

TARGET

Intelligence Report

VOLUME XXIV No. 85

S A T U R D A Y

April 23, 2022

KINETIC DEVELOPMENT GROUP LTD: THE COMPANY MAY BE ON A ROLL, BUT THERE IS STILL GRAVE CONCERN OVER THE UKRAINE-RUSSIAN SITUATION

With Revenue in respect of the 2020 Financial Year, ended December 31, 2020, being in excess of 2.96 trillion renminbi – an historic high for Kinetic Mines and Energy Ltd – the Company has little requirement to encourage debts of materiality to become part of its financials.

And so, as a consequence, this Company has determined to be devoid of even the slightest notion of incurring a Gearing Ratio.

Kinetic Development Group Ltd (力量發展集團有限公司), formerly known as Kinetic Mines and Energy Ltd (力量礦業能源有限公司) (Code: 1277, Main Board, The Stock Exchange of Hongkong Ltd) is a coal miner, but a coal miner, being clearly endowed of magnificent resources.

At Page 54 of the 2020 Annual Report of the Company, Management claims that its principal activities are as follows:

‘The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2010 under the Companies Law (2010 Revision) of the Cayman Islands.

‘The Company is an investment holding company and the principal activities of the Group are the extraction and sale of coal products. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties faced by the Group and an indication of likely future developments in the Group’s business, can be found in the Management Discussion and Analysis set out on pages 6 to 21 of this annual report and forms part of this directors’ report. There were no significant changes in the nature of the Group’s principal activities during the year ended 31 December 2020. In addition, the Group did not have any important events that affected the Company since the end of the reporting period.’

The Company is the operator of the Dafanpu Coal Mine in Inner Mongolia from where it mines its coal.

At Page 84 of the 2020 Annual Report, the Consolidated Statement of Profit or Loss and Other Comprehensive Income was given.

The following are the highlights of this report:

| | For The Financial Year, Ended December 31 | | Percentage Increase/(Decrease)* |
|--|--|---------------------|---------------------------------|
| | 2020 | 2019 | |
| | All Figures Are Denominated In Renminbi (RMB)'000 (unless where otherwise stipulated) | | |
| Revenue | 2,961,404 | 2,736,109 | 8.23 |
| Gross Profit | 1,282,217 | 1,067,828 | 20.08 |
| Gross Profit Margin* | 43.30 percent | 39.03 percent | 10.94 |
| Net Profit Attributable To Shareholders | 814,796 | 833,303 | (2.22) |
| Net Profit Margin* | 27.51 percent | 30.46 percent | (9.68) |
| Earnings Per Share, Attributable To Shareholders | 9.67 renminbi cents | 9.88 renminbi cents | (2.13) |

* These are **TARGET**'s calculations.

At Page 85 of the 2020 Annual Report of Kinetic Development Group Ltd, under the heading, '*Consolidated Statement of Financial Position*', it was stated that, as at December 31, 2020, the Company had '*Cash at bank*', amounting to RMB877,745,000.00 (2019: RMB497,192,000.00).

Below the above-mentioned item, under the subheading, '*CURRENT LIABILITIES*', '*Bank loans*', as at December 31, 2020, bank loans were in the books of the Company at RMB210,410,000.00 (2019: RMB357,652,000.00).

At Page 86 of the 2020 Annual Report, it was stated that the Net Assets of the Company (Shareholders' Funds), as at December 31, 2020, stood RMB2,759,720,000.00 (2019: RMB2,258,863,000.00).

Shareholders' Funds, therefore, had increased by about 22.17 percent within a period of 12 months.

Senior Management Of Kinetic Development Group Ltd

Senior Management of Kinetic Development Group Ltd is vested in three Executive Directors and one Non-Executive Director.

They are:

The Three Executive Directors

- Mr Zhang Li (張力), aged 68 years. He is the Founder of the Company, the Chairman of the Board of Directors, as well as being an Executive Director.

Mr Zhang Li is said to be responsible for the Company's overall business strategy and corporate development.

Mr Zhang Li is the father of Mr Johnson Zhang Liang (張量) and is a brother of Ms Zhang Lin (張琳).

About Mr Zhang Li, it ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.