



Kinetic Mines and Energy Maintained High Growth Rate in 2018 Annual Results with Net Profit Increased Significantly by 49.4% to RMB807 Million.....	2
Kinetic Mines and Energy Recorded a Year-on-Year Growth of 49.4% Profit in 2018 with a Dividend Yield Ratio of over 10%.....	4
Kinetic Mines and Energy: Possible Implementation of M&A Project in the Middle to the Second Half of the Year	6
Mongolia's Dafanpu Coal Mine owned by Kinetic Mines and Energy Passed Class A Coal Mine Acceptance in Jungar Banner with a Score of 92.5.....	8
The Consistent Closure of Small Coal Mines by NDRC is Expected to Benefit Kinetic Mines and Energy	9
Kinetic Mines and Energy receives Recommendation by Haitong International Securities ..	11

Kinetic Mines and Energy Maintained High Growth Rate in 2018

Annual Results with Net Profit Increased Significantly by 49.4% to

RMB807.0 Million

2019-03-21 | Quamnet |

All-round Optimal Management for Profit Maximization

(21 March 2019, Hong Kong) Kinetic Mines and Energy Limited (“Kinetic Mines and Energy”, together with its subsidiaries, the “Group”; stock code: 1277.HK), a leading and efficiently integrated coal enterprise in China, is pleased to announce its annual results for the year ended 31 December 2018.

Financial highlights of Kinetic Mines and Energy’s 2018 annual results:

- 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

During the year, Kinetic Mines and Energy maintained a 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 significantly by 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 achieved a substantial growth in cash flow, with an EBITDA reaching RMB1,246.4 million. The Board of Directors proposed a final dividend of HK3.0 cents per share to its shareholders.

In 2018, as the PRC government continued its promotion of de-capacity, and optimization of industrial structure and industrial layout, the coal market realized overall balance between supply and demand, and the operations of most enterprises were improved, and new processes were achieved in industrial restructuring as well as transformation and upgrading. The quality of the coal supply improved significantly and coal prices were kept at a high level in general. Benefiting from favorable coal prices, the profitability of the coal industry continued to improve and the market conditions were taking on the trend of gradual recovery.

By virtue of the advantages in the quality of coal products, well-developed industry chain, sound cost control and efficient production technology, the Group 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 achieved 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 the company’s gross profit margin well above the industry average. It also

proactively diversified coal sales channels, vigorously explored various quality customer groups, and maintained a high recovery ratio for its receivables. 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 and Energy, said, “In 2018, international trade friction continued to escalate, which brought critical challenges for 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, with the entire industry dedicated to developing an overall balance between supply and demand, and benefiting from the stable coal market and price, profitability of leading coal enterprises was on an upward track. Looking forward to 2019, the Group expects that coal production, as well as the sales and trading business to grow steadily. The Group will also take on proactive measures to cater for changes in new market regulations, continue to strictly control production cost, follow the operating strategy of low-cost production while fully capitalizing on our stable cash flow and strong profitability, thanks to the competitive advantage of our high-standard and high-quality products. The goal of all these initiatives is to seize development opportunities and create the highest value for our shareholders.”

[Back to Contents](#)

Kinetic Mines and Energy Generates Profit Growth of 49.4% YoY in 2018

Annual Dividend Yield Ratio Over 10%

2019-03-22 | Finet |



Kinetic Mines and Energy Limited (“Kinetic Mines and Energy”; stock code: 1277.HK), a leading and efficiently integrated coal enterprise in China, announced its annual results for 2018 on the evening of 21 March 2019, according to which, its revenue doubled to RMB2.443 billion within three years, leaving a sizeable advantage between the company’s performance and other competitors. Its profit made a “triple jump” from RMB138 million to RMB807 million, representing a CAGR of 141.8%. Under the support of record high performance, and by virtue of strong cash flow, it also generated a fruitful shareholder return, with a final dividend of HK\$0.03, which brought the full-year dividend to HK\$0.045, and a dividend yield ratio of over 10%.

