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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)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF 90% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND THE LOANS

This is a voluntary announcement made by the Company.

The Board is pleased to announce that on 10 August 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor and the Personal Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 90% of the issued share capital of the Target Company and the Loans at a total consideration of US\$1,350,000 (equivalent to approximately HK\$10,530,000).

THE SALE AND PURCHASE AGREEMENT

Date: 10 August 2018

Parties:

- i) the Purchaser;
- ii) the Vendor; and
- iii) the Personal Guarantor

As at the date of this announcement and to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners including the Personal Guarantor are Independent Third Parties.

Interest to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 90% of the issued share capital of the Target Company and the Loans.

Consideration

The consideration of US\$1,350,000 (equivalent to approximately HK\$10,530,000) was determined after arm's length negotiation between the Vendor and the Purchaser with reference to a valuation report of the Target Group prepared by an independent valuer. The Vendor and the Personal Guarantor have jointly and severally warranted that the audited before tax profit of NEFIN Malaysia for each financial year shall be not less than 5% per annum of the Consideration, which is approximately HK\$526,500, for a period of 5 years in accordance with the Sale and Purchase Agreement.

Conditions precedent

Completion of the Acquisition are conditional upon the satisfaction or waiver of the conditions precedent as set out in the Sale and Purchase Agreement, including, among others, the completion of due diligence investigation on the Target Group by the Purchaser. If any of the conditions precedent are not fulfilled or waived within 60 days from and including the date of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall cease and determine.

Completion

Upon completion of the Acquisition, the Target Group will become indirect subsidiaries of the Company and the financial performance and position of the Target Group will be consolidated to the Group's consolidated financial statements.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability. The principal activity of the Target Company is provision of renewable energy and leasing solutions.

NEFIN Malaysia is a company incorporated in Malaysia with limited liability. It is a direct wholly-owned subsidiary of the Target Company and is principally engaged in the business of solar farm and high yield plantation development.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in mining and sales of coal. The Group has been exploring new markets and seeking to extend its business coverage on technological and renewable energy sector. The Board is of the view that the Acquisition will further enhance the Group's expansion of innovative and renewable energy business.

The Directors consider that the terms of the Sale and Purchase Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

This announcement is made by the Company on a voluntary basis. None of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the Acquisition exceeds 5%, the Acquisition does not constitute notifiable transaction of the Company under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of 90% of the issued share capital of the Target Company and the Loans pursuant to the terms of the Sale and Purchase Agreement
“Board”	the board of Directors
“Consideration”	the consideration of US\$1,350,000 (equivalent to approximately HK\$10,530,000) payable by the Group to the Vendor for the Acquisition
“Company”	Nan Nan Resources Enterprise Limited, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange with the stock code of 1229
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party who is not connected with any directors, chief executive or substantial Shareholder of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Loan(s)”	the loans in the aggregate sum of up to HK\$4,200,000 owed by the Target Company to the Vendor and the Personal Guarantor and by NEFIN Malaysia to the Target Company, a former director of NEFIN Malaysia and the Personal Guarantor as at the date of the Sale and Purchase Agreement and as at completion of the Acquisition, which is interest free, unsecured and repayable on demand
“NEFIN Malaysia”	NEFIN Technologies (Malaysia) Sdn. Bhd., a company incorporated in Malaysia with limited liability and is a direct wholly-owned subsidiary of the Target Company
“Personal Guarantor”	Mr. Lim Hong Teo, being the beneficial owner of 55.56% of the issued share capital of the Vendor
“Purchaser”	Radiant Day Holdings Limited (耀日控股有限公司), a company incorporated in Samoa with limited liability and is an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 August 2018 entered into between the Purchaser, the Vendor and the Personal Guarantor in relation to the Acquisition
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	NEFIN Leasing Technologies Limited (新能源租賃科技有限公司) a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and NEFIN Malaysia
“US\$”	United States dollars, the lawful currency of the United States of America

“Vendor” NEFIN Holding Limited, a company incorporated in the British Virgin Islands with limited liability, being the beneficial owner of 100% of the issued share capital of the Target Company

“%” per cent

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, 10 August 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).