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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)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF MAOMING SHENGDA AND MAOMING SHENGCHENG

INTRODUCTION

References are made to the announcements of the Company dated 2 May 2022, 12 July 2022, 1 December 2023, 12 December 2023, 7 February 2024, 3 June 2024, 6 June 2024 and 6 September 2024 (the “**Announcements**”), and to the circulars of the Company dated 30 September 2022 and 21 February 2024 (the “**Circulars**”).

On 29 April 2022, the Original Vendors entered into the 2022 Property Purchase Agreement with Kinetic Qinhuangdao, an indirect wholly-owned subsidiary of the Company, pursuant to which the Original Vendors agreed to sell, and Kinetic Qinhuangdao agreed to purchase, the Original Properties for the consideration of RMB769,014,000.

On 12 July 2022, Kinetic Qinhuangdao entered into the Supplemental Agreement with the Vendors and the 2022 Terminated Vendors, pursuant to which, among others, the Vendors agreed to sell, and Kinetic Qinhuangdao agreed to purchase, the 2022 Adjusted Properties, which represented an adjustment to the scope of the Original Properties, for the consideration of RMB809,480,000. In addition, pursuant to the Supplemental Agreement, the rights and obligations between the 2022 Terminated Vendors and Kinetic Qinhuangdao under the 2022 Property Purchase Agreement are terminated with effect from the date of the Supplemental Agreement, which effectively replaced the 2022 Property Purchase Agreement.

On 1 December 2023, Kinetic Qinhuangdao entered into the Second Supplemental Agreement with the Vendors and Taiyuan Hetai, pursuant to which, among others, (i) the 2023 Terminated Properties would no longer be sold to Kinetic Qinhuangdao; and (ii) Wuxi Shidi (Vendor 5) has agreed to sell, and Kinetic Qinhuangdao has agreed to acquire, 100% equity interests in Taiyuan Hetai for the consideration of RMB220,000,000, and Wuxi Shidi and Kinetic Qinhuangdao have entered into a share transfer agreement detailing the terms of acquisition of 100% equity interests in Taiyuan Hetai. Accordingly, the Second Supplemental Agreement removed the 2023 Terminated Properties from the scope of the properties to be acquired by Kinetic Qinhuangdao from the Vendors. The acquisition of Taiyuan Hetai contemplated under the Second Supplemental Agreement has been completed on 3 June 2024.

On 6 June 2024, Kinetic Qinhuangdao entered into the Third Supplemental Agreement with the 2024 Agreement Vendors and Guangzhou Hengyi, pursuant to which, among others, (i) Guangzhou Hengyi transferred the 2024 Target Properties to Kinetic Qinhuangdao for a total consideration of RMB45,000,000, which has been completed as at the date of this announcement; (ii) the 2024 Terminated Properties would no longer be sold to Kinetic Qinhuangdao; and (iii) the rights and obligations between the 2024 Agreement Vendors and Kinetic Qinhuangdao in respect of the 2024 Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement and the Second Supplemental Agreement) are terminated with effect from the date of the Third Supplemental Agreement. The income tax of RMB4,184,000 payable by Guangzhou Hengyi for the acquisition of the 2024 Target Properties has been paid by Kinetic Qinhuangdao, and has been deducted from the total consideration of RMB45,000,000 such that the net consideration payable by Kinetic Qinhuangdao for the acquisition of the 2024 Target Properties became RMB40,816,000.

On 6 September 2024, Kinetic Qinhuangdao entered into the Fourth Supplemental Agreement with the 2024 Adjusted Properties Vendors, the Company, Seedland Smart Service and Mr. Zhang Liang, Johnson, pursuant to which, among others, (i) the 2024 Further Terminated Properties would no longer be sold to Kinetic Qinhuangdao; and (ii) the rights and obligations between the 2024 Adjusted Properties Vendors and Kinetic Qinhuangdao in respect of the 2024 Further Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) are terminated with effect from the date of the Fourth Supplemental Agreement. On the same date, the Company, Seedland Smart Service and Seedlife entered into the Seedlife Share Purchase Agreement, pursuant to which, among others, the Company (either directly or through its affiliate) agreed to acquire, and Seedland Smart Service agreed to sell 100% equity interests of Seedlife for a total consideration of RMB423,000,000. The Company will convene an extraordinary general meeting for the Independent Shareholders to consider and approve, if thought fit, the Seedlife Share Purchase Agreement and the Seedlife Acquisition.

