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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)

MAJOR TRANSACTION THE PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN NINGXIA SUNSHINE

THE SHOUGANG ACQUISITION

Reference is made to the Company's announcement dated 27 January 2022, in relation to, among others, the acquisition of 49% equity interest in the Target Company from Sunshine Investment and the payment of a Security Deposit in relation to the Shougang Acquisition.

Subsequent to receiving the notification from the Beijing Equity Exchange to IM Kinetic that it was the successful bidder for the Shougang Sale Interest, IM Kinetic entered into a Property Rights Transfer Agreement with Shougang on 3 June 2022, pursuant to which Shougang has conditionally agreed to sell, and IM Kinetic has conditionally agreed to acquire, the Shougang Sale Interest and Shougang Loan for the consideration of respectively RMB380,000,000 and RMB876,424,614.5. In addition, upon Completion, IM Kinetic will be liable to pay a mining rights payment on behalf of the Target Company pursuant to the Property Rights Transfer Agreement, which payment, according to the Department, includes an outstanding mining rights payment (資源價款本金) of RMB622,000,000, a further default payment (滯納金) of RMB622,000,000 and an overdue payment fee (資金佔用費) of RMB236,000,000. As such, the total consideration payable by IM Kinetic for the Shougang Acquisition amounts to RMB2,736,424,614.5.

The Target Company is principally engaged in the business of construction of coal mine and sale of coal, iron alloy and steel. It operates the Target Mines in Ningxia Hui Autonomous Region, which have an aggregate annual production capacity of 2,100,000 tons. According to the Competent Person's Report, as at 1 May 2021, the Target Mines have a total mineral resource of 342.83 Mt, and have aggregate Indicated Resources and Inferred Resources of 101.31 Mt and 241.52 Mt respectively.

As at the date of this announcement, the Target Company is held as to 49% by IM Kinetic and as to 51% by Shougang. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the Shougang Acquisition is proposed to be made by the Group within a 12-month period after the Sunshine Acquisition, and the Relevant Acquisitions are both with respect to the acquisition of equity interest in the Target Company by IM Kinetic, the Relevant Acquisitions are aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Relevant Acquisitions, on an aggregate basis, is more than 25%, the Property Rights Transfer Agreement and the transactions contemplated thereunder are subject to the notification, announcement and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the purpose of approving, if thought fit, the Property Rights Transfer Agreement and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Property Rights Transfer Agreement and the Shougang Acquisition. As such, no Shareholder would be required to abstain from voting at the Company's EGM for the approval of the Shougang Acquisition.

GENERAL

A circular containing, among other things, (i) the particulars of the Shougang Acquisition and the Property Rights Transfer Agreement; (ii) further details of the Target Company, the Shougang Sale Interest, Target Mines and the Shougang Loan; (iii) the financial information of the Target Company; (iv) unaudited pro forma financial information of the Group; (v) the Valuation Report of the Target Company (inclusive of the Target Mines); (vi) a Competent Person's Report on the Target Mines; and (vii) such other information as required under the Listing Rules shall be dispatched to the Shareholders as soon as practicable, and is currently intended to be on or before 31 July 2022.

As Completion is subject to fulfilment or waiver (as the case may be) of the condition precedent to the Property Rights Transfer Agreement, the Shougang Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the Company's announcement dated 27 January 2022, in relation to, among others, the acquisition of 49% equity interest in the Target Company from Sunshine Investment and the payment of a Security Deposit in relation to the Shougang Acquisition.

Subsequent to receiving the notification from the Beijing Equity Exchange to IM Kinetic that it was the successful bidder for the Shougang Sale Interest, IM Kinetic entered into a Property Rights Transfer Agreement with Shougang on 3 June 2022, pursuant to which Shougang has conditionally agreed to sell, and IM Kinetic has conditionally agreed to acquire, the Shougang Sale Interest and Shougang Loan for the consideration of respectively RMB380,000,000 and RMB876,424,614.5. In addition, upon Completion, IM Kinetic will be liable to pay a mining rights payment on behalf of the Target Company pursuant to the Property Rights Transfer Agreement, which payment, according to the Department, includes an outstanding mining rights payment (資源價款本金) of RMB622,000,000, a further default payment (滯納金) of RMB622,000,000 and an overdue payment fee (資金佔用費) of RMB236,000,000. As such, the total consideration payable by IM Kinetic for the Shougang Acquisition amounts to RMB2,736,424,614.5.

