly related to purchase of machinery and equipment and construction of the Yong'an Coal Mine, the Weiyi Coal Mine and other projects.

Charge on Assets

As at 31 December 2025, the Group's total bank loans were approximately RMB872 million, among these approximately RMB180 million were secured by the mining right of Yong'an Coal Mine held by Ningxia Kinetic, and while which approximately RMB575 million were secured by the mining right of Dafanpu coal mine held by Kinetic Coal. The remaining bank loans, totalling approximately RMB117 million, were secured either by the certain properties or by a corporate guarantee.

Off-balance Sheet Arrangement

The Group did not have any outstanding derivative financial instruments and off-balance sheet guarantees for outstanding loans. The Group did not engage in trading activities involving non-exchange traded contracts.

Contingent Liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

Significant Investments and Acquisitions

Subscription of Shares in MC Mining

On 26 August 2024, the Group and MC Mining entered into a share subscription agreement, pursuant to which the Group has conditionally agreed to subscribe for in aggregate 51% new shares (on an enlarged basis) in MC Mining in phases for a total consideration of US\$90,000,000. As at the date of this announcement, the Group holds a total of 47.42% shares of MC Mining.

MC Mining primarily engages in steel-making coal and thermal coal exploration, development and mining in South Africa through its subsidiaries. Upon the completion of share subscription, MC Mining will become an indirectly non-wholly owned subsidiary of the Group and its financial results will be consolidated into the Group. Integrating the management expertise and assets of both the Group and MC Mining will mark a significant milestone in the Company's strategy to expand its global footprint.

Acquisition of Qinhuangdao Jifu

On 6 December 2024, the Group entered into an acquisition framework agreement with Hainan Hangxiao and other vendors. Pursuant to the acquisition framework agreement, the Group has conditionally agreed to acquire 100% equity interests in Qinhuangdao Jifu Real Estate Development Co., Ltd.* (秦皇島極富房地產開發有限公司) (“**Qinhuangdao Jifu**”) at nil consideration. The amount of RMB564,625,000 payable by the Group for the creditor's rights of RMB617,394,475 held by Guangzhou R&F Properties Co., Ltd. (“**R&F Properties**”) against Qinhuangdao Jifu has been fully set off by the amount of RMB564,625,000 prepaid by the Group to Hainan Hangxiao under the property purchase framework agreement signed on 30 May 2022.

In January 2025, the acquisition of Qinhuangdao Jifu has been completed. Qinhuangdao Jifu is currently developing and constructing Mental Harbour (力量灣), a villa project located in Qinhuangdao, Hebei Province.

Acquisition of Seedlife

On 6 September 2024, the Group entered into a share purchase agreement with Seedland Smart Service Group Limited (“**Seedland Smart Service**”) and Seedlife to acquire 100% equity interests of Seedlife for a total consideration of RMB423,000,000. After deducting the aggregate of cash payments of RMB100,000,000, a tax payable on behalf of the seller of RMB42,300,000 and an account receivable due from the seller and its subsidiaries to Seedlife of RMB50,000,000 from the total consideration, the remaining amount of RMB230,700,000 has been set off against the equivalent amount in the prepaid amount by the Group under the agreements on sale and purchase of properties entered into between subsidiaries of Seedland and Kinetic (Qinhuangdao) Energy Group Ltd. (力量(秦皇島)能源集團有限公司) (“**Kinetic Qinhuangdao**”) in 2022 (the “**Seedland Prepayment**”).

Seedlife principally engages in property management services through its subsidiaries in the PRC. Upon the completion of the acquisition on 13 January 2025, it enables the Group to establish an additional revenue stream, further enhancing the financial performance of the Group.

