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If you are in any doubt as to any aspect of this circular or as to any action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kinetic Development Group Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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)

PROPOSAL FOR

- (1) DECLARATION AND PAYMENT OF FINAL DIVIDEND**
 - (2) RE-ELECTION AND ELECTION OF DIRECTORS**
 - (3) GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES**
 - AND**
 - (4) NOTICE OF ANNUAL GENERAL MEETING**
-

A notice convening the AGM of Kinetic Development Group Limited to be held at Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, Guangdong Province, PRC on Monday, 30 May 2022 at 10:30 a.m. is set out on pages 18 to 23 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). Whether or not you are able to attend such meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 10:30 a.m. 28 May 2022) before the time appointed for the holding of such meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting at such meeting or any adjourned meeting thereof should you so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.kineticme.com).

References to time and dates in this circular are to Hong Kong time and dates.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (1) Compulsory temperature screening/checks
- (2) Wearing of surgical face mask
- (3) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) to (2) above may be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the AGM in person.

3 May 2022

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PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

With the outbreak and spreading of the COVID-19 pandemic and the heightened requirements for the prevention and control of its spreading, to safeguard the health and safety of Shareholders who might be attending the AGM in person, the Company will implement the following precautionary measures at the AGM.

Voting by proxy in advance of the AGM: The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19 pandemic. For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy instead of attending the AGM in person. Physical attendance is not necessary for the purpose of exercising Shareholder rights. **Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should they subsequently so wish.**

The deadline to submit completed forms of proxy is 10:30 a.m., 28 May 2022. Completed forms of proxy must be returned to the Hong Kong Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (the “**Hong Kong Share Registrar**”) at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Shareholders are strongly encouraged to cast their votes by submitting a form of proxy and appointing the Chairman of the AGM as their proxy.

To safeguard the health and safety of Shareholders who might be attending the AGM in person, the Company will also implement the following measures at the AGM:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the main door of Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, Guangdong Province, PRC (the “**AGM venue**”). Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the AGM venue and be requested to leave the AGM venue.
- (2) Every attendee will be required to wear a surgical face mask throughout the AGM and sit at a safe distance from other attendees. Please note that no masks will be provided at the AGM venue and attendees should bring and wear their own masks.
- (3) No refreshments or drinks will be provided to attendees at the AGM.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

- (4) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the government and/or regulatory authorities, or as considered appropriate in light of the development of the Covid-19 pandemic.

Attendees are requested to observe and practise good personal hygiene at the times at the AGM venue. To the extent permitted under law, the Company reserves the right to deny entry of any person into the AGM venue or require any person to leave the AGM venue so as to ensure the health and safety of the attendees at the AGM.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong and mainland China, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company's website at www.kineticme.com for future announcements and updates on the AGM arrangements.

Appointment of proxy by non-registered Shareholders: non-registered Shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

If Shareholders have any questions relating to the AGM, please contact the Hong Kong share registrar of the Company as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Telephone: +852 2862 8555
Facsimile: +852 2865 0990
Website: www.computershare.com.com/hk/contact

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

| | |
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| “AGM” | the annual general meeting of the Company to be held at Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, Guangdong Province, PRC on Monday, 30 May 2022 at 10:30 a.m. |
| “Articles” | the articles of association of the Company as amended from time to time |
| “Board” | the board of Directors |
| “BVI” | the British Virgin Islands |
| “Close Associates” | has the meaning ascribed thereto in the Listing Rules |
| “Company” | Kinetic Development Group Limited, a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of the Stock Exchange |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules and for the purposes of this circular, means each of King Lok and Mr. Zhang Liang, Johnson |
| “Director(s)” | the director(s) of the Company |
| “Final dividend” | the proposed final dividend of HK\$0.065 per Share as proposed by the Board on 28 April 2022 |
| “General Mandate” | a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares in the manner as set out in resolution no. 9(1) in the notice of the AGM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

DEFINITIONS

| | |
|---------------------------|---|
| “King Lok” | King Lok Holdings Limited, a BVI business company incorporated under the laws of BVI on 9 December 2009 and a Controlling Shareholder |
| “Latest Practicable Date” | 28 April 2022, being the latest practicable date before the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” or “China” | The People’s Republic of China, which for the purposes of this circular excludes Hong Kong, Macau Special Administrative Region and Taiwan Region |
| “Repurchase Mandate” | a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares in the manner as set out in resolution no. 9(2) in the notice of the AGM |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of nominal value of US\$0.001 each in the capital of the Company |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Buy-backs |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “US\$” | US dollars, the lawful currency of the United States of America |
| “%” | percent |

