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力量发展
KINETIC DEVELOPMENT GROUP

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)

VOLUNTARY ANNOUNCEMENT

UPDATE ON YONG'AN COAL MINE AND WEIYI COAL MINE

Reference is made to the announcements of Kinetic Development Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 11 November 2024 in relation to the joint trial operations at the Yong'an Coal Mine (the "**Announcement**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In June 2022, the Group completed the acquisition of a 100% equity interest in Ningxia Kinetic Mining Co., Ltd. ("**Ningxia Kinetic**", formerly known as "**Ningxia Sunshine Mining Co., Ltd**."), thereby commencing the construction and operation of the Yong'an Coal Mine and the Weiyi Coal Mine under Ningxia Kinetic. The total acquisition consideration amounted to RMB3.122 billion, including the consideration for the equity interests of RMB758 million, the consideration for the creditor's rights of approximately RMB884 million, and the outstanding mining rights payment of RMB1.480 billion (of which the payment of RMB622 million, and the further default payment of mining rights and overdue payment fee of RMB858 million, are payable by installments over ten years from 2023). As at the date of this announcement, the Group's total investment in mine construction of the Yong'an Coal Mine and the Weiyi Coal Mine amounted to approximately RMB1.5 billion. As such, the total acquisition consideration and total investment in mine construction amounted to approximately RMB4.6 billion in aggregate, all of which was paid from the Group's own funds from accumulated profits over the years.

LATEST PROGRESS OF THE YONG'AN COAL MINE

The Yong'an Coal Mine is located in the Ningxia Hui Autonomous Region. The Yong'an Coal Mine spans approximately 6.5 kilometres from north to south and approximately 3.6 kilometres from east to west, encompassing a mining area of approximately 21.7 square kilometres. As at the date of this announcement, the total coal resources of the Yong'an Coal Mine amount to approximately 224 million tonnes, including indicated coal resources of approximately 63.22 million tonnes and inferred coal resources of approximately 161 million tonnes. The main coal types include fat coal, 1/3 coking coal and hard coking coal. The clean coal produced through the washing process is high-quality coking coal characterised by low ash content and high caking properties, and can be used as coal for coking, coking coal blending, power generation coal and coal liquefaction.

The Yong'an Coal Mine is an underground coal mine adopting a combined inclined shaft and vertical shaft development method, with a designed production capacity of 1.20 million tonnes per annum. The Yong'an Coal Mine is designed to adopt simultaneous production under the "two areas and two faces" model, namely that one fully mechanised mining face in each of the upper and lower coal seams will operate simultaneously to achieve the designed production capacity.

The latest updates of the Yong'an Coal Mine are as follows:

Operational Start-Up: The Yong'an Coal Mine entered the joint trial operations stage in November 2024. Currently, the extraction systems of the joint trial operation face in the lower coal group area are operating normally and all works are progressing in an orderly manner. The three downhill roadways in the upper coal mining area have substantially reached the bottom. It is expected that the construction of the upper coal seam system will be completed in the second half of 2026, upon which the mine will undergo comprehensive inspection and acceptance and obtain safety production permit. The Yong'an Coal Mine will then transform from the construction stage to the formal production stage.

Production Plan: For 2026, it is planned that one fully mechanised mining face in the lower coal group will be put into production, with a production capacity of approximately 500,000 tonnes of raw coal. For 2027, it is planned that one fully mechanised mining face in each of the upper and lower coal groups will produce simultaneously, reaching the production capacity of 1.20 million tonnes.

Coal Handling and Preparation Plant (CHPP): A large-scale coking coal handling and preparation plant with an annual processing capacity of 2.40 million tonnes has been constructed to support the production and operation of the Yong'an Coal Mine and the Weiyi Coal Mine and is already in operation. The plant adopts the world's most advanced combined process of heavy medium pressureless three-product separation + coarse coal slime separation + fine coal slime flotation. This process offers advantages such as a simplified flow, high separation precision, flexible product structure adjustment, low energy consumption and favourable economic benefits.

Mining costs: According to calculations based on the current trial production, the production cost of clean coal upon reaching full capacity is expected to be approximately RMB380/tonne. Upon reaching full production capacity, it is expected to generate substantial returns for the Company and its shareholders.