Acquisition of Maoming Shengda and Maoming Shengcheng

On 1 November 2024, the Group entered into the fifth supplemental agreement with subsidiaries of Seedland, Maoming Shengda Real Estate Co., Ltd.* (茂名晟大置業有限公司) (“**Maoming Shengda**”) and Maoming Shengcheng Real Estate Co., Ltd.* (茂名晟城置業有限公司) (“**Maoming Shengcheng**”) to acquire 100% equity interests of each of Maoming Shengda and Maoming Shengcheng for a total consideration of RMB70,000,000. After deducting the income tax payable by the seller from the total consideration, the remaining amount of RMB57,750,000 has been fully set off against the equivalent amount in Seedland Prepayment.

The acquisition was completed on 13 June 2025. Maoming Shengda and Maoming Shengcheng are currently developing and constructing Taoyuan Grandeur (力量桃園, formerly known as Royal Ivy (常春藤)), a residential project located in Maoming, Guangdong.

Acquisition of Taiyuan Seedland

On 4 December 2025, the Group entered into the sixth supplemental agreement and the share transfer agreement in relation to the proposed acquisition of 100% equity interests in Taiyuan Seedland Taijing Real Estate Development Co., Ltd.* (太原實地台經房地產開發有限公司) (“**Taiyuan Seedland**”) for a total consideration of RMB384,000,000. The consideration will be partly settled by offsetting the Seedland Prepayment, with the remaining balance of RMB130,266,000 (the “**Remaining Closing Payment**”) payable by the Group. Taiyuan Seedland is principally engaged in real estate development and sales, and the Group expects to benefit from its ongoing Haitang Huazhu Project in Xiaodian District, Taiyuan City. The project comprises 34 residential buildings, including 8 currently under construction, and is expected to be fully completed by 2031, with future income to be generated from the sale of residential units, ground-floor shops and parking spaces.

As at the date of this announcement, the acquisition of Taiyuan Seedland has not been completed and remain subject to the fulfilment of the relevant conditions, including approval by the independent shareholders of the Company (the “**Independent Shareholders**”).

Acquisition of Dongzhimen Properties

On 4 December 2025, the Group also entered into the debt settlement contract for the proposed acquisition of the Dongzhimen 3110 and 3111 Properties for an aggregate consideration of RMB86,330,000. After deducting the relevant taxes and a debt payable on behalf of Beijing Seedland Qushi Real Estate Development Co., Ltd.* (北京實地趨勢房地產開發有限公司), the net consideration of RMB56,890,000 (the “**Net Dongzhimen Property Consideration**”) will be set off against the outstanding payables owed by Seedland to Shenzhen Kinetic Live Services Holding Group Limited* (深圳力量生活服務控股集團有限公司) in respect of property management services and other value-added services totaling RMB54,054,800 (the “**2024 Payables**”). As the Net Dongzhimen Property Consideration is greater than the 2024 Payables, the parties agreed that the surplus amount of RMB2,835,200 will be used to further set off against the amount payable by Seedland to the Group under the Property Management Services Framework Agreement for 2025 amounted to approximately RMB36.0 million, inclusive of value-added-tax (the “**2025 Balances**”). The Dongzhimen Properties are located on the 31st floor of No. 18 Dongzhimenwai Xiaojie, Dongcheng District, Beijing, with a total gross floor area of 719.43 square metres. The Dongzhimen Properties are situated in a mature and well-established neighbourhood with convenient access to public transportation, and are surrounded by residential developments, commercial and office buildings, schools and parks, offering stable long-term utilisation and value potential.

As at the date of this announcement, the acquisition of Dongzhimen Properties has not been completed and remain subject to the fulfilment of the relevant conditions, including approval by the Independent Shareholders.

