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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 PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN NINGXIA SUNSHINE

SUPPLEMENTAL ANNOUNCEMENT

(1) WRITTEN SHAREHOLDERS' APPROVAL

AND

(2) APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH RULE 14.41(A) OF THE LISTING RULES

Reference is made to the announcements of the Company dated 27 January 2022 (the “**January Announcement**”) and 3 June 2022 (the “**June Announcement**”) in relation to the acquisition of equity interest in Ningxia Sunshine (collectively the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as defined in the Announcements.

WRITTEN SHAREHOLDERS' APPROVAL

As disclosed in the June Announcement, the Company originally intended to convene an EGM to approve the Property Rights Transfer Agreement and the transactions contemplated thereunder.

Considering that to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company was to convene an EGM to approve the above-mentioned matters, after discussions with the Company's major Shareholders, including King Lok Holdings Limited (“**King Lok**”) (which is owned as to 100% by Mr. Zhang Liang, Johnson) and Mr. Zhang Li, holding 5,307,450,000 and 943,314,000 Shares, representing approximately 62.96% and 11.19% of the issued share capital of the Company respectively (representing approximately 74.15%

in aggregate of the entire issued share capital of the Company) as at the date of the Announcements and this announcement, with a view to complete the Shouguang Acquisition and put the Target Mines into operation under the management and control of the Group as soon as practicable for the benefit of the Company and its Shareholders as a whole, on 23 June 2022, both King Lok and Mr. Zhang Li have given their respective approval of the Property Rights Transfer Agreement and the transactions contemplated thereunder in writing.

The Directors consider that Mr. Zhang Liang, Johnson and Mr. Zhang Li constitute a closely allied group of Shareholders for the purposes of Rules 14.44(2) and 14.45 of the Listing Rules, given that Mr. Zhang Liang, Johnson, is the son of Mr. Zhang Li, and that both were former directors of the Company for more than 10 years.

As the conditions set out in Rule 14.44 of the Listing Rules have been satisfied, no EGM will be convened to approve the Property Rights Transfer Agreement and the transactions contemplated thereunder.

APPLICATION OF WAIVER FROM STRICT COMPLIANCE WITH RULE 14.41(A) OF THE LISTING RULES

As stated in the June Announcement, 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; (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 (the "**Circular**").

Pursuant to Rule 14.41(a) of the Listing Rules, since the Property Rights Transfer Agreement and the transactions contemplated thereunder have been approved by way of written shareholders' approval in lieu of holding of the EGM, the Company shall dispatch the Circular to the Shareholders within 15 business days after the publication of the announcement of the Shougang Acquisition dated 3 June 2022, i.e. by 24 June 2022. As additional time is required to prepare the financial and other information to be included in the Circular, the Company has applied for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and an extension of time to dispatch the Circular on or before 31 July 2022.

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

Hong Kong, 24 June 2022

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.