THE SHOUGANG ACQUISITION

1. The Property Rights Transfer Agreement

The principal terms of the Property Rights Transfer Agreement are set out below:

Date:	3 June 2022
Parties:	(1) IM Kinetic (2) Shougang
Assets to be acquired:	Shougang Sale Interest and Shougang Loan.
Consideration for the Shougang Sale Interest:	The consideration for the Shougang Sale Interest is RMB380,000,000. The consideration for Shougang Sale Interest shall be paid by IM Kinetic to the designated bank account of the Beijing Equity Exchange within 5 business days after the effective date of the Property Rights Transfer Agreement.

In addition to the consideration for Shougang Sale Interest, IM Kinetic agrees to repay the Shougang Loan on behalf of the Target Company, which is inclusive of (i) the principal amount owed to Shougang and Shougang Mining Investment, being RMB709,449,451.12 and RMB141,650,532.2, respectively, (ii) the interest and additional amount attributed to the Target Company's daily operation since 1 October 2021 to 20 January 2022, being RMB10,435,833.39 and RMB2,982,459.97, owed to Shougang and Shougang Mining Investment respectively, and (iii) the interest accrued at the bank interest rate applicable to the period from 21 January 2022 to 3 June 2022, being RMB11,906,337.82, which includes the interest owed to Shougang and Shougang Mining Investment of RMB9,914,420.11 and RMB1,991,917.71 respectively.

Within 5 business days of the signing of the Property Rights Transfer Agreement, IM Kinetic shall pay the Shougang Loan to a designated account at a bank agreed by Shougang, Shougang Mining Investment and IM Kinetic. The amount paid by IM Kinetic shall be released to Shougang once the Registration is completed and the Shareholders have approved the Shougang Acquisition at the EGM.

Security Deposit:

Prior to signing of the Property Rights Transfer Agreement, IM Kinetic shall pay the Security Deposit of RMB100,000,000 to the designated bank account of the Beijing Equity Exchange as a guarantee of IM Kinetic's intention to purchase and/or participate in the bidding, and to indicate the credit standing and contractual capacity of IM Kinetic.

The Security Deposit shall form part of the consideration of the Shougang Sale Interest.

After the payment of the Security Deposit, Shougang has the right to retain the Security Deposit paid to the Beijing Equity Exchange if IM Kinetic terminates the transactions contemplated under the Property Rights Transfer Agreement for reasons related to IM Kinetic's insufficient understanding of the Target Company's debts, asset status or so forth.

Registration:

After IM Kinetic has paid the Shougang Loan to the designated account at a bank agreed by Shougang, Shougang Mining Investment and IM Kinetic, Shougang and IM Kinetic shall complete the relevant registration procedures to reflect the share transfer and change of legal representatives to IM Kinetic (the "**Registration**").

Liability for Breach:

After the Property Rights Transfer Agreement comes into effect, any party who proposes to terminate the contract without cause shall compensate to the other party 5% of the consideration of the Shougang Sale Interest as compensation, and shall further compensate any losses of the other party caused by the termination.

If IM Kinetic fails to pay the consideration timely under the Property Rights Transfer Agreement, it shall pay Shougang liquidated damages for its breach of contract. The liquidated damages are calculated based on five ten-thousandths of the overdue payment accrued on a daily basis during the overdue period. If the overdue period exceeds 10 business days, Shougang has the right to terminate the contract and retain the Security Deposit paid by IM Kinetic. The Security Deposit will first be used to pay the various service fees that should be collected by the Beijing Equity Exchange. The remaining amount will be used towards compensating Shougang. If the Security Deposit is insufficient to compensate Shougang's losses, Shougang may seek further remedies against IM Kinetic.

