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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)

CONNECTED TRANSACTION
THIRD SUPPLEMENTAL AGREEMENT TO 2020 LOAN AGREEMENT

References are made to the announcements of the Company dated 22 June 2020, 23 December 2022 and 9 February 2024, in which it was disclosed that Kinetic (Qinhuangdao), an indirect wholly-owned subsidiary of the Company, as the Lender, and Guizhou Liliang, as the Borrower, entered into the 2020 Loan Agreement on 22 June 2020, pursuant to which the Lender agreed to provide the Loan to the Borrower in the principal amount of RMB57 million (equivalent to approximately HK$63 million) for a term of 2 years commencing from the Interest Calculation Date. On 23 December 2022, Kinetic (Qinhuangdao) and Guizhou Liliang entered into the Supplemental Agreement to the 2020 Loan Agreement, pursuant to which the parties agreed that the repayment date of the Loan be extended to 31 December 2023. On 9 February 2024, Kinetic (Qinhuangdao) and Guizhou Liliang entered into the Second Supplemental Agreement to the 2020 Loan Agreement, pursuant to which the parties agreed that the repayment date of the Loan be further extended to 31 December 2025. Other than the above, the other terms and conditions of the 2020 Loan Agreement and the Supplemental Agreement continue to be in full force and effect.

The Board announces that on 22 December 2025, Kinetic (Qinhuangdao) and Guizhou Liliang entered into the Third Supplemental Agreement to the 2020 Loan Agreement, pursuant to which the parties agreed that the repayment date of the Loan be further extended to 31 December 2027, with the interest rate of 3.5% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center. Other than the above, the other terms and conditions of the 2020 Loan Agreement, the Supplemental Agreement and the Second Supplemental Agreement continue to be in full force and effect.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Borrower is indirectly held as to 100% by Mr. Zhang Li, a substantial shareholder of the Company. Therefore, the Borrower is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Third Supplemental Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Connected Transaction are more than 0.1% but less than 5%, the Connected Transaction is subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE THIRD SUPPLEMENTAL AGREEMENT

The principal terms of the Third Supplemental Agreement are set out below:

Date of Third Supplemental Agreement: 22 December 2025

Parties:

(i) Kinetic (Qinhuangdao), as the Lender;

(ii) Guizhou Liliang, as the Borrower

Subject matter:	Pursuant to the 2020 Loan Agreement, the Lender agreed to provide the Loan to the Borrower in the principal amount of RMB57 million (equivalent to approximately HK$63 million) for a term of 2 years commencing from the Interest Calculation Date. Pursuant to the Supplemental Agreement, the Lender agreed to extend the repayment date of the Loan to 31 December 2023. Pursuant to the Second Supplemental Agreement, the Lender agreed to further extend the repayment date of the Loan to 31 December 2025. Pursuant to the Third Supplemental Agreement, the Lender agreed to further extend the repayment date of the Loan to 31 December 2027.
Principal amount:	RMB57 million (equivalent to approximately HK$63 million)
Term of the Loan:	From the Interest Calculation Date to 31 December 2027
Interest:	Pursuant to the 2020 Loan Agreement, the Loan shall bear interest from and include the Interest Calculation Date at 2% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center. The interest shall be paid once annually.

Pursuant to the Supplemental Agreement, the Loan shall bear interest from and include the date of the Supplemental Agreement at 2.5% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center. The interest shall be paid together with the principal amount upon the expiry of the Supplemental Agreement.

Pursuant to the Second Supplemental Agreement, the Loan shall bear interest from and include the date of the Second Supplemental Agreement at 3.5% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center. The interest shall be paid together with the principal amount upon the expiry of the Second Supplemental Agreement.

Pursuant to the Third Supplemental Agreement, the Loan shall bear interest from and include the date of the Third Supplemental Agreement at 3.5% above the 1-year loan market quoted interest rate announced by the National Interbank Funding Center. The interest shall be paid together with the principal amount upon the expiry of the Third Supplemental Agreement.

Purpose: The Loan shall be used by the Borrower for operation needs, repayment of borrowings and replenishment of working capital.

Repayment: The principal amount of the Loan together with all the outstanding interest accrued thereon shall be repayable in full by the Borrower to the Lender upon expiration of the term of the Loan.