As at the date of this announcement, Kinetic Qinhuangdao has already paid RMB803,000,000 (inclusive of value-added tax) to the Vendors for the purchase of 2024 Adjusted Target Properties, among which the consideration paid for the 2024 Third Tranche Terminated Properties amounts to approximately RMB57,990,000 (the “**2024 Third Tranche Terminated Properties Paid Amount**”) and which the registrations of the properties with the total consideration of approximately RMB542,184,000 have not yet been completed.

ACQUISITION OF MAOMING SHENGDA AND MAOMING SHENGCHENG

The Board is pleased to announce that, on 1 November 2024 (after trading hours), Kinetic Qinhuangdao and Zhuhai Seedland entered into the Maoming Share Transfer Agreement, pursuant to which, among others, Kinetic Qinhuangdao agreed to acquire, and Zhuhai Seedland agreed to sell, 100% equity interests of each of Maoming Shengda and Maoming Shengcheng for a total consideration of RMB70,000,000 (the “**Equity Consideration**”). The income tax of RMB12,250,000 payable by Zhuhai Seedland for the Maoming Acquisition will be paid by Kinetic Qinhuangdao, and has been deducted from the total consideration of RMB70,000,000 such that the payable consideration for the Maoming Acquisition becomes RMB57,750,000 (the “**Payable Consideration**”). The Payable Consideration shall be fully set off by the 2024 Third Tranche Terminated Properties Paid Amount.

In addition, on the same date, Kinetic Qinhuangdao entered into the Fifth Supplemental Agreement with Vendor 2 and Vendor 4 (the “**2024 Further Adjusted Properties Vendors**”) as well as Zhuhai Seedland, pursuant to which, among others, (i) the 2024 Third Tranche Terminated Properties would no longer be sold to Kinetic Qinhuangdao; and (ii) the rights and obligations between the 2024 Further Adjusted Properties Vendors and Kinetic Qinhuangdao in respect of the 2024 Third Tranche Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) are terminated with effect from the date of the Fifth Supplemental Agreement.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Maoming Acquisition are more than 5% but less than 25%, the Maoming Acquisition constitutes a discloseable transaction, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the 2024 Further Adjusted Properties Vendors and Zhuhai Seedland are ultimately beneficially owned by Mr. Zhang Liang, Johnson as to respectively 100% (with regards to Vendor 4); 90% (with regards to Vendor 2); and 100% (with regards to Zhuhai Seedland). As at the date of this announcement, Mr. Zhang Liang, Johnson is interested in 62.96% shares of the Company held through King Lok Holdings Limited, the controlling shareholder of the Company, by reason of being a settlor of the Zhang Family Overseas Limited, a discretionary family trust for the benefit of himself and his family members. As such, the 2024 Further Adjusted Properties Vendors and Zhuhai Seedland are associates of Mr. Zhang Liang, Johnson, and thus connected persons of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Maoming Acquisition are more than 5%, the Maoming Acquisition constitutes a connected transaction of the Company, and is subject to the announcement, annual reporting, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Maoming Share Transfer Agreement and the Maoming Acquisition are subject to approval by the Shareholders at the EGM and a resolution will be proposed to the Shareholders for their consideration and approval, if thought fit. King Lok Holdings Limited, of which Mr. Zhang Liang, Johnson is interested by way of being a settlor of the Zhang Family Overseas Limited, Mr. Zhang Li and their respective associates will abstain from voting at the EGM. The Independent Board Committee will be formed to advise the Independent Shareholders in respect of the Maoming Share Transfer Agreement and the Maoming Acquisition. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) further details of the Maoming Share Transfer Agreement and the Maoming Acquisition; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Maoming Share Transfer Agreement and the Maoming Acquisition; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Maoming Share Transfer Agreement and the Maoming Acquisition; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as possible and is currently expected to be on or before 17 January 2025, to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As the completion of the Maoming Acquisition is subject to the Independent Shareholders' approval, the Maoming Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

References are made to the Announcements and the Circulars.

On 29 April 2022, the Original Vendors entered into the 2022 Property Purchase Agreement with Kinetic Qinhuangdao, an indirect wholly-owned subsidiary of the Company, pursuant to which the Original Vendors agreed to sell, and Kinetic Qinhuangdao agreed to purchase, the Original Properties for the consideration of RMB769,014,000.

On 12 July 2022, Kinetic Qinhuangdao entered into the Supplemental Agreement with the Vendors and the 2022 Terminated Vendors, pursuant to which, among others, the Vendors agreed to sell, and Kinetic Qinhuangdao agreed to purchase, the 2022 Adjusted Properties, which represented an adjustment to the scope of the Original Properties, for the consideration of RMB809,480,000. In addition, pursuant to the Supplemental Agreement, the rights and obligations between the 2022 Terminated Vendors and Kinetic Qinhuangdao under the 2022 Property Purchase Agreement are terminated with effect from the date of the Supplemental Agreement, which effectively replaced the 2022 Property Purchase Agreement.