If IM Kinetic fails to repay the Shougang Loan as stipulated under the Property Rights Transfer Agreement, IM Kinetic shall pay liquidated damages to Shougang and Shougang Mining Investment, calculated based on five ten-thousandths of the overdue payment accrued on a daily basis during the overdue period.

In addition, IM Kinetic will be liable to pay, on behalf of the Target Company, an outstanding mining rights payment (資源價款本金) of RMB622,000,000, a further default payment (滯納金) of RMB622,000,000 and an overdue payment fee (資金佔用費) of RMB236,000,000 in relation to the Target Mines, owed by the Target Company to the Department of Natural Resources of Ningxia Hui Autonomous Region* (寧夏回族自治區自然資源廳) (“**the Department**”) after Completion. The Target Company will enter into a supplemental agreement with the Department and the relevant municipal government with respect to these payments, with the mining rights payment being payable within 6 months of the signing of this supplement agreement and the rest payable in installments over a 10-year period starting 2023.

The consideration for the Shougang Acquisition was arrived at after arm’s length negotiations between IM Kinetic and Shougang, which the Board considers are on normal commercial terms, with reference to, among other things, the preliminary valuation of the Target Company of not less than RMB1,000,000,000 on the basis of 100% equity interest as at 31 May 2022 determined by BAW, by way of discounted cash flow method of the income approach. The consideration of Shougang Loan is by reference to the outstanding unaudited indebtedness owing by the Target Company to Shougang and Shougang Mining Investment as at 3 June 2022. Since the discounted cash flow method of the income approach was adopted in the preparation of the Valuation Report, such valuation constitutes profit forecasts under Rule 14.61 of the Listing Rule and the Company will make a further announcement in due course. The Company intends to finance the Shougang Acquisition partly by internal resources of the Company and partly through borrowings from independent third party(ies).

INFORMATION ON THE TARGET COMPANY AND THE TARGET MINES

The Target Company is a limited liability company established in the PRC on 29 December 2006. The Target Company is principally engaged in the business of construction of coal mine and sale of coal, iron alloy and steel. It operates the Target Mines in Ningxia Hui Autonomous Region, which have an aggregate annual production capacity of 2,100,000 tons. According to the Competent Person’s Report, as at 1 May 2021, the Target Mines have a total mineral resource of 342.83 Mt, and have aggregate Indicated Resources and Inferred Resources of 101.31 Mt and 241.52 Mt, respectively.

According to the management accounts of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards, (i) the net loss before and after taxation and extraordinary items for the 12 months from 1 January 2020 to 31 December 2020 was RMB47,870,000; and (ii) the net loss before and after taxation and extraordinary items for the 12 months from 1 January 2021 to 31 December 2021 was RMB47,472,000. The total assets and net liability value of the Target Company as at 31 December 2021 were approximately RMB926,822,000 and RMB1,316,639,000, respectively.

The Weiyi Mine, owned and operated by the Target Company, includes the mining license (license number: C1000002012061130126020) issued by the Ministry of Land and Resources of PRC on 26 June 2012. The address registered with the mining license is Floor 10–11, Industrial and Commercial Bank of China, No. 126, Yumin East Road, Wuzhong City, Ningxia. Weiyi Mine extracts coal using the method of underground mining. According to the Competent Person's Report, the Weiyi Mine's production scale is 900,000 tons per year, with a mining area of 26.6589 km² and valid mining rights from 20 April 2012 to 20 April 2032.

The Yongan Mine, owned and operated by the Target Company, includes the mining license (license number: C1000002012061130126021) issued by the Ministry of Land and Resources of PRC on 26 June 2012. The address registered with the mining license is No. 10–11 floors of Industrial and Commercial Bank of China, 126 Yumin East Road, Wuzhong City, Ningxia. Yongan Mine extracts coal using the method of underground mining. According to the Competent Person's Report, the Yongan Mine's production scale is 1.2 million tons per year, with a mining area of 21.6826 km² and valid mining rights from 22 March 2012 to 22 March 2032.

