



KINETIC MINES AND ENERGY LIMITED

力量礦業能源有限公司

(Incorporated in the Cayman Islands with limited liability)

Maintained High Rate Growth in 2018 Annual Results Net Profit Increased 49.4% To RMB807.0 Million

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All-round Optimal Management for Profit Maximization

2018 Annual Results Financial Highlights:

- Revenue increased by 39.7% to RMB2,443.4 million
- Gross profit margin was 44.9%
- Net profit amounted to RMB807.0 million, representing a year-on-year growth of 49.4%
- EBITDA reached RMB1,246.4 million
- Gearing ratio decreased to 10.0%
- Basic earnings per share amounted to RMB9.57 cents
- Proposed Final Dividend per share amounted to HK3.0 cents

(21 March 2019, 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 annual results for the year ended 31 December 2018.

During the year, Kinetic Mines has maintained strong growth momentum with record high turnover and net profit. For the year ended 31 December 2018, the Group recorded a total revenue of RMB2,443.4 million, representing a year-on-year growth of 39.7%. Net profit increased 49.4% to RMB807.0 million. The Group’s gross profit margin was 44.9%. Gearing ratio reduced to 10.0%. Basic earnings per share was RMB9.57 cents. The Group has achieved a substantial growth in cash flow, with an EBITDA reaching RMB1,246.4 million. The Board of Directors proposed a final dividend of HKD3.0 cents per share to its shareholders.

In 2018, as the PRC government continues its promotion of de-capacity, and optimization of industrial structure and industrial layout, the coal market has realized overall balance between the supply and demand, and the operations of most enterprises have been

improved, and new progresses have been achieved in industrial restructuring as well as transformation and upgrading. The quality of coal supply improves significantly and the coal prices are kept at a high level in general. The profitability of the coal industry continues to improve in the cases of favorable coal prices and the market conditions are gradually getting better.

Benefitting from the advantages of the quality of coal products, well-developed industry chain, sound cost control and efficient production technology, the Group has experienced continuous remarkable growth in its turnover. In addition, drawing upon its high-quality coal layers, mining efficiency, quality coal product brand "Kinetic 2" (力量2), mining cost reduction and mitigating risks arising from coal price fluctuations, the Group thereby has been achieving the best possible gross profit margin in the current coal market. Moreover, the Group implemented the all-around optimized management strategy. It gradually rolled out the port coal storage, on-site delivery and distribution business, so as to enhance the Group's sales and bargaining capacity at port and boost our gross profit margin rising above the industry average. It also proactively enriched coal sales channels and vigorously explore various quality customer base, with a view to maintaining high receivables recovery ratio. And it continued to strictly control sales, transportation, port and management costs, thereby maximizing its profit.

Mr. Zhang Li, Chairman and Executive Director of Kinetic Mines, said, "In 2018, international trade friction continued to escalate, which has brought critical challenges in both the Chinese economy and the global economy. The Chinese government has facilitated numerous financial and economic stability policies and measures, prompting its economy to advance and grow with a stable momentum. During the year, the raw coal output of coal mining enterprises rose steadily, which strikes an overall balance between supply and demand in the coal industry. Leveraging on the stable coal market and price, profitability of leading coal enterprises has been on an upward track. Looking forward to 2019, the Group expects that coal production, sales and trading business will grow steadily. The Group will also take proactive measures to cater for changes in new market regulations, strictly adhere to controlling production cost, follow the operating strategy of low-cost production while fully capitalizing on its stable cash flow and strong profitability thanks to its high-standard and high-quality product competitive edge, aiming to seize development opportunities, creating the highest value for 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.