

To: Business Editor  
(for immediately release)



**KINETIC MINES AND ENERGY LIMITED**

力量礦業能源有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**Record High in 2018 Interim Results  
Net Profit Increased 115.8% To RMB399.4 Million**

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**Focuses on Efficient Operation  
Achieves Sustainable Growth**

**2018 Interim Results Financial Highlights:**

- Revenue increased by 56.0% to RMB1,150.4 million
- Gross profit margin increased to 50.0%
- Net profit amounted to RMB399.4 million, representing a period-on-period growth of 115.8%
- EBITDA reached RMB621.6 million
- Gearing ratio decreased to 22.2%
- Basic earnings per share amounted to RMB0.047
- Proposed interim Dividend per share amounted to HKD0.015

(21 August 2018, Hong Kong) **Kinetic Mines and Energy Limited** (“Kinetic Mines”, together with its subsidiaries, the “Group”; stock code: 1277), a leading integrated coal enterprise in China, is pleased to announce its interim results for the six months ended 30 June 2018 (“the period under review”).

During the period under review, Kinetic Mines continued its growth momentum, as the sales volume and the net profit of coal products significantly increased with great contribution to the Group's financial performance. For the six months ended 30 June 2018, the Group recorded a total revenue of RMB1,150.4 million, representing a period-on-period growth of 56.0%. Net profit increased 115.8% to RMB399.4 million. During the period under review, the Group's gross profit margin also rose 9.7 percentage points to 50.0%, which was mainly attributable to better economies of scale and efficiency from operations. Gearing ratio reduced to 22.2%. Basic earnings per share was RMB0.047. The Group achieved a substantial growth in its cash flow, the EBITDA for the six months ended 30 June 2018 grew 80.0% and reached RMB621.6 million. The Board of Directors proposed an interim

dividend of HKD0.015 per share to its shareholders, a 50% increase compared with the interim dividend last year.

For the six months ended 30 June 2018, the Group sold a total of approximately 2.51 million tonnes of commercial coal, increasing by 63.0% as compared with the corresponding period last year. The average selling price of coal products per tonne was RMB456 (net of value-added tax).

In the first half of 2018, the coal market went upward with a favorable momentum as last year, which speeded up the output of high quality production capacity. Supply and demand was generally balanced in the PRC coal market and coal prices stayed at a reasonable level. Moreover, the capacity and utilization of rail transportation and port handling maintained a steady growth. Under the backdrop of macroeconomic regulation and control, the coal industry had an overall favorable development.

By leveraging the competitive edge of efficient operation, enhanced production technology and experience, better cost-effectiveness, the output and sales volume of the Group is maintaining an upward momentum. In addition, the Group has a well-developed industry chain and implemented refined management, attaching great importance to environmental protection and production safety. By taking advantage of the Group's substantial capital investments in early stage, its Dafanpu Coal Mine is built as one of the best coal mines in terms of safety and efficiency in China.

**Mr. Zhang Li, Chairman and Executive Director of Kinetic Mines**, said, "Looking forward to the second half of 2018, the PRC government will maintain the policy of supply-side reform and actively shed excess production capacity, while steadily and orderly promoting the consolidation of coal resources and maintain the stability of coal industry. The Group is cautiously optimistic about the development of the coal industry. It is expected the Group's business will be stable and healthy in the second half of 2018 and the Group is able to maintain its stable profit and cash flow. By leveraging on its core competitiveness, the Group will continue to seize market opportunities, and actively explore quality projects, striving for better returns for shareholders."

— End —

### **About Kinetic Mines and Energy Limited**

Kinetic Mines and Energy Limited is a leading integrated coal enterprise in China covering in coal production, washing, loading, transportation and coal trading. Well-established business segments throughout the industry chain can optimize the Group's profit. In addition, thanks to the Group's large capital investment in the previous years, its "Dafanpu" is built as one of best coal mine in terms of safety and efficiency in China. This ensures the Group's production costs per tonne maintained at the lowest industry level. By leveraging the competitive edge of low cost and industry chain owned by the Group, Kinetic Mines is able to maintain a strong cash flow and profit in current coal market.

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