

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.*

*If you are in any doubt as to any aspect of this circular or as to any action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.*

*If you have sold or transferred all your shares in **Kinetic Mines and Energy Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.*



**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)**

**PROPOSAL FOR  
DECLARATION AND PAYMENT OF INTERIM DIVIDEND  
OUT OF SHARE PREMIUM ACCOUNT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM of Kinetic Mines and Energy Limited to be held at Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, PRC on Friday, 13 October 2017 at 11:30 a.m. is set out on pages 7 to 8 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 11:30 a.m. 11 October 2017) before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

4 September 2017

# CONTENTS

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	3
INTRODUCTION .....	3
DECLARATION AND PAYMENT OF INTERIM DIVIDEND OUT OF SHARE PREMIUM ACCOUNT .....	4
CONDITIONS OF THE DECLARATION AND PAYMENT OF INTERIM DIVIDEND OUT OF SHARE PREMIUM ACCOUNT .....	4
REASONS FOR AND EFFECT OF THE PAYMENT OF INTERIM DIVIDEND OUT OF SHARE PREMIUM ACCOUNT .....	5
CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY FOR ATTENDING THE EGM .....	5
NOTICE OF EGM .....	5
VOTING PROCEDURES .....	6
PROXY .....	6
RECOMMENDATION .....	6
RESPONSIBILITY STATEMENT .....	6
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	7

## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Close Associates”	has the meaning ascribed thereto in the Listing Rules
“Company”	Kinetic Mines and Energy Limited, a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and for the purposes of this circular, means each of King Lok and Mr. Zhang Liang, Johnson
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, PRC on Friday, 13 October 2017 at 11:30 a.m.
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interim Dividend”	the proposed interim dividend of HK\$0.01 per share as proposed by the Board on 21 August 2017
“King Lok”	King Lok Holdings Limited, a BVI business company incorporated under the laws of the BVI on 9 December 2009 and a Controlling Shareholder
“Latest Practicable Date”	25 August 2017, being the latest practicable date before the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, which for the purposes of this circular excludes Hong Kong, Macau Special Administrative Region and Taiwan Region

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Premium Account”	the share premium account of the Company, the amount standing to the credit of which was approximately HK\$952,197,239 as at 30 June 2017 based on the unaudited consolidated financial statements of the Company as at that date
“Share(s)”	ordinary share(s) of nominal value of US\$0.001 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



**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)**

*Executive Directors:*

Mr. Zhang Li (*Chairman*)  
Mr. Gu Jianhua (*Chief Executive Officer*)  
Mr. Zhang Liang, Johnson

*Non-executive Director:*

Ms. Zhang Lin

*Independent Non-Executive Directors:*

Ms. Liu Peilian  
Mr. Zheng Ercheng  
Ms. Xue Hui

*Registered Office:*

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Principal Place of Business  
in Hong Kong:*

Unit B, 20/F  
Two Chinachem Plaza  
68 Connaught Road Central  
Hong Kong

4 September 2017

Dear Sir/Madam,

**PROPOSAL FOR  
DECLARATION AND PAYMENT OF INTERIM DIVIDEND  
OUT OF SHARE PREMIUM ACCOUNT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM in relation to the proposal for declaration and payment of Interim Dividend out of Share Premium Account. A notice of the EGM is set out on pages 7 to 8 of this circular.

## **LETTER FROM THE BOARD**

### **DECLARATION AND PAYMENT OF INTERIM DIVIDEND OUT OF SHARE PREMIUM ACCOUNT**

In the interim result announcement of the Company on 21 August 2017, the Board proposed and recommended to pay a interim dividend of HK\$0.01 per share out of the Share Premium Account, payable to shareholders of the Company, which is subject to satisfaction of the conditions set out in the section headed “Conditions of the Declaration and Payment of Interim Dividend out of Share Premium Account”.

As at the Latest Practicable Date, the issued share capital of Company comprised 8,430,000,000 fully paid up Shares. Assuming that there is no change in the issued share capital of the Company during the period from the Latest Practicable Date to the date of the EGM, the Interim Dividend, if declared and paid, will amount to an aggregate amount of HK\$84,300,000. Subject to the fulfilment of the conditions set out in the section headed “Conditions of the Declaration and Payment of Interim Dividend out of Share Premium Account” below, the Interim Dividend will be paid out of the Share Premium Account pursuant to the Articles.

As at 30 June 2017, based on the unaudited consolidated financial statements of the Company, the amount standing to the credit of the Share Premium Account was approximately HK\$952,197,239. Following the payment of the Interim Dividend, there will be a remaining balance of approximately HK\$867,897,239 standing to the credit of the Share Premium Account.

### **CONDITIONS OF THE DECLARATION AND PAYMENT OF INTERIM DIVIDEND OUT OF SHARE PREMIUM ACCOUNT**

The declaration and payment of the Interim Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

(a) the passing of an ordinary resolution by the Shareholders at the EGM approving the declaration and payment of the Interim Dividend out of the Share Premium Account and the reduction of the Share Premium Account pursuant to the Articles; and (b) the Directors being satisfied that the Company will immediately following the date on which the payment of the Interim Dividend is proposed to be paid be able to pay its liabilities and debts as they fall due in the ordinary course of business.