On 1 December 2023, Kinetic Qinhuangdao entered into the Second Supplemental Agreement with the Vendors and Taiyuan Hetai, pursuant to which, among others, (i) the 2023 Terminated Properties would no longer be sold to Kinetic Qinhuangdao; and (ii) Wuxi Shidi (Vendor 5) has agreed to sell, and Kinetic Qinhuangdao has agreed to acquire, 100% equity interests in Taiyuan Hetai for the consideration of RMB220,000,000, and Wuxi Shidi and Kinetic Qinhuangdao have entered into a share transfer agreement detailing the terms of acquisition of 100% equity interests in Taiyuan Hetai. Accordingly, the Second Supplemental Agreement removed the 2023 Terminated Properties from the scope of the properties to be acquired by Kinetic Qinhuangdao from the Vendors. The acquisition of Taiyuan Hetai contemplated under the Second Supplemental Agreement has been completed on 3 June 2024.

On 6 June 2024, Kinetic Qinhuangdao entered into the Third Supplemental Agreement with the 2024 Agreement Vendors and Guangzhou Hengyi, pursuant to which, among others, (i) Guangzhou Hengyi transferred the 2024 Target Properties to Kinetic Qinhuangdao for a total consideration of RMB45,000,000, which has been completed as of the date of this announcement; (ii) the 2024 Terminated Properties would no longer be sold to Kinetic Qinhuangdao; and (iii) the rights and obligations between the 2024 Agreement Vendors and Kinetic Qinhuangdao in respect of the 2024 Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement and the Second Supplemental Agreement) are terminated with effect from the date of the Third Supplemental Agreement. The income tax of RMB4,184,000 payable by Guangzhou Hengyi for the acquisition of the 2024 Target Properties has been paid by Kinetic Qinhuangdao, and has been deducted from the total consideration of RMB45,000,000 such that the net consideration payable by Kinetic Qinhuangdao for the acquisition of the 2024 Target Properties became RMB40,816,000.

On 6 September 2024, Kinetic Qinhuangdao entered into the Fourth Supplemental Agreement with the 2024 Adjusted Properties Vendors, the Company, Seedland Smart Service and Mr. Zhang Liang, Johnson, pursuant to which, among others, (i) the 2024 Further Terminated Properties would no longer be sold to Kinetic Qinhuangdao; and (ii) the rights and obligations between the 2024 Adjusted Properties Vendors and Kinetic Qinhuangdao in respect of the 2024 Further Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) are terminated with effect from the date of the Fourth Supplemental Agreement. On the same date, the Company, Seedland Smart Service and Seedlife entered into the Seedlife Share Purchase Agreement, pursuant to which, among others, the Company (either directly or through its affiliate) agreed to acquire, and Seedland Smart Service agreed to sell 100% equity interests of Seedlife for a total consideration of RMB423,000,000. The Company will convene an extraordinary general meeting for the Independent Shareholders to consider and approve, if thought fit, the Seedlife Share Purchase Agreement and the Seedlife Acquisition.

As at the date of this announcement, Kinetic Qinhuangdao has already paid RMB803,000,000 (inclusive of value-added tax) to the Vendors for the purchase of 2024 Adjusted Target Properties, among which the consideration paid for the 2024 Third Tranche Terminated Properties amounts to approximately RMB57,990,000 and which the registrations of the properties with the total consideration of approximately RMB542,184,000 have not yet been completed.

ACQUISITION OF MAOMING SHENGDA AND MAOMING SHENGCHENG

The Board is pleased to announce that, on 1 November 2024 (after trading hours), Kinetic Qinhuangdao and Zhuhai Seedland entered into the Maoming Share Transfer Agreement, pursuant to which, among others, Kinetic Qinhuangdao agreed to acquire, and Zhuhai Seedland agreed to sell, 100% equity interests of each of Maoming Shengda and Maoming Shengcheng for a total consideration of RMB70,000,000.

The principal terms of the Maoming Share Transfer Agreement are set out below:

Date:	1 November 2024
Parties:	(i) Kinetic Qinhuangdao (the “ Buyer ”) (ii) Zhuhai Seedland (the “ Seller ”)
Assets to be Acquired:	100% equity interests of each of Maoming Shengda and Maoming Shengcheng

**Consideration and
Payment Terms:**

The total consideration for the Maoming Acquisition is RMB70,000,000, among which the consideration for acquisition of Maoming Shengda amounts to RMB47,850,000 and the consideration for acquisition of Maoming Shengcheng amounts to RMB22,150,000. The income tax of RMB12,250,000 payable by Zhuhai Seedland for the Maoming Acquisition will be paid by Kinetic Qinhuangdao, and has been deducted from the total consideration of RMB70,000,000 such that the Payable Consideration for the Maoming Acquisition becomes RMB57,750,000.

