力量发展
KINETIC DEVELOPMENT GROUP

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2024	2023	**Change**
	RMB'million	*RMB'million*	
Revenue	**2,532.4**	1,492.2	+69.7%
Gross profit	**1,554.7**	816.9	+90.3%
Gross profit margin	**61.4%**	54.7%	+6.7 p.p.
Profit after tax	**1,085.2**	569.1	+90.7%
Net profit margin	**42.9%**	38.1%	+4.8 p.p.
Earnings per share			
– Basic and diluted	**RMB13.00 cents**	RMB6.76 cents	
Interim dividend per share	**HKD4.0 cents**	HKD3.0 cents	

The board (the "**Board**") of directors (the "**Directors**") of Kinetic Development Group Limited (the "**Company**") announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2024, together with the comparative figures for the corresponding period ended 30 June 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
REVENUE	4	**2,532,355**	1,492,198
Cost of sales		**(977,668)**	(675,293)
Gross profit		**1,554,687**	816,905
Other incomes and losses, net	5	**58,762**	(15,545)
Net gains on fair value changes of financial assets	15	**15,597**	15,296
Selling expenses		**(20,677)**	(7,239)
Administrative expenses		**(174,431)**	(140,310)
PROFIT FROM OPERATIONS		**1,433,938**	669,107
Share of profits of associates		**12,015**	1,769
Finance costs	7	**(43,877)**	(37,515)
PROFIT BEFORE TAXATION	6	**1,402,076**	633,361
Income tax expense	8	**(316,909)**	(64,286)
PROFIT FOR THE PERIOD		**1,085,167**	569,075
Other comprehensive income for the period that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside the PRC		**(20,312)**	1,758
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,064,855**	570,833

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Profit for the period attributable to:			
Equity shareholders of the Company		**1,095,281**	570,236
Non-controlling interests		**(10,114)**	(1,161)
		1,085,167	569,075
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		**1,074,656**	571,994
Non-controlling interests		**(9,801)**	(1,161)
		1,064,855	570,833
Basic and diluted earnings per share attributable to equity shareholders of the Company	9	**RMB13.00 cents**	RMB6.76 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 – unaudited

	Note	**30 June 2024** *RMB'000*	31 December 2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,928,013**	2,483,678
Right-of-use assets	11	**109,478**	88,049
Intangible assets	12	**3,216,848**	3,233,648
Interest in associates		**91,848**	79,833
Goodwill		**250,673**	250,673
Deferred tax assets		**74,130**	26,726
Prepayments for proposed acquisitions	13	**2,211,882**	2,449,881
Other non-current assets	14	**336,792**	168,239
Total non-current assets		**9,219,664**	8,780,727
CURRENT ASSETS			
Financial assets at fair value through profit or loss	15	**269,035**	220,592
Inventories	16	**1,565,858**	115,274
Trade and other receivables	17	**164,536**	194,053
Pledged and restricted deposits	18	**158,614**	727,784
Cash at bank and on hand	18	**345,442**	734,143
Current portion of other non-current assets	14	**65,748**	165,341
Total current assets		**2,569,233**	2,157,187
CURRENT LIABILITIES			
Trade and other payables	19	**1,209,627**	1,066,741
Contract liabilities		**817,308**	68,351
Bank loans and other borrowing	20	**598,260**	1,033,000
Lease liabilities	21	**1,658**	1,898
Income tax payable		**378,088**	402,086
Provisions		**27,938**	–
Total current liabilities		**3,032,879**	2,572,076
NET CURRENT LIABILITIES		**(463,646)**	(414,889)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,756,018**	8,365,838

	Note	**30 June 2024** *RMB'000*	31 December 2023 *RMB'000*
NON-CURRENT LIABILITIES			
Bank loans and other borrowing	20	**214,250**	269,800
Lease liabilities	21	**6,814**	6,989
Long-term liabilities	22	**576,131**	583,936
Deferred tax liabilities		**54,310**	41,841
Accrual for reclamation costs		**44,176**	43,073
Total non-current liabilities		**895,681**	945,639
Net assets		**7,860,337**	7,420,199
EQUITY			
Share capital	23	**54,293**	54,293
Reserves		**7,763,496**	7,313,557
Total equity attributable to equity shareholders of the Company		**7,817,789**	7,367,850
Non-controlling interests		**42,548**	52,349
Total equity		**7,860,337**	7,420,199

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. CORPORATE AND GROUP INFORMATION

Kinetic Development Group Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 27 July 2010 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised). The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively referred to as the "**Group**") are mainly engaged in the extraction and sale of coal products. There has been no significant change in the Group's principal activities during the period.

In the opinion of the Directors of the Company, the holding company and the ultimate holding company of the Company is King Lok Holdings Limited, which was incorporated in the British Virgin Islands with limited liability.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 19 August 2024.

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, namely Hong Kong Financial Reporting Standards ("**HKFRSs**") except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.2.

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The unaudited condensed consolidated interim financial information is presented in Renminbi ("**RMB**"), and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

The unaudited condensed consolidated interim financial information contains selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Group's annual financial statements for that financial year but is derived from those financial statements. The auditor has reported on those financial statements on 25 March 2024. The auditor's opinion was not modified but included a reference to a matter to which the auditor drew attention for material uncertainty related to going concern. The unaudited condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's audit committee ("**Audit Committee**").

As at 30 June 2024, the Group had net current liabilities of RMB463,646,000 and has undertaken several acquisitions with prepayments made amounting to RMB2,211,882,000 as disclosed in Note 13 to the unaudited condensed consolidated interim financial information. The Directors estimated that the remaining amounts to be made in relation to the aforementioned acquisitions and other additional capital expenditure will be RMB1,167,787,000; and may undertake other necessary additional amount to complete the acquisitions. In addition, the Group has also been contemplating to expand existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business other than mining.

The Group's ability to fund the above-mentioned acquisitions and capital expenditures heavily relies on its future operating cash inflows and its ability to finance through bank loans, which may be affected by the government macro-control policy and volatility in coal market price.

The Directors assessed the Group's ability to continue as a going concern, taking into account (i) the Group's current cash at bank and on hand balances; (ii) the expected operating cash flows of the Group for at least the next twelve months from the end of the current reporting period; and (iii) the Group's capital expenditure forecast for at least the next twelve months from the end of the current reporting period, with the potential gap to be satisfied by external borrowings. The Directors are of the opinion that the Group is proactively monitoring the progress of the acquisitions and additional cashflow needs and will take feasible initiatives to conclude the transactions. The Group will also carefully monitor its liquidity position. Assuming that the Group is able to generate sufficient cash inflows from future operations and obtain borrowings from bank or other financial institutions when needed, the Group will be able to meet its liabilities as and when they fall due for at least the next twelve months. Accordingly, it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis. The condensed consolidated interim financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2.2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amended HKFRSs issued by the HKICPA to the unaudited condensed consolidated interim financial information for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("**2020 amendments**")
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("**2022 amendments**")
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 1, *Presentation of financial statements* ("2020 and 2022 amendments", or collectively the "HKAS 1 amendments")

The HKAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to HKFRS 16, ***Leases: Lease liability in a sale and leaseback***

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application.

The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to HKAS 7, ***Statement of cash flows*** **and HKFRS 7,** ***Financial instruments: Disclosures – Supplier finance arrangements***

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in the unaudited condensed consolidated interim financial information.

3. OPERATING SEGMENT INFORMATION

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker ("**CODM**") of the Group that are used to assess the performance and allocate resources. The Group manages its businesses by business lines, in a manner consistent with the way in which the information is reported internally to the Group's CODM. As at 30 June 2024, the Group had entered into agreements with counterparties to acquire certain properties and further extended its business to other business lines other than coaling mining. The reportable segments of the Group are coal mining segment, real estate segment and other segment (mainly including tobacco operations) that are in line with the business plans and information provided to the CODM of the Group.

The revenue generated from real estate segment and other segment was not of significance to the Group during the six months ended 30 June 2024. As such, the results of real estate segment and other segment were not reported separately.

