

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 FINAL DIVIDEND
OUT OF SHARE PREMIUM ACCOUNT
RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM 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 Wednesday, 23 May 2018 at 11:30 a.m. is set out on pages 13 to 17 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (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. 21 May 2018) 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.

20 April 2018

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
INTRODUCTION	3
DECLARATION AND PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT	4
CONDITIONS OF THE DECLARATION AND PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT	4
REASONS FOR AND EFFECT OF THE PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT	5
CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY FOR ATTENDING THE AGM	5
RE-ELECTION OF DIRECTORS	5
GENERAL MANDATE AND REPURCHASE MANDATE	6
NOTICE OF AGM	6
VOTING PROCEDURES	6
PROXY	7
RECOMMENDATION	7
RESPONSIBILITY STATEMENT	7
MISCELLANEOUS	7
APPENDIX I — INFORMATION ON THE DIRECTORS PROPOSED FOR RE-ELECTION	8
APPENDIX II — EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE	10
NOTICE OF ANNUAL GENERAL MEETING	13

DEFINITIONS

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

“AGM”	the annual 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 Wednesday, 23 May 2018 at 11:30 a.m.
“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
“General Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares in the manner as set out in resolution no. 8(1) in the notice of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“King Lok”	King Lok Holdings Limited, a BVI business company incorporated under the laws of BVI on 9 December 2009 and a Controlling Shareholder
“Latest Practicable Date”	6 April 2018, 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

DEFINITIONS

“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
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares in the manner as set out in resolution no. 8(2) in the notice of the AGM
“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\$867,897,239 as at 31 December 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
“Final dividend”	the proposed final dividend of HK\$0.03 per share as proposed by the Board on 21 March 2018
“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

20 April 2018

Dear Sir/Madam,

**PROPOSAL FOR
DECLARATION AND PAYMENT OF FINAL DIVIDEND
OUT OF SHARE PREMIUM ACCOUNT
RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the forthcoming AGM in relation to (i) the proposal for declaration and payment of Final Dividend out of Share Premium Account, (ii) the re-election of Directors and (iii) the granting of the General Mandate and the Repurchase Mandate. A notice of the AGM is set out on pages 13 to 17 of this circular.

LETTER FROM THE BOARD

DECLARATION AND PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT

In the annual results announcement of the Company on 21 March 2018, the Board proposed and recommended to pay a final dividend of HK\$0.03 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 Final Dividend out of Share Premium Account”.

As at the Latest Practicable Date, the issued share capital of the 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 AGM, the Final Dividend, if declared and paid, will amount to an aggregate amount of HK\$252,900,000. Subject to the fulfilment of the conditions set out in the section headed “Conditions of the Declaration and Payment of Final Dividend out of Share Premium Account” below, the Final Dividend will be paid out of the Share Premium Account pursuant to the Articles.

As at 31 December 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\$867,897,239. Following the payment of the Final Dividend, there will be a remaining balance of approximately HK\$614,997,239 standing to the credit of the Share Premium Account.

CONDITIONS OF THE DECLARATION AND PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT

The declaration and payment of the Final 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 AGM approving the declaration and payment of the Final 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 Final 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 Final Dividend will not be paid.

Subject to the fulfillment of the above conditions, it is expected that the Final Dividend will be paid in cash on Tuesday, 12 June 2018 to the qualifying Shareholders whose names appear on the register of members of the Company on Thursday, 31 May 2018, being the record date for determination of entitlements to the Final Dividend.

The register of members of the Company will be closed from Tuesday, 29 May 2018 to Thursday, 31 May 2018 (both days inclusive), during which period no transfer of Shares will be registered for the purpose of determining Shareholders’ entitlement to the proposed Final

LETTER FROM THE BOARD

Dividend. To qualify for the Final 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 Monday, 28 May 2018.

REASONS FOR AND EFFECT OF THE PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT

The Board considers it appropriate to distribute the Final Dividend to reward the Shareholders for their support.

The payment of the Final 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 the existing cash flow of the Group, the Board considers that the Company has sufficient cash flow to pay the Final Dividend. The payment of the Final 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 Final 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 AGM

The register of members of the Company will be closed from Thursday, 17 May 2018 to Wednesday, 23 May 2018 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the AGM, 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 Wednesday, 16 May 2018.