The Payable Consideration shall be fully set off by the 2024 Third Tranche Terminated Properties Paid Amount.

Closing:

Subject to the closing conditions specified in the Maoming Share Transfer Agreement having been waived or satisfied, the completion of the Maoming Acquisition (the “**Closing**”) shall take place on the date when the registration with competent authorities of the transfer of the 100% equity interests of both Maoming Shengda and Maoming Shengcheng from Zhuhai Seedland to Kinetic Qinhuangdao is completed.

Conditions Precedent to Closing:

Completion of the Maoming Acquisition is conditional upon various conditions having been fulfilled, or waived by Kinetic Qinhuangdao including, among others:

- (i) all necessary approvals and consents required for the consummation of the Maoming Acquisition shall have been obtained;
- (ii) the freeze and pledge of the equity interests of Maoming Shengda and Maoming Shengcheng shall have been released;
- (iii) Kinetic Qinhuangdao shall have completed the due diligence with respect to Maoming Shengda and Maoming Shengcheng (including but not limited to financial, legal and business due diligence), and shall be satisfied with the outcome of such due diligence.

Key Representations and Warranties:

Zhuhai Seedland represents and warrants to Kinetic Qinhuangdao that multiple statements under the Maoming Share Transfer Agreement are true, accurate, complete and not misleading as of the closing date of the Maoming Acquisition, including, among others, (i) the equity interests of Maoming Shengda and Maoming Shengcheng held by Zhuhai Seedland are free and clear of all encumbrances of any kind other than those disclosed to Kinetic Qinhuangdao as of the signing date of the Maoming Share Transfer Agreement; (ii) the information relating to Maoming Shengda and Maoming Shengcheng (including but not limited to the financial statements, properties, assets, contracts, qualifications, litigation, arbitration, administrative penalties, labor and tax) disclosed by Zhuhai Seedland to Kinetic Qinhuangdao is true, accurate, complete and effective; and (iii) each of the representations and warranties contained in the Maoming Share Transfer Agreement is true, accurate, complete and not misleading in all material aspects.

In addition, on the same date, Kinetic Qinhuangdao entered into the Fifth Supplemental Agreement with the 2024 Further Adjusted Properties Vendors as well as Zhuhai Seedland, pursuant to which, among others, (i) the 2024 Third Tranche Terminated Properties would no longer be sold to Kinetic Qinhuangdao; (ii) the rights and obligations between the 2024 Further Adjusted Properties Vendors and Kinetic Qinhuangdao in respect of the 2024 Third Tranche Terminated Properties under the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement) are terminated with effect from the date of the Fifth Supplemental Agreement; (iii) the amount equaling to the 2024 Third Tranche Terminated Properties Paid Amount minus the Payable Consideration shall be considered as the payment for the 2024 Adjusted Target Properties (excluding the 2024 Third Tranche Terminated Properties); and (iv) the Equity Consideration shall be subject to adjustment if the actual total debt amount of Maoming Shengda and Maoming Shengcheng, as audited by the accounting firm appointed by Kinetic Qinhuangdao, is larger than the debt amount provided to Kinetic Qinhuangdao for the purpose of valuation and 2024 Further Adjusted Properties Vendors shall provide additional properties to Kinetic Qinhuangdao. The adjusted Equity Consideration shall be calculated as below:

Adjusted Equity Consideration = RMB70,000,000 – extra debt amount.

In the event that the Company fails to obtain all necessary approvals for the Maoming Share Transfer Agreement and the Maoming Acquisition (including but not limited to the approvals of the Shareholders and the Stock Exchange (if needed)) or the Closing does not take place by 30 June 2025, the Maoming Share Transfer Agreement and the Fifth Supplemental Agreement shall be terminated.