During the six months ended 30 June 2024, the Group has completed acquisition of subsidiaries for operations in real estate segment. The information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation for the six months ended 30 June 2024 is the total amount of related assets and liabilities of reportable segments.

Information regarding the Group's reportable segments for the six months ended 30 June 2024 and reconciliations of reportable segment assets and liabilities are set out below.

(i) Segment assets and liabilities

	At 30 June 2024			
	Coal mining segment	**Real estate segment**	**Other segment**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment assets	**7,905,864**	**2,635,067**	**904,801**	**11,445,732**
Reportable segment liabilities	**2,012,635**	**1,032,160**	**282,892**	**3,327,687**

	At 31 December 2023			
	Coal mining segment	Real estate segment	Other segment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets	8,347,866	1,537,989	804,741	10,690,596
Reportable segment liabilities	2,704,203	–	200,705	2,904,908

Along with the business development, certain corporate assets are reallocated to segment assets and the comparative figures has been adjusted accordingly.

(ii) Reconciliations of reportable segment assets and liabilities

	Notes	**At 30 June 2024** ***RMB'000***	At 31 December 2023 *RMB'000*
Assets			
Reportable segment assets		**11,445,732**	10,690,596
Financial assets at fair value through profit or loss	15	**269,035**	220,592
Deferred tax assets		**74,130**	26,726
Consolidated total assets		**11,788,897**	10,937,914
Liabilities			
Reportable segment liabilities		**3,327,687**	2,904,908
Income tax payable		**378,088**	402,086
Taxes payable other than income tax	19	**168,475**	168,880
Deferred tax liabilities		**54,310**	41,841
Consolidated total liabilities		**3,928,560**	3,517,715

(iii) Geographic information

The Group's operating results are mostly derived from its business activities in the PRC and the Group's operating results from other regions are not of significance to be presented separately. Information about the Group's non-current assets (excluding deferred tax assets) is presented below based on the geographical location of the assets.

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
The PRC	**8,566,785**	8,165,143
Others	**578,749**	588,858
	9,145,534	8,754,001

4. REVENUE

The principal activities of the Group are the extraction and sale of coal products. Revenue represents the sales value of goods supplied to customers, excluding value added taxes or any trade discounts.

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of coal products	**2,508,114**	1,489,107
Others	**24,241**	3,091
	2,532,355	1,492,198

5. OTHER INCOMES AND LOSSES, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**48,008**	28,672
Interest income	**28,267**	7,830
Gains on disposal of non-current assets	**79**	8,043
Donation	**(6,790)**	(63,008)
Penalty	**(5,599)**	(1,734)
Realised loss from the disposal of financial assets	**(4,587)**	–
Others	**(616)**	4,652
	58,762	(15,545)

6. PROFIT BEFORE TAXATION

The Group's profit before taxation was arrived at after charging:

		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Cost of sales:			
– Transportation and storage costs		**575,264**	333,146
– Cost of inventories sold		**402,404**	342,147
		977,668	675,293
Staff costs:			
– Salaries, wages, bonuses and benefits		**233,049**	188,562
– Contribution to defined contribution plans		**11,162**	7,458
		244,211	196,020
Depreciation	10	**67,161**	45,264
Amortisation of intangible assets	12	**17,560**	8,855
Amortisation of right-of-use assets	11	**3,218**	3,467

Cost of inventories sold for the six months ended 30 June 2024 included RMB186,875,000 (six months ended 30 June 2023: RMB138,938,000) relating to staff costs, depreciation and amortisation. These amounts were also included in the respective amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Interest expenses	**26,468**	31,084
Unwinding of discount	**17,409**	6,431
	43,877	37,515

8. INCOME TAX EXPENSE

The major components of income tax expense in the consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current tax – Mainland China	**318,132**	71,978
Deferred income tax		
Reversal and origination of temporary differences	**(1,223)**	(7,692)
Total tax expense for the period	**316,909**	64,286

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries, Blue Gems Worldwide Limited, Power Wisdom Strategic Limited, Star Idea Enterprises Limited and Porus Power Limited, were not subject to any income tax in the Cayman Islands and the British Virgin Islands, respectively.

(b) Except for Inner Mongolia Zhunge'er Kinetic Coal Limited ("**Kinetic Coal**"), corporate income tax was provided at a rate of 25% on the taxable income of the subsidiaries operating in Mainland China, as adjusted for income and expense items which were not assessable or deductible for income tax purposes. Kinetic Coal was recognised as qualified enterprise subject to the "Western Development Strategy" on 28 December 2023, hence it enjoys a preferential income tax rate of 15% from 2023 to 2030.

(c) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if certain criteria are met. The Group is therefore subject to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. In 2023, the Company, Blue Gems Worldwide Limited and Kinetic (Asia) Limited obtained Hong Kong SAR certificate of resident status for the calendar year 2022 and the two succeeding calendar years, respectively. As a result, under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income", the Group is subject to a withholding tax rate of 5% from 2022 to 2024. The Group provided for and paid the withholding taxes subject to a tax rate of 5% for the six months ended 30 June 2024.

9. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on the profit for the period attributable to equity shareholders of the Company of RMB1,095,281,000 and the weighted average number of ordinary shares of 8,425,887,000 in issue during the period.

The calculation of basic earnings per share for the six months ended 30 June 2023 is based on the profit for the period attributable to equity shareholders of the Company of RMB570,236,000 and the weighted average number of ordinary shares of 8,430,000,000 in issue during the period.

There were no dilutive potential ordinary shares during the six months ended 30 June 2024 and 2023, and therefore, diluted earnings per share is the same as the basic earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

	Note	Carrying amount RMB'000
At 1 January 2024		2,483,678
Acquisition of subsidiaries	25	31
Additions		510,235
Disposals		(426)
Depreciation		(67,161)
Exchange adjustments		1,656
At 30 June 2024		**2,928,013**

The Group is in the process of applying for the title of certificates of certain properties with a carrying value of RMB509,668,000 as at 30 June 2024 (31 December 2023: RMB528,599,000). The Directors are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected by the fact that the Group has not yet obtained the relevant property title certificates.

11. RIGHT-OF-USE ASSETS

	Carrying amount RMB'000
At 1 January 2024	88,049
Additions	24,360
Amortisation	(3,218)
Exchange adjustments	287
At 30 June 2024	**109,478**

12. INTANGIBLE ASSETS

	Carrying amount RMB'000
At 1 January 2024	3,233,648
Additions	442
Amortisation	(17,560)
Exchange adjustments	318
At 30 June 2024	**3,216,848**

13. PREPAYMENTS FOR PROPOSED ACQUISITIONS

	Notes	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Related parties			
– Acquisition of Guizhou Liliang Energy Co., Ltd. ("**Guizhou Liliang**")	(a)	**1,080,256**	1,080,256
– Acquisition of properties from Guangzhou Seedland Real Estate Development Co., Ltd. ("**Seedland**")	(b)	**542,184**	803,000
– Acquisition of Seedlife Holding Limited ("**Seedlife**")	(b)	**22,817**	–
– Acquisition of properties from Hainan Hangxiao Real Estate Development Co., Ltd. ("**Hainan Hangxiao**")	(c)	**564,625**	564,625
		2,209,882	2,447,881
Independent third parties		**2,000**	2,000
		2,211,882	2,449,881

Notes:

(a) On 24 December 2021, the Group entered into an acquisition agreement with Guizhou Liliang, an entity owned by Mr. Zhang Li, to acquire its 75% equity interests in Liupanshui Changlin Real Estate Development Co., Ltd. ("**Changlin**") which would own the mining rights of a coal mine in Guizhou upon completion of a restructuring, with a total consideration of RMB1,100,000,000. According to the acquisition agreement, the Group prepaid RMB550,000,000 in 2021 and RMB530,256,000 in 2022 to Guizhou Liliang, respectively. Prior to the completion of the acquisition, certain conditions shall be satisfied. If those conditions were not satisfied, the Group is entitled to require Guizhou Liliang to refund any payment (without interest) which the Group had actually made to it under the acquisition agreement. The recoverability of the prepayments is secured by 100% equity interests of Guizhou Liliang. This transaction is a connected and major transaction of the Group and subject to the independent shareholders' approval.