RE-ELECTION OF DIRECTORS

In accordance with Article 108(a) of the Articles, the Directors, Mr. Zhang Liang, Johnson, Ms. Zhang Lin and Ms. Xue Hui, will retire at the AGM, and being eligible, will offer themselves for re-election at the AGM. Information required to be disclosed under the Listing Rules in relation to the Directors for re-election is set out in Appendix I to this circular.

LETTER FROM THE BOARD

GENERAL MANDATE AND REPURCHASE MANDATE

By resolutions of the Shareholders passed on 10 May 2017, the Directors were granted general mandates to issue Shares and to repurchase Shares. Each such mandate will expire at the conclusion of the forthcoming AGM.

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any Shares, approval is sought from the Shareholders, pursuant to the Listing Rules, for granting of the General Mandate. In this regard, an ordinary resolution set out as resolution no. 8(1) in the notice of the AGM will be proposed at the AGM to grant the General Mandate to the Directors to allot and issue new Shares up to an amount not exceeding 20% of the number of issued shares of the Company as at the date of the passing of the resolution. In addition, subject to a separate approval under ordinary resolution no. 8(3), the number of issued shares purchased by the Company under ordinary resolution no. 8(2) will also be added to the 20% general mandate as mentioned in the ordinary resolution no. 8(1).

In accordance with the Listing Rules, the Company may not make a new issue of Shares or announce a proposed new issue of Shares for a period of 30 days after any purchase by it of Shares, whether on the Stock Exchange or otherwise, other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the Company to issue securities which were outstanding prior to that purchase of its own securities, without the prior approval of the Stock Exchange.

At the AGM, another ordinary resolution set out as resolution no. 8(2) in the notice of the AGM will be proposed to the Shareholders that the Directors be granted a Repurchase Mandate to repurchase Shares up to 10% of the number of issued shares of the Company as at the date of the passing of the resolution. An explanatory statement as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM.

NOTICE OF AGM

The AGM 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 Wednesday, 23 May 2018 at 11:30 a.m., at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider the re-election of the Directors and the grant to the Directors of the General Mandate and the Repurchase Mandate. The notice of AGM is set out on pages 13 to 17 of this circular.

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

LETTER FROM THE BOARD

show of hands. Accordingly, all resolutions will be put to vote by way of poll at the AGM. An announcement on the poll results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

PROXY

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, 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. 21 May 2018) before the time appointed for holding the AGM 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 AGM or any adjourned meeting should you so desire.

RECOMMENDATION

The Board believes that the resolutions set out in the notice of AGM including the proposed declaration and payment of Final Dividend, the re-election of Directors and the granting of the General Mandate and the Repurchase Mandate are 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 AGM.

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.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

The particulars of Mr. Zhang Liang, Johnson, Ms. Zhang Lin and Ms. Xue Hui, who will offer themselves for re-election at the AGM, disclosed pursuant to Rule 13.74 of the Listing Rules are as follows:

Mr. Zhang Liang, Johnson (張量), aged 36 was appointed as an executive Director in 6 March 2012. He assists Mr. Zhang Li in devising the overall business strategy and corporate development plan of our Group. Mr. Zhang is the son of Mr. Zhang Li and the nephew of Ms. Zhang Lin.

Mr. Zhang has been a president of Guangzhou Heng Liang Mechanical & Electrical Engineering Co., Ltd. (廣州恒量機電工程有限公司), a construction company, and a director of Hengleung Construction Holdings Limited (恒量建設集團有限公司), an investment holding company, since 2011 and 2008, respectively, and participated in the overall business strategic planning of these companies.

Mr. Zhang has renewed his service contract with the Company for a fixed term of three years with effect from 6 March 2018 and he is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles, provided that either party may terminate the service contract by three months' notice. Under the service contract, Mr. Zhang is entitled to a fixed salary of RMB3,000,000 per annum plus a discretionary bonus. His emolument is determined by the Board having regard to his duties and responsibilities.

As at the Latest Practicable Date, Mr. Zhang, through his shareholding in King Lok, owns 5,307,450,000 Shares within the meaning of Part XV of the SFO.