Scope of the 2024 Third Tranche Terminated Properties

Pursuant to the Fifth Supplemental Agreement, the scope of the 2024 Third Tranche Terminated Properties is set out below:

Properties of Vendor 4

No.	Location	Property Title Certificate No.	Area (Square Meter)	Use	Mortgage Status
1	Commercial Building 1, Lily Garden, Bo Ai Avenue, Zhongshan Torch Development Zone	Guangdong Land Properties No. C6707072	1,746.03	Commercial	Yes
2	Room 15, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006410	117.19	Commercial	Yes
3	Room 2, 2nd Floor, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006424	1,577.68	Commercial	Yes
Total			3,440.90		

Information on the 2024 Adjusted Target Properties

After excluding the 2024 Third Tranche Terminated Properties, the 2024 Adjusted Target Properties are as follows:

Properties of Vendor 2

No.	Location	Property Title Certificate No.	Area (Square Meter)	Use	Mortgage Status	Remarks
1	Land no. 66, Tian Yun Shan 3th Avenue, Aoshanwei Street Office, Ji Mo District*(即墨區)	Shandong (2019) Ji Mo City Property Title No. 0002182	8,661.29	Commercial	Yes	Building 3 201-209, 301-309, 401-409, 501-509, 601-609, 701-709, 801-809, 901-909, 1001-1009, 1101-1109, 1201-1209.
2	Land no. 66-3, Tian Yun Shan 3th Avenue, Aoshanwei Street Office, Ji Mo District*(即墨區)	Shandong (2019) Ji Mo City Property Title No. 0002184	11,650.57	Commercial	Yes	Building 6 401-415, 1101-1128, 1201-1228, 1301-1328, 1401-1428, 1501-1528, 1601-1628, 1701-1707, 1710-1728, 501-528.
Total			20,311.86			

Properties of Vendor 4

No.	Location	Property Title Certificate No.	Area (Square Meter)	Use	Mortgage Status
1	Room 5, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006377	124.52	Commercial	Yes
2	Room 13, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006406	184.44	Commercial	Yes
3	Room 16, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006412	143.06	Commercial	Yes
4	Room 19, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006417	144.37	Commercial	Yes
5	Room 7, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006386	134.46	Commercial	Yes
6	Room 10, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006401	179.08	Commercial	Yes
7	Room 11, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006402	180.11	Commercial	Yes
8	Room 18, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006415	44.81	Commercial	Yes
9	Room 1, 2nd Floor, Tower 3, Lily Garden, No. 113 Bo Ai 7th Avenue, Zhongshan Torch Development Zone	Guangdong Land Zhongshan Properties Title No.0112006420	1,870.93	Commercial	Yes
Total			3,005.78		

BASIS OF DETERMINATION OF CONSIDERATION FOR MAOMING ACQUISITION

The consideration for the Maoming Acquisition was arrived at after arm's length negotiations between the Group and Zhuhai Seedland with reference to, among other things, the valuation of 100% equity interests of Maoming Shengda and Maoming Shengcheng of RMB52,255,000 and RMB24,190,000, respectively, as at 30 September 2024 according to the valuation report prepared by Asia-Pacific Consulting and Appraisal Limited, the independent valuer appointed by the Company, using the asset-based approach. A total consideration of RMB70,000,000 represents a discount of 8.43% on the total valuations of both Maoming Shengda and Maoming Shengcheng.

INFORMATION ON MAOMING SHENGDA AND MAOMING SHENGCHENG

Maoming Shengda is a limited liability company incorporated in the PRC and is currently held directly by Zhuhai Seedland as to 100%. It principally engages in real estate development and operation in the PRC.

Maoming Shengcheng is a limited liability company incorporated in the PRC and is currently held directly by Zhuhai Seedland as to 100%. It principally engages in real estate development and operation in the PRC.

Set out below are the financial information of each of Maoming Shengda and Maoming Shengcheng as extracted from its unaudited management accounts for the years ended 31 December 2023 and 2022:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	<i>Net loss before taxation (RMB)</i>	<i>Net loss after taxation (RMB)</i>	<i>Net loss before taxation (RMB)</i>	<i>Net loss after taxation (RMB)</i>
Maoming Shengda	5,924,000	5,924,000	12,261,000	12,261,000
Maoming Shengcheng	8,000	8,000	158,000	158,000

The unaudited book value of the total assets of each of Maoming Shengda and Maoming Shengcheng as of 30 September 2024 amounted to approximately RMB445,182,798 and RMB102,475,263, respectively. The total assets of each of Maoming Shengda and Maoming Shengcheng as of 30 September 2024 amounted to approximately RMB499,665,000 and RMB101,958,000, respectively, as appraised by Asia-Pacific Consulting and Appraisal Limited, the independent valuer appointed by the Company.

The paid-up share capital of both Maoming Shengda and Maoming Shengcheng is RMB25,000,000. The equity interests of both Maoming Shengda and Maoming Shengcheng are 100% held by Zhuhai Seedland.

