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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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF TARGET PROPERTIES AND EQUITY INTERESTS

References are made to (i) the announcement of the Company dated 1 December 2023 (the “**Announcement**”) in relation to the acquisition of Target Properties and 100% equity interests in Taiyuan Hetai; and (ii) the circular of the Company dated 30 September 2022 (the “**Circular**”) in relation to the Supplemental Agreement. Unless otherwise stated, terms defined in the Announcement and the Circular shall have the same meanings when used in this supplemental announcement.

In relation to the Announcement, the Board would like to provide the further information as follows:

REGISTRATION OF THE TARGET PROPERTIES

As disclosed in the Announcement, the overall progress of the property registration procedures in relation to the Target Properties has been significantly delayed. Such delay in registration is mainly due to the reasons that (i) the Target Properties are subject to mortgages which have not been discharged; and (ii) the construction of some of the Target

Properties has not yet been completed. Details of the status of the registration procedures for the Target Properties, including the Terminated Properties, are set out below:

	Location	Registration of the Conclusion of Construction Works	Mortgage status	Whether a Terminated Property
Properties sold by Vendor 1	Wuhan, Hubei Province	Completed in 2020	Not yet discharged	77 units were terminated for sale (88 units in total)
Properties sold by Vendor 2	Qingdao, Shandong Province	Not yet completed — under construction	Not yet discharged	No
Properties sold by Vendor 3	Jingmen, Hubei Province	Completed in 2020	Not yet discharged	Yes
Properties sold by Vendor 4	Zhongshan, Guangdong Province	Completed in 2011	Not yet discharged	No
Properties sold by Vendor 5	Wuxi, Jiangsu Province	Completed in 2019	Not yet discharged	Yes
Properties sold by Vendor 6	Zunyi, Guizhou Province	One commercial unit is under construction and the other one was completed in 2022	Not yet discharged	No

In respect of the registration procedures for the Target Properties, the Supplemental Agreement provides that the Vendors are obliged to complete these procedures so as to transfer the title of the Target Properties to the Purchaser within 180 days after the date on which (i) registration of the completion of the construction works, and/or (ii) discharge of the mortgages in relation to the Target Properties, is completed (such time period the “**180-day Period**”).

Given that the discharge of the mortgages in relation to the Target Properties has not occurred yet so that the 180-day Period has not started counting, after consulting its legal advisers, the Company considers it difficult to claim a breach of contractual obligations on the part of the Vendors in this respect. This said, to protect and safeguard its interests, the Company has engaged in arm’s length negotiations with the Vendors and secured 100% equity interest in Taiyuan Hetai for the Equity Consideration by way of the Acquisition, which consideration shall be set off against the Paid Amount in relation to the Terminated Properties.

BENEFITS OF THE ACQUISITION OF TAIYUAN HETAI

As disclosed in the Announcement, Taiyuan Hetai principally engages in real estate development and sales business and the Company could benefit from the future operation and management of Taiyuan Hetai through the Ziteng Project.

The Ziteng Project is located in Taiyuan Hi-Tech Industrial Development Zone (太原高新技術產業開發區). The Ziteng Project comprises 12 buildings for commercial use, and ground-level shops and underground garages. It is adjacent to the airport, railway station, and a subway station under construction. It is currently under construction and is expected to be completed by the end of 2024. The Company plans to sell the commercial buildings, together with the ground-level shops and underground garages, to generate income in the form of sale proceeds.

THE EXPECTED DATE OF DISPATCH OF THE CIRCULAR

The circular is currently expected to be dispatched to the Shareholders on or before 20 May 2024 (the “**Expected Dispatch Date**”), to allow sufficient time for the preparation of the relevant information for inclusion in the circular, including but not limited to the valuation report the valuation basis date of which is expected to be further updated, and the letter from the Independent Financial Adviser.

THE NET ASSET VALUE OF TAIYUAN HETAI

The net assets of Taiyuan Hetai as of 31 August 2023 was approximately RMB170,791,000.

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

Hong Kong, 12 December 2023

As at the date of this announcement, the board of directors of the Company 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.