Ancillary Facilities: Ancillary facilities include a ventilation fan house, gas pumping station, loess grouting station, air compressor house, air heating chamber, boiler house, 35kV substation, mine water treatment station, mine fire-fighting water pool, main shaft collar house, auxiliary shaft hoisting machine house, integrated office building, bathhouse building, fully mechanised mining equipment warehouse, machine repair workshop and staff dormitories.



Panorama of the Yong'an Coal Mine

LATEST PROGRESS OF THE WEIYI COAL MINE

The Weiyi Coal Mine is located in the Ningxia Hui Autonomous Region. The Weiyi Coal Mine spans approximately 7.2 kilometres from north to south and approximately 3.8 kilometres from east to west, encompassing a mining area of approximately 26.7 square kilometres. As at the date of this announcement, the total coal resources of the Weiyi Coal Mine amount to approximately 119 million tonnes, including indicated coal resources of approximately 38.09 million tonnes and inferred coal resources of approximately 80.52 million tonnes. The main coal types include fat coal, 1/3 coking coal and hard coking coal. With superior coal quality characterized by exceptionally low ash and sulphur content in the washed clean coal, it serves as high-quality coking coal and can also be used as raw material coal for the chemical industry and thermal coal. The Weiyi Coal Mine initially produced hard coking coal, and with the change in mining depth and coal seams, the coal types shifted to 1/3 coking coal and fat coal.

The Weiyi Coal Mine is an underground coal mine developed by way of inclined shafts, with a designed production capacity of 900,000 tonnes per annum. The design contemplates the commencement of production with one fully mechanized mining face on each wing of the initial mining district, followed by simultaneous production from one fully mechanized mining face on each of the two wings of the mining district in the later stage to reach the designed production capacity.

The latest updates of the Weiyi Coal Mine are as follows:

Construction and Operation Plan: The various shaft construction works of the Weiyi Coal Mine are progressing smoothly. Phase I and Phase II of the shaft construction have been completed, while Phase III is currently under construction. It is expected that the shaft construction for the first fully mechanized mining face will be completed in the second half of 2026, marking the mine's entry into the joint trial operations stage. In 2027, the mine is expected to complete the joint acceptance inspection and obtain safety production permit, whereupon the Weiyi Coal Mine will transform from the construction stage to the formal production stage. It is expected that the second fully mechanized mining face will be completed and put into operation in the second half of 2027, enabling the mine to achieve simultaneous production from two fully mechanized mining faces and reach full capacity by 2028.

Mining costs: According to current initial calculations, the production cost of clean coal upon reaching full capacity is approximately RMB400/tonne. Upon reaching full production capacity, it will generate substantial returns for the Company and its shareholders.

Ancillary Facilities: Ancillary facilities include a ventilation fan house, gas pumping station, air compressor house, air heating chamber, 35kV substation, mine water treatment station, mine fire-fighting water pool, main shaft collar house, auxiliary shaft hoisting machine house, integrated office building, staff dormitories, and canteen, etc.



Panorama of Weiyi Coal Mine

FUTURE OUTLOOK

Regarding production, the Company's Yong'an Coal Mine is expected to officially commence formal production in the second half of 2026 and reach full production capacity in 2027. The shaft construction works of the Weiyi Coal Mine are expected to enter the joint trial operations stage in the second half of 2026 and reach full production capacity in 2028.

In terms of sales, the customers of the Yong'an Coal Mine and the Weiyi Coal Mine mainly include domestic enterprises engaged in coking, steel, coal chemical industry and power generation.

The above information is provided for illustrative purposes only and does not constitute any forecast or estimate of the Group's revenue or profit.

The smooth progress of various operations at the Yong'an Coal Mine and the Weiyi Coal Mine signifies that the strategic deployment of the Group in its principal coal business is accelerating. The official commencement of production of the Yong'an Coal Mine and the Weiyi Coal Mine in the future is expected to further enhance the Group's overall production capacity, optimize operational efficiency, and drive performance growth, thereby creating value for the Company and its shareholders. The Group will continue to adhere to the principles of safe production and sustainable development and promote the steady development of its business.

Shareholders and potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

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

Hong Kong, 18 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.