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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
DISCLOSEABLE AND CONNECTED TRANSACTIONS  
ACQUISITION OF TAIYUAN SEEDLAND  
AND DONGZHIMEN PROPERTIES  
FINAL PAYMENT UNDER THE SIXTH  
SUPPLEMENTAL AGREEMENT  
AND  
CONNECTED TRANSACTIONS  
PAYMENT OF INTENTION FEE  
AND  
PROPOSED SECOND PAYMENT**

Reference is made to the announcement of the Company dated 4 December 2025, 23 December 2025 and 27 February 2026 (the “**Announcements**”) in relation to the acquisition of Taiyuan Seedland and Dongzhimen Properties. Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

**FINAL PAYMENT UNDER THE SIXTH SUPPLEMENTAL AGREEMENT**

On 20 April 2026, Seedland, Guangdong Seedland, Kinetic Qinhuangdao, Kinetic Shanxi, Zunyi Seedland and Beijing Seedland entered into 2026 Debt Settlement Contract (the “**2026 Debt Settlement Contract**”), pursuant to which, the parties have agreed to, among other things:

- (i) As of 31 December 2025, the amount of service fee payable by Seedland to the Group under the Property Management Services Framework Agreement for 2025 amounted to approximately RMB36.0 million (the “**2025 Balances**”);

- (ii) The remaining Equity Consideration Payable by Kinetic Shanxi to Zunyi Seedland under the Sixth Supplemental Agreement amounted to RMB130,266,000 (the “**Remaining Closing Payment**”);
- (iii) the surplus amount payable by Kinetic Qinhuangdao to Beijing Seedland under the Debt Settlement Contract amounted to RMB2,835,200 (the “**Surplus Amount**”, together with the Remaining Closing Payment, the “**Revised Remaining Closing Payment**”); and
- (iv) the 2025 Balance shall be deducted from the Revised Remaining Closing Payment, and the balance (the “**Final Payment**”) shall be paid to Zunyi Seedland upon closing of the Sixth Supplemental Agreement.

In summary, the table below sets out an illustrative calculation of the Final Payment pursuant to the 2026 Debt Settlement Contract.

<b>Payments</b>	<b>Description</b>	<b>Reference paragraph above</b>	<b>RMB'000</b>
Remaining Closing Payment	Payable by Kinetic Shanxi to Zunyi Seedland	(ii)	130,266
Surplus Amount	Payable by Kinetic Qinhuangdao to Beijing Seedland	(iii)	2,835
Amount of service fee	Payable by Seedland to the Group	(i)	36,000
Final Payment	Payable by Kinetic Shanxi to Zunyi Seedland	(iv)=(ii)+(iii)-(i)	97,101

## **BACKGROUND OF PAYMENT OF INTENTION FEE AND PROPOSED SECOND PAYMENT**

Pursuant to a settlement agreement (the “**Settlement Agreement**”) dated 1 December 2025 and entered into between JIC Trust Co., Ltd. (“**JIC Trust**”), Taiyuan Seedland, Zunyi Seedland and Seedland (together, the “**Obligors**”) in connection with the proposed settlement arrangement relating to the Taiyuan Seedland Acquisition, pursuant to which, among others, the Obligors shall pay JIC Trust an agreed aggregate amount of RMB814,408,000 (the “**Repayment Amount**”) by instalments.

### **PAYMENT OF INTENTION FEE**

The Board wishes to inform Shareholders and potential investors that on 18 December 2025 and 30 December 2025, the Group paid an aggregate intention fee of RMB50 million (the “**Intention Fee**”) to JIC Trust.

Details of the payment of the Intention Fee are as follows:

Date: 18 December 2025 and 30 December 2025

Parties: (i) Kinetic Qinhuangdao  
(ii) JIC Trust

Amount involved: RMB10 million and RMB40 million. The Intention Fee was funded by internal resources of the Group.

Upon the payment of Intention Fee of RMB50 million, the outstanding indebtedness owed to JIC Trust has been reduced from RMB814 million to RMB764 million.

### **PROPOSED SECOND PAYMENT**

The 100% equity interests of Taiyuan Seedland are currently subject to a pledge provided as security in favour of JIC Trust (the “**Equity Pledge**”). Pursuant to the terms of the Settlement Agreement, upon receipt of up to RMB100,000,000 out of the Repayment Amount by JIC Trust, JIC Trust shall provide assistance to discharge the pledge over the 100% equity interests of Taiyuan Seedland and arrange for the transfer of 100% equity interests of Taiyuan Seedland.

Whilst the Group was not a party to the Settlement Agreement, in order to enable the Group to obtain title to the 100% equity interests of Taiyuan Seedland, in addition to the Intention Fee, the Group intends to, prior to entering into the New Settlement Agreement (as defined below), make a second payment of RMB50 million (the “**Second Payment**”) to JIC Trust in order to trigger the obligation of JIC Trust to discharge the pledge over the 100% equity interests of Taiyuan Seedland pursuant to the terms of the Settlement Agreement, and then request JIC Trust to arrange for the transfer of 100% equity interests of Taiyuan Seedland to the Group.

Upon making of the Second Payment of RMB50 million by the Group, the outstanding indebtedness owed to JIC Trust will be further reduced from RMB764 million to RMB714 million.