(b) On 29 April and 12 July 2022, the Group entered into a property purchase agreement and a revised supplementary agreement, respectively, with subsidiaries of Seedland, including Qingdao Shilu Ocean Big Data Investment Development Co., Ltd. ("**Qingdao Shilu**"), Zunyi Field Real Estate Development Co., Ltd. ("**Zunyi Field**"), Jingmen Shiqiang Real Estate Co., Ltd. ("**Jingmen Shiqiang**"), Wuxi Shidi Real Estate Co., Ltd. ("**Wuxi Shidi**"), Zhongshan Shidi Real Estate Co., Ltd. ("**Zhongshan Shidi**") and Wuhan Pingan Zhongxin Real Estate Co., Ltd. ("**Wuhan Pingan**") (collectively, the "**Sellers**"), all of which are controlled by Mr. Zhang Liang, Johnson, to acquire certain properties with a total consideration of RMB809,480,000. According to the agreements, the Group prepaid RMB670,000,000 to Guangzhou Chaiju Architectural Design Consulting Co., Ltd. ("**Guangzhou Chaiju**") and RMB133,000,000 to Zhuhai Hengqin Tianshi Enterprise Management Consulting Co., Ltd. ("**Zhuhai Hengqin**"). The transaction is a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 25 October 2022.

On 1 December 2023, the Group entered into the second supplemental agreement (the "**Second Supplemental Agreement**") with the Sellers and Taiyuan Hetai Shengrui Real Estate Co., Limited. ("**Taiyuan Hetai**", a subsidiary of Wuxi Shidi), pursuant to which (i) the target properties located in Jingmen, Wuxi and Wuhan (the "**Terminated Properties**") would no longer be sold to the Group, and (ii) the Group entered into a share transfer agreement with Wuxi Shidi to acquire 100% equity interests in Taiyuan Hetai (the "**Target Shares**") with a consideration of RMB220,000,000, which shall be set off against and deducted from the prepayment for acquisition of properties from Seedland. In addition, given that the Target Shares are subject to a pledge provided as security in favour of Huarong Rongde Asset Management Co. Ltd ("**Huarong Rongde**") for a debt which was used for Ziteng project of Taiyuan Hetai (the "**Debt**"), the Group would become one of the obligators to settle the Debt with Huarong Rongde at a cost of no more than RMB380,000,000 so that Huarong Rongde would discharge the pledge over the Target Shares. According to the Second Supplemental Agreement, the Group prepaid RMB40,000,000 to Huarong Rongde on behalf of Taiyuan Hetai in 2023.

On 7 February 2024, the Group entered into a supplemental agreement to the Second Supplemental Agreement with the Sellers and Taiyuan Hetai, pursuant to which (i) if the acquisition will not be completed before 30 September 2024, the Group shall be entitled to terminate the Second Supplemental Agreement; and (ii) if the actual amount of the Debt owed by Taiyuan Hetai upon the completion of the transfer of the Target Shares exceeds the amount of debt factored in the valuation of Taiyuan Hetai as at 30 November 2023, the Sellers shall compensate the Group for the excess amount (the "**Excess Debt Amount**") by (a) reducing the equity consideration by the Excess Debt Amount on a dollar-to-dollar basis; and (b) providing additional properties with a total value not less than the Excess Debt Amount to the Group. The transaction is a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 13 March 2024. The acquisition of Taiyuan Hetai contemplated under the Second Supplemental Agreement was completed on 3 June 2024, and Taiyuan Hetai had become a wholly-owned subsidiary of the Group.

On 6 June 2024, the Group entered into the third supplemental agreement (the "**Third Supplemental Agreement**") with Qingdao Shilu, Zunyi Field, Zhongshan Shidi, Wuhan Pingan and Guangzhou Hengyi Equipment Installation and Maintenance Co., Ltd. ("**Guangzhou Hengyi**"), pursuant to which, (i) Guangzhou Hengyi transferred the 6 units of commercial properties (the "**Target Properties**") to the Group for a total consideration of RMB45,000,000; (ii) the sales tax payable by Guangzhou Hengyi in connection with the transfer of the Target Properties, which amounts to RMB4,184,000, has been paid by the Group, and shall be deducted from the total consideration of RMB45,000,000 such that the net consideration payable by the Group for the acquisition of the Targets Properties shall become RMB40,816,000 (the "**Net Consideration**"). The Net Consideration shall be set off against and deducted from the prepayment for acquisition of properties from Seedland; (iii) the 11 units of commercial properties (the "**2024 Terminated Properties**") with an allocated consideration of RMB40,890,000, would be no longer transferred to the Group; and (iv) the rights and obligations between the Sellers and the Group in respect of the 2024 Terminated Properties are terminated with effect from the date of the Third Supplemental Agreement. The latest outstanding prepaid amount to Seedland following the set-off mentioned above stands at RMB542,184,000.

In addition, on 6 June 2024, the Group entered into a letter of intent with Mr. Zhang Liang, Johnson and Seedland Smart Service Group Limited ("**Seedland Smart Service**"), pursuant to which, (i) the Group formalised its intent to acquire the 100% equity interests of Seedlife from Seedland Smart Service; (ii) Mr. Zhang Liang, Johnson and Seedland Smart Service (collectively, the "**Seedlife Sellers**") agreed to facilitate the Group to conduct due diligence on Seedlife; and (iii) the Group shall transfer HKD25,000,000 to Seedlife Sellers as a deposit for the proposed acquisition. As at 30 June 2024, the deposit amounting to HKD25,000,000 (equivalent to RMB22,817,000) had been paid to Mr. Zhang Liang, Johnson. If this transaction materialises, it would constitute a connected and discloseable transaction and subject to the independent shareholders' approval.

(c) On 30 May 2022, the Group entered into a property purchase framework agreement with Hainan Hangxiao, an entity controlled by Guangzhou R&F Properties Co., Ltd of which Mr. Zhang Li is one of major shareholders, to acquire certain properties with a total consideration of RMB1,000,939,000. According to the property purchase framework agreement, the Group prepaid RMB564,625,000 to Hainan Hangxiao. The recoverability of the prepayment is secured by rights to 50% of sales proceeds from other properties in the same development project owned by Hainan Hangxiao according to a supplemental agreement signed in March 2023.

On 17 February 2023, Mr. Zhang Liang, Johnson and King Lok Holdings Limited, an entity then 100% owned by Mr. Zhang Liang, Johnson and currently 100% held by The Zhang Family Overseas Limited, a discretionary trust with Mr. Zhang Liang, Johnson as the settlor for the benefit of himself and his family, agreed to pledge 5,307,450,000 shares held by them in the Company and the interests derived therefrom as security for the performance of contractual obligations of Guizhou Liliang, Mr. Zhang Li and subsidiaries of Seedland under the relevant acquisitions and loan agreements. The share pledge arrangement serves as a security of the prepayments made for the acquisition of Guizhou Liliang, acquisition of properties from Seedland, as well as loans granted to Guizhou Liliang.

The Directors have assessed the progress of the transactions and the ability of the related parties to fulfil the obligations under the agreements described above, and concluded that even if these transactions were not completed as scheduled, the counterparties would be financially capable to repay the outstanding amounts to the Company.