Ms. Zhang Lin (張琳), aged 69, has been a non-executive Director of the Company since 6 March 2012. She graduated from the South China University of Technology (華南理工大學) with bachelor degree in electrical engineering theory and electronic technology in 1982 and served as a teaching assistant and a lecturer at the same university from 1982 to 1993 and was an associate professor from 1993 to 2003, teaching electrical engineering and electronic technology. She has been a non-executive director of Guanzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司), a company listed on the Stock Exchange, since 2004.

Ms. Zhang is the sister of Mr. Zhang Li and the aunt of Mr. Zhang Liang, Johnson.

Ms. Zhang has entered into a letter of appointment with the Company for an initial fixed term of three years with effect from 6 March 2018 and she is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles. Under the letter of appointment, Ms. Zhang is entitled to a fixed director's fee of RMB240,000 per annum. Her emolument is determined by the Board having regard to her duties and responsibilities.

As at the Latest Practicable Date, Ms. Zhang does not have any interest in the Company.

Ms. Xue Hui (薛慧), an independent non-executive Director, aged 62, has extensive experience in the construction and real estate industries. She acquired a certificate of Intermediate Economist in 2003, and has served as the department head of the personnel office of Guangzhou Municipal Farm Administration (廣州市農場管理局) from 1974 to 1993, the deputy general manager of Guangzhou Sino Properties Development Company Ltd (廣州信和房地產開發有限公司) from 1994 to 2003 and the general manager of Chongqing R&F Properties Development Company Ltd (重慶富力城地產開發有限公司) from 2003 to 2015.

Ms. Xue has entered into a letter of appointment with the Company for an initial fixed term of three years with effect from 22 April 2016, subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Articles. Under the letter of appointment, Ms. Xue is entitled to a director's fee of RMB240,000 per annum. Her emolument is determined by the Board having regard to her duties and responsibilities.

As at the Latest Practicable Date, Ms. Xue owns 3,860,055 Shares of the Company representing approximately 0.05 per cent of the number of issued shares of the Company.

Save as disclosed, each of the above Directors:

- (i) does not have any relationship with any Directors, senior management, substantial or Controlling Shareholders of the Company; and
- (ii) does not have any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there are no other matters that are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders and each of the above Directors did not hold any directorship in any other listed company in Hong Kong or overseas in the past three years before the Latest Practicable Date.

This Appendix serves as the explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide you with the information necessary for your consideration of the Repurchase Mandate to be granted to the Directors.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 8,430,000,000 Shares.

Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 843,000,000 Shares (representing not more than 10% of the number of issued shares of the Company as at the date of passing the resolution to approve the Repurchase Mandate).

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders that they should have a general authority from the Shareholders to enable the Company to repurchase the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the applicable laws and regulations of the Cayman Islands, any repurchase by the Company may be made out of the profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles and subject to the applicable laws and regulations of the Cayman Islands, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or from sums standing to the credit of the Company's share premium account or, if authorised by the Articles and subject to the provisions of the applicable laws and regulations of the Cayman Islands, out of capital.

On the basis of the current financial position of the Company as disclosed in its annual results announcement on 21 March 2018 and taking into account the Company's current working capital position, the Directors consider that, if the Repurchase Mandate is exercised in full, it may have a material adverse effect on the Company's working capital and/or gearing position as compared with the position disclosed in this annual results announcement. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applied, they will exercise the Repurchase Mandate in accordance with the Listing Rules and applicable laws and regulations of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their Close Associates, currently intends to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No core connected person (as defined in the Listing Rules) have notified the Company that he or she has a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, King Lok directly held 5,307,450,000 Shares, representing an effective interest of approximately 62.96% in the issued share capital of the Company. Mr. Zhang Liang, Johnson, by virtue of his interest in King Lok, was deemed to be interested in the said 5,307,450,000 Shares. King Lok is held as to 100% by Mr. Zhang Liang, Johnson. Accordingly, each of King Lok and Mr. Zhang Liang, Johnson is interested in 5,307,450,000 Shares, representing an effective interest of approximately 62.96% in the issued share capital of the Company.

In the event that the Directors should exercise in full the Repurchase Mandate, the effective interests of King Lok in the issued share capital of the Company would be increased to approximately 69.95%, and the effective interests of Mr. Zhang Liang, Johnson in the issued share capital of the Company would be increased to approximately 69.95%. The Directors have no present intention to repurchase the Shares to the extent it will trigger the obligations under the Takeovers Code for King Lok or Mr. Zhang Liang, Johnson to make a mandatory offer. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases made under the Repurchase Mandate.