INFORMATION OF THE GROUP AND THE PARTIES INVOLVED

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

The 2024 Further Adjusted Properties Vendors are companies incorporated in the PRC with limited liability and principally engage in real estate development and property management. As of the date of this announcement, the 2024 Further Adjusted Properties Vendors are ultimately beneficially owned by Mr. Zhang Liang, Johnson, the settlor and beneficiary of Zhang Family Overseas Limited, which holds 100% equity interests in King Lok Holdings Limited, the controlling shareholder of the Company, as to respectively 100% (with regards to Vendor 4) and 90% (with regards to Vendor 2).

Zhuhai Seedland is a limited liability company incorporated in the PRC and is held indirectly by Mr. Zhang Liang, Johnson as to 100%. It principally engages in the real estate development and operation and property management services in the PRC.

REASONS FOR AND BENEFITS OF THE MAOMING ACQUISITION

As at the date of this announcement, Kinetic Qinhuangdao has already paid RMB803,000,000 (inclusive of value-added tax) to the Vendors for the acquisition of 2024 Adjusted Target Properties pursuant to the 2022 Property Purchase Agreement (as amended by the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and the Fourth Supplemental Agreement). However, the overall progress of the property registration procedures in relation to the 2024 Adjusted Target Properties, including in particular the 2024 Third Tranche Terminated Properties, have not yet been completed as at the date of this announcement. To protect and safeguard the interests of the Company and the Shareholders, the Group has been proactively exploring opportunities and identifying suitable assets to replace all or part of the 2024 Adjusted Target Properties which are subject to delay in registration with other assets that can be secured from the Vendors, Zhuhai Seedland and Mr. Zhang Liang, Johnson. Accordingly, Kinetic Qinhuangdao, as an indirectly wholly-owned subsidiary of the Company, has secured the 100% equity interests of each of Maoming Shengda and Maoming Shengcheng from Zhuhai Seedland under the Maoming Share Transfer Agreement, and has agreed with Zhuhai Seedland that the Payable Consideration shall be fully set off by the 2024 Third Tranche Terminated Properties Paid Amount.

The terms and conditions of the Maoming Share Transfer Agreement were negotiated on an arm's length basis between the relevant parties therein. The Directors (excluding the independent non-executive Directors who reserve their views pending receipt of advice from the Independent Financial Adviser) consider that the terms of the Maoming Share Transfer Agreement, including the Equity Consideration, are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Maoming Shengda and Maoming Shengcheng principally engage in real estate development and sales business and the Company could benefit from the future operation and management of Maoming Shengda and Maoming Shengcheng through their ongoing Royal Ivy Phase I and Phase II, respectively. The Royal Ivy Project is located in Maonan District of Maoming City in Guangdong Province (廣東省茂名市茂南區). The Royal Ivy Phase I comprises 6 buildings for commercial and residential use under construction and is expected to be completed by October 2025. The Royal Ivy Phase II comprises 3 buildings for commercial and residential use under construction and is expected to be completed by December 2025. Taking into account of the favourable policies in the real estate market recently announced by the PRC government, the Group is expected to generate income in the form of sale proceeds through selling the residential units, shops, apartments and garages under the Royal Ivy Project.

Ms. Zhang Lin, a non-executive Director, being an associate of Mr. Zhang Liang, Johnson, has abstained from voting on the Board resolution approving the Maoming Share Transfer Agreement and the Maoming Acquisition.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Maoming Acquisition are more than 5% but less than 25%, the Maoming Acquisition constitutes a discloseable transaction, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the 2024 Further Adjusted Properties Vendors and Zhuhai Seedland are ultimately beneficially owned by Mr. Zhang Liang, Johnson as to respectively 100% (with regards to Vendor 4); 90% (with regards to Vendor 2); and 100% (with regards to Zhuhai Seedland). As at the date of this announcement, Mr. Zhang Liang, Johnson is interested in 62.96% shares of the Company held through King Lok Holdings Limited, the controlling shareholder of the Company, by reason of being a settlor of the Zhang Family Overseas Limited, a discretionary family trust for the benefit of himself and his family members. As such, the 2024 Further Adjusted Properties Vendors and Zhuhai Seedland are associates of Mr. Zhang Liang, Johnson, and thus connected persons of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Maoming Acquisition are more than 5%, the Maoming Acquisition constitutes a connected transaction of the Company, and is subject to the announcement, annual reporting, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Maoming Share Transfer Agreement and the Maoming Acquisition are subject to approval by the Independent Shareholders at the EGM and a resolution will be proposed to the Independent Shareholders for their consideration and approval, if thought fit. King Lok Holdings Limited, of which Mr. Zhang Liang, Johnson is interested by way of being a settlor of the Zhang Family Overseas Limited, Mr. Zhang Li and their respective associates will abstain from voting at the EGM. The Independent Board Committee will be formed to advise the Independent Shareholders in respect of the Maoming Share Transfer Agreement and the Maoming Acquisition. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) further details of the Maoming Share Transfer Agreement and the Maoming Acquisition; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Maoming Share Transfer Agreement and the Maoming Acquisition; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Maoming Share Transfer Agreement and the Maoming Acquisition; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as possible and is currently expected to be on or before 17 January 2025, to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As the completion of the Maoming Acquisition is subject to the Independent Shareholders' approval, the Maoming Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2022 Adjusted Properties”	the target properties located in Wuhan, Jingmen, Qingdao, Zhongshan, Wuxi and Zunyi, which represent an adjustment to the scope of the Original Properties, the details of which were set out in the “Information on the Target Properties” section in the announcement of the Company dated 12 July 2022;
“2022 Property Purchase Agreement”	the agreement on sale and purchase of properties entered into between the Original Vendors and Kinetic Qinhuangdao on 29 April 2022;
“2022 Terminated Vendors”	the vendors under the 2022 Property Purchase Agreement whose rights and obligations were terminated pursuant to the Supplemental Agreement;
“2023 Adjusted Properties”	the target properties in the 2022 Adjusted Properties which were not among the 2023 Terminated Properties;

