



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 announced its 2016 Annual Results

Net profit turned around

2016 Annual Results Financial Highlights:

- Revenue reached RMB1,051.5 million ;
- Gross profit margin increased to 28.6% ;
- A new record of consolidated net profit set at RMB138.1 million for the year ;
- EBITDA increased by 90.7% to RMB383.7 million ;
- Total Debts reduced by RMB145.4 million ;
- Gearing ratio decreased to 48.4% ;
- Basic earnings per share amounted to RMB0.0164;
- A special dividend proposed at HK0.02 per share.

(29 March, 2017 – Hong Kong) An integrated coal producer and operator—Kinetic Mines and Energy Limited (“Kinetic Mines” or the “Company”; Stock Code:1277.HK) is pleased to announce the consolidated results of the Company and its subsidiaries (“collectively the Group”) for the year ended 31 December 2016.

The Group set a new record of consolidated net profit of RMB138.1 million for the year ended 31 December 2016 compared with a consolidated net loss of RMB2.1 million. Besides, the Board proposed to pay a special dividend of HK0.02 per share.

In 2016, the Group strived to achieve the sales targets and maintain the production cost at the lowest industry level. Thanks to the recovery of the coal market, the average selling price per tonne of coal profit at ports, net of tax, increased from RMB308 in 2015 to RMB387 in 2016. This helped achieving a high profit margin of 28.6% for the year ended 31 December 2016. In additions, with a remarkable result of the groups, the EDITDA increased by 90.7% to RM383.7 million. The strong cash flow during the year allowed the Group to reduce the total debt by RMB145.4 million.

During the year, the Group sold a total of approximately 2.72 million tonnes of coal products and recorded revenue of RMB1,051.5 million for the year ended 31 December 2016.

As one of the few fully-integrated coal enterprises with mining, processing, rail transportation, port warehousing and trading capabilities, the Company focuses on the production of environmental friendly low Sulphur commercial coal at its Dafanpu Coal Mine situated at Zhunge'er Banner, Erdos City, Inner Mongolia, China. The Xiaojia loading station and its associated rail spur lines, in which the Group holds 45% interest, has an average handling capacity of approximately 5,000 tonnes per hour. It transports the coal products produced at the Dafanpu Coal Mine and those procured from other third-party coal mine operators via the Nanping Rail Line and the Datong-Qinhuangdao Rail Line to Qinhuangdao.

In 2016, the Group not only strengthened the production cost efficiency of the Dafanpu Coal mines but also implemented a number of initiatives to keep abreast of the coal market in order to achieve in obtaining higher price of sales contracts. It included: (1) establishment of a sales committee to forecast the trend of coal market by collecting and analyzing of information and policy from local government. (2) regular and close communication with the end-customers and market participants to acquire more market information (3) keep updates and analysis of indexes including but not limited to the Bohai-rim Steam-Coal Price Index (BSPI), the Commodity Channel Index (CCI), and PLATTS, etc., to maximize the profit of each transaction.

Mr. Zhang Li, Chairman and Executive Director stated: “The coal industry started to bottom out and the situation of coal enterprises in difficult gradually improved. With the continuous elimination of excessive capacity and more stringent controls on non-compliant coal mines, China will undoubtedly record an ongoing reduction in its overall coal production output in the coming years. Production capacity eliminated will be replaced by new structure production capacity while the supply-side reform will be maintained; yet opportunities will be offered with dominant enterprises, whose have the competitive edge of implementing

effective and environmentally-friendly policies. The Group will continue to be benefited from the supply-side reform of China. The coal production and sales, as well as the trading business in Qinhuangdao of the Group in 2017 are expected to develop at a steady pace.”

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About Kinetic Mines and Energy Limited

Kinetic Mines and Energy Limited (“Kinetic Mines” or the “Group”, HKEx Stock Code: 1277) is an integrated coal producer and operator. Its activities cover the whole coal industry chain from coal production and washing, through coal loading and transportation, all the way to coal trading. The Group’s vision is to become a leading integrated coal provider in China. Kinetic Mines focuses on developing the Dafanpu Coal Mine, and seeks to operate highly efficient and safe coal mines. The Dafanpu Coal Mine is an underground mine, occupying a concession area of approximately 9.6 km² located in Zhunge'er Banner, Erdos City, Inner Mongolia, China. The Group obtained the required permits and approvals for the operation of Xiaojia Loading Station and its associated rail spur line in June 2013, of which the Group holds a 45% interest. The Xiaojia Station has an average handling capacity of approximately 5,000 tonnes per hour.

This press release is issued by Wonderful Sky Financial Group on behalf of **Kinetic Mines and Energy Limited**

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