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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 OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board of directors (the “Board”) of Nan Nan Resources Enterprise Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2015 together with the comparative figures for the corresponding period in 2014 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Turnover	3	<b>124,463</b>	123,100
Cost of sales		<b>(69,297)</b>	(100,836)
Gross profit		<b>55,166</b>	22,264
Other revenue		<b>11,016</b>	3,403
Selling and distribution expenses		<b>(743)</b>	(774)
Administrative and other operating expenses		<b>(19,989)</b>	(23,491)
Change in fair value of convertible bond		<b>(38,970)</b>	(15,373)
Change in fair value of structured deposit		<b>656</b>	–
Profit/(loss) before tax		<b>7,136</b>	(13,971)
Income tax (expense)/credit	5	<b>(12,655)</b>	515
Loss for the year	6	<b>(5,519)</b>	(13,456)

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of functional currency to presentation currency		177	3,235
Other comprehensive income for the year, net of nil tax		<u>177</u>	<u>3,235</u>
Total comprehensive loss for the year		<u>(5,342)</u>	<u>(10,221)</u>
Loss for the year attributable to:			
– Owners of the Company		<u>(5,519)</u>	<u>(13,456)</u>
Total comprehensive loss for the year attributable to:			
– Owners of the Company		<u>(5,342)</u>	<u>(10,221)</u>
Loss per share (expressed in Hong Kong cents)			
– Basic	8	<u>(0.72)</u>	<u>(1.76)</u>
– Diluted	8	<u>(0.72)</u>	<u>(1.76)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2015**

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>21,862</b>	22,196
Intangible assets		<b>63,746</b>	73,242
Goodwill		–	–
Security deposit		<b>4,010</b>	3,645
		<b>89,618</b>	99,083
<b>Current assets</b>			
Inventories		<b>20,481</b>	13,600
Trade and other receivables	9	<b>3,069</b>	1,805
Structured deposit		<b>27,923</b>	–
Cash and cash equivalents		<b>334,151</b>	319,460
		<b>385,624</b>	334,865
<b>Current liabilities</b>			
Trade and other payables	10	<b>51,680</b>	49,616
Tax payable		<b>9,397</b>	2,397
		<b>(61,077)</b>	(52,013)
<b>Net current assets</b>		<b>324,547</b>	282,852
<b>Total assets less current liabilities</b>		<b>414,165</b>	381,935
<b>Capital and reserves</b>			
Share capital		<b>76,537</b>	76,537
Reserves		<b>82,274</b>	87,616
<b>Equity attributable to owners of the Company</b>		<b>158,811</b>	164,153
<b>Non-current liabilities</b>			
Convertible bond designated as financial liabilities at fair value through profit or loss (“FVTPL”)		<b>244,201</b>	205,231
Provision for close down, restoration and environmental costs		<b>2,762</b>	1,996
Deferred tax liabilities		<b>8,391</b>	10,555
		<b>255,354</b>	217,782
		<b>414,165</b>	381,935

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 622) which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, continue to be those of the predecessor Companies Ordinance (Cap. 32).

### 2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. TURNOVER

Turnover represents the net amounts received and receivable for coal sold by the Group to outside customers, less returns, discounts allowed and value added tax.

### 4. SEGMENT INFORMATION

The Group’s operating segments, based on information reported to the chief operating decision makers who are also the executive directors, for the purpose of resources allocation and performance assessment, is more specifically focused on the types of goods delivered and services provided by the Group’s operating divisions.

Coal mine business is the only reportable operating segment from which the Group derived its revenue from sale of coal. Accordingly, no further segment information is provided.

The geographical location of customers is determined based on the location where the goods are delivered. The Group’s turnover and results from operations are all derived from activities in the PRC. No business activities are covered outside the PRC. The principal assets of the Group are also located in the PRC. Accordingly, no geographical segment information is required.

## Information about major customers

For the year ended 31 March 2015, two customers of the coal mine business of the Group with revenue contributed to the Group amounting to approximately HK\$34,068,000 and HK\$23,508,000 respectively. They had individually accounted for 10% or more of the Group's total revenue.

