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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)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The board of directors (the "Board") of Nan Nan Resources Enterprise Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2011 together with the comparative figures for the corresponding period in 2010 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		<b>Six months ended 30 September</b>	
		<b>2011 (Unaudited) HK\$'000</b>	2010 (Unaudited) HK\$'000
	<i>Notes</i>		
Turnover	3	<b>90,174</b>	29,511
Cost of sales and services provided		<b>(81,131)</b>	(24,846)
Gross profit		<b>9,043</b>	4,665
Other operating income		<b>813</b>	48
Selling and distribution expenses		<b>(492)</b>	(748)
Administrative expenses		<b>(7,866)</b>	(3,580)
Change in fair value of convertible loan notes		<b>(2,981)</b>	–
Finance costs	4	<b>–</b>	(10,296)

		<b>Six months ended 30 September</b>	
		<b>2011 (Unaudited) HK\$'000</b>	2010 (Unaudited) HK\$'000
	<i>Notes</i>		
Loss before taxation		<b>(1,483)</b>	(9,911)
Income tax expense	5	<b>(1,642)</b>	(97)
<b>Loss for the period</b>	<b>6</b>	<b>(3,125)</b>	(10,008)
<b>Other comprehensive income</b>			
Exchange difference arising on translation of overseas operation and net income directly recognised in equity		<b>6,179</b>	594
Other comprehensive income for the period (net of tax)		<b>6,179</b>	594
<b>Total comprehensive income (expense) for the period</b>		<b>3,054</b>	(9,414)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(3,125)</b>	(9,147)
Non-controlling interests		–	(861)
		<b>(3,125)</b>	(10,008)
<b>Total comprehensive income (expense) for the period attributable to:</b>			
Owners of the Company		<b>3,054</b>	(8,553)
Non-controlling interests		–	(861)
		<b>3,054</b>	(9,414)
Loss per share – Basic and diluted (Expressed in HK cents)	8	<b>(0.41)</b>	(1.20)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	<i>Notes</i>	<b>30 September 2011 (Unaudited) HK\$'000</b>	31 March 2011 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>25,308</b>	26,345
Intangible assets		<b>94,282</b>	95,480
Goodwill		–	–
Security deposit		<b>2,035</b>	1,930
		<hr/> <b>121,625</b> <hr/>	<hr/> 123,755 <hr/>
<b>Current assets</b>			
Inventories		<b>53,936</b>	36,701
Trade and other receivables	10	<b>9,462</b>	4,684
Bank balances and cash		<b>223,961</b>	225,857
		<hr/> <b>287,359</b> <hr/>	<hr/> 267,242 <hr/>
<b>Current liabilities</b>			
Trade and other payables	11	<b>42,739</b>	31,615
Amount due to ultimate holding company		<b>13</b>	573
Income tax liabilities		<b>1,892</b>	–
		<hr/> <b>44,644</b> <hr/>	<hr/> 32,188 <hr/>
<b>Net current assets</b>		<hr/> <b>242,715</b> <hr/>	<hr/> 235,054 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>364,340</b> <hr/>	<hr/> 358,809 <hr/>
<b>Capital and reserves</b>			
Share capital	12	<b>76,537</b>	76,537
Reserves		<b>58,198</b>	55,144
<b>Total equity</b>		<hr/> <b>134,735</b> <hr/>	<hr/> 131,681 <hr/>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>23,506</b>	24,069
Convertible loan notes designated as financial liabilities at fair value through profit or loss		<b>204,167</b>	201,186
Provision for close down, restoration and environmental costs		<b>1,932</b>	1,873
		<hr/> <b>229,605</b> <hr/>	<hr/> 227,128 <hr/>
		<hr/> <b>364,340</b> <hr/>	<hr/> 358,809 <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2011

## 1. General Information and Basis of Preparation

Nan Nan Resources Enterprise Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the directors, the Company's parent company is Ascent Goal Investments Limited ("Ascent Goal"), a company incorporated in the British Virgin Islands with limited liability and the Company's ultimate holding company is China Sonangol International Limited ("China Sonangol"), a company incorporated in Hong Kong with limited liability.

The principal activity of the Company and its subsidiaries (collectively referred to the "Group") is the mining, sales and distribution of coal.

