

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



NAN NAN RESOURCES ENTERPRISE LIMITED

南南資源實業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1229)

UPDATES ON EXPLORATION PERMIT OF ZEXU MINE AND MANAGEMENT RESTRUCTURING PLAN

References are made to the announcements of Nan Nan Resources Enterprise Limited (the “**Company**”) dated 11 November 2011, 12 March 2012, 21 March 2012, 15 June 2012 and 23 May 2013 respectively (the “**Announcements**”). Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements, unless otherwise defined herein.

The Company would like to give an update on the current status of the Exploration Permit of the Zexu Mine and the Management Restructuring Plan to the shareholders and potential investors of the Company.

To briefly recap, by the Company’s announcement dated 12 March 2012, the Company announced that the Exploration Permit had been allowed to be renewed for a period of 2 years from 20 February 2012 to 20 February 2014 for the Company to conduct exploration activities in the Zexu Mine.

By the Company’s announcement dated 15 June 2012, the Company announced that it had received a letter from the Changji Administrative Bureau to the effect that the Updated Restructuring Proposals had been submitted to Xinjiang Uygur Autonomous Region Government for approval. Under the Updated Restructuring Proposals, it was proposed that the Company’s Kaiyuan Mine would be upgraded so that the mining area of the Kaiyuan Mine would be increased from 1.1596 square kilometres to 4.12 square kilometres, whereas the Company’s Exploration Permit in the Zexu Mine would be terminated.

However, by early 2013, the Updated Restructuring Proposals had not yet been approved by the Xinjiang Uygur Autonomous Region Government. At around this time, staff members of the Company working at Xinjiang reported that discussions with Chinese government officials revealed that the Company’s Exploration Permit in the Zexu Mine would not be renewed upon its expiry on 20 February 2014.

Subsequently, the Company obtained a legal opinion from a PRC lawyer in Beijing whereby the Company was advised that the Exploration Permit could only be renewed twice under PRC law and regulations, and no further renewal beyond 20 February 2014 could be obtained.

That notwithstanding, efforts had been made by the Company's management to explore with Chinese officials as to whether the Exploration Permit could be further renewed by an administrative discretion despite the strict legal position. Such efforts however had not been successful at that time.

In late April 2013, following annual valuation of the Company's assets for the 2013 financial year, the Company's valuer expressed the opinion that the value of the Exploration Permit as at 31 March 2013 was zero, on the ground that no further renewal of the Exploration Permit would be granted since it had already been renewed twice.

In consequence of the opinion of the Company's valuer, full impairment of the Company's intangible assets comprising the Exploration Permit of the Zexu Mine was made as disclosed in the Company's announcement dated 23 May 2013 and annual report 2013.

In the meantime, concerned that the Company's position and rights in the Management Restructuring Plan might be compromised since the Updated Restructuring Proposals had still not then been approved by the Xinjiang Uygur Autonomous Region Government, the Company through its Xinjiang staff continued to make informal representations to Chinese officials urging them to exercise their administrative discretion to renew the Exploration Permit, in consequence of which the Company was requested to file a formal application, which the Company did on 20 January 2014.

Eventually, on 19 March 2014, the Company obtained a renewal permit from Xinjiang Land Department granting the renewal of the Exploration Permit from 25 February 2014 to 25 February 2016.

As full impairment of the intangible assets comprising the Exploration Permit of Zexu Mine had been made in the financial year ended 31 March 2013, the Company will discuss with its valuer and auditor regarding a possible re-valuation of the renewed Exploration Permit and a possible reversal of such impairment and the amount thereof. The Company will make further announcement in this regard once a conclusion has been reached.

Although the renewal of the Exploration Permit has now been obtained, the Company currently has no specific plan on the exploration of the Zexu Mine in the light of the Management Restructuring Plan. The Company has still not yet received any written notification from any Xinjiang government department on the updated status of the approval process of the Updated Restructuring Proposals, which may have financial impact on the Company. The Company shall keep the shareholders and investors of the Company informed of any further development in respect of the Updated Restructuring Proposals.

The possible re-valuation and possible reversal of the impairment of the intangible assets comprising the Exploration Permit of the Zexu Mine mentioned above may or may not be made and the above Updated Restructuring Proposals may or may not be approved by Chinese authorities. Therefore, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Nan Nan Resources Enterprise Limited
Wang Xiangfei
Executive Director

Hong Kong, 21 March 2014

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.