## 5. INCOME TAX EXPENSE/(CREDIT)

	<b>The Group</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Tax expense/(credit) comprises:</b>		
Hong Kong Profits Tax		
– current year	–	–
Tax in other jurisdictions		
– current year	<b>13,482</b>	3,068
– under-provision in prior years	<b>1,351</b>	315
	<b>14,833</b>	3,383
Deferred tax	<b>(2,178)</b>	(3,898)
	<b>12,655</b>	(515)

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there was no estimated assessable profits being derived from Hong Kong for both years ended 31 March 2015 and 2014. Where there is Hong Kong assessable profits, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The tax expense/(credit) for the year can be reconciled to the profit/(loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>The Group</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax	<b>7,136</b>	(13,971)
Notional tax on loss before tax, calculated at the rates applicable to profit/(loss) in the countries concerned	<b>5,780</b>	(1,166)
Tax effect of expenses not deductible for tax purposes	<b>8,036</b>	6,168
Tax effect of deductible temporary difference previously not recognised	<b>(2,098)</b>	(5,401)
Tax effect of income not taxable for tax purpose	<b>(428)</b>	(1,133)
Tax effect of temporary differences and tax losses not recognised	<b>14</b>	702
Under-provision in prior years	<b>1,351</b>	315
Tax expense/(credit) for the year	<b>12,655</b>	(515)

## 6. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Amount of inventories sold	69,297	102,713
Reversal of write down of inventories	–	(1,877)
	<u>69,297</u>	<u>100,836</u>
Amount of inventories recognised as an expense	69,297	100,836
Staff costs (excluding directors' remuneration)		
Basic salaries and allowances	9,712	10,748
Contributions to defined contribution retirement plan	1,098	1,149
	<u>10,810</u>	<u>11,897</u>
Depreciation of property, plant and equipment	4,742	4,512
Amortisation of intangible assets	9,602	–
Less: Amounts capitalised in inventories	(4,105)	–
	<u>5,497</u>	<u>–</u>
Amounts included in cost of sales		
Auditor's remuneration		
– audit services	710	710
– other services	481	137
	<u>1,191</u>	<u>847</u>
Operating leases charge on rented premises	2,557	2,365
Net exchange gain on financial liabilities at FVTPL	(375)	(3,604)
Other net exchange (gain)/loss	(366)	3,801
Loss on disposal of property, plant and equipment	4	116
Interest income on financial assets not at FVTPL	(5,277)	(3,209)
	<u>(5,277)</u>	<u>(3,209)</u>

## 7. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

## 8. LOSS PER SHARE

### Basic and diluted loss per share

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the year is based on the following data:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	<u>(5,519)</u>	<u>(13,456)</u>
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>765,373,584</u>	<u>765,373,584</u>

The calculation of the diluted loss per share for the years ended 31 March 2015 and 2014 does not assume the conversion of convertible bond since its conversion would result in a decrease in loss per share. The basic and diluted loss per share are the same.

## 9. TRADE AND OTHER RECEIVABLES

	<b>The Group</b>		<b>The Company</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills receivables	76	–	–	–
Prepayments, deposits and other receivables	<u>2,993</u>	<u>1,805</u>	<u>434</u>	<u>227</u>
	<u><b>3,069</b></u>	<u>1,805</u>	<u><b>434</b></u>	<u>227</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group's sales to coal customers are largely done on payment in advance basis. For certain well-established customers, the Group allows an average credit period of 90 days.

Included in the trade and bills receivables are bills receivables amounted to approximately HK\$76,000 (2014: HK\$Nil) aged within one year.

At the end of the reporting period, the aging analysis of the trade receivables (presented based on the invoice date) and bills receivables (presented based on the issuance date of relevant bills), net of allowance of doubtful debts was as follows:

	<b>The Group</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	76	–
91–180 days	–	–
181 days–365 days	–	–
Over 1 year	–	–
	<u>76</u>	<u>–</u>

As of the end of the reporting period, the trade and bills receivables that were neither past due nor impaired relate to a customer for whom there was no recent history of default.