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Li (*Chairman*)
Mr. Zhang Liang, Johnson
Mr. Ju Wenzhong (*Chief Executive Officer*)

Non-executive Director:

Ms. Zhang Lin

Independent Non-Executive Directors:

Ms. Liu Peilian
Mr. Zheng Ercheng
Ms. Xue Hui

Registered Office:

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal Place of Business in Hong Kong:

Unit B, 20/F
Two Chinachem Plaza
68 Connaught Road Central
Hong Kong

Dear Sir/Madam,

PROPOSAL FOR
(1) DECLARATION AND PAYMENT OF FINAL DIVIDEND
(2) RE-ELECTION AND ELECTION OF DIRECTORS
(3) GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES
AND
(4) NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the forthcoming AGM in relation to proposal for (i) the declaration and payment of a final dividend, (ii) the re-election and election of Directors, and (iii) the granting of the General Mandate and the Repurchase Mandate. A notice of the AGM is set out on pages 18 to 23 of this circular.

LETTER FROM THE BOARD

DECLARATION AND PAYMENT OF FINAL DIVIDEND

In the annual results announcement of the Company on 28 April 2022, the Board proposed and recommended to pay a final dividend of HK\$0.065 per Share, payable to Shareholders of the Company whose names appear on the register of members of the Company on 14 June 2022, subject to the Shareholder's approval at the AGM. The final dividend, if approved, is expected to be paid in cash on or before Thursday, 30 June 2022.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY FOR ATTENDING THE AGM

The register of members of the Company will be closed from Wednesday, 25 May 2022 to Monday, 30 May 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the AGM, all transfer instruments accompanied by the relevant share certificates must be lodged by holders of the Shares with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 24 May 2022.

RE-ELECTION AND ELECTION OF DIRECTORS

Directors to be re-elected

In accordance with Article 108(a) and 112 of the Articles, Mr. Zhang Li and Ms. Xue Hui will retire at the AGM, and being eligible, will offer themselves for re-election at the AGM.

LETTER FROM THE BOARD

Directors to be elected

Mr. Zheng Ercheng will also retire from the office of independent non-executive Director at the AGM, but will not offer himself for re-election. It is therefore proposed to seek the Shareholder's approval at the AGM for the election of Mr. Chen Liangnuan as the new independent non-executive Director.

Mr. Zheng Ercheng confirms that, in relation to his proposed retirement, he has no disagreement with the Board and there are no other matters that need to be brought to the attention of the Shareholders and/or the Stock Exchange. The nomination committee of the Company and the Board nominated Mr. Chen Liangnuan to be elected as the new independent non-executive Director in place of Mr. Zheng Ercheng following his retirement from the office of independent non-executive Director at the AGM. Mr. Chen has given a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board and the nomination committee of the Company both determined that Mr. Chen meets the criteria of independence expected of an independent non-executive Director under Rule 3.13 of the Listing Rules and has the character, integrity, independence and experience required to fulfil and discharge the role and duties of an independent non-executive Director in the event that he is elected at the AGM.

The Board and the nomination committee of the Company will take into account whether a Director candidate has the qualifications, skills, experience and diversity that add to and complement the range of skills, experience and background of the existing Directors and consider the ethics and integrity of the candidates, the achievement and competence in the candidate's field and the ability to exercise sound business judgment, with the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem to be in the best interests of the Company and the Shareholders. Having considered the above, and noting Mr. Chen's notable industry experience in the engineering and construction sector, the Board is of the view that Mr. Chen's appointment as an independent non-executive Director will provide valuable and diverse views, as well as relevant insights to the Board and contribute to the diversity of the Board.

The nomination committee and the Board also propose to elect Mr. Li Bo, currently a member of the senior management team of the Group, as an executive Director at the AGM.

LETTER FROM THE BOARD

Subject to Shareholders' approval at the AGM, the Company will enter into an appointment letter with Mr. Chen Liangnuan for an initial term of 3 years. If elected, Mr. Chen will be subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles and the Listing Rules. Mr. Chen will be entitled to a director's fee of RMB350,000 per annum, which is determined by the Board with recommendations from the remuneration committee of the Company with reference to his responsibilities, experience and market rate of director's fees of listed companies of comparable size of operations.

