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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)

INSIDE INFORMATION ANNOUNCEMENT SUSPENSION OF PRODUCTION AT KAIYUAN OPEN PIT COAL MINE AND DEMOLISHMENT OF GAS STATION

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).

(A) SUSPENSION OF PRODUCTION AT KAIYUAN OPEN PIT COAL MINE

At the night of 19 September 2017, Mulei County Kai Yuan Coal Company Limited* (木壘縣凱源煤炭有限責任公司) (“**Kaiyuan Company**”), a subsidiary of Nan Nan Resources Enterprise Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), received a notice dated 16 September 2017 from the Environmental Protection Bureau of Xinjiang Zhundong Economy and Technology Development Area* (新疆准東經濟技術開發區環境保護局) (the “**First Notice**”) and a notice dated 19 September 2017 from the Environmental Protection Committee of Xinjiang Zhundong Economy and Technology Development Area* (新疆准東經濟技術開發區環境保護委員會) (the “**Second Notice**”), requesting Kaiyuan Company to suspend production at its Kaiyuan Open Pit Coal Mine (the “**Kaiyuan Mine**”) since Kaiyuan Company has yet to implement the coal mine environmental comprehensive remediation proposal in accordance with the requirements of, among other things, the “Implementation Opinion on Environmental Protection Specific Remediation in Zhundong Development Area (准東開發區環境保護專項整治實施意見)”.

I. BASIC INFORMATION ON THE KAIYUAN MINE

Kaiyuan Open Pit Coal Mine, situated at Bei Ta Mountain, Qi Tai County, Xinjiang Uygur Autonomous Region, the People's Republic of China (中華人民共和國新疆維吾爾自治區奇台縣北塔山), has a general mining area of 1.1596 square kilometers. It is owned and operated by Kaiyuan Company. The current mining permit (採礦許可證) of the Kaiyuan Mine granted by the Department of Land and Resources of Xinjiang Uygur Autonomous Region to Kaiyuan Company to conduct mining activities at the Kaiyuan Mine is valid from 26 December 2015 until 26 December 2017.

The existing coal production capacity of the Kaiyuan Mine is approximately 1.01 million tonnes per year. The Kaiyuan Mine primarily produces coal with different sizes that are mainly sold within Xinjiang Uygur Autonomous Region. For the year ended 31 March 2017, the sales volume of coal from the Kaiyuan Mine amounted to approximately 1.066 million tonnes. Sales volume of coal from the Kaiyuan Mine of approximately 0.937 million tonnes was recorded for the period from April to August 2017.

II. IMPACTS ON THE GROUP AND MEASURES TO BE TAKEN

Kaiyuan Mine is the only operating business of the Group. After preliminary assessment, it is expected that the suspension of production at the Kaiyuan Mine will lead to a decrease in the production volume of coal. Nevertheless, since the Group can still sell its existing inventory of slack coal during the production suspension period, the production suspension shall not have material financial impact on the Group in short term. As at 21 September 2017, there was a slack coal inventory of approximately 0.542 million tonnes and the Company expects that such inventory may support the coming sale of around 8 months. If, after the slack coal inventory is sold out, the production still cannot be resumed, the production suspension will create adverse impact on the financial position and operation of the Group.

The Company has been proactively taking the following measures, with a view to resuming production of the Kaiyuan Mine in a short period of time and minimizing the impact of the production suspension on the Group:

- (I) In the First Notice, Kaiyuan Company was requested to, among other things, conduct remedial works in four aspects: the mining system, the storage and crushing-screening system, the road in the mining area and the sewage water in the mine. In the Second Notice, Kaiyuan Company was requested to submit a remediation proposal for the above before 8:00 p.m. on 20 September 2017. Kaiyuan Company already submitted the requested proposal on 20 September 2017; and
- (II) The management of Kaiyuan Company has been proactively discussing with the relevant government departments, with a view to seeking their approval to resume normal production at the Kaiyuan Mine while fulfilling their requirements of conducting the remedial works.

The Company is proactively pushing forward the requested remedial works and negotiating with the relevant government departments. However, it is unable to estimate the exact time for the resumption of production at the Kaiyuan Mine at this stage. The Company will make further announcement(s) on the production resumption progress as and when appropriate in accordance with the Listing Rules.

(B) DEMOLISHMENT OF GAS STATION

On 21 September 2017, Kaiyuan Company received an “Administrative Enforcement Document of Production Safety (安全生產行政執法文書)” dated 21 September 2017 from the Production Safety Supervision and Administration Bureau* (安全生產監督管理局) of the Administration Committee of Xinjiang Zhundong Economy and Technology Development Area* (新疆准東經濟技術開發區管委會) (the “**Document**”), alleging that there were illegal storage and use of diesel at the Kaiyuan Mine and the gas station constructed therein was not in compliance with the “Regulations on Design and Construction of Gas Station (加油站設計與施工規範)”. Kaiyuan Company was requested to cease usage of the gas station immediately and demolish the gas station before 6 October 2017.

The gas station at the Kaiyuan Mine was constructed long time ago to supply diesel to the facilities and transportation vehicles at the Kaiyuan Mine. Demolishment of the gas station will not affect the operation of the Kaiyuan Mine seriously but may affect the production efficiency at the Kaiyuan Mine since staff of the Kaiyuan Mine will need to go to gas station about 30 km away to buy diesel regularly. Upon receipt of the Document, the management of Kaiyuan Company has negotiated with the relevant government departments, which on 22 September 2017, verbally allowed the Company to use up all the diesel remained in the gas station first and then demolish such station thereafter. The management of Kaiyuan Company is also now looking for other effective means to supply diesel to the facilities and transportation vehicles at the Kaiyuan Mine.

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

Made by the order of the board of directors (the “**Board**”) of the Company, save for Ms. LO Fong Hung who could not be contacted as at the date of this announcement.

By Order of the Board
Nan Nan Resources Enterprise Limited
Kwan Man Fai
Chairman and Managing Director

Hong Kong, 25 September 2017

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Kwan Man Fai, Ms. Lo Fong Hung and Mr. Wang Xiangfei; three independent non-executive directors, namely Mr. Wong Man Hin, Raymond, Mr. Chan Yiu Fai, Youdey and Mr. Pak Wai Keung Martin; and one alternate director, Mr. Wong Sze Wai (alternate to Mr. Wang Xiangfei).

* For identification purposes only