The Target Mines are located approximately 120 km south-east of Yinchuan, the capital city of Ningxia Hui Autonomous Region, in the PRC. The mining licenses for the Target Mines are adjacent and cover an area of 21.6826 km² and 26.6589 km², respectively. Sunshine Investment initiated construction in 2009 with the main drifts completed to 1,623 m (three drifts) in Yongan Mine and 1,729 m in Weiyi Mine. All construction activities ceased in 2010 due to the local government suspending all the coal mine construction activity in this region.

As at the date of this announcement, the Target Company is held as to 49% by IM Kinetic and as to 51% by Shougang. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

INFORMATION ON THE PARTIES INVOLVED

IM Kinetic is an indirect wholly-owned subsidiary of the Company. The Group is principally engaged in the extraction and sales of coal products.

Sunshine Investment principally engages in the real estate investment, leasing of own properties, asset management, business management and investment consultancy. Sunshine Investment is a limited liability company established in the PRC and is held as to 99% by Shanghai Manhou Asset Management Co., Ltd.* (上海滿厚資產管理有限公司) and as to 1% by Shanghai Sunshine Investment (Group) Co., Ltd.* (上海陽光投資(集團)有限公司). Shanghai Manhou Asset Management Co., Ltd.* is wholly owned by Shanghai Beijin Enterprise Management Co., Ltd.* (上海備錦企業管理有限公司) which is held as to 99%

by Mr. Yu Yong and as to 1% by Mr. Shen Guihua. Shanghai Sunshine Investment (Group) Co., Ltd.* is wholly owned by Mr. Hou Yufeng.

Shougang is a solely state-owned company established in the PRC. It is wholly-owned by the State-owned Capital Operation and Management Center of Beijing, which is wholly-owned by the State-owned Assets Supervision and Administration Commission of Beijing. Shougang principally engages in (i) construction, geological examination, transportation, foreign trade, telecommunications, finance and insurance, scientific research and comprehensive technical services, domestic commerce, public catering, material supply and marketing, warehousing, real estate, residential services, consulting services, leasing, agriculture, forestry, animal husbandry and fishery; (ii) authorized operation and management of state-owned assets; (iii) design, production and publication of television or print advertisements through self-owned television stations and self-owned publications; (iv) sewage treatment, recycling and seawater desalination; (v) literary and artistic creation and performance, such as sports project management, stadium management, and Internet information services; and (vi) municipal solid waste treatment.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Sunshine Investment and Shougang and their respective beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SHOUGANG ACQUISITION

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

The Target Mines are in possession of the relevant mining licenses for the period of 20 years from 2012 to 2032 issued by the Ministry of Land and Resources of PRC. The Target Mines have a general mining area of 21.6826 km² and 26.6589 km², respectively. The estimate total mineral resource of the Target Mines (subject to the opinion of technical advisers) is not less than 342.83 Mt. The aggregate annual production capacity of the Target Mines is 2,100,000 tons per year.

Upon Completion, the Company would be the sole owner and operator of the Target Mines. Subject to further due diligence to be conducted by IM Kinetic on the Target Mines, the Directors are of the view that the Shougang Acquisition, if materialized, will mark a significant step to enhance the Group's principal coal business and promote the Group's coal sales layouts in Northern China. The Board is of the view that the Relevant Acquisitions would allow the Group to operate and construct the Target Mines in line with its long-term development goal and will realize the Group's strategy in diversifying its coal sales offering such that the Group could develop, construct and extract coal resources from the Target Mines for sales to its customers upon Completion.

