

(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)

(Stock Code: 1277.HK)

### Kinetic Mines and Energy Announces 2019 Interim Results

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***High Level of Profitability and Dividend Ratio was Maintained by Speeding Up of Cost Reduction and Efficiency Enhancement Process***

#### **Kinetic Mines and Energy Limited 2019 Interim Results Financial Highlights:**

- Revenue increased by 11.0% to RMB1,276.6 million
- Gross profit was RMB503.9 million; gross profit margin was 39.5%
- Net profit amounted to RMB379.3 million; net profit margin was 29.7%
- Basic earnings per share amounted to RMB4.5 cents
- Proposed interim dividend per share amounted to 1.5 HK cents

(21 August 2019, Hong Kong) **Kinetic Mines and Energy Limited** (“Kinetic Mines”, together with its subsidiaries, the “Group”; stock code: 1277), a leading and premium efficient integrated coal enterprise in China, is pleased to announce its interim results for the six months ended 30 June 2019.

For the six months ended 30 June 2019, the Group recorded a total revenue of approximately RMB1,276.6 million, representing an increase of approximately 11.0% compared with the same period last year; its gross profit was RMB503.9 million and gross profit margin was 39.5%; net profit was RMB379.3 million and net profit margin was 29.7%; basic earnings per share amounted to RMB4.5 cents; the Board of Directors proposed an interim dividend of 1.5 HK cents per share to its shareholders, flat with the same period last year.

In the first half of 2019, the PRC government steadily promoted the supply-side reform and de-capacity policies while the coal industry of China generally operated in a smooth manner. The coal supply and demand in the PRC was generally balanced, but the overall supply was still higher than demand. Due to the decline in coal prices, the profit realised from the industry was reduced in the first half of the year.

The Group continued to speed up its cost reduction and efficiency enhancement process, focusing on controlling the expenses on coal production, washing, transportation, ports and administration, which effectively mitigated the impact of the decreased selling price on the gross profit margin. The Group successfully maintained an above average gross profit

margin. The Group fully enhanced its sales strategies, conducted smooth operations of its coal storage and distribution businesses at the Qinhuangdao port and Cao feidian port. There were also active promotions of the Group's brand – “*Kinetic 2*”, which has significantly improved brand awareness of the coal product of the Group and expanded various customer bases. Its sales volume increased 14.9% year-on-year with a year-on-year growth in turnover. The Group gained in its sales revenue and profit through purchasing coal products from third-party coal mine owners, and transported to Qinhuangdao by railway to sell the products.

Furthermore, the Group has always placed an importance on safe and efficient production, and have played major roles within the industry to support corporate social responsibility and environmental policies. The Group's Dafanpu coal mine in Inner Mongolia was recognised as a “Premium Safe and Efficient Coal Mine in 2016-2017” by the China Coal Industry Association and was awarded as a “Class A Coal Mine” for the fifth consecutive year by the Energy Bureau of Zhunge'er Banner. In July 2019, Dafanpu coal mine was officially approved as a “Green Mine” in the Inner Mongolia Autonomous Region, which fully reflects the Group's comprehensive strength in coal mine protection and the sustainable development of the mining industry.

Mr. Zhang Li, Chairman and Executive Director of Kinetic Mines, said, “Looking forward to the second half of 2019, the Group will continue to uphold the development idea of safety, environmental protection, energy saving, green and premium efficiency development. We will leverage our quality coal products, leading production technologies and the renowned brand awareness of “*Kinetic 2*” to continually improve our production efficiency and refine on cost control, which will add to our desired gross profit margin. We will continue to take charge of safety control, enhance the awareness on environmental protection and lead the industry towards the path of healthy development. We are cautiously optimistic about the business outlook of coal production, sales and trading in the second half of the year. We will proactively respond to market changes and maximize value for society and our shareholders.”

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### **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.

Issued by **Christensen China Limited** for and on behalf of **Kinetic Mines and Energy Limited**.

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