Subject to Shareholders' approval at the AGM, the Company will enter into a director service contract with Mr. Li Bo for an initial term of 3 years. If elected, Mr. Li will be subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles and the Listing Rules. Mr. Li will be entitled to a fixed director's remuneration of RMB700,000 per annum and a discretionary bonus, which is determined by the Board with recommendations from the remuneration committee of the Company with reference to his responsibilities, experience and market rate of director's remuneration of listed companies of comparable size of operations.

Information required to be disclosed under the Listing Rules in relation to the Director to be re-elected and proposed to be elected is set out in Appendix I to this circular.

GENERAL MANDATE AND REPURCHASE MANDATE

By resolutions of the Shareholders passed on 20 May 2021, the Directors were granted general mandates to issue Shares and to repurchase Shares. Each such mandate will expire at the conclusion of the forthcoming AGM.

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any Shares, approval is sought from the Shareholders, pursuant to the Listing Rules, for granting of the General Mandate. In this regard, an ordinary resolution set out as resolution no. 9(1) in the notice of the AGM will be proposed at the AGM to grant the General Mandate to the Directors to allot and issue new Shares up to an amount not exceeding 20% of the number of issued shares of the Company as at the date of the passing of the resolution. In addition, subject to a separate approval under ordinary resolution no. 9(3), the number of issued shares purchased by the Company under ordinary resolution no. 9(2) will also be added to the 20% general mandate as mentioned in the ordinary resolution no. 9(1).

In accordance with the Listing Rules, the Company may not make a new issue of Shares or announce a proposed new issue of Shares for a period of 30 days after any purchase by it of Shares, whether on the Stock Exchange or otherwise, other than an issue of securities pursuant to

LETTER FROM THE BOARD

the exercise of warrants, share options or similar instruments requiring the Company to issue securities which were outstanding prior to that purchase of its own securities, without the prior approval of the Stock Exchange.

At the AGM, another ordinary resolution set out as resolution no. 9(2) in the notice of the AGM will be proposed to the Shareholders that the Directors be granted a Repurchase Mandate to repurchase Shares up to 10% of the number of issued shares of the Company as at the date of the passing of the resolution. An explanatory statement as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM.

NOTICE OF AGM

The AGM will be held at Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, Guangdong Province, PRC on Monday, 30 May 2022 at 10:30 a.m., at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider the proposed declaration and payment of the final dividend, the proposed re-election and election of the Directors and the proposed grant to the Directors of the General Mandate and the Repurchase Mandate. The notice of AGM is set out on pages 18 to 23 of this circular.

VOTING PROCEDURES

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions will be put to vote by way of poll at the AGM. An announcement on the poll results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

PROXY

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.kineticme.com). Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's

LETTER FROM THE BOARD

Road East, Wanchai, Hong Kong not less than 48 hours (i.e. 10:30 a.m. 28 May 2022) before the time appointed for holding the AGM or any adjournment thereof. The completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM or any adjourned meeting should you so desire.

RECOMMENDATION

The Board believes that the resolutions set out in the notice of AGM including the proposed declaration and payment of the final dividend, the proposed re-election and election of Directors and the proposed granting of the General Mandate and the Repurchase Mandate are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of all the ordinary resolutions as set out in the notice of the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Your attention is drawn to additional information as set out in the Appendices.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

3 May 2022

The particulars of Mr. Zhang Li and Ms. Xue Hui who will offer themselves for re-election at the AGM, and Mr. Chen Liangnuan and Mr. Li Bo, who are proposed to be elected as Directors at the AGM, are disclosed pursuant to Rule 13.74 of the Listing Rules as follows:

I. PROPOSED FOR RE-ELECTION

1. Mr. Zhang Li

Mr. Zhang Li (張力), aged 69, the founder of our Group, has been the chairman and an executive Director of our Company since 6 March 2012. Mr. Zhang is responsible for our Group's overall business strategy and corporate development. Mr. Zhang is the father of Mr. Zhang Liang, Johnson and the brother of Ms. Zhang Lin.