Taking into account (i) the prospect of the coal mining, construction and sales industry in the PRC; (ii) the synergy effect of coal mining and coal sales operation; and (iii) the continuous, long-term and steady growth of the energy sector in the PRC, the Board is of the view that the terms of the Shougang Acquisition are fair and reasonable and in the interest of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Shougang Acquisition is proposed to be made by the Group within a 12-month period after the Sunshine Acquisition, and the Relevant Acquisitions are both with respect to the acquisition of equity interest in the Target Company by IM Kinetic, the Relevant Acquisitions are aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Relevant Acquisitions, on an aggregate basis, is more than 25%, the Property Rights Transfer Agreement and the transactions contemplated thereunder are subject to the notification, announcement and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the purpose of approving, if thought fit, the Property Rights Transfer Agreement and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Property Rights Transfer Agreement and the Shougang Acquisition. As such, no Shareholder would be required to abstain from voting at the Company's EGM for the approval of the Shougang Acquisition.

GENERAL

A circular containing, among other things, (i) the particulars of the Shougang Acquisition and the Property Rights Transfer Agreement; (ii) further details of the Target Company, the Shougang Sale Interest, Target Mines and the Shougang Loan; (iii) the financial information of the Target Company; (iv) unaudited pro forma financial information of the Group; (v) the Valuation Report of the Target Company (inclusive of the Target Mines); (vi) a Competent Person's Report on the Target Mines; and (vii) such other information as required under the Listing Rules shall be dispatched to the Shareholders as soon as practicable, and is currently intended to be on or before 31 July 2022.

As Completion is subject to fulfilment or waiver (as the case may be) of the condition precedent to the Property Rights Transfer Agreement, the Shougang Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“BAW”	BAW Mineral Partners Limited, the independent valuer engaged by the Company;
“Beijing Equity Exchange”	The China Beijing Equity Exchange* (北京產權交易所), an entity approved by the People’s Government of Beijing Municipality to transact state-owned equity in the PRC;
“Board”	the board of Directors;
“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;
“Competent Person”	a person that satisfies the requirements under Rules 18.21 and 18.22 of the Listing Rules;
“Competent Person’s Report”	the public report prepared by a Competent Person in compliance with rules 18.18 to 18.33 of the Listing Rules and the applicable reporting standard dated 1 May 2021;
“Completion”	completion of the Shougang Acquisition;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the director(s) of the Company;
“EGM”	extraordinary general meeting;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HS Sunshine”	Hengsheng Sunshine Xindi (Beijing) Real Estate Co., Ltd* (恆盛陽光鑫地(北京)置業有限公司) (formerly known as Beijing Sunshine Xindi Zhiye Co., Limited* (北京陽光鑫地置業有限公司)), a limited liability company established in the PRC on 25 February 2003;

“IM Kinetic”	Inner Mongolia Zhunge’er Kinetic Coal Limited* (內蒙古准格爾旗力量煤業有限公司), a PRC company incorporated on 22 December 2006 and the Company’s indirect wholly-owned subsidiary;
“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules;
“Indicated Resource”	that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence;
“Inferred Resource”	that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence, sampling and assumed but not verified geological and/or grade continuity;
“JORC Code”	Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists, and the Minerals Council of Australia in September 1999 and revised in December 2012;
“km”	kilometers;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Measured Resource”	that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence;
“Mt”	megaton, equivalent to 1 million (10 ⁶) tons, or 1 billion (10 ⁹) kilograms;
“PRC”	The People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Property Rights Transfer Agreement”	The agreement entitled property rights transfer agreement* (產權交易合同) (as supplemented by various supplemental rights transfer agreements) entered into between IM Kinetic and Shougang regarding the acquisition of 51% equity interest in the Target Company from Shougang;