The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business is Suites 1003-6, 10th Floor, Two Pacific Place, 88 Queensway, Hong Kong. The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"). As the turnover and results are contributed by the mining, sales and distribution of coal business during the year ended 31 March 2011 while the other segments remain inactive as a result of strategic shift in the business focus of the Group, the directors of the Company are of the view that the functional currency of the Company had been changed from HK\$ to Renmenbi ("RMB") from 1 April 2010 onwards. The presentation currency of the Company and the Group would remain to be in HK\$ for consistent presentation and the use of investors.

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

## 2. Principal Accounting Policies

The condensed consolidated interim financial information has been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 September 2011 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011, except as described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (herein collectively referred to as ("new or revised HKFRSs"), issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Interpretation ("Int") 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated interim financial information and disclosures set out in these condensed consolidated interim financial information.

The Group has not early applied the following new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 19 (2011)	Employee Benefits <sup>2</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013.

The five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of the five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 March 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

Other than disclosed above, the directors of the Company anticipate that the application of the new or revised standards will have no material impact on the results and the financial position of the Group.

### 3. Turnover and Segment Information

The Group's operating segments based on information reported to the executive directors, being the chief operating decision maker for the purpose of resource allocation and performance assessment, is more specifically focused on the types of goods delivered and services provided by the Group's operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

- (i) the coal mine business segment engages in mining, sales and distribution of coal; and
- (ii) others

*Note: During the year ended 31 March 2011, the executive directors concluded that the provision of management services and the clocks and other office related products segments are not significant as a reportable segment of the Group and accordingly prior period information was restated to conform to the current period's presentation.*

#### *Segments revenues and results*

The following is an analysis of the Group's turnover, results and expenditure by reportable and operating segments for the period under review:

	Coal mine business		Others		Total	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended						
30 September						
<b>TURNOVER</b>						
Sales to external customers	<u>90,174</u>	<u>29,511</u>	<u>-</u>	<u>-</u>	<u>90,174</u>	<u>29,511</u>
<b>RESULT</b>						
Segment results	<u>3,513</u>	<u>2,195</u>	<u>(323)</u>	<u>-</u>	<u>3,190</u>	<u>2,195</u>
Interest income					<u>642</u>	<u>12</u>
Net unallocated expenses					<u>(5,315)</u>	<u>(1,822)</u>
Finance costs					<u>-</u>	<u>(10,296)</u>
Loss before taxation					<u>(1,483)</u>	<u>(9,911)</u>

Segment result represents the profit/(loss) of each segment without allocation of central administration costs, directors' emoluments, interest income, change in fair value of convertible loan notes and finance costs. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

*Segment assets*

The following is an analysis of the Group's assets by reportable and operating segments:

	<b>30 September 2011 (unaudited) HK\$'000</b>	31 March 2011 (audited) HK\$'000
Coal mine business	<b>182,121</b>	162,717
Others	<b>192</b>	76
	<hr/>	<hr/>
Total segment assets	<b>182,313</b>	162,793
Unallocated	<b>226,671</b>	228,204
	<hr/>	<hr/>
Consolidated assets	<b>408,984</b>	390,997
	<hr/>	<hr/>

All assets, other than bank balances and cash and security deposit, are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.



#### 4. Finance Costs

	<b>Six months ended 30 September</b>	
	<b>2011 (Unaudited) HK\$'000</b>	2010 (Unaudited) HK\$'000
Interest expenses on:		
– amount due to a minority shareholder	–	217
– effective interest expenses on convertible loan notes	–	10,079
	<u>–</u>	<u>10,079</u>
	<u>–</u>	<u>10,296</u>

#### 5. Income Tax Expense

The major components of income tax (credit) expense in the condensed consolidated statement of comprehensive income are:

	<b>Six months ended 30 September</b>	
	<b>2011 (Unaudited) HK\$'000</b>	2010 (Unaudited) HK\$'000
Tax in other jurisdictions		
– current	<b>2,204</b>	97
Deferred tax	<b>(562)</b>	–
	<u>1,642</u>	<u>97</u>
Income tax expense	<u>1,642</u>	<u>97</u>

Hong Kong Profits Tax has not been provided for in the condensed consolidated interim financial information as there was no estimated assessable profit derived from Hong Kong for both periods ended 30 September 2011 and 30 September 2010.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods ended 30 September 2011 and 30 September 2010.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the laws and regulations in the PRC, one of the Group's subsidiaries operating in the PRC is entitled to exemption from PRC income tax in the first two years from the first profit-making year, followed by a 50% reduction of PRC income tax for the following three years.