## 10. TRADE AND OTHER PAYABLES

At the end of the reporting period, the aging analysis of the trade payables (presented based on the invoice date) were as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	<b>3,203</b>	1,540	–	–
91–180 days	<b>1,016</b>	559	–	–
181–365 days	<b>1,177</b>	750	–	–
Over 1 year	<b>176</b>	45	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Trade payables	<b>5,572</b>	2,894	–	–
Receipt in advance	<b>1,432</b>	1,237	–	–
Value-added tax and non-income tax payable	<b>927</b>	3,443	–	–
Government levies payable – Economic development fees in coal resources areas	<b>29,936</b>	29,888	–	–
– Others	<b>5,256</b>	4,741	–	–
Accrued expenses	<b>2,437</b>	2,149	<b>1,670</b>	1,470
Other payables	<b>6,120</b>	5,264	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>51,680</b>	49,616	<b>1,670</b>	1,470

All the trade and other payables are expected to be settled or recognised as income within one year.

The average credit period of purchases of goods is 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Turnover*

The Group recorded a turnover of approximately HK\$124,463,000 for the year ended 31 March 2015 (2014: HK\$123,100,000). It represents an increase of approximately HK\$1,363,000 or 1.11% as compared with last year.

#### *Gross profit*

The gross profit of the Group for the year ended 31 March 2015 was increased to approximately HK\$55,166,000 (2014: HK\$22,264,000). This was mainly due to decrease in cost of sale in the period as a result of the lower extraction cost.

#### *Loss for the year*

Loss of the Group for the year ended 31 March 2015 was approximately HK\$5,519,000 (2014: HK\$13,456,000), representing a decrease of HK\$7,937,000 compared with last year. The net effect of decreasing in loss was mainly due to the increase in gross profit of HK\$32,902,000, increase in income tax expenses of HK\$13,170,000 and increase in loss on change in fair value of convertible bond of HK\$23,597,000.

### Segment Information

#### *Business segment*

The Group's operating segments, based on information reported to the chief operating decision makers who are also the executive directors, for the purpose of resources allocation and performance assessment, is more specifically focused on the types of goods delivered and services provided by the Group's operating divisions.

Coal mine business is the only reportable operating segment from which the Group derived its revenue from sale of coal. Accordingly, no further segment information is provided.

#### *Coal Mining Business*

Coal mining is the sole business of the Group at present. It contributed a turnover of HK\$124,463,000 for the year ended 31 March 2015 (2014: HK\$123,100,000), a 1.11% increase as compared with 2014.

### *Sales and Production of Coals*

During the year ended 31 March 2015, the Group sold 1.32 million tonnes of coals with total sales income of HK\$124,463,000. Details of coal sales in tonnes are listed in the below table.

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Coal sales	<b>1,314,455 tonnes</b>	1,432,318 tonnes

### *Coal Sales (tonnes) and Percentage of Coal Sales*

	<b>Coal Sales (tonnes)</b>	<b>Coal Sales in %</b>
Saw Cut Coal	<b>1,504</b>	<b>0.11</b>
Large Coal	<b>131,676</b>	<b>10.02</b>
Middle Coal	<b>269,031</b>	<b>20.47</b>
Small Medium Coal	<b>97,068</b>	<b>7.38</b>
38 Coal	<b>71,362</b>	<b>5.43</b>
Slack Coal	<b>618,740</b>	<b>47.07</b>
Weathered Coal	<b>125,074</b>	<b>9.52</b>
Total Sales	<b><u>1,314,455</u></b>	<b><u>100.00</u></b>

### *Reserves and Resources*

The Group owns one mining right and one exploration right in Xinjiang, PRC including Kaiyuan Open Pit Coal Mine and Zexu Open Pit Coal Mine respectively. The estimated remaining coal reserve in Kaiyuan Mine was 12.13 million tonnes as at 31 March 2015 (2014: 13.96 million tonnes). During the year, there were 1.83 million tonnes of coal being extracted. The original exploration permit of Zexu Mine had expired on 20 February 2014 and a renewal of the permit was granted by the Xinjiang Land Department on 19 March 2014 to further extend the permit to 25 February 2016. The following tables are the estimated coal reserves for the Kaiyuan Open Pit Coal Mine and estimated coal resources for the Zexu Open Pit Coal Mine as of 31 March 2010 conducted by John T. Boyd Company in June 2010.

