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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)

VOLUNTARY ANNOUNCEMENT LATEST PROGRESS OF THE MAKHADO PROJECT

Reference is made to the announcements of Kinetic Development Group Limited (the “**Company**”) dated 26 August 2024, 13 September 2024, 28 February 2025, 30 October 2025, 24 February 2026, 5 May 2026 and 11 June 2026 (the “**Announcements**”) in relation to the subscription of shares in MC Mining and the subscription of convertible notes issued by MC Mining. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

On 22 April 2026, the Group completed the subscription of 51% of the new ordinary shares in MC Mining for a total subscription consideration of US\$90,000,000. On 11 June 2026, the Group subscribed for the convertible notes issued by MC Mining in an aggregate principal amount of US\$6,136,000, which, together with the interest accrued thereon, may be converted upon maturity into new shares to be issued by MC Mining to the Company. The aforesaid investments were financed by the Group’s internal resources and part of the net proceeds from the placing, which has been primarily utilised for the construction and operation of the Makhado Project, MC Mining’s flagship coking coal project located in South Africa. Thereafter, the Group will further develop MC Mining’s Greater Soutpansberg (GSP) Project. The total resource for the two projects is approximately 7,604 million tonnes.

LATEST PROGRESS OF THE MAKHADO PROJECT

The Board is pleased to announce that the Makhado Project officially commenced production on 1 August 2026. The status and progress of the project are set out below:

Resource Status: The Makhado Project is located in the Soutpansberg Coalfield in Limpopo Province, South Africa. It is an open-pit coal mine covering an area of 7,651.28 hectares, with total resources of approximately 706 million tonnes.

Operations Commenced: Following the completion of preliminary commissioning, the coal handling and preparation plant has achieved the required product quality standards, and the coal mine officially commenced production on 1 August 2026.

Production Plan: Based on the designed capacity of the existing coal handling and preparation plant at the Makhado Project, the project is expected to produce 280,000 tonnes of coking coal and 230,000 tonnes of thermal coal in 2026. The project is expected to reach an annual production capacity of 880,000 tonnes of coking coal and 720,000 tonnes of thermal coal in 2027. In addition, the Makhado Project is currently undergoing design and testing of future capacity expansion plans, and the Group expects to further increase its annual production capacity to 2.2 million tonnes of coking coal and 1.8 million tonnes of thermal coal within the next two years.

Sales Plan: As at the date of this announcement, the Group has secured more than 40 potential overseas customers. The key customers are primarily located in Vietnam, Indonesia, Malaysia, India, South Africa and neighbouring countries, and include major steel manufacturers, coke producers, cement manufacturers and international coal traders. The Company has provided coal quality data to its key customers and will progressively provide samples of cleaned coal for coal blending and coke oven testing in line with the project's production schedule. Based on the feedback received to date, the quality of the Company's coal products meets the blending requirements of its major target customers. Procurement volumes will be finalised and commercial arrangements will be concluded upon completion of the testing and validation process. The Group expects that the demand from its currently secured customer base will account for the majority of its planned product sales for 2026, providing a solid foundation for product sales following the commencement of production at the project.

Products and Coal Quality: The primary product is low-sulfur coking coal with high thermal strength, and the secondary product is low-sulfur, high-quality thermal coal with a calorific value of 5,500 kcal/kg.

Cost Control: Going forward, the Group intends to establish its own mining and transportation teams to further reduce costs through intra-group synergies.



The Makhado Project

FUTURE OUTLOOK

In terms of production, the Makhado Project is expected to reach the anticipated 4 million tonnes of raw coal processing capacity by 2027, with a further capacity expansion plan implemented simultaneously.

In terms of sales, the coal products from the Makhado Project will be marketed and sold globally. The key customers currently include steel manufacturers, coke producers, cement manufacturers, power plants and major international coal traders, with customers located across Southeast Asia, Africa, the Middle East, India and China. Going forward, the Company will continue to expand into international markets including Brazil, Europe and the Middle East, continuously diversify its customer base, and further enhance the competitiveness of its products in international markets and increase sales volumes.

The commencement of commercial production at the Makhado Project marks the beginning of a new phase of accelerated value release from the Group's premium overseas production capacity. Going forward, the Group will develop a high-capacity, high-efficiency and high-quality overseas coal production base by optimising mining plans, enhancing coal processing efficiency, and strengthening end-to-end cost controls, thereby delivering substantial profit returns to the Company and its shareholders.

The above information is provided for illustrative purposes only and does not constitute any forecast or estimate of the Group's revenue or profit.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 4 August 2026

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.