## 6. Loss for the Period

Loss for the period has been arrived at after charging:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Amortisation of intangible assets (included in cost of sales)	<b>4,500</b>	3,052
Cost of inventories sold	<b>81,131</b>	24,846
Depreciation of property, plant and equipment	<b>1,969</b>	1,355
Staff costs (excluding directors' emoluments)		
– Basic salaries and allowances	<b>2,448</b>	2,706
– Retirement benefit scheme contributions	<b>257</b>	289
	<b>89,265</b>	32,248

## 7. Interim Dividend

No dividends were paid, declared or proposed during the six months ended 30 September 2011. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 September 2010: Nil).

## 8. Loss Per Share

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended 30 September</b>	
	<b>2011 (Unaudited) HK\$'000</b>	2010 (Unaudited) HK\$'000
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share	<u><b>(3,125)</b></u>	<u>(9,147)</u>
	<b>2011 (Unaudited)</b>	2010 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u><b>765,373,584</b></u>	<u>765,373,584</u>

The calculations of diluted loss per share for the periods ended 30 September 2011 and 30 September 2010 do not assume the conversion of the convertible loan notes since its conversion would result in a decrease in loss per share. The basic and diluted loss per share are the same.

## 9. Property, Plant and Equipment

### *Acquisitions and disposals*

During the six months ended 30 September 2011, the Group acquired property, plant and equipment with a cost of HK\$150,000 (six months ended 30 September 2010: HK\$940,000).

During the six months ended 30 September 2011, the Group had written off cost of property, plant and equipment of HK\$20,000 with no gain or loss was resulted during the period (six months ended 30 September 2010: disposed of HK\$351,000 and gain on disposal of HK\$4,000).

## 10. Trade and Other Receivables

The Group's sales to coal customers are largely on cash basis or with payment in advance. For certain well-established customers, the Group allows an average credit period of 90 days.

The Group's sales to other customers are on open account terms. Trading terms with customers are largely on credit, except for new customers where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 180 days.

The following is an analysis of trade and bills receivables by age, presented based on invoice date (net of allowance for doubtful debts):

	<b>30 September 2011 (Unaudited) HK\$'000</b>	31 March 2011 (Audited) HK\$'000
Within 90 days	<b>4,823</b>	740
91 days to 180 days	–	–
181 days to 365 days	–	–
Over 1 year	<b>79</b>	83
	<b>4,902</b>	823
Prepayments, deposits and other receivables	<b>4,560</b>	3,861
Total trade and other receivables	<b>9,462</b>	4,684

## 11. Trade and Other Payables

The following is an analysis of trade payables by age, presented based on invoice date.

	<b>30 September 2011 (Unaudited) HK\$'000</b>	31 March 2011 (Audited) HK\$'000
Within 90 days	<b>12,983</b>	4,053
91-180 days	<b>3,457</b>	1,836
181-365 days	<b>55</b>	1,167
Over 1 year	<b>678</b>	678
	<hr/>	<hr/>
Trade payables	<b>17,173</b>	7,734
Receipt in advance	<b>7,639</b>	5,740
Other payables and accruals	<b>17,927</b>	18,141
	<hr/>	<hr/>
Total trade and other payables	<b>42,739</b>	31,615

The average credit period of purchases of goods is 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 12. Share Capital

	<b>Number of ordinary shares of HK\$0.1 each</b>	<b>Amount HK\$'000</b>
Ordinary Shares Authorised :		
At 1 April 2010, 31 March 2011 and 30 September 2011	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid :		
At 1 April 2010, 31 March 2011 and 30 September 2011	<u>765,373,584</u>	<u>76,537</u>

## 13. Acquisition of Further Interest in Subsidiaries

*For the six months ended 30 September 2010*

On 17 August 2010, the Group completed the acquisition of a further 49% equity interest in Star Fortune International Investment Co. Limited ("Star Fortune"), at an aggregate consideration of HK\$50,000,000 satisfied in cash. The difference of approximately HK\$27,143,000 between the consideration paid and the decrease in the carrying amount of the non-controlling interests has been recognised directly in equity.