Estimated coal reserves for the Kaiyuan Open Pit Coal Mine:

Seam Bench	Average Mineable Seam Thickness (m) Total (Coal/Parting)	Marketable Reserves (million tonnes) As of 31 March 2010			% of Total
		Proved	Probable	Total	
<b>North of Current Pit (Potentially Oxidized)</b>					
B <sub>2</sub>	13.1	–	4.58	4.58	100.00
<b>Mine Plan Area</b>					
B <sub>3</sub>	10.8	3.57	–	3.57	25.00
B <sub>2</sub>	19.6	10.86	–	10.86	75.00
		14.43	–	14.43	100.00
<b>Total</b>					
B <sub>3</sub>	10.8	3.57	–	3.57	19.00
B <sub>2</sub>	17.7	10.86	4.58	15.44	81.00
		14.43	4.58	19.01	100.00

*Approximately 75% of the total reserves are classified as Proved.*

Coal Reserve as at 31 March 2015 = Coal Reserve as at 31 March 2014 – Amount of coal extracted (the “Coal Extracts”) by the Group during 1 April 2014 to 31 March 2015.

Estimated coal resources for the Zexu Open Pit Coal Mine Exploration Right area totalling 119.38 Mt, are summarized below:

Seam	Average Mineable Seam Thickness (m)	Marketable Resources (million tonnes)			% of Resources
		Measured	Indicated	Total	
B <sub>7</sub>	8.5	10.23	10.46	20.69	17
B <sub>6</sub>	3.9	2.77	3.98	6.75	6
B <sub>5</sub>	6.3	5.80	10.42	16.22	14
B <sub>4</sub> <sup>1</sup>	1.8	0.29	0.01	0.30	1
B <sub>4</sub>	6.1	6.85	10.21	17.06	14
B <sub>3</sub>	6.3	8.06	8.03	16.09	13
B <sub>2</sub>	21.1	22.58	19.69	42.27	35
Total		56.58	62.80	119.38	100

### *Cost of Sales*

The cost of sales for the year was HK\$69,297,000 (2014: HK\$100,836,000). The cost mainly comprised machine rental cost, direct labor cost. The decrease in cost of sales during the year was mainly due to the lower extraction cost.

### *Geographic segment*

The geographical location of customers is determined based on the location where the goods are delivered. The Group's turnover and results from operations are all derived from activities in the PRC. No business activities are covered outside the PRC. The principal assets of the Group are also located in the PRC. Accordingly, no geographical segment information is required.

### **Liquidity and Financial Resources**

As at 31 March 2015, the Group had:

- net current assets of approximately HK\$324,547,000 (2014: approximately HK\$282,852,000). The substantial increase in net current assets was mainly due to the increase of structured deposit, and cash and cash equivalents by approximately HK\$42,614,000.
- structured deposit of approximately HK\$27,923,000 (2014: Nil) and cash and cash equivalents of approximately HK\$334,151,000 (2014: approximately HK\$319,460,000) which were the major components of the Group's current assets of approximately HK\$385,624,000 (2014: approximately HK\$334,865,000).
- current liabilities of approximately HK\$61,077,000 (2014: approximately HK\$52,013,000) which comprised mainly trade and other payables of HK\$51,680,000 (2014: HK\$49,616,000).
- non-current liabilities of approximately HK\$255,354,000 (2014: approximately HK\$217,782,000) which comprised mainly convertible bond designated as financial liabilities at fair value through profit or loss of approximately HK\$244,201,000 (2014: HK\$205,231,000).

The Group's gearing ratio was 1.54 (2014: 1.25). The computation is based on total debt (convertible bond designated as financial liabilities at fair value through profit or loss) divided by total equity.

### **Charges on Group's Assets**

As at 31 March 2015, none of the Group's assets was under charges (2014: Nil).

### **Foreign Exchange Exposure**

The Group mainly earns revenue in RMB and incurs costs in RMB and Hong Kong dollars. The Group is exposed to foreign exchange risk based on fluctuations between Hong Kong dollars and RMB arising from its core operation in the PRC. In order to minimize the foreign currency risk exposure between these two currencies, the Group maintained cash balances in both currencies that are sufficient to meet three to four months' of operating cash flows requirements of the Group.