14. OTHER NON-CURRENT ASSETS

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
Loans granted to related parties	**239,601**	231,956
Prepayment for application of license of enlarged coal production capacity	**47,371**	–
Prepayments of equipment	**48,268**	55,639
Long-term deferred expense	**6,749**	6,932
Input VAT to be deducted	**15,874**	8,223
Others	**44,677**	30,830
Total	**402,540**	333,580
Less:		
Current portion of other non-current assets		
– Related parties	**65,748**	165,341
Other non-current assets	**336,792**	168,239

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**30 June 2024** ***RMB'000***	31 December 2023 *RMB'000*
Trust wealth management investments	(i)	**220,064**	220,177
Trading securities	(ii)	**48,971**	415
		269,035	220,592

Notes:

(i) On 25 December 2020, the Group entered into a subscription agreement with Northern International Trust Co., Ltd. ("**Northern Trust**") to subscribe a trust wealth management investment amounting to RMB252,530,000 for a period of 1 year, which is redeemable on demand. As at 30 June 2024, the fair value of the investment was RMB144,957,000 (31 December 2023: RMB135,129,000), resulting in a gain of RMB9,828,000 on fair value changes, due to price movement in its investment in a corporate bond issued by Guangzhou R&F Properties Co., Ltd. ("**Guangzhou R&F**") in 2018 with an annual interest rate of 6.58%. Subsequent to 30 June 2024, the fair value of the trust wealth management investment was in the range between RMB150,000,000 and RMB181,000,000.

On 28 December 2020, the Group entered into a subscription agreement with Beijing International Trust Co., Ltd. ("**Beijing Trust**") to subscribe a trust wealth management investment amounting to RMB151,500,000 for a period of 10 years, which is redeemable on demand. On 21 March 2024, the Group partially redeemed investment with a fair value of RMB16,106,000 and recorded an investment loss amounting to RMB4,457,000. As at 30 June 2024, the fair value of the investment was RMB75,107,000 (31 December 2023: RMB85,049,000), resulting in a gain of RMB6,165,000 on fair value changes, due to price movement in its investment in a corporate bond issued by Guangzhou R&F in 2020 with an annual interest rate of 6.30%. Subsequent to 30 June 2024, the fair value of the trust wealth management investment was in the range between RMB64,800,000 and RMB78,770,000.

(ii) The trading securities held by the Group were equity securities listed on the The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group acquired the trading securities amounting to RMB49,216,000 during the six months ended 30 June 2024. The fair value of the trading securities was RMB48,971,000 as at 30 June 2024 (31 December 2023: RMB415,000), resulting in a loss of RMB396,000 on fair value changes, due to price movement in the equity securities.

16. INVENTORIES

	30 June 2024 ***RMB'000***	31 December 2023 *RMB'000*
Properties under development	**1,315,825**	–
Coal products	**139,554**	16,905
Tobacco materials and products	**51,092**	34,502
Raw materials, accessories and chemicals	**37,581**	44,868
Biological assets	**21,806**	19,429
Others	**–**	20
	1,565,858	115,274

17. TRADE AND OTHER RECEIVABLES

	30 June 2024 *RMB'000*	31 December 2023 *RMB'000*
Trade debtors	**17,783**	6,738
Other receivables		
– Prepayments and deposits	**74,657**	107,593
– Deductible input VAT	**65,933**	33,663
– Amount due from a related party	**–**	40,000
– Others	**6,163**	6,059
	164,536	194,053

As at the end of the reporting period, the aging analysis of trade debtors, based on the invoice date and net of provisions is as follows:

	30 June 2024 *RMB'000*	31 December 2023 *RMB'000*
Within 6 months	**17,783**	6,738

Trade debtors are generally due within 30 to 90 days from the date of billing.

The allowances for trade and other receivables were estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. As the Directors are of the opinion that the amount of expected credit losses is minimal, no loss allowance for trade and other receivables were recognised as at 30 June 2024 under HKFRS 9.

18. CASH AT BANK AND ON HAND AND PLEDGED AND RESTRICTED DEPOSITS

	30 June 2024 *RMB'000*	31 December 2023 *RMB'000*
Cash and bank balances	**345,442**	734,143
Restricted deposits	**83,648**	66,684
Pledged deposits	**74,966**	661,100
	504,056	1,461,927
Less:		
Restricted deposits	**83,648**	66,684
Pledged deposits for notes payable	**74,966**	61,100
Pledged deposits for bank loans	**–**	600,000
Cash and cash equivalents	**345,442**	734,143

As at 30 June 2024, the cash and bank balances of the Group denominated in RMB amounted to RMB301,517,000 (31 December 2023: RMB390,464,000).

As at 30 June 2024, the Group's bank balances of RMB74,966,000 (31 December 2023: RMB661,100,000) were deposited as guarantee fund for notes payable and bank loans.

As at 30 June 2024, the Group's bank balances of RMB83,648,000 (31 December 2023: RMB66,684,000) were deposited with banks as a mine environment restoration guarantee fund pursuant to the related government regulations.

19. TRADE AND OTHER PAYABLES

	Notes	30 June 2024 *RMB'000*	31 December 2023 *RMB'000*
Taxes payable other than income tax		**168,475**	168,880
Dividends payable		**–**	307,004
Payables for materials and construction	(a)	**573,984**	309,315
Payables for an acquisition		**68,054**	67,799
Notes payable		**88,774**	58,736
Amounts due to other related parties		**14,402**	13,077
Payables for debt settlement		**80,526**	–
Other payables and accruals	(b)	**134,440**	85,549
Current portion of long-term liabilities	22	**80,972**	56,381
		1,209,627	1,066,741

Notes:

(a) Payables for materials and construction are non-interest-bearing.

An aging analysis of the payables for materials and construction as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 *RMB'000*	31 December 2023 *RMB'000*
Within 1 year	**482,165**	292,038
1 to 2 years	**75,559**	3,974
Over 2 years	**16,260**	13,303
	573,984	309,315

(b) Other payables and accruals, which are non-interest bearing, are expected to be settled within one year or repayable on demand.

20. BANK LOANS AND OTHER BORROWING

		As at 30 June 2024			As at 31 December 2023		
	Notes	**Effective interest rate** *(%)*	**Maturity**	*RMB'000*	Effective interest rate *(%)*	Maturity	*RMB'000*
Current							
Bank loan – secured		–	–	–	3.50%	2024	400,000
Bank loan – secured	(a)	**5.50%**	**2025**	**155,070**	–	–	–
Long-term bank loan due within 1 year – secured		–	–	–	6.65%	2024	33,000
Long-term bank loan due within 1 year – secured		–	–	–	5.00%	2024	350,000
Long-term bank loan due within 1 year – secured	(b)	**5.00%**	**2024**	**150,000**	5.00%	2024	150,000
Long-term bank loan due within 1 year – secured	(c)	**5.00%**	**2025**	**100,000**	5.00%	2024	100,000
Long-term borrowing due within 1 year – secured	(d)	**5.50%**	**2024**	**193,190**	–	–	–
				598,260			1,033,000
Non-current							
Long-term bank loan – secured	(b)	**5.00%**	**2025**	**150,000**	5.00%	2025	150,000
Long-term bank loan – secured	(c)	–	–	–	5.00%	2025	100,000
Long-term bank loan – secured	(e)	**5.50%**	**2025**	**29,250**	5.50%	2025	19,800
Long-term bank loan – secured	(f)	**5.50%**	**2026**	**35,000**	–	–	–
				214,250			269,800
				812,510			1,302,800

Notes:

(a) As at 30 June 2024, the Group's bank loans amounting to RMB155,070,000 was secured by the mining right of Yong'an Coal Mine held by Ningxia Kinetic Mining Co., Ltd. ("**Ningxia Kinetic**") and guaranteed by Ningxia Kinetic, which will be due in February 2025.

(b) As at 30 June 2024, the Group's bank loans amounting to RMB300,000,000 was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal, of which bank loans amounting to RMB150,000,000 will be due in July 2024, and the rest of bank loans amounting to RMB150,000,000 will be due in July 2025.

(c) As at 30 June 2024, the Group's bank loans amounting to RMB100,000,000 (31 December 2023: RMB200,000,000) was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal, which will be due in March 2025.

(d) As at 30 June 2024, the Group entered into a loan agreement with Huarong Rongde amounting to RMB193,190,000 which was guaranteed by Seedland, Chongqing Seedland Real Estate Development Co., Ltd. and Mr. Zhang Liang, Johnson, which will be due in December 2024.

(e) As at 30 June 2024, the Group's bank loans amounting to RMB29,250,000 (31 December 2023: RMB19,800,000) was guaranteed by Kinetic Coal, which will be due in December 2025.