“2023 Terminated Properties”	the properties among the 2022 Adjusted Properties located in Jingmen, Wuxi and Wuhan which would no longer be sold to Kinetic Qinhuangdao pursuant to the Second Supplemental Agreement, the details of which were set out in the “Scope of Terminated Properties” in the announcement of the Company dated 1 December 2023;
“2024 Adjusted Target Properties”	the target properties in the 2023 Adjusted Target Properties which were not among the 2024 Terminated Properties and the 2024 Further Terminated Properties;
“2024 Agreement Vendors”	the vendors that entered into the Third Supplemental Agreement with Kinetic Qinhuangdao and Guangzhou Hengyi, namely, Vendor 1, Vendor 2, Vendor 4 and Vendor 6;
“2024 Further Terminated Properties”	the properties located in Zunyi and parts of the properties located in Zhongshan among the 2023 Adjusted Properties which would no longer be sold to Kinetic Qinhuangdao pursuant to the Fourth Supplemental Agreement, the details of which are set out in the “Acquisition of Seedlife” section in this announcement;
“2024 Target Properties”	the target properties located in Guangzhou, the details of which are set out in the “Information on 2024 Target Properties” section in the announcement of the Company dated 6 June 2024;
“2024 Terminated Properties”	the properties among the 2023 Adjusted Properties located in Wuhan and Zhongshan which would no longer be sold to Kinetic Qinhuangdao pursuant to the Third Supplemental Agreement, the details of which are set out in the “Scope of the 2024 Terminated Properties” section in the announcement of the Company dated 6 June 2024;
“2024 Third Tranche Terminated Properties”	parts of the properties located in Zhongshan among the 2024 Adjusted Target Properties which would no longer be sold to Kinetic Qinhuangdao pursuant to the Fifth Supplemental Agreement, the details of which are set out in the “Scope of the 2024 Third Tranche Terminated Properties” section in this announcement;

“associate”	has the meaning ascribed to it under the Listing Rules;
“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;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be convened to approve the Maoming Share Transfer Agreement and the Maoming Acquisition;
“Fourth Supplemental Agreement”	the fourth supplemental agreement entered into between the Company, Kinetic Qinhuangdao, the 2024 Adjusted Properties Vendors, Seedland Smart Service and Mr. Zhang Liang Johnson on 6 September 2024;
“Group”	the Company and its subsidiaries;
“Guangzhou Hengyi”	Guangzhou Hengyi Equipment Installation and Maintenance Co., Ltd.* (廣州恆逸設備安裝維護有限公司), a company incorporated in the PRC with limited liability, which is indirectly held by Mr. Zhang Liang, Johnson as to 100%;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors;
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, which has been appointed as the independent financial adviser to the Independent Board Committee to advise on the Maoming Share Transfer Agreement and the Maoming Acquisition;

