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## NAN NAN RESOURCES ENTERPRISE LIMITED

### 南南資源實業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1229)**

### ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Nan Nan Resources Enterprise Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that it has just come to our knowledge that on 11 April 2014, the Financial Bureau of Xinjiang Uygur Autonomous Region\* (新疆維吾爾自治區財政廳), the Development and Reform Commission of Xinjiang Uygur Autonomous Region\* (新疆維吾爾自治區發展和改革委員會) and the Department of Land and Resources of Xinjiang Uygur Autonomous Region\* (新疆維吾爾自治區國土資源廳) jointly issued the “Notice in relation to the Temporary Suspension of Collection of Economic Development Fees in Coal Resources Areas (Xin Cai Fei Shui [2014] No.8) 《關於暫停徵收煤炭資源地方經濟發展費的通知》(新財非稅[2014]8號)” (the “**Notice**”) to the Financial Bureau, Development and Reform Commission, and Department of Land and Resources of Ili Kazakh Autonomous Prefecture\* (伊犁哈薩克自治州財政局、發展改革委、國土資源局), and the Financial Bureau, Development and Reform Commission, and Department of Land and Resources of all Areas (Prefectures and Cities)\* (各地(州、市)財政局、發展改革委、國土資源局).

The relevant government authorities in Xinjiang have not sent or notified the Company’s Xinjiang subsidiary of the Notice, and out of our own enquiry and initiative, the staff of the Company’s Xinjiang subsidiary obtained the Notice on 9 June 2014. The Company and its management were made aware of the Notice on the same day.

Pursuant to the Notice, the collection of economic development fees in the Xinjiang Uygur Autonomous Region is temporarily suspended from 1 April 2014. According to the PRC legal opinion obtained by the Company, this Notice shall apply to the Company’s operating subsidiary, Mulei County Kai Yuan Company Limited\* (木壘縣凱源煤炭有限責任公司), and its Kaiyuan Open Pit Coal Mine\* (凱源露天煤礦), which is located in Xinjiang. Accordingly, Mulei County Kai Yuan Company Limited is temporarily not required to pay the said economic development fees as from 1 April 2014. Before 1 April 2014, such economic development fees were levied at RMB20 per ton on the slack coal produced from Kaiyuan Open Pit Coal Mine.

\* For identification purpose only

Reference is made to the Company's profit warning announcement dated 16 April 2014 (the "**Profit Warning Announcement**").

As stated in the Profit Warning Announcement, one of the factors causing the expected significant increase in the net loss of the Group for the year ended 31 March 2014 as compared to the net loss for the year ended 31 March 2013 is the decrease in the Company's gross profit margin in coal selling. Due to (1) the adjustment to the net realizable value of inventories as a result of the temporary suspension of collection of the economic development fees pursuant to the Notice and (2) the subsequent adjustments on the cost of inventories made after the date of the Profit Warning Announcement, it is expected that there will be a slight increase in the Company's gross profit margin in coal selling for the year ended 31 March 2014 as compared to that for the year ended 31 March 2013 (as opposed to the decrease in the Company's gross profit margin in coal selling stated in the Profit Warning Announcement). Despite the above and based on the information currently available, it is still expected that there will be a significant increase in the net loss of the Group for the year ended 31 March 2014 as compared to the net loss for the year ended 31 March 2013.

The Company is in the process of finalizing the audited annual results of the Group for the year ended 31 March 2014, which is expected to be published on 17 June 2014. Shareholders and potential investors of the Company are advised to read the audit annual results announcement of the Group when it is published.

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

By order of the Board  
**Nan Nan Resources Enterprise Limited**  
**Kwan Man Fai**  
*Executive Director*

Hong Kong, 13 June 2014

*As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Lo Fong Hung, Mr. Wang Xiangfei and Mr. Kwan Man Fai, and three independent non-executive Directors, namely Mr. Wong Man Hin, Raymond, Mr. Lam Ka Wai, Graham and Mr. Chan Yiu Fai, Youdey.*