As at the date of this announcement, Kinetic Qinhuangdao and Shanxi Kinetic Yingtong Real Estate Development Co., Ltd.* (山西力量盈通房地產開發有限公司) are negotiating with Seedland, Guangdong Seedland Property Management Co., Ltd.* (廣東實地物業管理有限公司), Zunyi Shidi Real Estate Development Co., Ltd.* (遵義實地房地產開發有限公司) (“**Zunyi Seedland**”) and Beijing Seedland to enter into a debt settlement contract (the “**2026 Debt Settlement Contract**”) for an offset arrangement among (i) the Remaining Closing Payment; (ii) the surplus amount payable by Kinetic Qinhuangdao to Beijing Seedland under the Debt Settlement Contract which amounted to RMB2,835,200 (the “**Surplus Amount**”, together with the Remaining Closing Payment, the “**Revised Remaining Closing Payment**”); and (iii) the service fee payable by Seedland to the Group under the Property Management Services Framework Agreement for 2025. Prior to the completion of audit and final confirmation by Guangdong Seedland of the service fee (the “**Final 2025 Service Fee**”) payable by Seedland to the Group under the Property Management Services Framework Agreement for 2025, an amount equal to the 2025 Balances shall be withheld from the Revised Remaining Closing Payment. Upon finalization of the Final 2025 Service Fee, the actual Final 2025 Service Fee shall be deducted from the Revised Remaining Closing Payment, and the balance (“**Final Payment**”) shall be paid to Zunyi Seedland.

Rutile Project in Rotifunk Sierra Leone

On 23 December 2025, the Group entered into a cooperation agreement and a supplementary agreement with Minenet in relation to the rutile project in Rotifunk, Sierra Leone. Under the agreements, the Group will invest in and undertake exploration, mining, processing and sales activities within a designated 50 square kilometre area under Minenet's large-scale rutile mining licence, which is valid until February 2049. The first phase of the project involves the construction of three production lines with an estimated investment of approximately USD18 million and an annual processing capacity of over 2 million tonnes of raw ore per line. Subject to stable operation and sufficient resource volume, two additional production lines will be constructed, bringing the total to five. Upon full commissioning, the project is expected to produce approximately 480,000 tonnes of heavy sand minerals per annum, of which the Group is entitled to approximately 80%. This strategic investment will enhance the Group's competitiveness in supplying high-grade titanium feedstock and support its long-term growth.

Save for those disclosed above, during the year ended 31 December 2025 and up to the date of this announcement, the Group had no other significant investments in associates or joint ventures, and no other material acquisitions or disposals of subsidiaries. The Group's ability to fund the above-mentioned acquisitions and capital expenditures heavily relies on its future operating cash inflows and its ability to finance through bank loans and other borrowings, which may be affected by the government macro-control policy and volatility in coal market price. The Group will carefully monitor its liquidity position.

Events after the Reporting Year

Save as those disclosed in this announcement, the Group has no significant events subsequent to 31 December 2025 that require disclosure.

Financial Risk Management

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits and debt obligations with a floating interest rate. As at 31 December 2025, the Group did not hold debt obligations with a floating interest rate and are not exposed to significant interest rate risk.

(b) Foreign currency risk

The Group are not exposed to significant foreign currency exchange risk as their transactions of operation and balances are substantially denominated in their respective functional currencies.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group utilises cash flow forecast and other relevant information to monitor its liquidity requirements and to ensure that the Group has sufficient cash to support its business and operational activities.

Human Resources and Emolument Policy

As at 31 December 2025, the Group had a total of 3,351 full-time employees in the Mainland China, Hong Kong, South Africa and Cambodia. For the year ended 31 December 2025, the total staff costs, including the directors' emoluments and equity-settled share-based payment expenses, amounted to approximately RMB561.5 million.

The Group's emolument policies are formulated based on the performance and experience of employees and in line with the salary trends in the Mainland China, Hong Kong, South Africa and Cambodia. Other employee benefits include performance-related bonuses, insurance and medical coverage, share options and share awards. The share option scheme adopted by the Company on 6 March 2012 expired on 5 March 2022. On 29 November 2022, the Company adopted 2022 Share Award Scheme, which is funded by existing shares of the Company. On 22 May 2023, the Company also adopted 2023 Share Option Scheme and 2023 Share Award Scheme (which only grant of awards involving new shares may be made). On 6 January 2025, the Group granted 263,500,000 awarded shares to employee participants in accordance with the terms of the 2023 Share Award Scheme. Appropriate training programs are also provided to employees in order to ensure continuous staff training and development of employees.