“Independent Shareholder(s)”	the Shareholder(s) other than those that are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM;
“Kinetic Qinhuangdao”	Kinetic (Qinhuangdao) Energy Group Ltd.* (力量 (秦皇島) 能源集團有限公司), formerly known as Kinetic (Qinhuangdao) Energy Co., Ltd.* (力量 (秦皇島) 能源有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maoming Acquisition”	the acquisition of 100% equity interests of each of Maoming Shengda and Maoming Shengcheng;
“Maoming Share Transfer Agreement”	the share transfer agreement dated 1 November 2024 entered into between the Kinetic Qinhuangdao and Zhuhai Seedland in relation to the acquisition of 100% equity interests of each of Maoming Shengda and Maoming Shengcheng;
“Maoming Shengcheng”	Maoming Shengcheng Real Estate Co., Ltd.* (茂名晟城置業有限公司), a company incorporated in the PRC with limited liability and is currently held by Zhuhai Seedland as to 100%;
“Maoming Shengda”	Maoming Shengda Real Estate Co., Ltd.* (茂名晟大置業有限公司), a company incorporated in the PRC with limited liability and is currently held by Zhuhai Seedland as to 100%;
“Original Properties”	the original target properties located in Wuhan, Jingmen, Tianjin, Huizhou and Qingdao, the details of which are set out in the “Information on the Target Properties” section in the announcement of the Company dated 2 May 2022;
“Original Vendors”	Qingdao Shihaoxing Real Estate Co., Ltd.* (青島實昊星置業有限公司), Huizhou Guopeng Color Printing Co., Ltd.* (惠州市國鵬彩印有限公司), Tianjin Jinhewan Real Estate Co., Ltd.* (天津金河灣置業有限公司), Vendor 1, Vendor 2 and Vendor 3, the original vendors under the 2022 Property Purchase Agreement;

“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;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Supplemental Agreement”	the second supplemental agreement entered into between Kinetic Qinhuangdao, the Vendors and Taiyuan Hetai on 1 December 2023;
“Seedland”	Guangzhou Seedland Real Estate Development Co., Ltd* (實地地產集團有限公司), a company incorporated in the PRC with limited liability and 100%-owned by Mr. Zhang Liang, Johnson;
“Seedland Smart Service”	Seedland Smart Service Group Limited, a limited liability company incorporated under the laws of the Cayman Islands and is held indirectly by Mr. Zhang Liang, Johnson as to 100%;
“Seedlife”	Seedlife Holding Limited, a limited liability company incorporated under the laws of the British Virgin Islands and is held directly by Seedland Smart Service as to 100%;
“Seedlife Share Purchase Agreement”	the share purchase agreement dated 6 September 2024 entered into between the Company, Seedland Smart Service and Seedlife in relation to the acquisition of 100% equity interests of Seedlife;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary share(s) with a nominal value of US\$0.001 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement entered into between Kinetic Qinhuangdao, the Original Vendors, Vendor 4, Vendor 5 and Vendor 6 on 12 July 2022;

“Taiyuan Hetai”	Taiyuan Hetai Shengrui Real Estate Co., Ltd.* (太原和泰盛瑞置業有限公司), a limited liability company established in the PRC, whose entire equity interests were acquired by Kinetic Qinhuangdao pursuant to the Second Supplemental Agreement;
“Third Supplemental Agreement”	the third supplemental agreement entered into between the 2024 Agreement Vendors, Kinetic Qinhuangdao and Guangzhou Hengyi on 6 June 2024;
“Vendor 1”	Wuhan Pingan Zhongxin Real Estate Co., Ltd.* (武漢平安中信置業有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of Seedland;
“Vendor 2”	Qingdao Shilu Ocean Big Data Investment Development Co., Ltd.* (青島實錄海洋大數據投資開發有限公司), a company incorporated in the PRC with limited liability and an indirectly non-wholly-owned subsidiary of Seedland;
“Vendor 3”	Jingmen Shiqiang Real Estate Co., Ltd.* (荊門實強房地產置業有限公司), a company incorporated in the PRC with limited liability and an indirectly non-wholly-owned subsidiary of Seedland;
“Vendor 4”	Zhongshan Shidi Real Estate Development Co., Ltd.* (中山實地房地產開發有限公司), a company incorporated in the PRC with limited liability and a directly wholly-owned subsidiary of Seedland;
“Vendor 5” or “Wuxi Shidi”	Wuxi Shidi Real Estate Development Co., Ltd.* (無錫實地房地產開發有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of Seedland;
“Vendor 6”	Zunyi Shidi Real Estate Development Co., Ltd.* (遵義實地房地產開發有限公司), a company incorporated in the PRC with limited liability and a directly non-wholly-owned subsidiary of Seedland;
“Vendors”	collectively, Vendor 1, Vendor 2, Vendor 3, Vendor 4, Vendor 5 and Vendor 6;

“Zhuhai Seedland”

Zhuhai Seedland Real Estate Development Co., Ltd.* (珠海實地房地產開發有限公司), a company incorporated in the PRC with limited liability and a directly wholly-owned subsidiary of Seedland;

“%”

per cent

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

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

Hong Kong, 4 November 2024

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.