The outstanding operating results of Kinetic Mines and Energy are the fruit of the company's intelligent and efficient management and various preferential tax treatments and policies it enjoys. Its Dafanpu Coal Mine in Inner Mongolia has been rated as a Premium Safe and Efficient Mine amongst the coal industry, and has become one of the safest and most efficient coal mines in China. Its production efficiency and cost control were both significantly improved during the year, thereby improving the overall economic efficiency of the company.

At the press conference held in Hong Kong for the release of results, some investors believed that the company's profit growth and dividend payouts were satisfactory, and asked various questions including the direction for future M&As and financing plans. The overview given by Mr. Gu Jianhua, the Chief Executive Officer of Kinetic Mines and Energy, explained that the supply and demand in the industry has currently reached a balance because the NDRC and other governmental departments have been vigorously promoting M&As in the coal industry and encouraging competent enterprises to invest in the development of new coal mines, and the

company has various first-mover advantages with a number of quality M&A targets in the region.

In terms of financing, Ms. Wang Lanlan, President of the Hong Kong Office, commented that given the strong financial condition and cash flow of the company, major financial institutions are also willing to provide various financing schemes. The company is optimistic about the prospect of the industry. The supply and demand of the industry has been substantially balanced in general, and in the future, the company will continue to focus on the efficient and intelligent development of the coal industry.

[Back to Contents](#)

Kinetic Mines and Energy: Possible Implementation of M&A Project in the Middle to the Second Half of the Year

2019-03-22 | Finet |



Kinetic Mines and Energy (01277-HK) announced its annual results for 2018, according to which, it recorded a profit of RMB806 million attributable to the shareholders for the year, ending 31 December 2018, representing a year-on-year growth of 49.43%, and earnings per share of RMB9.57 cents, and declared a final dividend of HK\$3 cents per share.

At a luncheon meeting in March 2019, Mr. Gu Jianhua, Chief Executive Officer and Executive Director of the company, expressed his confidence in the company's performance this year, and in terms of the coal production capacity as approved by the government, he believes the company can accomplish the capacity target of 5.1 million tons this year. At the industry and policy level, Mr. Gu also explained that since the value-added tax rate in Mainland China has been reduced from 16% to 13% in April 2019, this will ease the corporate tax burden, and given the general condition of "a lack of oil and gas" in China and the predominant position of coal resources for energy output, coal resources will still account for up to 60% of the energy structure in the next 20 years. At the company level, the company has begun to improve production mechanization and intelligence, and also increased efforts in environmental protection, including smoke treatment, water treatment and mine greening. In addition, he believes that with the furtherance of the supply-side structural reform in the coal industry in China, the supply and demand has currently been relatively balanced in the market, which, together with China's resistance to high sulphur imported coal and the implementation of the Belt and Road Initiative, all these conditions are believed to benefit the company's business.

Kinetic Mines and Energy is currently carrying out coal storage and distribution businesses in Qinhuangdao Port and Caofeidian Port. According to Mr. Wang

Mingfang, Chief Financial Officer of the company, acknowledged that the company is currently planning to establish stacking positions in the ports of Zhuhai with implementation plans to proceed within this year. This will save on costs for intermediate steps, and enable the company to better serve the end customers in the southern market. In terms of transportation costs, Mr. Wang Mingfang stated that the company has prepaid transportation expenses, so the prices will increase accordingly when delivered to customers.

In addition, Kinetic Mines and Energy is currently seeking M&A opportunities. According to Mr. Gu Jianhua, the company has conducted project inspections along the Belt and Road, and it is believed that certain projects will be disclosed in the middle to the second half of the year.