### **Treasury Policies**

Apart from the issue of convertible bond at their face value of HK\$200,000,000, the Group finances its operation mainly by internal generated resources.

### **Contingent Liabilities**

As at 31 March 2015, the Group did not have any material contingent liabilities.

### **Employees**

As at 31 March 2015, the Group had 90 employees (2014: 91) spreading among Mainland China and the Hong Kong Special Administrative Region of the PRC. Employment relationship has been well maintained. The Group has adopted an extensive training policy for its employees. It has also sponsored senior executives for higher education programmes.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

In the opinion of the directors of the Company, the Company has complied with Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) during the year ended 31 March 2015, save for the deviations from Code Provisions A.2.1, A.6.7, C.1.2 and E.1.2 as disclosed below:

### **Code Provision A.2.1**

Code Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive (“CE”) should be separated and should not be performed by the same individual. During the year ended 31 March 2015, the Company did not have any officer with CE title. Ms. Lo Fong Hung, the chairman and Managing Director of the Company, also carried out the responsibility of CE during such period. In view of the size of operation of the Group, the Board considered that this structure is more suitable for the Company as it can promote the efficient formulation and implementation of the Company’s strategies.

### **Code Provision A.6.7**

Under Code Provision A.6.7 of the Code, the independent non-executive directors and other non-executive directors should attend the general meeting and develop a balanced understanding of the views of shareholders. It was noted that one of the Independent Non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 25 August 2014 due to his other business commitments.

### **Code Provision C.1.2**

Under Code Provision C.1.2 of the Code, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer’s performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under the Listing Rules. By reference to the response to query no. 24A in the Frequently Asked Questions Series 17 (released on 19 December 2011/last updated on 1 April 2015), monthly updates should be provided to directors as soon as practicable after the month-end. Although the Code Provision C.1.2 does not specify a deadline, it will not be useful for directors if they receive the information two months after the month-end. Directors will not be able to monitor the issuer’s financial affairs and inside information disclosure unless the information is timely.

During the year under review and up to the date of this announcement, monthly management accounts made up to December 2014, January to March 2015 were made attention to the Board but late delivered to the Independent Non-executive Directors (“INEDs”) on the following dates respectively, mainly due to vacancy for the financial controller of the Company during the year under review:

<b>Made up months of the monthly management accounts</b>	<b>Dates made attention to the Board</b>	<b>Dates delivered to the INEDs</b>
December 2014	12 January 2015	13 February 2015
January 2015	16 March 2015	17 June 2015
February 2015	16 March 2015	17 June 2015
March 2015	21 April 2015	17 June 2015

Even though Code Provision C.1.2 does not specify deadline requirement to provide such monthly updates, to enable the Board as a whole and each Director to discharge their duties, timely and fast circulation of such monthly updates is expected not only to all Executive Directors, but also to all INEDs. However, the Board confirmed that all these monthly management accounts made up to December 2014, January to March 2015 did not contain or reveal any inside information.

#### **Code Provision E.1.2**

Code provision E.1.2 of the Code provides that the chairman of the board should attend the annual general meeting. It was noted that the chairman of the Board and the Nomination Committee, Ms. Lo Fong Hung was unable to attend the annual general meeting of the Company held on 25 August 2014 due to other business commitments.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its directors. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2015.

#### **AUDIT COMMITTEE**

The audit committee of the Company currently consists of four INEDs, namely Mr. Lam Ka Wai, Graham as the chairman of the Audit Committee, Mr. Wong Man Hin, Raymond, Mr. Chan Yiu Fai, Youdey and Mr. Xu Xiao Sheng. The audit committee has reviewed with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including the review of the audited financial statements for the year ended 31 March 2015.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.nannanlisted.com](http://www.nannanlisted.com). The annual report of the Company for the year ended 31 March 2015 containing all information required by the Listing Rules will be despatched to shareholders and published on above websites in due course.

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

Hong Kong, 23 June 2015

*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 four independent non-executive Directors, namely Mr. Wong Man Hin, Raymond, Mr. Lam Ka Wai, Graham, Mr. Chan Yiu Fai, Youdey and Mr. Xu Xiao Sheng.*