As at the end of the reporting period, both the performance guarantee from 4 July 2009 to 3 July 2010 and the profit guarantee have been met. In addition, as stated in the conditional agreement on 20 May 2010 to acquire the further 49% equity interest in Star Fortune, the performance guarantee from 4 July 2010 to 3 July 2011 has been waived. Details of which are set out in the Company's announcement dated 2 June 2010. The transaction was approved by independent shareholders of the Company at a special general meeting held on 12 August 2010.

## 14. Operating Lease Commitments

The Group leases certain of its offices and staff quarters under operating lease arrangements. Lease for properties are negotiated for a term ranging from one to four years and rental are fixed.

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>30 September 2011 (Unaudited) HK\$'000</b>	31 March 2011 (Audited) HK\$'000
Within one year	<b>583</b>	758
In the second to fifth years inclusive	<b>202</b>	360
	<b>785</b>	1,118

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group recorded a turnover of approximately HK\$90,174,000 during the six months ended 30 September 2011, increased by HK\$60,663,000 or 205% when compared with last corresponding period. Reasons for the significant increase were the sales for the six months ended 30 September 2010 was low due to unstable economic environment in Xinjiang, and there was keen competition in the coal mine business in Xinjiang and the excess supply of coal. However, the situation had changed for the six months 30 September 2011 as the economic environment was recovered in Xinjiang and some small size coal mine businesses were closed down. As a result, the competition for the six months ended 30 September 2011 was moderate in coal mine business as compared with the same period in 2010. In addition, the average selling price for coal per tonne had been increased by 35% from RMB60 for the six months ended 30 September 2010 to RMB81 for the same period in 2011.

The Group recorded a significant improvement by HK\$6,883,000 or 69% from the loss of HK\$10,008,000 as at 30 September 2010 to the loss of HK\$3,125,000 as at 30 September 2011. It was mainly due to the decrease of non-cash deemed interest expense for the convertible loan note issued by the Group of approximately HK\$7,315,000, the Group adopted a different accounting treatment for the year ended 31 March 2011 when the convertible loan note was matured and renewal on 14 March 2011 following the change in functional currency of the Group from Hong Kong dollars to RMB.

During the period, the Group sold approximately 1,211,000 tonnes (2010: 794,000 tonnes) of coal with 53% increase in tonnes. However, the gross margin of coal mine business diminished to 10% (2010: 16%). The decrease in gross margin was mainly due to the increase in production cost outweigh the increase in selling price, which is mainly caused by the increase in machinery rental cost.

On the other hand, the operating profit for coal mine business was approximately HK\$3,513,000 (2010: HK\$2,195,000) which represents the increase by HK\$1,318,000 or 60% by comparing with six months period ended 30 September 2010. The increase in operating profit of coal mine business was mainly due to increase in gross profits and other income by HK\$4,400,000 and HK\$400,000 respectively which offset the increase in administrative expenses of approximately HK\$3,500,000.

The Board was positive about the whole year business result with cautions thinking in mind.

## MINE SALES AND PRODUCTION

During the period, the Group sold 1.21 million tonnes to have the total sales income HK\$90,174,000. Details of coal sales in tonnes are listed in the below tables.

	<b>Coal Sales</b> (tonnes)	<b>Coal Sales in</b> %
Large Coal	<b>98,000</b>	8.09
Middle Coal	<b>283,000</b>	23.37
Nucleus Coal	<b>336,000</b>	27.75
Slack Coal	<b>463,000</b>	38.23
Mixed Coal	<b>31,000</b>	2.56
	<hr/>	<hr/>
Total Sales	<b>1,211,000</b>	100
	<hr/>	<hr/>

## RESERVES AND RESOURCES

The Group owns two mining rights in the Xinjiang, PRC including Kaiyuan Openpit Coal Mine and Zexu Openpit Coal Mine. The coal reserve remaining of Kaiyuan Mine was 17.5 millions tonnes as at 30 September 2011. The exploration permit of Zexu Mine was expired on 22 October 2011, the Group had applied the application procedures for the renewal of the exploration permit. The Departments of Land and Resources in Qitai County and Changji Hui Autonomous Prefecture have already reviewed and approved the renewal application. However, the final approval from the Xinjiang Land Department has not yet been granted. For detail please refer to the Company's announcement dated 11 November 2011.



