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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 and potential investors of the Company that based on the information currently available to the Board, since more sales effort has been put by the senior management of the Xinjiang office of the Group, it is expected that the Group’s total revenue for the year ended 31 March 2018 may record a substantial increase of approximately 150% to approximately HK\$182.4 million, as compared to the total revenue of the Group for the year ended 31 March 2017 of approximately HK\$73 million. However, as there was a decrease in gross profit margin, the gross profit of the Group for the year ended 31 March 2018 is expected to increase by approximately 112% to approximately HK\$52 million.

Despite the aforesaid substantial increase in the total revenue and gross profit, the Group expects to record a decrease in the net profit for the year ended 31 March 2018 as compared to the net profit of approximately HK\$48.3 million for the year ended 31 March 2017, which is primarily attributable to (i) the decrease in profit arising from the change in fair value of the convertible bond of the Company for the year ended 31 March 2018; and (ii) the significant impairment loss expected to be recognized in respect of the mining rights and related fixed assets of Kaiyuan Open Pit Coal Mine of the Group (the “**Coal Mine Assets**”) for the year ended 31 March 2018 due to the reasons as disclosed in the announcement of the Company dated 14 November 2017 (the “**14 November Announcement**”).

According to the draft valuation report 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 profit arising from the change in fair value of the Company’s convertible bond for the year ended 31 March 2018 is expected to be

approximately HK\$14.4 million (the final figure is subject to any adjustment to be made under applicable accounting principles), as compared to the profit of approximately HK\$56 million arising from the change in fair value of the Company's convertible bond for the year ended 31 March 2017.

As disclosed in the 14 November Announcement, an impairment loss of approximately HK\$16 million on the Coal Mine Assets was recognized as at 30 September 2017. Since 30 September 2017, there was no further impairment loss being recognized. As such, the total impairment loss in respect of the Coal Mine Assets of approximately HK\$16 million is recorded for the year ended 31 March 2018.

The Company wishes to emphasize that this 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 by the valuers and auditors of the Company (as the case may be). Taking into consideration that (i) the Company is in the process of finalizing the audited annual results of the Group for the year ended 31 March 2018, which is expected to be published on 20 June 2018, and (ii) 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 2018, 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 2018 at the moment.

Shareholders and potential investors of the Company are advised to read the audited 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.

Made by the order of the Board, 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, 8 June 2018

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).