

Kinetic Development Announces 2023 Annual Results

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**Revenue amounting to RMB4.75 billion,
With industry-leading profitability.**

2023 Annual Results Financial Highlights:

- Revenue decreased by 22.9% to RMB4,745.1 million
- Gross profit decreased by 30.3% to RMB2,803.0 million; gross margin was 59.1%
- Profit attributable to equity shareholders of the Company decreased by 22.0% to RMB2,077.8 million, net margin was 43.7%
- Basic earnings per share amounted to RMB24.65 cents
- Proposed Final Dividend per share amounted to HK5.0 cents

(25 March 2024, Hong Kong) Kinetic Development Group Limited (“Kinetic Development”, together with its subsidiaries, the “Group”; stock code: 1277), a leading integrated coal enterprise in China, is pleased to announce its annual results for the year ended 31 December 2023.

In 2023, under the influence of several factors, the average coal market price experienced a downward pressure. Meanwhile, the coal mining works of Dafanpu Coal Mine of the Group in the first half of the year faced faults, fracture zones, increase in pressure in roof plate and a slow progression of mining, which resulted in a significant decrease in the production volume of coal in the first half of the year, and in turn resulted in a significant decrease in the sales volume of the coal of the Group during the same period. In response, the Group adopted effective measures in a proactive manner in the mining aspect, the production and operation have gradually resumed normal in May 2023. In the second half of the year, the Group focused on coal production and sales, successfully achieving the annual sales volume and revenue targets.

Through sound business strategies, the Group continues to bring relatively substantial profit returns to shareholders. During the reporting period, the group recorded total revenue of RMB4,745.1 million; the profit attributable to shareholders of the company was RMB2,077.8 million; the group's gross profit margin was 59.1%, and net margin 43.7%, maintaining a high level in the industry; earnings per share recorded RMB24.65 cents. The board of directors recommended paying a final dividend of HK5.0 cents per share to the company's shareholders.

Even in face of the pressure from the external markets and our own extraction conditions, the Group has always persisted in efforts to maximize final benefits. In 2023, the Group studied and estimated the market trends in a scientific way, flexibly deployed sales strategy based on the market conditions and the actual production of the Group, and grasped the opportunity to make delivery when the coal price was at a relatively high level. In addition, the Group initially tried a competitive bidding sales method, selling based on the best offers from customers. In 2023, the average selling price per tonne of the Group's 5,000 kcal low-sulfur environmentally friendly thermal coal amounted to approximately RMB802.0, representing a year-on-year decrease of approximately 20.0%, higher than the prevailing market price, with receivables collection ratio reaching 100.0%. In 2023, the Group continued to implement refined management, formulated and improved various systems in various operational aspects, and strived to control various management fees and costs, while continuing to enhance intelligent construction, reduce costs and increase efficiency, which effectively mitigated the effect of the decline of sales price on gross profit margin, which was of an industry-leading level.

In addition, Weiyi Coal Mine and Yong'an Coal Mine, which are operated by the Group and located in Ningxia Hui Autonomous Region, are currently under construction and are expected to be put into operation successively in the second half of 2024 and reach full capacity in 2026. The Group is able to tap into coking coal business, and further increase the production capacity of coking coal by 2.1 million tons per year, thus break through the limitations from operating a single coal mine with a single coal type, and the coal mine project in Ningxia is expected to be one of the main driving forces of the growth in results in the future.

The Group has always put safe production in top priority. The Group's Dafanpu Coal Mine in Inner Mongolia has been rated as "Coal Industry Premium Safe and Efficient Mine" by the China National Coal Association since 2014 and had maintained the honour of "Class A Coal Mine" for eight consecutive years since 2014. In 2023, Dafanpu Coal Mine successfully passed the acceptance of "National Class 1 Safe Production Standardized Mine" and "Intelligent Mining Process". The Group upholds the principles of green and sustainable development concepts. In 2023, the Dafanpu Coal Mine continued to maintain the national green mine honor, which fully reflected the comprehensive strengths of the Group on sustainable development of the coal industry. In recent years, the Group has successfully established an ecological industrial chain integrating agricultural product planting and livestock breeding in the mine reclamation area. On the basis of the steady operation of the principal business of coal, the Group will carry out the ancillary business of agriculture and animal husbandry to seek more profit returns for shareholders.

Mr. Ju Wenzhong, Chairman and Executive Director of Kinetic Development, said, "Looking forward to 2024, the Group will continue to implement the mine development philosophy of equal emphasis on safety, efficiency, and green environmental protection, deeply implement refined operation strategies, give full play to the advantages of its own low-sulfur, high-quality thermal coal brand product 'Kinetic 2', adapt to the market situation, and flexibly adjust sales rhythm and strategies. At the same time, the construction of Yong'an Coal Mine and Weiyi Coal Mine will be steadily promoted to effectively enhance the Group's operating efficiency. In the future, the Group will continue to uphold the principle of high-quality development, expand diversified ancillary businesses on the basis of the steady development of its main coal business, improve overall operating efficiency, and feedback to shareholders with excellent performance."

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About Kinetic Development Group Limited

Kinetic Development Group Limited is a leading integrated coal enterprise in China covering in coal production, washing, loading, transportation and coal trading. Well-established business segments throughout the industry chain can optimize the Group's profit. In addition, thanks to the Group's large capital investment in the previous years, its "Dafanpu" is built as one of best coal mine in terms of safety and efficiency in China. This ensures the Group's production costs per tonne maintained at the lowest industry level. By leveraging the competitive edge of low cost and industry chain owned by the Group, Kinetic Mines is able to maintain a strong cash flow and profit in current coal market.