The conditions set out above cannot be waived. If such conditions are not satisfied, the Interim Dividend will not be paid.

Subject to the fulfillment of the above conditions, it is expected that the Interim Dividend will be paid in cash on or before Wednesday, 8 November 2017 to the qualifying shareholders whose names appear on the register of members of the Company on 23 October 2017, being the record date for determination of entitlements to the Interim Dividend.

The register of members of the Company will be closed from Thursday, 19 October 2017 to Monday, 23 October 2017 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining Shareholders’ entitlement to the proposed

## **LETTER FROM THE BOARD**

Interim Dividend. To qualify for the Interim Dividend, all share transfers documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 18 October 2017.

### **REASONS FOR AND EFFECT OF THE PAYMENT OF INTERIM DIVIDEND OUT OF SHARE PREMIUM ACCOUNT**

To reward the Shareholders, the Board considers it appropriate to distribute the Interim Dividend to repay the Shareholders' support.

The payment of the Interim Dividend out of the Share Premium Account does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or result in any change in the trading arrangements in respect of the Shares.

After taking into consideration of the existing cash flow of the Group, the Board considers that the Company has sufficient cash flow to pay the Interim Dividend. The payment of the Interim Dividend out of the Share Premium Account will not have any material adverse effect on the financial position of the Group.

The Directors consider that the declaration and proposed payment of the Interim Dividend out of the Share Premium Account is in the interests of the Company and its Shareholders as a whole.

### **CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY FOR ATTENDING THE EGM**

The register of members of the Company will be closed from Tuesday, 10 October 2017 to Friday, 13 October 2017 (both dates inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the EGM, all transfer instruments accompanied by the relevant share certificates must be lodged by holders of the Shares with the Company's registrar, namely, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 9 October 2017.

### **NOTICE OF EGM**

The EGM will be held at Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, PRC on Friday, 13 October 2017 at 11:30 a.m., at which, inter alia, ordinary resolutions will be proposed to Shareholders to consider the declaration and payment of Interim Dividend out of Share Premium Account. The EGM notice is set out on pages 7 to 8 of this circular.

## LETTER FROM THE BOARD

### VOTING PROCEDURES

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions will be put to vote by way of poll at the EGM. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### PROXY

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours (i.e. 11:30 a.m. 11 October 2017) before the time appointed for holding the EGM or any adjournment thereof. The completion and return of the form of proxy will not prevent you from attending and voting in person at the EGM or any adjourned meeting should you so desire.

### RECOMMENDATION

The Board believes that the resolutions set out in the notice of EGM including the proposed declaration and payment of Interim Dividend, is all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of all the ordinary resolutions as set out in the notice of the EGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Your attention is drawn to additional information as set out in the appendices.

Yours faithfully,  
By Order of the Board  
**Kinetic Mines and Energy Limited**  
**Zhang Li**  
*Chairman and Executive Director*



**NOTICE OF EXTRAORDINARY GENERAL MEETING**



**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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of the shareholders of Kinetic Mines and Energy Limited (the “Company”) will be held at Carlton Room One, 2/F, The Ritz-Carlton, Guangzhou, 3 Xing An Road, Pearl River New City, Tianhe District, Guangzhou, People’s Republic of China on Friday, 13 October 2017 at 11:30 a.m. (the “EGM”) for the following purposes:

1. (i) the declaration and payment of an interim dividend of HK\$0.01 per share out of the share premium account of the Company (the “Interim Dividend”) to shareholders of the Company whose names appear on the register of members of the Company as at the close of business on 23 October 2017 be and is hereby approved and any director of the Company be and is hereby authorised to take such action, do such things and execute such further documents as the director may at his/her absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the payment of the Interim Dividend; and
- (ii) the reduction of the share premium account of the Company by the amount of HK\$84,300,000 pursuant to the payment of the Interim Dividend be and is hereby approved.

By Order of the Board  
**Kinetic Mines and Energy Limited**  
**Zhang Li**  
*Chairman and Executive Director*

Hong Kong, 4 September 2017

*As at the date of this notice, the board of directors of the Company comprises seven directors, of whom three are executive directors, namely Mr. Zhang Li (Chairman), Mr. Gu Jianhua (Chief Executive Officer), Mr. Zhang Liang, Johnson; one is a non-executive director, namely Ms. Zhang Lin, and three are independent non-executive directors, namely Ms. Liu Peilian, Mr. Zheng Ercheng and Ms. Xue Hui.*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Notes:*

1. The register of members of the Company will be closed from Thursday, 19 October 2017 to Monday, 23 October 2017 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining Shareholders' entitlement to the proposed Interim Dividend. To qualify for the Interim Dividend, all share transfers documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 18 October 2017.
2. The register of members of the Company will be closed from Tuesday, 10 October 2017 to Friday, 13 October 2017, both days inclusive, during which period no share transfers will be effected. In order to determine the identity of the shareholders who are entitled to attend the Company's forthcoming Extraordinary General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 9 October 2017.
3. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. To be effective, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 11:30 a.m. 11 October 2017) before the time appointed for holding the meeting or any adjournment thereof.