Prior to founding our Company, Mr. Zhang was the secretary of the Youth League Committee of Guangzhou Second Light Industry Bureau (廣州市二輕局), the head of production department of Guangzhou Baiyun District Rural Enterprise Administration (廣州市白雲區鄉鎮企業管理局), the general manager of Guangzhou Meihuacun Hotel (廣州市梅花村酒店) and Guangzhou Tianli Property Development Corp. (廣州天力房地產開發公司), the predecessor of Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司) (Stock Code: 2777), a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), respectively. As one of the co-founders and controlling shareholders of Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司), he is currently its chief executive officer and one of the co-chairmen and executive directors. Mr. Zhang is a member of the 11th, 12th and 13th National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會), the chairman of the China Real Estate Chamber of Commerce (全國工商聯房地產商會) and a director and a part-time professor of Jinan University (暨南大學) in China.

Mr. Zhang has renewed his service contract with the Company for an initial fixed term of three years with effect from 6 March 2021 and he is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles and the Listing Rules. Mr. Zhang is entitled to a fixed director's remuneration of RMB3,000,000 per annum. His remuneration is determined by the Board having regard to his duties and responsibilities.

As at the Latest Practicable Date, Mr. Zhang is interested in 946,114,000 Shares for the purpose of Part XV of the SFO.

2. Ms. Xue Hui

Ms. Xue Hui, age 66, has been an independent non-executive Director of the Company since 22 April 2016. She has extensive experience in the construction and real estate industries. She acquired a certificate of Intermediate Economist in 2003, and served as the department head of the personnel office of Guangzhou Municipal Farm Administration (廣州市農場管理局) from 1974 to 1993, the deputy general manager of Guangzhou Sino Properties Development Company Ltd (廣州信和房地產開發有限公司) from 1994 to 2003 and the general manager of Chongqing R&F Properties Development Company Ltd (重慶富力城地產開發有限公司) from 2003 to 2015.

Ms. Xue is an independent non-executive director, the chairman of the remuneration committee, a member of the nomination committee of the Group. Save as disclosed above, Ms. Xue does not hold any other position in the Company or its subsidiaries nor any directorship in other listed public company in Hong Kong or overseas in the last three years prior to the Latest Practicable Date.

Ms. Xue has renewed her contract with the Company for an initial fixed term of three years with effect from 22 April 2022 and she is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles and the Listing Rules. Under the letter of appointment, Ms. Xue is entitled to a fixed director's fee of RMB350,000 per annum since 1 October 2021. Her remuneration is determined by the Board having regard to her duties and responsibilities.

Save as disclosed above, Ms. Xue does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (within the meaning of Part XV of the SFO) of the Company as at the Latest Practicable Date.

II. PROPOSED FOR ELECTION

1. Mr. Li Bo

Mr. Li Bo, age 40, is nominated by the Board to stand for election as an executive Director of the Company at the AGM.

Mr. Li is the vice president of the Group and the chairman of Inner Mongolia Zhunge'er Kinetic Coal Limited (內蒙古准格爾旗力量煤業有限公司), and is mainly responsible for the comprehensive planning and the management of the overall operations of the Group's Dafanpu Coal Mine. After joining the Group in October 2006, he held a number of roles as manager and various management positions in the Group. He graduated from the University of Science and

Technology Beijing (北京科技大學) in 2004 with a bachelor's degree in management, and obtained a professional certificate of mining engineering from China University of Mining and Technology (中國礦業大學) in 2016. Mr. Li obtained the title of Intermediate Registered Safety Engineer in November 2020 and the title of Senior Economist in December 2021.

Subject to his successful election, Mr. Li will be appointed as an executive Director for an initial term of 3 years commencing from his date of election. The term of service of Mr. Li is subject to retirement by rotation at the annual general meetings of the Company at least once every 3 years in accordance with the Articles and the Listing Rules. Mr. Li is entitled to receive a fixed director's remuneration of RMB700,000 per annum and a discretionary bonus, which was recommended by the remuneration committee and determined by the Board as authorized by the Shareholders at the AGM, with reference to his responsibilities, experience and market rate of director's remuneration of listed companies of comparable size of operation.

As at the Latest Practicable Date, Mr Li is interested in 1,886 Shares for the purpose of Part XV of the SFO.

Save as disclosed above, Mr. Li (i) does not have any relationships with any Directors, senior management, substantial or controlling shareholders (as defined under the Listing Rules) of the Company; (ii) does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (within the meaning of Part XV of the SFO) of the Company as at the date of this circular; (iii) has not held any position of the Company or any of its subsidiaries; and (iv) has not held directorship in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

2. Mr. Chen Liangnuan

Mr. Chen Liangnuan, age 72, is nominated by the Board to stand for election as an Independent Non-executive Director of the Company at the AGM. Immediately following his successful appointment as Director, he will act as a member of each of the audit committee and the nomination committee of the Board.