The Listing Rules prohibit a company from repurchase of shares on the Stock Exchange if the result of the repurchase would be that the Company's public float will fall below 25%. The Directors do not intend to repurchase Shares to such an extent that the public float of the Company will fall below 25%.

SHARE PRICES

The highest and lowest traded prices for Shares recorded on the Stock Exchange in each of the last twelve months were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
March	0.260	0.230
April	0.360	0.260
May	0.350	0.300
June	0.325	0.290
July	0.315	0.290
August	0.300	0.275
September	0.375	0.280
October	0.360	0.315
November	0.350	0.300
December	0.345	0.305
2018		
January	0.690	0.335
February	0.620	0.500
March (up to the Latest Practicable Date)	0.650	0.485

No repurchase of Shares has been made by the Company in the six months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL 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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual 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 Wednesday, 23 May 2018 at 11:30 a.m. (the “Annual General Meeting”) for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the auditors of the Company for the year ended 31 December 2017.
2. (i) the declaration and payment of a final dividend of HK\$0.03 per share out of the share premium account of the Company (the “Final Dividend”) to shareholders of the Company whose names appear on the register of members of the Company as at the close of business on 31 May 2018 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 Final Dividend; and

(ii) the reduction of the share premium account of the Company by the amount of HK\$252,900,000 pursuant to the payment of the Final Dividend be and is hereby approved.
3. To re-elect Mr. Zhang Liang, Johnson as an executive director of the Company.
4. To re-elect Ms. Zhang Lin as a non-executive director of the Company.
5. To re-elect Ms. Xue Hui as an independent non-executive director of the Company.
6. To authorise the board of directors to fix the remuneration of the directors of the Company (the “Directors”).

NOTICE OF ANNUAL GENERAL MEETING

7. To re-appoint Ernst & Young as auditors of the Company and to authorise the board of Directors to fix their remuneration.
8. To consider, and if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:

(1) **“THAT:**

- (a) subject to paragraph (c) below and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such securities in the capital of the Company, and to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrant or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; or (iii) the exercise of any options under any share option scheme or similar arrangement for the time being adopted for the grant or issue of Shares or right to acquire shares of the Company; or (iv) the exercise of any rights under the bonds, warrants and debentures convertible into shares of the Company, shall not exceed 20 per cent of the number of issued shares of the Company as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- i. the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- ii. the expiration of the period within which the next annual general meeting of the Company is required by applicable law or the articles of association of the Company to be held; or
- iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company on the register of shareholders of the Company on a fixed record date in proportion to their then holdings of such shares of the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(2) **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with Cayman Islands law and all applicable laws and/or the Listing Rules or the rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of the shares to be repurchased by the Directors pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the number of issued shares of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by applicable law or the articles of association of the Company to be held; or
- iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(3) “**THAT:**

conditional upon the passing of Ordinary Resolutions Nos. 8(1) and 8(2) as set out in the notice convening this meeting, the general unconditional mandate granted to the Directors pursuant to Ordinary Resolution No. 8(1) as set out in the notice convening this meeting be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the shares repurchased by the Company pursuant to the authority to repurchase shares granted pursuant to Ordinary Resolution No. 8(2) as set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the number of issued shares of the Company in issue as at the date of this resolution.”

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

Hong Kong, 20 April 2018

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 ANNUAL GENERAL MEETING

Notes:

1. Resolution numbered 8(3) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 8(1) and 8(2) are passed by the shareholders.
2. The register of members of the Company will be closed from Tuesday, 29 May 2018 to Thursday, 31 May 2018 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining Shareholders' entitlement to the proposed Final Dividend. To qualify for the Final 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 Monday, 28 May 2018.
3. The register of members of the Company will be closed from Thursday, 17 May 2018 to Wednesday, 23 May 2018, 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 Annual 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 Wednesday, 16 May 2018.
4. 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.
5. 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 not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. In accordance with Article 108(a) of the Company's articles of association, Mr. Zhang Liang, Johnson, Ms. Zhang Lin and Ms. Xue Hui will retire as Directors at the above meeting and being eligible, all the retiring Directors will offer themselves for re-election. Particulars of the said retiring Directors are set out in the Appendix I to the circular to the shareholders of the Company dated 20 April 2018.