## **COST OF SALES**

The cost of sales for the period was HK\$81,131,000. The following table set forth the production costs in different categories.

	<b>HK\$</b>
Materials, fuel and power	26,582,000
Machinery rental	45,921,000
Environmental and exploration	1,581,000
Staff costs	1,047,000
Depreciation and amortization	5,348,000
Other expenses	652,000
	<hr/>
Total cost of sales	81,131,000

## **PROSPECTS**

The Board believes that the demand for coal from various industries will continue to be robust and is confident our investments can add value for our shareholders.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2011, the Group had working capital of approximately HK\$242,715,000 (31 March 2011: HK\$235,054,000) and its current ratio, being the proportion of total current assets against total current liabilities, was 6.44 times (31 March 2011: 8.30 times). The Group continued to maintain a strong financial position. At 30 September 2011, the Group had cash and bank balances of approximately HK\$223,961,000 (31 March 2011: approximately HK\$225,857,000).

As at 30 September 2011, there was no bank and other borrowing in the Group (31 March 2011: HK\$Nil).

The gearing ratio of the Group was 170.41% (31 March 2011: 172.48%), calculated on the basis of the Group's total borrowings over equity attributable to owners of the Company.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES (AND RELATED HEDGES)**

The Group mainly earns revenue in RMB and incurs cost in RMB and Hong Kong dollars. The Group is exposed to foreign exchange risk based on fluctuations between the Hong Kong dollars and the RMB arising from its operation in the PRC. In order to limit this foreign currency risk exposure, the Group maintained cash balance that approximate three to four months' of operating cash flows.

## **CHARGES ON ASSETS**

As at 30 September 2011, no trade receivable was pledged to secure the borrowing, and no assets or fund of the Group were pledged to secure general banking facilities granted to the Group (2010: HK\$Nil).

## **CAPITAL STRUCTURE**

There was no change in the capital structure of the Company during the six months ended 30 September 2011.

## **CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The Group did not have any significant contingent liabilities and capital commitments as at 30 September 2011.

## **HUMAN RESOURCES**

The Group had approximately 116 employees as at 30 September 2011 (31 March 2011: 115)

Apart from the basic remuneration, the Group also provides other employee benefits including medical scheme and provident fund schemes. In addition, the Company has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2011 (2010: Nil).

## **CHANGE OF COMPANY NAME**

At the special general meeting of the Company held on 19 September 2011, the shareholders of the Company passed a special resolution in respect of the change of English name of the Company from “International Resources Enterprise Limited” to “Nan Nan Resources Enterprise Limited” and the adoption of “南南資源實業有限公司” as Chinese secondary name of the Company. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name have been issued by the Registrar of Companies in Bermuda and the name changes took effect on 19 September 2011.

The Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was also issued by the Registrar of Companies in Hong Kong on 30 September 2011 confirming the registration of the new name of the Company “Nan Nan Resources Enterprise Limited also known as 南南資源實業有限公司” in Hong Kong under Part XI of the Companies Ordinance (Chapter 32, Laws of Hong Kong).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2011.

## **CORPORATE GOVERNANCE**

To the best knowledge and belief of the directors of the Company, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2011 except for the following deviation:

Under the Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The Company did not have any officer with CEO title. Ms. Lo Fong Hung is currently the Chairperson and Managing Director of the Company. The duties of CEO were carried out by Ms. Lo Fong Hung. In view of the size of operation of the Company, the Board considered that this structure is more suitable for the Company as it can promote the efficient formulation and implementation of the Company’s strategies.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry made by the Company, that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2011.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors, namely Mr. Lam Ka Wai, Graham, Mr. Wong Man Hin, Raymond and Mr. Chan Yiu Fai, Youdey. The Audit Committee together with the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed and reviewed the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 September 2011.

## **PUBLICATION OF INTERIM REPORT**

The interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.nannanres.com.hk](http://www.nannanres.com.hk). The interim report will be despatched to the shareholders and will be available at the websites of The Hong Kong Exchanges and Clearing Limited and the Company in due course.

By order of the Board  
**Wang Xiangfei**  
*Executive Director*

Hong Kong, 22 November 2011

*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. Lam Ka Wai, Graham, Mr. Wong Man Hin, Raymond and Mr. Chan Yiu Fai, Youdey.*