(f) As at 30 June 2024, the Group's bank loans amounting to RMB35,000,000 was guaranteed by Kinetic Coal, which will be due in February 2026.

21. LEASE LIABILITIES

The lease liabilities were repayable as follows:

	30 June 2024 *RMB'000*	31 December 2023 *RMB'000*
Within 1 year	**1,658**	1,898
After 1 year but within 2 years	**1,088**	1,408
After 2 years but within 5 years	**729**	724
Over 5 years	**4,997**	4,857
	8,472	8,887

22. LONG-TERM LIABILITIES

	Note	30 June 2024 RMB'000	31 December 2023 RMB'000
Present value of payables in relation to mining rights		**626,162**	610,906
Present value of compensation payable in relation to the demolition and relocation		**30,231**	29,411
Government subsidies		**710**	–
		657,103	640,317
Less: Current portion recorded in trade and other payables	19	**80,972**	56,381
		576,131	583,936

23. SHARE CAPITAL

	30 June 2024 RMB'000	31 December 2023 RMB'000
Issued and fully paid: 8,430,000,000 (31 December 2023: 8,430,000,000) ordinary shares of USD0.001 each	**54,293**	54,293

The authorised share capital of the Company is USD500,000,000 consisting of 500,000,000,000 shares of USD0.001 each.

24. INTERIM DIVIDENDS

The Board declared an interim dividend of HKD4.0 cents per share (six months ended 30 June 2023: HKD3.0 cents per share). The total amount of the interim dividends will be HKD337,200,000, equivalent of RMB307,756,000 (six months ended 30 June 2023: HKD252,900,000, equivalent of RMB233,169,000). The declared interim dividends have not been recognised as a liability as at 30 June 2024.

25. ACQUISITION OF SUBSIDIARIES

Acquisition of Taiyuan Hetai

As disclosed in Note 13(b), on 1 December 2023, the Group entered into the Second Supplemental Agreement with Sellers and Taiyuan Hetai to acquire 100% equity interests of Taiyuan Hetai. The total consideration of the acquisition was RMB220,000,000. Upon the completion of the acquisition, the Group controls 100% equity interests of Taiyuan Hetai.

Taiyuan Hetai and its sole subsidiary Taiyuan Shirui Real Estate Co., Ltd. are companies incorporated in the PRC with limited liability. They are principally engaged in real estate development and sales.

The identifiable assets of Taiyuan Hetai are mainly properties under development that the Group intends to acquire for sale. The acquisition was completed on 3 June 2024 (the "**Acquisition Date**") and recognised as an acquisition of assets, rather than a business combination.

The acquisition of Taiyuan Hetai contributed consolidated net loss of RMB3,143,000 to the Group for the period from the Acquisition Date to 30 June 2024.

The assets and liabilities arising from the acquisition of Taiyuan Hetai are as follows:

	Fair Value at the Acquisition Date
	RMB'000
Property, plant and equipment	31
Deferred tax assets	33,509
Inventories	1,307,589
Trade and other receivables	15,439
Cash at bank and on hand	12,847
Trade and other payables	(423,580)
Contract liabilities	(506,608)
Bank loans and other borrowing	(193,190)
Provisions	(26,037)
Total identifiable net assets	220,000
Total consideration for the identifiable net assets acquired	220,000
Less: Cash at bank and on hand of acquiree	(12,847)
Prepayment for the proposed acquisition in previous year	(220,000)
Add: Prepayment in relation to the Debt	66,761
Net cash outflow arising from the acquisition of Taiyuan Hetai	53,914

26. EVENTS AFTER REPORTING PERIOD

After the end of the reporting period, the Board declared an interim dividend, further details are disclosed in Note 24.

Save as above, the Group had no significant non-adjusting events subsequent to 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Market Review

During the first half of 2024, global economic growth encountered enormous challenges due to increasingly complicated international relations and rising global trade tensions. In the face of the complex and grim external environment, the Chinese government adhered to its development approach of making progress while maintaining stability, thereby preserving stable national economic growth overall while achieving new progress in high-quality development. According to the National Bureau of Statistics of China, China's gross domestic product for the first half of 2024 reached approximately RMB61.7 trillion, representing a year-on-year increase of 5.0% at constant prices; the industrial enterprises above the designated size across the country achieved a business revenue of approximately RMB64.9 trillion, representing a year-on-year increase of 2.9% on a comparable basis; and the industrial enterprises above the designated size across the country achieved a total profit of approximately RMB3,511.03 billion, representing a year-on-year increase of 3.5% on a comparable basis.

In the first half of 2024, supply in the domestic coal market moderately exceeded demand. On the one hand, despite a year-on-year decline, the domestic production of raw coal remained at a high level in general. At the same time, there was a significant growth in the quantity of imported coal, thereby effectively securing coal supply for the domestic market. According to the National Bureau of Statistics of China, the raw coal output of China's industrial enterprises above the designated size amounted to approximately 2.27 billion tonnes for the first half of 2024, with a year-on-year decrease of 1.7% on a comparable basis. China imported approximately 250 million tonnes of coal during the same period, with a year-on-year increase of 12.5% on a comparable basis. On the other hand, as coal stockpiles of downstream power plants remained high, the growth in demand for coal from thermal power generation was limited. According to the National Bureau of Statistics of China, the power generation of China's industrial enterprises above the designated size in the first half of 2024 amounted to approximately 4.4 trillion kWh, representing a year-on-year increase of 5.2% on a comparable basis. In particular, thermal power generation grew by 1.7% year-on-year.

During the first half of 2024, domestic coal prices as a whole showed a trend of "narrow fluctuation", with the average coal price experiencing an overall decline despite remaining at a historical high. Affected by the decrease in coal prices, the operating results of the industry in general recorded a year-on-year decrease. According to the National Bureau of Statistics of China, in the first half of 2024, the principal business income of enterprises above the designated size from the coal mining and coal washing industries across the country amounted to approximately RMB1,558.62 billion, representing a year-on-year decrease of 12.6% on a comparable basis, while the total profit amounted to approximately RMB316.86 billion, representing a year-on-year decrease of 24.8% on a comparable basis.

In conclusion, in the first half of 2024, as the domestic coal market was pursuing stable production to secure supply, the supply was inclined towards abundance, leading to a drop in the average coal price, and the overall performance of coal enterprises experienced a certain degree of retracement.

Business Review

As a leading integrated coal enterprise in China, the Group's business activities operate through the whole coal industry chain, covering coal production, washing, loading, transportation and trading.

In the first half of 2024, under the influence of several factors, the average coal market price experienced a downward pressure. After carefully analysing market trends, the Group used a competitive bidding sale method and made sales based on the best offers from customers. It has stepped up deliveries while prices were high by capturing the highest prevailing market prices from time to time so as to maximise its sales efficiency. In the first half of 2024, the average selling price per tonne of the Group's 5,000 kcal low-sulfur environmentally friendly thermal coal amounted to approximately RMB770.4, representing a year-on-year decrease of approximately 11.0%, higher than the prevailing market price, with receivables collection ratio reaching 100%.

In the first half of 2024, the Group continued to make full use of the advantages of its own low-sulphur, high-ash-fusion-temperature and high-quality thermal coal products "Kinetic 2" and put more effort into the development of end customers. It effectively extended the influence of "Kinetic 2" among downstream customers through diversified purchase and sale models, such as Free on Board, Delivered Ex Quay and Free on Trains, thereby successfully achieving the sales volume and revenue targets for the first half of 2024. For the six months ended 30 June 2024, the Group recorded a total revenue of approximately RMB2,532.4 million, representing a significant year-on-year increase of 69.7% as compared to the corresponding period last year. The sales volume of the Group's 5,000 kcal coal products increased by approximately 73.9% as compared to last year, mainly attributable to the fact that in the first half of 2024, the Group's Dafanpu Coal Mine no longer experienced production disruptions as in the corresponding period last year caused by temporary adverse underground mining conditions. With the improvement in extraction efficiency, the Group's production volume of coal increased significantly year-on-year and returned to the expected normal level during the six months ended 30 June 2024.