OTHER INFORMATION

Final Dividend

On Tuesday, 24 March 2026, the Board has proposed a final dividend of HKD6.0 cents per share, payable to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 29 May 2026. It is expected that the final dividend will be paid in cash in four phases according to the following schedule:

Date	Amount
On or before 10 June 2026	HKD 1.0 cents per share
On or before 31 July 2026	HKD 1.0 cents per share
On or before 31 August 2026	HKD 2.0 cents per share
On or before 30 September 2026	HKD 2.0 cents per share

The total amount of the final dividend to be distributed is HKD505,800,000. The proposal of the distribution of final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Wednesday, 20 May 2026 (the “AGM”).

Closure of Register of Members for Attending the AGM

The register of members of the Company will be closed from Friday, 15 May 2026 to Wednesday, 20 May 2026 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders’ entitlement to attending and voting at the AGM. In order to be entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 14 May 2026.

Closure of Register of Members for Final Dividend

The register of members of the Company will be closed from Wednesday, 27 May 2026 to Friday, 29 May 2026 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to the proposed final dividend. To qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 26 May 2026.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries, has purchased, sold or redeemed any of the Company's listed securities.

Directors' and Relevant Employees' Securities Transactions

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions.

All Directors have confirmed, following specific enquiries made by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for the year ended 31 December 2025.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees was brought to the attention of the Company.

Corporate Governance Code

As the Board believes that good corporate governance can create value for the shareholders of the Company, the Board is committed to maintaining a high standard of corporate governance practices by putting strong emphasis on a quality Board, sound internal controls and effective accountability to the shareholders of the Company as a whole.

The Board is of the view that the Group has complied with the code provisions set out in Part 2 of Appendix C1 to the Listing Rules for the year ended 31 December 2025.

The Group has adopted the code in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules as its own code of corporate governance. The Board will continue to enhance its corporate governance practices to ensure that it complies with the CG Code and align with the latest developments.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) comprises two independent non-executive Directors, namely Ms. Liu Peilian (Chairlady) and Mr. Chen Liangnuan, and one non-executive Director, namely Ms. Zhang Lin. A meeting of the Audit Committee was held on 24 March 2026 to meet with the independent auditor of the Company and review the annual results and the draft audited consolidated financial statements of the Group for the year ended 31 December 2025.

Scope of Work of Independent Auditor

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the annual results announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2025. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the annual results announcement.

Extract of Independent Auditor’s Report

The following is the extract of the draft independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Regarding Going Concern

We draw your attention to Note 2.1 to the consolidated financial statements, which indicates that the Group determines to incur significant expenditure for its completed and proposed acquisitions including property development projects and mining projects. The Group’s ability to fund the expenditure largely relies on its ability to generate future operating cash inflows and obtain borrowings from banks or other financial institutions which may be influenced by government policies and volatility in coal market price. As stated in Note 2.1 to the consolidated financial statements, these facts or circumstances, along with other matters as set forth in Note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Publication of the Annual Results and 2025 Annual Report on the Websites of the Stock Exchange and the Company

This annual results announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.kineticme.com>). The 2025 annual report will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

* *The English translation of the Chinese names of the respective companies and places in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English names of the respective companies and places.*

By order of the Board of
Kinetic Development Group Limited
Ju Wenzhong
Chairman and Executive Director

Hong Kong, 24 March 2026

As at the date of this announcement, the Board comprises seven Directors, of whom three are executive Directors, namely Mr. Ju Wenzhong (Chairman), Mr. Li Bo (Chief Executive Officer) and Mr. Ji Kunpeng; one is a non-executive Director, namely Ms. Zhang Lin and three are independent non-executive Directors, namely Ms. Liu Peilian, Mr. Chen Liangnuan and Ms. Xue Hui.