[Back to Contents](#)

Dafanpu Coal Mine owned by Kinetic Mines and Energy Passed Class A Coal Mine Acceptance in Jungar Banner with a Score of 92.5

2019-04-24 | Finet |

Kinetic Mines and Energy Limited ("Kinetic Mines and Energy"; stock code: 01277-HK), a leading and efficiently integrated coal enterprise in China, announced that its Dafanpu Coal Mine in Inner Mongolia successfully passed the final assessment and acceptance of the Energy Bureau of Jungar Banner with a score of 92.5, and obtained the "Class A Mine" rating for the fifth consecutive year, marking its continuous compliance with the standards for Class A mines in Jungar Banner.

On 23 April 2019, an acceptance team comprising of over 10 experts organized by the Energy Bureau of Jungar Banner and led by the Deputy Chief of the Comprehensive Law Enforcement Bureau, went to the Dafanpu Coal Mine to carry out Class A mine acceptance work. The acceptance team conducted a comprehensive inspection on the basic materials of 11 professional aspects, such as level-by-level safety risk management and control, hidden danger investigation, geological disaster prevention and measurement, and conducted strict inspection and rating, as well as reported comments based on on-site inspection, data review and acceptance. The acceptance team gave praises and put forward valuable suggestions and requirements on the Class A mine management and safety production standardization of Dafanpu Coal Mine.

Kinetic Mines and Energy has always put mine safety at the Dafanpu Coal Mine as a top priority, and after years of hard work, it has become one of the safest and most efficient coal mines in China. In addition, Kinetic (Qinhuangdao) Energy Co., Limited, a subsidiary of the company, has recently been named the "Star Enterprise of the Year" by the Government of Beidaihe District for five consecutive years in recognition of its contribution to the regional economy.

The recognition from industry peers and all walks of life reflects the persistence and attention of the company's management for safety. It is the company's priority that only by maintaining the safe production order of the mine can it create better economic benefits. In fact, this forward-looking business strategy has turned out to be quite effective. The company's profit in 2018 increased by 49.4% year-on-year to RMB807 million with its results hitting a record high, and its cash flow remains strong. As a listed company in Hong Kong, Kinetic Mines and Energy has generated a fruitful shareholder return, with a final dividend of HK\$0.03, a full-year dividend of HK\$0.045 and a dividend yield ratio of nearly 10%. In the future, the company will continue to exert great efforts on safety, strive to build environmentally friendly mines, lead the modernization of the coal industry, and create greater value for the society.

[Back to Contents](#)

The Consistent Closure of Small Coal Mines by NDRC is Expected to Benefit Kinetic Mines and Energy

2019-05-10 | Finet |

On 6 May, the NDRC issued the Notice on Strengthening the Source Control of Coal Mines' Impact on Ground Pressure (Fa Gai Neng Yuan [2019] No. 764) (《关于加强煤矿冲击地压源头治理的通知》(发改能源〔2019〕764号)) (the "Notice"), to speed up the elimination of outdated production capacity, and strive to reduce the number of coal mines with a capacity below 300,000 tons per year to less than 800 mines by the end of 2021. As one of the safest and most efficient coal enterprises in China, Kinetic Mines and Energy, a listed company in Hong Kong (stock code: 01277-HK) is expected to benefit.

Owned and managed by Kinetic Mines and Energy, the Dafanpu Coal Mine in Jungar Banner, Inner Mongolia, has obtained the highest rating of "Class A Mine" from the Energy Bureau of Jungar Banner for five consecutive years since 2015, as well as the high recognition of a "Premium Safe and Efficient Mine" awarded by the China Coal Industry Association. As a first-class enterprise in safety production standardization, the company's management has always put mine safety as a top priority. Although the mining conditions at Dafanpu Coal Mine are superior and there are no geological problems such as water damage and gas, the company places great importance on safety production and puts forward the development concept of "safety, environmental protection, energy conservation, green and high efficiency", to build one of the safest and most efficient coal mines in China.