In the first half of 2024, the Group continued to implement refined management, formulated and improved various systems in various operational aspects, and strived to control various management fees and costs, while continuing to enhance intelligent construction, reduce costs and increase efficiency, which effectively mitigated the effect of the decline in sales price on gross profit margin. For the six months ended 30 June 2024, the Group achieved a gross profit margin of approximately 61.4%, which was at an industry-leading level.

Based on the above business strategies, the Group has maintained a high-quality development, bringing relatively considerable profit returns to shareholders. For the six months ended 30 June 2024, the Group's consolidated net profit amounted to approximately RMB1,085.2 million, representing a year-on-year increase of 90.7%. The Group's EBITDA amounted to approximately RMB1,533.9 million, representing a year-on-year increase of 110.6%.

The Group has always put safe production as top priority. Its Dafanpu Coal Mine in Inner Mongolia has been rated as a "National Class 1 Safe Production Standardised Coal Mine" by the National Mine Safety Administration and has maintained the highest honour of "Class A Coal Mine" granted by the Energy Bureau of Zhunge'er Banner for several consecutive years. It has also been given the honourable title of "Coal Industry Premium Safe and Efficient Mine" by the China National Coal Association every year since 2014.

The Group upholds the principles of green and sustainable development. In the first half of 2024, the Dafanpu Coal Mine continued to maintain the national green mine honour, while Kinetic Coal was named an Advanced Enterprise in the Construction of Green Mines in Zhunge'er Banner for the Year 2023, fully reflecting the comprehensive strengths of the Group in sustainable development of the coal industry.

In recent years, the Group has launched diversified ancillary businesses on the basis of the steady operation of its principal business of coal in order to seek greater profit returns for shareholders. It has successfully established an ecological industrial chain integrating agricultural product planting and livestock breeding in its mine reclamation area. Guangtaichang Original Breeding Pig Farm of Inner Mongolia Liangyun Animal Husbandry Development Co., Ltd. (內蒙古量蘊牧業發展有限公司) ("**Liangyun Animal Husbandry**"), a wholly-owned subsidiary of the Group, was built in 2022, and 650 French original breeding pigs have been introduced from France. In the first phase, a breeding area, including a breeding farm and two fattening farms, is planned to be built. Lijiata Fattening Farm (李家塔育肥場) was put into production in August 2023. Huajian Village Qianhao Breeding Farm (鏵尖村前壕擴繁場) was completed and put into operation in May 2024. Wulan Bulang Fattening Farm (烏蘭不浪育肥場) is expected to be completed and put into operation at the end of 2026. The first phase of the project is expected to reach full capacity by mid-2026, with 7,200 breeding pigs in stock and 170,000 pigs of various types marketed in 2027. In addition, the Group commenced the business of production, operation and sale of cigar and tobacco in Cambodia by acquiring 73% equity interests in Star Idea Enterprises Limited in October 2023. It is expected to become a new profit driver for the Group.

The Group is diversifying its business by fully utilising surplus funds in order to maximise returns for shareholders. As of 30 June 2024, there are several transactions in progress, and the Group is rigorously monitoring the progress and proactively pushing forward the transactions with feasible initiatives to conclude them.

Future Outlook

Looking forward to the second half of 2024, global economic growth will continue to be disrupted by escalating geopolitical conflicts and sluggish international trade. In the World Economic Outlook issued by the International Monetary Fund in July 2024, global economic growth in 2024 is projected to remain at 3.2%. The world's economic recovery will be slow but steady. In the second half of 2024, the PRC government will adhere to its overarching approach of making progress while maintaining stability, step up macro-economic adjustment and control, and thoroughly exploit the potential of domestic demand. It is expected that China's economy will continue to enjoy steady and favourable development.

With regard to the coal market, it is anticipated that the domestic coal supply will continue to moderately exceed demand in the second half of 2024. Regulatory safety inspections will remain strict, which will in turn slightly curtail domestic coal production. Nevertheless, the advantageous prices of imported coal will persist while the volume of imports will stay high. Furthermore, as coal stockpiles at downstream ports and power plants may continue to stand at a high level throughout the year, there will be abundant supply of coal. Demand for coal is expected to be relatively weak, mainly due to the sluggish economic recovery in general. In the medium- to long-term, thermal power will maintain its dominant position, as shown in the significant year-on-year increase in the number of new thermal power generating units during the period of the 14th Five-Year Plan. In addition, demand for electricity still has potential for further growth. Leading coal enterprises are expected to achieve promising results in the long run.

Looking forward to the second half of 2024, the Group will continue to implement the mine development concept that stresses safety, efficiency and environmental protection, further implement the refined operation strategy, make full use of the advantages of its own low-sulphur, high-quality thermal coal brand products "Kinetic 2", and conform to the market situation, in order to flexibly adjust its sales pace and strategy, and to improve its operating efficiency effectively. In addition, Yong'an Coal Mine and Weiyi Coal Mine, which are operated by the Group and located in Ningxia Hui Autonomous Region, are currently under construction. Yong'an Coal Mine is expected to be put into operation in the second half of 2024 and reach full capacity in 2027, while Weiyi Coal Mine is expected to be put into operation in the second half of 2025 and reach full capacity in 2027. The Group will be able to tap into the coking coal business, and further increase the production capacity of coking coal by 2.1 million tons per year, thus breaking through the limitations arising from operating a single coal mine with a single coal type, and the coal mine project in Ningxia is expected to be one of the main driving forces of the growth in results in the future.

Looking forward, the Group will continue to uphold the principle of high-quality development. On the basis of the steady development of the principal coal business, it will further diversify its ancillary businesses, improve its overall operation efficiency, and reward its shareholders with outstanding results.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased from approximately RMB1,492.2 million for the six months ended 30 June 2023 to approximately RMB2,532.4 million for the six months ended 30 June 2024, representing an increase of 69.7% as compared with the corresponding period last year.

The increase in the Group's revenue was mainly due to the resumption of normal production levels at the Group's Dafanpu Coal Mine. In the corresponding period last year, the coal mining operations had been impacted by faults, fracture zones, increased roof plate pressure, and a slower pace of mining, resulting in a significant decrease in the Group's overall coal sales volume.

Despite the lower average selling price of the Group's 5,000 kcal coal products for the six months ended 30 June 2024 compared to the same period last year, the resumption of normal production levels at the Dafanpu Coal Mine was the primary driver behind the increase in the Group's revenue.

Cost of sales

For the six months ended 30 June 2024, the Group incurred cost of sales of approximately RMB977.7 million as compared to the Group's cost of sales of approximately RMB675.3 million for the six months ended 30 June 2023. The cost of sales of the Group mainly comprised transportation costs, salaries of coal mine workers, costs of supplementary materials, fuel and electricity, depreciation, amortisation and surcharges of mining operations. The increase in the Group's cost of sales was mainly attributable to the increase in the sales volume of the coal of the Group.

Gross profit and gross profit margin

For the six months ended 30 June 2024, the Group recorded a gross profit of approximately RMB1,554.7 million and a gross profit margin of 61.4% as compared to the gross profit of approximately RMB816.9 million and the gross profit margin of 54.7% for the six months ended 30 June 2023.

The increase in Group's gross profit margin for the six months ended 30 June 2024 was mainly attributable to the resumption of normal production levels at the Group's Dafanpu Coal Mine allowing for better absorption of fixed costs and improved economies of scale as compared to the corresponding period last year.

Other incomes and losses, net

The net amount of other incomes and losses of the Group changed from net losses of approximately RMB15.5 million for the six months ended 30 June 2023 to net incomes of approximately RMB58.8 million for the six months ended 30 June 2024. This was mainly attributable to the increase in government grants, the increase in interest income and the decrease in donation for the six months ended 30 June 2024.

For the six months ended 30 June 2024 and 2023, the Group's net amount of other incomes and losses mainly comprised government grants, net gains or losses on disposal of non-current assets, interest income, donation and realised loss from the disposal of financial assets.