Mr. Chen is currently a vice president and director of Guangzhou Tianli Construction Engineering Company Limited (廣州天力建築工程有限公司), a subsidiary of Guangzhou R&F Properties Co., Ltd., a company listed on the Stock Exchange (Stock Code: 2777). He was previously a director of another company, Hainan Fuli Tropical Agriculture Development Limited (海南富力熱帶農業發展有限公司). He has extensive experience in the construction and

engineering sector. Mr. Chen graduated from University of Donghua with a diploma of Mechanical Engineering in 1977. Mr. Chen is also a holder of a safety production assessment certificate (level-A certificate).

Subject to his successful election, Mr. Chen will be appointed as an independent non-executive Director of the Company for an initial term of 3 years commencing from his date of election. The term of service of Mr. Chen is subject to retirement by rotation at the annual general meetings of the Company at least once every 3 years in accordance with the Articles and the Listing Rules. Mr. Chen is entitled to receive a director's fee of RMB350,000 per annum which was recommended by the remuneration committee and determined by the Board as authorized by the Shareholders at the AGM, with reference to his responsibilities, experience and market rate of director's fees of listed companies of comparable size of operation.

Save as disclosed above, Mr. Chen (i) does not have any relationships with any Directors, senior management, substantial or controlling shareholders (as defined under the Listing Rules) of the Company; (ii) does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (within the meaning of Part XV of the SFO) of the Company as at the date of this circular; (iii) has not held any position with the Company or any of its subsidiaries; and (iv) has not held directorship in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there are no other matters that are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders or the Stock Exchange.

This Appendix serves as the explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide you with the information necessary for your consideration of the Repurchase Mandate to be granted to the Directors.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 8,430,000,000 Shares.

Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 843,000,000 Shares (representing not more than 10% of the number of issued shares of the Company as at the date of passing the resolution to approve the Repurchase Mandate).

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders that they should have a general authority from the Shareholders to enable the Company to repurchase the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the applicable laws and regulations of the Cayman Islands, any repurchase by the Company may be made out of the profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles and subject to the applicable laws and regulations of the Cayman Islands, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be

purchased must be provided for out of profits of the Company or from sums standing to the credit of the Company's share premium account or, if authorised by the Articles and subject to the provisions of the applicable laws and regulations of the Cayman Islands, out of capital.

On the basis of the current financial position of the Company as disclosed in its annual results announcement on 28 April 2022 and taking into account the Company's current working capital position, the Directors consider that, if the Repurchase Mandate is exercised in full, it may have a material adverse effect on the Company's working capital and/or gearing position as compared with the position disclosed in this annual results announcement. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applied, they will exercise the Repurchase Mandate in accordance with the Listing Rules and applicable laws and regulations of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their Close Associates, currently intends to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No core connected person (as defined in the Listing Rules) have notified the Company that he or she has a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, King Lok directly held 5,307,450,000 Shares, representing an effective interest of approximately 62.96% in the issued share capital of the Company. Mr. Zhang Liang, Johnson, by virtue of his interest in King Lok, was deemed to be interested in the said 5,307,450,000 Shares. King Lok is held as to 100% by Mr. Zhang Liang, Johnson. Accordingly, each of King Lok and Mr. Zhang Liang, Johnson is interested in 5,307,450,000 Shares, representing an effective interest of approximately 62.96% in the issued share capital of the Company.

In the event that the Directors should exercise in full the Repurchase Mandate, the effective interests of King Lok in the issued share capital of the Company would be increased to approximately 69.95%, and the effective interests of Mr. Zhang Liang, Johnson in the issued share

capital of the Company would be increased to approximately 69.95%. The Directors have no present intention to repurchase the Shares to the extent it will trigger the obligations under the Takeovers Code for King Lok or Mr. Zhang Liang, Johnson to make a mandatory offer. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases made under the Repurchase Mandate.

The Listing Rules prohibit a company from repurchase of shares on the Stock Exchange if the result of the repurchase would be that the Company's public float will fall below 25%. The Directors do not intend to repurchase Shares to such an extent that the public float of the Company will fall below 25%.

