力量能源
KINETIC MINES AND ENERGY

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)

APPOINTMENT AND RESIGNATION OF EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER AND AUTHORISED REPRESENTATIVE, AND VOLUNTARY ANNOUNCEMENT BUSINESS INFORMATION UPDATE

APPOINTMENT OF EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER AND AUTHORISED REPRESENTATIVE

The board of directors (the "Board") of Kinetic Mines and Energy Limited (the "Company") announces that Mr. Gu Jianhua ("Mr. Gu") has been appointed as the Company's executive director, chief executive officer and authorised representative under Rule 3.05 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 7 January 2013.

Below is the biographical information of Mr. Gu:

Mr. Gu Jianhua (顧建華), aged 59, is currently the general manager of our Group. He studied mining management and engineering at Huainan Mining Institute (淮南礦業學院) (now known as Anhui University of Science & Technology (安徽理工大學)) from 1990 to 1993 and economics and management at the Central Party School (中央黨校) in the PRC from 1994 to 1996, and is a qualified engineer in China.

Mr. Gu has nearly 40 years of experience in the coal mining industry of China. Prior to joining our Group in September 2009. Mr. Gu worked in Fengcheng Mining Bureau (豐城礦務局) in Jiangxi Province, China from 1971 to 1995 where he accumulated extensive experience in coal production and safety management while serving in various senior positions including as deputy mine manager of Jianxin No. 2 Coal Mine (建新二礦) and as deputy chief engineer of the bureau. He served as general manager of a company under the

Ministry of Coal Industry (煤炭工業部) in Qingdao, China from 1995 to 1997, assistant to the general manager of the China Coal Comprehensive Utilisation Group Company (中國煤炭綜合利用集團公司), China and head of its general office from 1997 to 1999, deputy head of the Coal Industry Comprehensive Utilisation of Technology Consultation Centre (煤炭綜合利用多種經營技術諮詢中心) under the Ministry of Coal Industry (煤炭工業部) of China from 1999 to 2002, chairman and party secretary of China Coal Electric Company Limited (中煤電氣有限公司) from 2002 to 2004 with key responsibilities for overseeing the production of high- and low-voltage electrical cabinets, as well as deputy secretary and general manager for the development of mineral resources of China Coal Comprehensive Utilisation Group Company (中國煤炭綜合利用集團公司) from 2004 to 2009 with key responsibilities in mineral resources development and technology consultation.

Mr. Gu is a committee member of the National Technical Committee of Standardisation of Low-voltage Switchgear and Control Equipment Administration of the PRC (中華人民共和國全國低壓成套開關設備和控制設備標準化技術委員會).

Mr. Gu directed and wrote numerous dissertations, including the "Measures for the Administration of Safety Production (安全生產管理辦法)" for Fengcheng Mining Bureau (豐城礦務局) of Jiangxi Province, China in 1994 and the "Provisional Measures for the Administration of Safety Production (安全生產管理試行辦法)" of Beijing Zhongmei Electric Co., Ltd. (北京中煤電氣有限公司) in November 2002, which was then consolidated into the document "Zhongmei Electric Installation No. 001 (中煤電氣安裝001號文)", and won various prizes for scientific and technological achievements, including awards in relation to the redevelopment of certain mine shaft ventilation systems and the construction of a new mine for Fengcheng Mining Bureau (豐城礦務局) between 1973 to 1974 and 1982 to 1986, respectively. Mr. Gu was awarded a certificate of long-term service in the coal industry by China National Coal Association (中國煤炭工業協會) in 2005 in recognition of his contributions to the coal industry of China throughout the years.

A service agreement will be entered into between the Company and Mr. Gu. Mr. Gu is appointed for a term of three years commencing from 7 January 2013 which could be terminated by either party by giving three months' prior written notice. He is subject to retirement and re-election pursuant to the articles of association of the Company (the "Articles"). He will hold office until the next following general meeting of the Company and shall be eligible for re-election in accordance with the Articles. Thereafter, he will be subject to retirement by rotation and re-election at least once every three years at the Company's annual general meetings in accordance with the Articles. Mr. Gu will be entitled to an annual emolument of RMB700,000, which was determined with reference to his responsibilities and duties as well as the prevailing market conditions.

As at the date of this announcement, Mr. Gu has interest in 952,219 ordinary shares of the Company. Save as disclosed above, Mr. Gu does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Mr. Gu does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. He did not hold any other directorship in the last three years in any other listed public companies, the securities of which are listed in Hong Kong or overseas.

Mr. Gu has not been involved in any other events under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to the appointment of Mr. Gu that need to be brought to the attention of the Stock Exchange or the shareholders of the Company.

The Board would like to take this opportunity to express its warmest welcome to Mr. Gu for joining the Board.

RESIGNATION OF EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER AND AUTHORISED REPRESENTATIVE

The Board also announces that Mr. Wang Changchun ("Mr. Wang") has tendered his resignation as the Company's executive director, chief executive officer and authorised representative under Rule 3.05 of the Listing Rules with effect from 7 January 2013 due to his advanced age. The Board would like to express its sincere gratitude to Mr. Wang for his efforts and contributions to the Company during his tenure of office.

Mr. Wang has confirmed that he has no claims against the Company in respect of his resignation and that he does not have any disagreement with the Board, and there are no matters that need to be brought to the attention of the Stock Exchange or the shareholders of the Company in relation to his resignation as the executive director, chief executive officer and authorised representative of the Company.

BUSINESS INFORMATION UPDATE

The Board wishes to update the shareholders of the Company and the investing public on its business development. This business information update is made by the Company on a voluntary basis.

As a result of persistent efforts by the Group, the Group obtained a safety production permit (安全生產許可證) and a production permit (生產許可證) for the Dafanpu Coal Mine on 18 December 2012 and 25 December 2012 respectively. This allows the Dafanpu Coal Mine to move from trial production to commercial production. To complement the increased output as a result of the commencement of commercial production at the Dafanpu Coal Mine, the Group's coal trade centre in Qinhuangdao, which obtained the relevant coal sales and trading permit in the first half of 2012, will step up its marketing activities for sales of the Group's coal products.

Separately, the construction of the Xiaojia loading station with the associated rail spur lines, of which the Group holds 45% interest therein, has been completed. The Board expects the required permits and approvals for the operation of the Xiaojia Station and its associated rail spur lines to be issued in due course.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this business information update are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve some risks, uncertainties, assumptions and other factors which are difficult to predict. The Board wishes to emphasise that actual events and results might not occur in the way we expect and the actual commercial production volume of the Dafanpu Coal Mine might or might not be satisfactory.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 7 January 2013

As at the date of this announcement, the board of directors of the Company comprises seven directors, of which three are executive directors, namely Mr. Zhang Li (Chairman), Mr. Gu Jianhua (Chief Executive Officer) and Mr. Zhang Liang, Johnson; one is a non-executive director, namely Ms. Zhang Lin, and three are independent non-executive directors, namely Mr. Shi Xiaoyu, Ms. Liu Peilian and Mr. Dai Feng.