Selling expenses

The Group's selling expenses increased from approximately RMB7.2 million for the six months ended 30 June 2023 to approximately RMB20.7 million for the six months ended 30 June 2024, representing an increase of 185.6% as compared with the corresponding period last year. The increase in the Group's selling expenses was mainly attributable to the increase in marketing related expenses. The Group's selling expenses mainly comprised salaries of sales staff and marketing related expenses.

Administrative expenses

The Group's administrative expenses increased from approximately RMB140.3 million for the six months ended 30 June 2023 to approximately RMB174.4 million for the six months ended 30 June 2024, representing an increase of 24.3% as compared with the corresponding period last year. The increase in the Group's administrative expenses was mainly attributable to the increase in staff cost during the reporting period. The Group's administrative expenses mainly comprised salaries and related personnel expenses of the administrative, finance and human resources departments, consultancy fees and other incidental administrative expenses.

Finance costs

The Group's finance costs increased from approximately RMB37.5 million for the six months ended 30 June 2023 to approximately RMB43.9 million for the six months ended 30 June 2024, representing an increase of 17.0% as compared to the corresponding period last year. The increase in the Group's finance costs was mainly attributable to the increase in the average balance of interest-bearing liabilities and the increase in the unwinding of discount expenses during the period.

Income tax expense

The major components of income tax expense in the consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current tax – Mainland China	**318,132**	71,978
Deferred income tax		
Reversal and origination of temporary differences	**(1,223)**	(7,692)
Total tax expense for the period	**316,909**	64,286

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries, namely Blue Gems Worldwide Limited, Power Wisdom Strategic Limited, Star Idea Enterprises Limited and Porus Power Limited, were not subject to any income tax in the Cayman Islands and the British Virgin Islands, respectively.

(b) Except for Kinetic Coal, corporate income tax was provided at a rate of 25% on the taxable income of the subsidiaries operating in Mainland China, as adjusted for income and expense items which were not assessable or deductible for income tax purposes. Kinetic Coal was recognised as qualified enterprise subject to the "Western Development Strategy" on 28 December 2023, hence it enjoys a preferential income tax rate of 15% from 2023 to 2030.

(c) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if certain criteria are met. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. In 2023, the Company, Blue Gems Worldwide Limited and Kinetic (Asia) Limited obtained Hong Kong SAR certificate of resident status for the calendar year 2022 and the two succeeding calendar years, respectively. As a result, under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income", the Group is subject to a withholding tax rate of 5% from 2022 to 2024. The Group provided for and paid the withholding taxes subject to a tax rate of 5% for the six months ended 30 June 2024.

Profit for the period

As a result of the foregoing, the Group recorded a consolidated profit after tax of approximately RMB1,085.2 million for the six months ended 30 June 2024, which increased substantially from the consolidated profit after tax of approximately RMB569.1 million for the six months ended 30 June 2023, representing an increase of 90.7% as compared to the corresponding period last year. Net profit margin increased from 38.1% for the six months ended 30 June 2023 to 42.9% for the six months ended 30 June 2024.

Interim Dividends

The Board resolved to declare an interim dividend for the six months ended 30 June 2024 of HKD0.04 per share (six months ended 30 June 2023: HKD0.03 per share), payable to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 5 September 2024. It is expected that the interim dividend will be paid in cash on or before Thursday, 14 November 2024. The total amount of the interim dividends will be HKD337,200,000 (six months ended 30 June 2023: HKD252,900,000).

Closure of Register of Members for Interim Dividends

The register of members of the Company will be closed from Tuesday, 3 September 2024 to Thursday, 5 September 2024 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders' entitlement to the interim dividend. To qualify for the interim 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 Monday, 2 September 2024.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

For the six months ended 30 June 2024, the Group's cash at bank and on hand was mainly used for the development of the Group's Dafanpu Coal Mine and other business projects and for the proposed acquisitions, to service the Group's indebtedness and to fund the Group's working capital. The Group financed its funding requirements mainly through a combination of interest-bearing bank loans and other borrowing and cash generated from operating activities. The Group's gearing ratio was 5.6% as at 30 June 2024 as compared to the Group's gearing ratio of 7.1% as at 31 December 2023. This ratio is calculated as net debt divided by capital plus net debt. Net debt is calculated as total borrowings less cash at bank and on hand. Capital is equivalent to the total equity.

As at 30 June 2024, the Group's cash at bank and on hand, amounting to approximately RMB345.4 million, were denominated in Renminbi (91.32%), Hong Kong dollars (7.42%) and United States Dollar (1.26%).

As at 30 June 2024, the Group had net current liabilities of approximately RMB463.6 million and has undertaken several acquisitions with prepayments made amounting to approximately RMB2,211.9 million as disclosed in Note 13 to the unaudited condensed consolidated interim financial information. The Directors estimated that the remaining amounts to be made in relation to the aforementioned acquisitions and other additional capital expenditure will be approximately RMB1,167.8 million; and may undertake other necessary additional amount to complete the acquisitions. In addition, the Group has also been contemplating to expand existing business through actively seeking potential mining project targets or diversifying its business by stepping into new business other than mining. The Group needs to seek financing from banks or other financial institutions in order to fund the acquisitions and future capital expenditure. In light of our current liquidity position and our projected cash inflows generated from operations, the Directors are of the opinion that the Group will carefully monitor its liquidity position and assuming that the Group is able to generate sufficient cash inflows from future operations and obtain borrowings from bank or other financial institutions when needed, the Group will be able to meet its liabilities as and when they fall due for at least the next twelve months.

As at 30 June 2024 and 31 December 2023, the Group's secured bank loans and other borrowing were as follows:

	30 June 2024 *RMB'000*	31 December 2023 *RMB'000*
Current	**598,260**	1,033,000
Non-current	**214,250**	269,800
	812,510	1,302,800

As at 30 June 2024, the Group's other borrowing amounting to approximately RMB193.19 million was guaranteed by Seedland, Chongqing Seedland Real Estate Development Co., Ltd. and Mr. Zhang Liang, Johnson.

As at 30 June 2024, the Group's bank loans amounting to approximately RMB464.25 million was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal or guaranteed by Kinetic Coal. As at 31 December 2023, the Group's bank loans amounting to approximately RMB552.80 million was secured by the mining right of Dafanpu Coal Mine held by Kinetic Coal or guaranteed by Kinetic Coal and/or Mr. Ju Wenzhong, a Director of the Company.

As at 30 June 2024, the Group's bank loans amounting to approximately RMB155.07 million was secured by the mining right of Yong'an Coal Mine held by Ningxia Kinetic and guaranteed by Ningxia Kinetic.

Capital Expenditures and Commitments

The Group incurred capital expenditure of approximately RMB589.0 million for the six months ended 30 June 2024, which was mainly for the purpose of the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine and other projects. These capital expenditures were financed by a combination of interest-bearing bank loans and internal resources.

The Group's capital commitments as at 30 June 2024 amounted to approximately RMB1,167.8 million, which is mainly for the purpose of the acquisition, purchase of machinery and equipment and construction of the Yong'an Coal Mine, Weiyi Coal Mine and other projects. These capital expenditures will be financed by a combination of interest-bearing bank loans and internal resources.

Other Commitment

According to the Group's production plan in the coming few years, the underground extraction activities will go into corresponding agricultural land area currently occupied by various domestic households. As such, management of the Group have been liaising with those affected households for relocation requests and providing monetary compensation. As of 30 June 2024, the Group estimated the aggregate future compensation payable for such purpose to be approximately RMB17.1 million and corresponding payments are still in negotiation.

Significant Acquisitions

Acquisition of equity interest in Changlin

On 24 December 2021, the Group entered into an acquisition agreement with Guizhou Liliang, an entity owned by Mr. Zhang Li (a substantial shareholder of the Company), to acquire its 75% equity interests in Changlin which would own the mining rights of a coal mine in Guizhou upon completion of a restructuring, with a total consideration of RMB1,100,000,000. According to the acquisition agreement, the Group prepaid RMB550,000,000 in 2021 and RMB530,256,000 in 2022 to Guizhou Liliang, respectively. Prior to the completion of the acquisition, certain conditions shall be satisfied. If those conditions were not satisfied, the Group is entitled to require Guizhou Liliang to refund any payment (without interest) which the Group had actually made to it under the acquisition agreement. The recoverability of the prepayments is secured by 100% equity interests of Guizhou Liliang. This transaction is a connected and major transaction of the Group and subject to the independent shareholders' approval.

