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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)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of Nan Nan Resources Enterprise Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to inform the shareholders of the Company and potential investors that based on the information currently available to the Board, the annual results of the Group for the year ended 31 March 2016 are expected to record a significant increase in the net loss as compared to the net loss for the year ended 31 March 2015, which was mainly due to (1) the significant decrease of approximately 50% in revenue of the Group arising from the decrease in market demand of coal; (2) the significant increase in loss arising from the change in fair value of convertible bond of the Company; and (3) the expected impairment loss recognised in respect of the mining rights and the related fixed assets of the Kaiyuan Open Pit Coal Mine* (凱源露天煤礦) (the “**Coal Mine Assets**”) of the Group of approximately HK\$12 million (the final figure is subject to any adjustment to be made under the applicable accounting principles) due to the expected decrease in the appraised value of the Coal Mine Assets.

According to the draft valuation reports of the convertible bond of the Company and the Coal Mine Assets as well as the draft consolidated statement of profit or loss and other comprehensive income of the Group, the loss arising from the change in fair value of convertible bond of the Company for the year ended 31 March 2016 is expected to be approximately HK\$73 million (the final figure is subject to any adjustment to be made under the applicable accounting principles), as compared to the loss of approximately HK\$39 million arising from the change in fair value of convertible bond of the Company for the year ended 31 March 2015. As to the Coal Mine Assets, an impairment loss of approximately HK\$12 million (the final figure is subject to any adjustment to be made under the applicable accounting principles) is expected to be made for the Group’s financial year ended 31 March 2016 under the applicable accounting principles.

The Company wishes to emphasize that this profit warning announcement is published only based on the Company's preliminary review of the draft valuation reports of the convertible bond of the Company and the Coal Mine Assets as well as the draft consolidated statement of profit or loss and other comprehensive income of the Group, which are subject to finalization and will be audited by valuers and auditors of the Company (as the case may be). Taking into consideration that (1) the Company is in the process of finalizing the audited annual results of the Group for the year ended 31 March 2016, which is expected to be published on or before 30 June 2016, and (2) adjustment to be made to the items of the said audited annual results of the Group may or may not be significant, in order to avoid any potential misleading impression the public may have regarding the Group's operation and audited annual results for the year ended 31 March 2016, the Board decided to take a more prudent attitude and not to disclose the preliminary figures regarding the Group's audited annual results for the year ended 31 March 2016 at the moment.

Shareholders of the Company and potential investors are advised to read the audited annual results announcement of the Group when it is published.

Shareholders of the Company and potential investors 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, 2 June 2016

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.