On 20 April 2026, Taiyuan Seedland, Zunyi Seedland and Kinetic Qinhuangdao entered into an intention fee and payment agreement (the “**Payment Agreement**”) to formalize the arrangement in relation to the Intention Fee and the Second Payment, pursuant to which, among other things, in the event that the Taiyuan Seedland Acquisition does not proceed, both the Intention Fee and the Second Payment shall be refunded to the Kinetic Qinhuangdao, together with an capital utilisation fee calculated at the 5-year LPR of 3.5%, with interest accruing up to the actual date of repayment from Taiyuan Seedland.

The Company will make further announcement(s) in relation to the further progress of the Taiyuan Seedland Acquisition.

## **BASIS OF DETERMINATION OF INTENTION FEE AND PROPOSED SECOND PAYMENT**

The amounts of the Intention Fee and the Second Payment were specified in the Settlement Agreement and were negotiated and agreed between the parties thereto.

## **REASONS FOR AND BENEFITS OF PAYMENT OF INTENTION FEE AND PROPOSED SECOND PAYMENT**

Whilst the Group was not a party to the Settlement Agreement and thus has no legal obligation to make any payment to JIC Trust thereunder, the Group (i) paid the Intention Fee to demonstrate the Group’s good faith in reaching a settlement with JIC Trust and to secure the settlement arrangement in relation to Taiyuan Seedland Acquisition as soon as practicable; and (ii) intends to make the Second Payment in order to obtain title to the 100% equity interest of Taiyuan Seedland.

Subject to approval by the Independent Shareholders in relation to the Taiyuan Seedland Acquisition having been obtained, (i) the Group intends to make the Second Payment to JIC Trust, and (ii) within six months from the date of the Settlement Agreement, the Group will enter into a new settlement agreement (the “**New Settlement Agreement**”), with, among others, JIC Trust to become one of the obligors to settle the Repayment Amount by instalments. The Group intends to make the Second Payment prior to entering into the New Settlement Agreement.

The amounts of the Intention Fee and the Second Payment were both negotiated on an arm’s length basis between the relevant parties to the Settlement Agreement, and was part of the settlement arrangement for the Taiyuan Seedland Acquisition. The Directors (including the independent non-executive Directors) consider that the payment of the Intention Fee and proposed Second Payment are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Ms. Zhang Lin, a non-executive Director, being an associate of Mr. Zhang Liang, Johnson, has abstained from voting on the Board resolution approving the payment of the Intention Fee and the proposed Second Payment.

## **INFORMATION OF THE GROUP AND PARTIES INVOLVED**

The Group is principally engaged in the extraction and sales of coal products.

Kinetic Qinhuangdao is a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company. It principally engages in the wholesale and retail of coal and products, metals and metal mines, machinery and equipment and hardware products, import of coal, warehousing, and leasing and management of its own properties.

JIC Trust is principally engaged in trust financing and wealth management services. The ultimate beneficial owner of JIC Trust is the State Council of the PRC (國務院). JIC Trust is a third party independent of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

The 2026 Debt Settlement Contract constitutes material variations to the terms of the acquisition of Taiyuan Seedland.

Taiyuan Seedland is wholly-owned by Zunyi Seedland, and Zunyi Seedland is a non-wholly owned subsidiary of Seedland, which in turn is 100% owned by Mr. Zhang Liang, Johnson, the controlling shareholder of the Company. Each of the Obligors is a connected person of the Company under Chapter 14A of the Listing Rules. As the Group was not a party to the Settlement Agreement and has no legal obligation to make any payment to JIC Trust thereunder, the payment of the Intention Fee and the proposed Second Payment which will be made prior to the Group entering into the New Settlement Agreement constituted financial assistance in favour of the Obligors and a connected transaction of the Company. As the applicable percentage ratios in respect of the Intention Fee and the Second Payment in aggregate, calculated pursuant to Rule 14A.76 of the Listing Rules, are all below 5%, the transaction is subject to announcement but is exempt from the requirements for a circular and Independent Shareholders' approval.

Under Rules 14A.34 and 14A.35 of the Listing Rules, the Company was required to enter into a written agreement for a connected transaction and announce the connected transaction as soon as practicable after its terms have been agreed. As the Intention Fee was paid in December 2025, the Company did not comply with the requirements under Rules 14A.34 and 14A.35. The non-compliance arose due to (i) the complexity of the Group's ongoing settlement arrangements in relation to the Taiyuan Seedland Acquisition; (ii) the Group's initial understanding of the Intention Fee forming part of a broader commercial arrangement with JIC Trust under the Taiyuan Seedland Acquisition rather than financial assistance in favour of Taiyuan Seedland, given the fact that the payment of Intention Fee was directly to JIC Trust rather than to Taiyuan Seedland.

## **REMEDIAL MEASURES**

To prevent recurrence of similar non-compliance incidents, the Group will (i) strengthen its internal control procedures for identifying connected persons and assessing connected transactions implications, (ii) enhance training for senior management and relevant personnel on the requirements of Chapter 14A of the Listing Rules, (iii) require all business units to obtain prior written clearance from the legal and compliance department before entering into any transaction involving connected persons even where payments by the Group (if any) will not be made to such connected persons, and (iv) engage external legal advisers at an early stage to advise and assist on the assessment of implications under the Listing Rules for transactions involving complex structures or settlement mechanism.

The Board confirms that the non-compliance was an isolated event, and the payment of the Intention Fee did not result in any material adverse impact on the Group, and save as disclosed above, the Company has complied with the Listing Rules in all material respects.

The Company will make further announcement(s) in relation to the further progress of the Taiyuan Seedland Acquisition.

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

Hong Kong, 20 April 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.*