Under the premise of ensuring safety, Dafanpu Coal Mine has adopted dynamic management, upgraded equipment system, strengthened equipment control, and reduced the duration of maintenance, thus greatly improving the production efficiency. For example, the company introduced advanced machinery and equipment last year, which drastically reduced the downtime caused by regular equipment maintenance, and ensured the continuous operation of the equipment under good conditions. With the improvement of production efficiency, the listed company has achieved remarkable results. The profit of Kinetic Mines and Energy in 2018 increased by 49.4% year-on-year to a record high of RMB807 million. Supported by these outstanding results, the company paid a final dividend of HK\$0.03 per share in cash on or before 28 June 2019, thus bringing the full-year dividend to HK\$0.045 per share, representing a dividend yield ratio of over 10%.

In addition, Kinetic Mines and Energy holds 45% of equity in Xiaojia loading station and its associated rail spur lines. The group can utilize Xiaojia loading station to transport its own coal products to significantly reduce expenses as compared to highway transportation, and also purchase coal products from other third-party coal mine operators within proximity, which will be transported by railway and sold in Qinhuangdao to increase the sales income and profit of the group. Going forward, the external coal purchase business is expected to grow and become a new source of income for the group.

In addition to explicitly placing importance to the prevention and control of the impact on ground pressure and eliminating outdated production capacity, the Notice also emphasized the strict implementation of the responsibility system for production safety. For many small and medium-sized coal mines, this requirement constitutes a

major challenge, and even generates tremendous pressure to force them to exit the market. As a leading and efficiently integrated coal enterprise in China, Kinetic Mines and Energy has been implementing the highest standards and requirements of the industry in all aspects. The operating philosophy of the company's management is forward-looking and is at the forefront of the industry. The strengthening of regulatory policies is currently expected to accelerate the reshuffle of the industry, but bring new development opportunities for the company at the same time. In the future, the company will continue to exert great efforts on safety, strive to build environmentally friendly mines, lead the modernization of the coal industry, bring more fruitful returns to shareholders, and create greater value for the society.

[Back to Contents](#)

Kinetic Mines and Energy receives Recommendation by Haitong International Securities

2019-05-15 | Finet|



Mr. Ou Chenming, the wealth management and investment strategy manager of Haitong International Securities, commented in his media column that variables exist in the China-US trade negotiations and market conditions remain relatively volatile. His advice to investors were to consider the timely action of investing in defensive or high-interest shares to enrich their investment portfolio for long-term investments.

In the column's analysis section, Kinetic Mines and Energy (01277-HK) was taken as an example of an integrated coal enterprise in China with businesses covering coal production, washing and dressing, loading, transportation and trading, and healthy growth development for a number of consecutive years. Benefiting from efficient operation, continuous improvement in production technology and experience, and the advantages of a mature industrial value chain, the company's profit in 2018 increased by 49.4% year-on-year to a record high of RMB810 million. Supported by the outstanding results, the company paid a final dividend of HK\$0.03 per share at the end of June 2019, which brings the full-year dividend to HK\$0.045 per share, representing a dividend yield ratio of over 10%.

Haitong International Securities pointed out that the company has many innate advantages, including its excellent geographical location and perfect transportation network support, and at present has a number of promising M&A opportunities in the region. The coal industry is a unique industry catering to the strategic needs of the country. The coal mines managed by Kinetic Mines and Energy have reached the highest safety level in the country with production equipment, environmental protection measures and management standard ranking among the highest in the

industry. Therefore, the company is expected to experience stable development with high profitable predictability in the future.

Recently, Kinetic Mines and Energy gained industry recognitions from the capital and industrial fields for its strong advantages. On 13 May, the company's Dafanpu Coal Mine was awarded the honorary title of “2016-2017 Premium Safe and Efficient Mine in Coal Industry” awarded by the China Coal Industry Association. In the future, the company will continue to adhere to the development philosophy of “safety, environmental protection, energy conservation, green and high efficiency”, to lead the modernization of the coal industry and create greater value for the society.

[Back to Contents](#)