“Registration”	as defined in the section headed “The Shougang Acquisition — Registration” in this announcement;
“Relevant Acquisitions”	the Sunshine Acquisition and Shougang Acquisition;
“RMB”	Renminbi, the lawful currency of the PRC;
“Security Deposit”	the Security Deposit of RMB100,000,000 payable by IM Kinetic to Beijing Equity Exchange;
“Share(s)”	ordinary share(s) with a nominal value of US\$0.001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of share(s) of US\$0.001 each in the share capital of the Company;
“Share Transfer Agreement”	the share transfer agreement dated 27 January 2022 entered into between IM Kinetic and Sunshine Investment in relation to the sale and purchase of the Sunshine Sale Interest and Sunshine Loan;
“Shougang”	Shougang Group Co., Ltd* (首鋼集團有限公司), a Chinese state-owned company established in the PRC;
“Shougang Acquisition”	the proposed acquisition of the 51% equity interest of the Target Company by IM Kinetic from Shougang pursuant to the Property Rights Transfer Agreement;
“Shougang Loan”	The debt in the amount of (i) the principal amount owed to Shougang and Shougang Mining Investment by the Target Company, being RMB709,449,451.12 and RMB141,650,532.2, respectively, (ii) the interest and additional amount attributed to the Target Company’s daily operation since 1 October 2021 to 20 January 2022 owed to Shougang and Shougang Mining Investment, being RMB10,435,833.39 and RMB2,982,459.97 respectively, and (iii) the interest accrued at the bank interest rate applicable to the period from 21 January 2022 to 3 June 2022, being RMB11,906,337.82, which includes the interest owed to Shougang and Shougang Mining Investment of RMB9,914,420.11 and RMB1,991,917.71 respectively;

“Shougang Mining Investment”	Beijing Shougang Mining Investment Co., Ltd (北京首鋼礦業投資有限責任公司), a limited liability company established in the PRC on 1 December 2003, an indirect wholly owned subsidiary of Shougang;
“Shougang Sale Interest”	the 51% equity interest of the Target Company held by Shougang;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to this term under the Listing Rules;
“Sunshine Acquisition”	the acquisition of the 49% equity interest of the Target Company by IM Kinetic from Sunshine Investment pursuant to the Share Transfer Agreement;
“Sunshine Investment”	China Sunshine Investment Co., Limited* (中國陽光投資集團有限公司), a limited liability company established in the PRC;
“Sunshine Loan”	the debt in an amount of RMB7,350,000 owed by the Target Company to Sunshine Investment, the annual accrued interest of 7% of the debt owed by the Target Company to HS Sunshine pursuant to a Loan Agreement, and all obligations, liabilities and debts owing or incurred by the Target Company thereunder on or at any time prior to the completion of the Share Transfer Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on completion of the Share Transfer Agreement;
“Sunshine Sale Interest”	the 49% equity interest of the Target Company held by Sunshine Investment;
“Target Company” or “Ningxia Sunshine”	Ningxia Sunshine Mining Co., Ltd.* (寧夏陽光礦業有限公司), a limited liability company established in the PRC on 29 December 2006;
“Target Mines”	Weiyi Mine and Yongan Mine, both being coal mines, with a total mineral resource of 342.83 Mt, and with their aggregate Indicated Resources and Inferred Resources being 101.31 Mt and 241.52 Mt, respectively;

“US\$”	United States dollar, the lawful currency of United States;
“Valuation Report”	the public valuation report prepared by BAW in compliance with Rule 18.34 of the Listing Rules and the JORC Code;
“Weiyi Mine”	Weiyi Mine Field of Weizhou Mining Area of Ningxia Sunshine Mining Co., Ltd.*(寧夏陽光礦業有限公司韋州礦區韋一井田), including the mining license (license number: C1000002012061130126020) issued by the Ministry of Land and Resources of PRC on 26 June 2012;
“Yongan Mine”	Yongan Coal Mine of Ningxia Sunshine Mining Co., Ltd.*(寧夏陽光礦業有限公司永安煤礦), including the mining license (license number: C1000002012061130126021) issued by the Ministry of Land and Resources of PRC on 26 June 2012;
“%”	per cent.

* *The English translation of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

By Order of the Board
Kinetic Development Group Limited
Zhang Li
Chairman and Executive Director

Hong Kong, 5 June 2022

As at the date of this announcement, the Board comprises seven directors, of whom three are executive directors, namely Mr. Zhang Li (Chairman), Mr. Ju Wenzhong (Chief Executive Officer), Mr. Li Bo; 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.