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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)

**DISCLOSEABLE TRANSACTION
AMENDMENT AGREEMENT IN RELATION TO
SUBSCRIPTION OF SHARES IN MC MINING**

Reference is made to the announcements of the Company dated 26 August 2024 and 13 September 2024 (collectively the “**Announcements**”) in relation to the Subscription.

The First Closing occurred on 30 August 2024, during which 62,102,002 Subscription Shares (currently representing approximately 13.04% of the total issued shares of MC Mining) have been issued to the designee of the Company for a consideration of US\$12,970,588, representing a per-share price of US\$0.2089, pursuant to the Share Subscription Agreement.

The Board further announces that, on 28 February 2025, i.e., Amendment Date, the Company and MC Mining entered into an amendment to share subscription agreement (the “**Amendment Agreement**”) to amend certain terms and conditions of the Share Subscription Agreement with respect to, among other things, the arrangements for the Second Closings.

This announcement is supplemental to and should be read in conjunction with the Announcements. Shareholders and potential investors should be aware that the completion of the Second Closings of the Subscription is conditional upon the satisfaction of various conditions precedent, which may or may not be satisfied. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

Reference is made to the Announcements in relation to the Subscription. Unless otherwise specified, capitalized terms used in this announcement shall have the same meaning as those set out in the Announcements.

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The Board further announces that, on 28 February 2025, i.e., Amendment Date, the Company and MC Mining entered into the Amendment Agreement to amend certain terms and conditions of the Share Subscription Agreement with respect to, among other things, the arrangements for the Second Closings.

Save as the amendments to the Share Subscription Agreement as set out in the Amendment Agreement, all other terms of the Share Subscription Agreement, including the total Subscription Price payable, remain in full force and effect.

I. THE AMENDMENT AGREEMENT

The key amendments to the Share Subscription Agreement pursuant to the Amendment Agreement are set out below:

Second Closings and Second Closing Shares:

Pursuant to the Amendment Agreement, the arrangement of the Second Closings and the sale and issuance of the Second Closing Shares shall be amended and conducted in the following manner:

- (i) For a total purchase price of US\$77,029,412 (the “**Second Closing Purchase Price**”), the Company agrees to subscribe for and purchase, and MC Mining agrees to issue and sell to the Company, certain number of ordinary shares of MC Mining (the “**Second Closing Shares**”) in instalments at the Second Closings, to ensure that the Company (including its designee) will hold 51.00% of the ordinary shares of MC Mining on a fully diluted basis upon completion of the last tranche of the Second Closings (the “**Final Second Closing**”), regardless of how many shares MC Mining has issued prior to the Final Second Closing.

- (ii) At each tranche of the Second Closings, the Company agrees to subscribe for and purchase, and MC Mining agrees to issue and sell to the Company such number of Second Closing Shares by dividing the purchase price for each instalment for such Second Closings by the price per share for the Second Closings, which shall be determined by dividing the Second Closing Purchase Price by the number of Second Closing Shares. Assuming there will be no other change to the share capital of MC Mining from the Amendment Date to the Final Second Closing, the number of Second Closing Shares shall be 368,809,851 ordinary shares and the price per share for the Second Closings is approximately US\$0.2089.
- (iii) The issuance and sale of the Second Closing Shares for each instalment shall be completed within five (5) business days after the Company's corresponding payment for each instalment payment period of the Second Closings in accordance with the Amendment Agreement.

**Payment schedule of
the Second Closing
Purchase Price:**

Pursuant to the Amendment Agreement, the payment arrangement of the Second Closing Purchase Price and the number of Second Closing Shares to be issued for each tranche of Second Closings and cumulative shareholding percentage of the Company and/or its designee shall be amended as follows:

Second Closings	Payment Period	Amount	Number of Second Closing Shares to be issued under each tranche of Second Closings	Cumulative shareholding (%) in MC Mining of the Company and/or its designee
first Second Closing	MC Mining has received the Company's payment for this instalment as of the Amendment Date.	US\$10 million	47,879,095	20.99%
second Second Closing	From 1 February 2025 to 28 February 2025	US\$10 million	47,879,095	27.60%
third Second Closing	From 1 March 2025 to 31 March 2025	US\$5 million	23,939,547	30.51%
fourth Second Closing	From 1 April 2025 to 31 May 2025	US\$10 million	47,879,095	35.68%
fifth Second Closing	From 1 June 2025 to 31 July 2025	US\$10 million	47,879,095	40.13%
sixth Second Closing	From 1 August 2025 to 31 August 2025	US\$10 million	47,879,095	44.01%
seventh Second Closing	From 1 September 2025 to 31 October 2025	US\$10 million	47,879,095	47.42%
eighth Second Closing	From 1 November 2025 to 31 January 2026	US\$6 million	28,727,457	49.27%
Final Second Closing	From 1 February 2026 to 28 February 2026	US\$6.029412 million	28,868,277	51.00%
Total:		US\$77,029,412	368,809,851	51.00%

Based on the Amendment Agreement, MC Mining may direct the Company to apply all or part of the Second Closing Purchase Price to purchase equipment or other assets that are needed for MC Mining's coal business for or on behalf of MC Mining or any of its subsidiaries.

**Appointment of
directors at the
Second Closings:**

The conditions precedent require that MC Mining shall have taken all necessary corporate action so that immediately upon the respective tranche of the Second Closings, with the enlarged shareholding percentage in MC Mining, its board of directors shall have the additional directors designated by the Company as members of the board, and that directors may be removed as required by the Company from the board of MC Mining with effect as of the Second Closings. This will entitle the Company to appoint a majority of the nominee directors of the board of directors, which shall be deleted and replaced by the following schedule:

- (a) Where the board of MC Mining consists of 7 seats, the shareholding percentage of the Company (including its designee) and the corresponding number of directors that the Company and/or its designee is entitled to nominate to the board of MC Mining is as follows:

Shareholding percentage of the Company (including its designee)	Number of directors
shareholding percentage < 25.50%	1
25.50% ≤ shareholding percentage < 38.25%	2
38.25% ≤ shareholding percentage < 51.00%	3
shareholding percentage ≥ 51.00%	4

- (b) Where the board of MC Mining consists of 8 or 9 seats, the shareholding percentage of the Company (including its designee) and the corresponding number of directors that the Company and/or its designee is entitled to nominate to the board of MC Mining is as follows:

Shareholding percentage of the Company (including its designee)	Number of directors
shareholding percentage < 20.40%	1
20.40% ≤ shareholding percentage < 30.60%	2
30.60% ≤ shareholding percentage < 40.80%	3
40.80% ≤ shareholding percentage < 51.00%	4
shareholding percentage = 51.00%	5

- (c) As long as the Company (including its designee) will hold at least 51.00% of MC Mining's issued share capital upon completion of the Final Second Closing, it shall have the right to appoint a majority of MC Mining's directors by then.

II. REASONS FOR AND BENEFITS OF THE AMENDMENT AGREEMENT

As disclosed in the Announcements, the Board is of the view that the Subscription allows the Group to leverage its industry expertise to develop valuable mining assets across key regions. The Amendment Agreement is mainly in relation to the payment and completion arrangements in light of the actual circumstances surrounding the Subscription, including the capital needs of MC Mining, while the total Subscription Price and the other material terms of the Subscription remain unchanged. Therefore, the Board considers that the Subscription (as amended by the Amendment Agreement) is in the interests of the Company and the Shareholders as a whole and the terms of the Amendment Agreement are fair and reasonable and on normal commercial terms.

III. IMPLICATIONS UNDER THE LISTING RULES

The Subscription remains as a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The Amendment Agreement constitutes a material variation to such discloseable transaction and this announcement is made in accordance with Rule 14.36 of the Listing Rules.

Save as disclosed in this announcement, all other information and content set out in the Announcements remain unchanged.

This announcement is supplemental to and should be read in conjunction with the Announcements. Shareholders and potential investors should be aware that the completion of the Second Closings of the Subscription is conditional upon the satisfaction of various conditions precedent, which may or may not be satisfied. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 28 February 2025

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.