During the term of the Loan, the Borrower may prepay the Loan provided that the Borrower shall notify the Lender ten (10) business days in advance.

REASONS FOR AND BENEFITS OF ENTERING INTO THE THIRD SUPPLEMENTAL AGREEMENT

The terms and conditions of the Third Supplemental Agreement were negotiated on an arm's length basis between the Lender and Borrower. The Directors (including the independent non-executive Directors) consider that the Third Supplemental Agreement is entered into on normal commercial terms. Taking into account that (i) the Loan has been funded from the Group's temporarily idle funds, which would not affect the working capital or daily operations of the Group; (ii) the expected return to be generated from the Loan as extended by the Third Supplemental Agreement, taking into account the interest negotiated with the Borrower under the Third Supplemental Agreement, would increase the Group's revenue, and (iii) entering into the Third Supplemental Agreement facilitates the Borrower in expediting its business expansion, which in turn maintains a good foundation for the Group and the Borrower to seek further business cooperation opportunities if and when appropriate, the Directors (including the independent non-executive Directors) believe the transaction under the Third Supplemental Agreement is fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Borrower is indirectly held as to 100% by Mr. Zhang Li, a substantial shareholder of the Company. Therefore, the Borrower is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Third Supplemental Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Connected Transaction are more than 0.1% but less than 5%, the Connected Transaction is subject to the announcement, reporting and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Zhang Lin, a non-executive Director, being an associate to Mr. Zhang Li who has material interests under the Third Supplemental Agreement, had abstained from voting at the Board meeting approving the Third Supplemental Agreement and the transactions thereunder.

GENERAL INFORMATION

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

Kinetic (Qinhuangdao) is principally engaged in the wholesale and retail of coal products.

Guizhou Liliang is indirectly held as to 100% by Mr. Zhang Li and is principally engaged in the investment of mine products.

DEFINITIONS

"2020 Loan Agreement"	the loan agreement entered into between Kinetic (Qinhuangdao) and Guizhou Liliang on 22 June 2020, pursuant to which the Lender agreed to provide the Loan to the Borrower in the principal amount of RMB57 million (equivalent to approximately HK$63 million) for a term of 2 years commencing from the Interest Calculation Date;
"Board"	the board of Directors;
"Borrower" or "Guizhou Liliang"	貴州力量能源有限公司 (Guizhou Liliang Energy Co., Ltd.), a company incorporated in the PRC with limited liability on 27 September 2011;
"Company"	Kinetic Development Group Limited (formerly known as Kinetic Mines and Energy Limited), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Connected Transaction"	the transaction under the Third Supplemental Agreement;
"Director(s)"	the director(s) of the Company;
"Group"	the Company and its subsidiaries;

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Interest Calculation Date"	the date on which the Loan is remitted to the bank account of the Borrower by the Lender;
"Kinetic (Qinhuangdao)" or "Lender"	力量(秦皇島)能源集團有限公司 (Kinetic (Qinhuangdao) Energy Group Ltd.) formerly known as 力量(秦皇島)能源有限公司 (Kinetic (Qinhuangdao) Energy Co., Ltd.), a company incorporated in the PRC with limited liability on 4 August 2011 and an indirect wholly-owned subsidiary of the Company;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Loan"	a loan of RMB57 million (equivalent to approximately HK$63 million) granted by the Lender to the Borrower pursuant to the 2020 Loan Agreement (as supplemented by the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement);
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"RMB"	Renminbi, the lawful currency of the PRC;
"Second Supplemental Agreement"	the second supplemental agreement to the 2020 Loan Agreement entered into between the Lender and the Borrower on 9 February 2024;
"Shareholder(s)"	holder(s) of share(s) of USD0.001 each in the share capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"substantial shareholder"	has the meaning ascribed to this term under the Listing Rules;
"Supplemental Agreement"	A supplemental agreement to the 2020 Loan Agreement entered into between the Lender and the Borrower on 23 December 2022;
"Third Supplemental Agreement"	the third supplemental agreement to the 2020 Loan Agreement entered into between the Lender and the Borrower on 22 December 2025;
"%"	per cent.

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK$ at the rate of RMB1 = HK$1.11. Such translations should not be construed as a presentation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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

Hong Kong, 22 December 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.