Acquisition of properties from Seedland and the ensuing supplemental agreements and letter of intent

On 29 April and 12 July 2022, the Group entered into a property purchase agreement and a revised supplemental agreement, respectively, with subsidiaries of Seedland, including Qingdao Shilu, Zunyi Field, Jingmen Shiqiang, Wuxi Shidi, Zhongshan Shidi and Wuhan Pingan, all of which are controlled by Mr. Zhang Liang, Johnson, to acquire certain properties with a total consideration of RMB809,480,000. As of 30 June 2024, the Group has already prepaid RMB803,000,000 to the Sellers. The transaction is a connected transaction of the Group, which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 25 October 2022.

On 1 December 2023, the Group entered into the Second Supplemental Agreement with the Sellers and Taiyuan Hetai, pursuant to which (i) the Terminated Properties would no longer be sold to the Group, and (ii) the Group entered into a share transfer agreement with Wuxi Shidi to acquire the Target Shares with a consideration of RMB220,000,000, which shall be set off against and deducted from the prepayment for acquisition of properties from Seedland. In addition, given that the Target Shares are subject to a pledge provided as security in favour of Huarong Rongde for a debt which was used for Ziteng project of Taiyuan Hetai, the Group would become one of the obligators to settle the Debt with Huarong Rongde at a cost of no more than RMB380,000,000 so that Huarong Rongde would discharge the pledge over the Target Shares. According to the Second Supplemental Agreement, the Group prepaid RMB40,000,000 to Huarong Rongde on behalf of Taiyuan Hetai in 2023.

On 7 February 2024, the Group entered into a supplemental agreement to the Second Supplemental Agreement with the Sellers and Taiyuan Hetai, pursuant to which (i) if the acquisition will not be completed before 30 September 2024, the Group shall be entitled to terminate the Second Supplemental Agreement; and (ii) if the actual amount of the Debt owed by Taiyuan Hetai upon the completion of the transfer of the Target Shares exceeds the amount of debt factored in the valuation of Taiyuan Hetai as at 30 November 2023, the Sellers shall compensate the Group for the Excess Debt Amount by (a) reducing the equity consideration by the Excess Debt Amount on a dollar-to-dollar basis; and (b) providing additional properties with a total value not less than the Excess Debt Amount to the Group. The transaction is a connected transaction of the Group which was duly approved by the independent shareholders of the Company on the extraordinary general meeting of the Company held on 13 March 2024. Following the completion of registration of the transfer of shares of Taiyuan Hetai to the Purchaser on 3 June 2024, Taiyuan Hetai has become an indirect wholly-owned subsidiary of the Group. The total identifiable assets acquired were disclosed in Note 25 to the unaudited condensed consolidated interim financial information.

On 6 June 2024, the Group entered into the Third Supplemental Agreement with Qingdao Shilu, Zunyi Field, Zhongshan Shidi, Wuhan Pingan and Guangzhou Hengyi, pursuant to Third Supplemental Agreement, among others, (i) Guangzhou Hengyi transferred 6 units of properties for commercial use located in No. 16 Huaxia Road, Tianhe District, Guangzhou, Guangdong Province with an aggregate building area of approximately 1,182.0 square meters to the Group for a total consideration of RMB45,000,000; (ii) the sales tax payable by Guangzhou Hengyi in connection with the transfer of the properties, which amounts to RMB4,184,000, has been paid by the Group, and shall be deducted from the total consideration of RMB45,000,000 such that the net consideration payable by the Group for the acquisition of the properties shall become RMB40,816,000, which shall be set off against the equivalent amount in the prepayments for proposed acquisitions. The latest outstanding prepaid amount to Seedland following the set-off mentioned above stands at RMB542,184,000.

In addition, on 6 June 2024, the Group entered into a letter of intent with Mr. Zhang Liang, Johnson and Seedland Smart Service, pursuant to which, (i) the Group formalised its intent to acquire the 100% equity interests of Seedlife from Seedland Smart Service; (ii) Seedlife Sellers agreed to facilitate the Group to conduct due diligence on Seedlife; and (iii) the Group shall transfer HKD25,000,000 to Seedlife Sellers as a deposit for the proposed acquisition. As at 30 June 2024, the deposit amounting to HKD25,000,000 (equivalent to RMB22,817,000) had been paid to Mr. Zhang Liang, Johnson. If this transaction materialises, it would constitute a connected and discloseable transaction and subject to the independent shareholders' approval.

Save for those disclosed above, during the six months ended 30 June 2024, the Group had no other significant investments in associates or joint ventures, and no other material acquisitions or disposals of subsidiaries. The Group's ability to fund the above-mentioned acquisitions and capital expenditures heavily relies on its future operating cash inflows and its ability to finance through bank loans, which may be affected by the government macro-control policy and volatility in coal market price. The Group will carefully monitor its liquidity position.

Events After the Reporting Period

The details of the events after the reporting period are disclosed in Note 26 to the unaudited condensed consolidated interim financial information. Save as disclosed in this announcement, the Group had no other significant non-adjusting events subsequent to 30 June 2024.

Financial Risk Management

(a) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits and short-term debt obligations with a floating interest rate. As at 30 June 2024, the Group did not hold short-term debt obligations with a floating interest rate and are not exposed to significant interest rate risk.

(b) Foreign Currency Risk

The Company and its subsidiaries are not exposed to significant foreign currency risk since their transactions and balances are principally denominated in their respective functional currencies.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group utilises cash flow forecast and other relevant information to monitor its liquidity requirements and to ensure the Group has sufficient cash to support its business and operational activities.

Human Resources and Emolument Policy

As at 30 June 2024, the Group had a total of 2,133 full-time employees in the Mainland China, Hong Kong and Cambodia. For the six months ended 30 June 2024, the total staff costs, including the directors' emoluments, amounted to approximately RMB244.2 million.

The Group's emolument policies are formulated based on the performance and experience of employees and in line with the salary trends in the Mainland China, Hong Kong and Cambodia. Other employee benefits include performance-related bonuses, insurance and medical coverage and share options. The share option scheme adopted by the Company on 6 March 2012 expired on 5 March 2022. On 29 November 2022, the Company adopted a new share award scheme, which is funded by existing shares of the Company, providing employees with the opportunity to acquire equity interests in the Company. On 22 May 2023, the Company also adopted a new share option scheme and another new share award scheme (which only grant of awards involving new shares may be made). Appropriate training programmes are also provided to employees by the Group in order to ensure continuous training and development of employees.

OTHER INFORMATION

Corporate Governance

Corporate Governance Code

As the Company believes that good corporate governance is essential to the shareholders of the Company, the Board is committed to maintaining a high standard of corporate governance practices by placing strong emphasis on a quality Board, sound internal controls and effective accountability to the shareholders of the Company as a whole.

The Board is of the view that the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the six months ended 30 June 2024.

Directors' and Relevant Employees' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions.

All the Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and the Company's code of conduct for the six months ended 30 June 2024.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the written guidelines on terms no less exacting than the required standards set out in the Model Code. Each of the relevant employees has been given a copy of the written guidelines.

No incident of non-compliance with these guidelines by the relevant employees was identified by the Company.

Audit Committee

The Audit Committee comprises two independent non-executive Directors, namely Ms. Liu Peilian and Mr. Chen Liangnuan and one non-executive Director, Ms. Zhang Lin. Ms. Liu Peilian is the chairlady of the Audit Committee, who possesses the appropriate professional qualification on accounting or related financial management expertise. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal control system. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2024.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Publication of Interim Results and Interim Report

The interim results announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website at (http://www.kineticme.com). The interim report for 2024 will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 19 August 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.