SHARE PRICES

The highest and lowest traded prices for Shares recorded on the Stock Exchange in each of the last twelve months were as follows:

| Month | Highest HK\$ | Lowest HK\$ |
|---|-------------------------|------------------------|
| 2021 | | |
| May | 0.620 | 0.520 |
| June | 0.610 | 0.510 |
| July | 0.610 | 0.580 |
| August | 0.740 | 0.590 |
| September | 0.840 | 0.640 |
| October | 0.750 | 0.650 |
| November | 0.670 | 0.540 |
| December | 0.590 | 0.480 |
| 2022 | | |
| January | 0.550 | 0.485 |
| February | 0.640 | 0.570 |
| March | 0.630 | 0.510 |
| April (up to the Latest Practicable Date) | 0.690 | 0.590 |

No repurchase of Shares has been made by the Company in the six months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of Kinetic Development Group Limited (the “**Company**”) will be held at Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, Guangdong Province, PRC on Monday, 30 May 2022 at 10:30 a.m. (the “**Annual General Meeting**”) for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the auditors of the Company for the year ended 31 December 2021.
2. To declare a final dividend of HK\$0.065 per share for the year ended 31 December 2021 (the “**Final Dividend**”).
3. To re-elect Mr. Zhang Li as an executive director of the Company.
4. To re-elect Ms. Xue Hui as an independent non-executive director of the Company.
5. To elect Mr. Li Bo as an executive director of the Company.
6. To elect Mr. Chen Liangnuan as an independent non-executive director of the Company.
7. To authorise the board of directors to fix the remuneration of the directors of the Company (the “**Directors**”).
8. To re-appoint KPMG as the auditors of the Company and to authorise the board of Directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

9. To consider, and if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:

(1) “**THAT:**

- (a) subject to paragraph (c) below and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such securities in the capital of the Company, and to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrant or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; or (iii) the exercise of any options under any share option scheme or similar arrangement for the time being adopted for the grant or issue of Shares or right to acquire shares of the Company; or (iv) the exercise of any rights under the bonds, warrants and debentures convertible into shares of the Company, shall not exceed 20 per cent of the number of issued shares of the Company as at the date of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by applicable law or the articles of association of the Company to be held; or
- iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company on the register of shareholders of the Company on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(2) “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with Cayman Islands law and all applicable laws and/or the Listing Rules or the rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of the shares to be repurchased by the Directors pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the number of issued shares of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by applicable law or the articles of association of the Company to be held; or
- iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

(3) “**THAT:**

conditional upon the passing of Ordinary Resolutions No. 9(1) and 9(2) as set out in the notice convening this meeting, the general unconditional mandate granted to the Directors pursuant to Ordinary Resolution No. 9(1) as set out in the notice convening this meeting be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the shares repurchased by the Company pursuant to the authority to repurchase shares granted pursuant to Ordinary Resolution No. 9(2) as set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the number of issued shares of the Company in issue as at the date of this resolution.”

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

Hong Kong, 3 May 2022

As at the date of this notice, the Board of the Company comprises seven directors, of whom three are executive Directors, namely Mr. Zhang Li (Chairman), Mr. Zhang Liang, Johnson and Mr. Ju Wenzhong (Chief Executive Officer); one is a non-executive Director, namely Ms. Zhang Lin, and three are independent non-executive Directors, namely Ms. Liu Peilian, Mr. Zheng Ercheng and Ms. Xue Hui.

Notes:

1. Resolution numbered 9(3) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 9(1) and 9(2) are passed by the shareholders.
2. The register of members of the Company will be closed from Friday, 10 June 2022 to Tuesday, 14 June 2022 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to the proposed final dividend. To qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 9 June 2022.
3. The register of members of the Company will be closed from Wednesday, 25 May 2022 to Monday, 30 May 2022 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to attending and voting at the forthcoming AGM. In order to be entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for

NOTICE OF ANNUAL GENERAL MEETING

registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 24 May 2022.

4. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
5. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. In accordance with Article 108(a) and 112 of the Articles, Mr. Zhang Li and Ms. Xue Hui will retire at the AGM, and being eligible, will offer themselves for re-election at the AGM. Mr. Zheng Ercheng will also retire from the office of independent non-executive Director at the AGM, but will not offer himself for re-election. It is therefore proposed to seek the Shareholder's approval at the AGM for the election of Mr. Chen Liangnuan as the new independent non-executive Director. Particulars of the said retiring Directors and the new candidates proposed for election are set out in the Appendix I to the circular to the shareholders of the Company dated 3 May 2022.