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 2014

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 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

		Six months ended 30 September	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**45,453**	64,323
Cost of sales		**(21,641)**	(54,225)
Gross profit		**23,812**	10,098
Other revenue		**3,307**	1,140
Selling and distribution expenses		**(377)**	(394)
Administrative and operating expenses		**(10,419)**	(10,985)
Change in fair value of convertible loan notes		**(39,322)**	(2,139)
Loss before tax		**(22,999)**	(2,280)
Income tax expense	*4*	**(2,389)**	(4,604)
Loss for the period	*5*	**(25,388)**	(6,884)

	Notes	Six months ended 30 September **2014** ***HK$'000*** **(unaudited)**	2013 *HK$'000* (unaudited)
Other comprehensive (loss)/income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of functional currency to presentation currency		**(126)**	3,315
Other comprehensive (loss)/income for the period (net of nil tax)		**(126)**	3,315
Total comprehensive loss for the period		**(25,514)**	(3,569)
Loss for the period attributable to:			
– Owners of the Company		**(25,388)**	(6,884)
Total comprehensive loss for the period attributable to:			
– Owners of the Company		**(25,514)**	(3,569)
Loss per share (expressed in Hong Kong cents)			
– Basic	*7*	**(3.32)**	(0.9)
– Diluted	*7*	**(3.32)**	(0.9)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Notes	30 September 2014 HK$'000 (unaudited)	31 March 2014 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*8*	**21,277**	22,196
Intangible assets		**69,558**	73,242
Goodwill		**–**	–
Security deposit		**3,645**	3,645
		94,480	99,083
Current assets			
Inventories		**27,250**	13,600
Trade and other receivables	*9*	**3,078**	1,805
Cash and cash equivalents		**331,489**	319,460
		361,817	334,865
Current liabilities			
Trade and other payables	*10*	**59,519**	49,616
Tax payable		**1,671**	2,397
		(61,190)	(52,013)
Net current assets		**300,627**	282,852
Total assets less current liabilities		**395,107**	381,935
Capital and reserves			
Share capital	*11*	**76,537**	76,537
Reserves		**62,102**	87,616
Equity attributable to owners of the Company		**138,639**	164,153
Non-current liabilities			
Convertible loan notes designated as financial liabilities at fair value through profit or loss		**244,553**	205,231
Provision for close down, restoration and environmental costs		**1,996**	1,996
Deferred tax liabilities		**9,919**	10,555
		256,468	217,782
		395,107	381,935

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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 Group's parent company is Ascent Goal Investments Limited ("Ascent Goal"), a company incorporated in the British Virgin Islands with limited liability and the Group's ultimate holding company is New Bright International Development Limited ("New Bright"), a company incorporated in Hong Kong with limited liability. Its ultimate controlling party is Ms. Fung Yuen Kwan, Veronica.

The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11 Bermuda and its principal place of business is Suites 1003-6, 10th Floor, Two Pacific Place, 88 Queensway, Hong Kong. The functional currency of the Company is Renminbi ("RMB"). The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$") for the convenience of the shareholders as the Company is listed in Hong Kong.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in mining and sales of coal.

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 September 2014 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities
- Amendments to HKFRS 32, Offsetting financial assets and financial liabilities
- Amendments to HKFRS 36, Recoverable amount disclosures for non-financial assets
- Amendments to HKFRS 39, Novation of derivatives and continuation of hedge accounting
- HK(IFRIC)-Int 21, Levies

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

3. TURNOVER AND SEGMENT INFORMATION

The Group has only one single operating segment being the mining and selling of coal in the People's Republic of China ("PRC"). Geographical segmental information is therefore not presented.

4. INCOME TAX EXPENSE

The major components of income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Tax in other jurisdictions		
– current	**3,022**	3,673
Deferred tax	**(633)**	931
Income tax expense	**2,389**	4,604

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 2014 and 30 September 2013.

Under the Law of the 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 2014 and 30 September 2013.

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

5. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Amortisation of intangible assets	**3,674**	–
Less: Amounts included in cost of inventories	**(1,884)**	–
Amounts included in cost of sales	**1,790**	–
Amount of inventories recognised as cost of sales	**21,641**	54,225
Depreciation of property, plant and equipment	**2,389**	2,164
Staff costs (excluding directors' remuneration)		
– Basic salaries and allowances	**3,237**	3,880
– Contributions to defined contribution retirement plan	**407**	453

6. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 September 2014. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 September 2013: Nil).

7. LOSS PER SHARE

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

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic loss per share (Loss for the period attributable to owners of the Company)	**(25,388)**	(6,884)

	2014	2013
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**765,373,584**	765,373,584

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

i) Loss attributable to owners of the Company (diluted)

	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners	**(25,388)**	(6,884)
Fair value gain on convertible loan notes*	**–**	–
Exchange loss on convertible loan notes*	**–**	–
Loss attributable to owners (diluted)	**(25,388)**	(6,884)

ii) Weighted average number of ordinary shares (diluted)

	2014	2013
Weighted average number of ordinary shares for the purpose of basic loss per share	**765,373,584**	765,373,584
Effect of conversion of convertible loan notes*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**765,373,584**	765,373,584

* The calculation of the diluted loss per share for the six months ended 30 September 2014 did 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.

8. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 September 2014, the Group acquired property, plant and equipment with a cost of HK$1,475,000 (six months ended 30 September 2013: HK$2,734,000).

During the six months ended 30 September 2014, the Group disposed of cost of property, plant and equipment of HK$16,000 with loss of HK$3,000 (six months ended 30 September 2013: disposal of HK$900,784 with loss of HK$20,722 resulted).

9. TRADE AND OTHER RECEIVABLES

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

	30 September 2014 *HK$'000* **(unaudited)**	31 March 2014 *HK$'000* (audited)
Within 90 days	**126**	–
91 days to 180 days	**139**	–
181 days to 365 days	**–**	–
Over 1 year	**–**	–
Trade and bills receivables	**265**	–
Prepayments, deposits and other receivables	**2,813**	1,805
Total trade and other receivables	**3,078**	1,805

10. TRADE AND OTHER PAYABLES

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

	30 September 2014 *HK$'000* **(unaudited)**	31 March 2014 *HK$'000* (audited)
Within 90 days	**9,977**	1,540
91-180 days	**287**	559
181-365 days	**146**	750
Over 1 year	**30**	45
Trade payables	**10,440**	2,894
Receipt in advance	**4,321**	1,237
Value-added tax and non-income tax payable	**2,429**	3,443
Government levies payable		
– Economic development fees in coal resources areas	**29,886**	29,888
– Others	**4,645**	4,741
Accrued expenses	**2,173**	2,149
Other payables	**5,625**	5,264
Total trade and other payables	**59,519**	49,616

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.

11. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each	**Amount** *HK$'000*
Ordinary Shares		
Authorised:		
At 1 April 2013, 31 March 2014 and 30 September 2014	5,000,000,000	500,000
Issued and fully paid:		
At 1 April 2013, 31 March 2014 and 30 September 2014	765,373,584	76,537

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover

For the six months ended 30 September 2014, the Group recorded a turnover of approximately HK$45,453,000, which is a decrease of 29.34% (or HK$18,870,000) as compared with HK$64,323,000 achieved in the corresponding period in 2013.

Geographically, Xinjiang Uygur Autonomous Region ("Xinjiang") is remote from rest of the Country. Coal produced in Xinjiang is mainly consumed locally due to logistic and cost reason. The coal price in Xinjiang is lower than the average China market price.

Reduction in sales is mainly due to weak demand for the large, nucleus and slack coals. The Group sold approximately 477,211 tonnes (2013: 712,915 tonnes) of coal, decreased by 33% in volume from a year ago.

Cost of sales

The cost of sales for the period was approximately HK$21,641,000 (2013: HK$54,225,000). The cost mainly comprises machine rental cost, direct labor cost, cost for explosive works, depreciation, amortization, etc. The decrease in cost of sales was largely in line with the decrease in sales volume and the saving of Coal Resources Domestic Economic development fees during the period as compared with the last corresponding period. According to the notice issued by the PRC Government, the fees have been temporarily suspended from 1 April 2014. Prior to 1 April 2014, such economic development fees were levied at RMB20 per ton on slack coal produced from Kaiyuan Open Pit Coal Mine.

Gross profit

Due to the factors explained above, therefore, the gross profit of the Group for the six months ended 30 September 2014 increased to approximately HK$23,812,000 from HK$10,098,000 for the six months ended 30 September 2013, representing an increase of approximately 136% and gross profit margin improved from 15.7% for the six months ended 30 September 2013 to 52.3%, representing an increase of 36.6 percentage points.

Other revenue

The Group's other revenue for the six months ended 30 September 2014 was HK$3,307,000, representing an increase of HK$2,167,000 or 190% as compared with the corresponding period in the last year. This was mainly due to the fact that: the net income from selling coal gangue (煤矸石) was HK$1,251,000 or 109%; increase in other income and interest income by HK$914,000 or 80% due to better interest rate from banks in PRC.

Selling, general and administrative expenses

The Group's selling, general and administrative expenses for the six months ended 30 September 2014 was HK$10,796,000, representing a decrease of HK$583,000 or 5% as compared with the previous corresponding period. This was mainly due to the decrease in salaries cost and motor car expenses.

Loss for the period

Loss of the Group for the six months ended 30 September 2014 was approximately HK$25,388,000 (2013: HK$6,884,000), representing an increase of HK$18,504,000 as compared with the corresponding period in the last year. The increase in loss was mainly due to increase in loss on change in fair value of convertible loan notes of approximately HK$37,183,000.

Segment Information

Business segment

The Group's operating segment, based on information reported to the chief operating decision makers who are also the executive directors, for the purpose of resources allocation and performance assessment, is more specifically focused on the types of goods delivered and services provided by the Group's operating divisions.

Coal mining business is the only reportable operating segment from which the Group derived its revenue from sale of coal. Accordingly, no further segment information is provided.

Coal mining business

Coal mining is the sole business of the Group at present. It contributed a turnover of HK$45,453,000 for the reporting period (2013: HK$64,323,000), a 29.34% decrease as compared with the corresponding period in 2013. The decrease in turnover is mainly resulted from decrease in sales volume during the period.

Sales and production of coals

During the reporting period, the Group sold 0.48 million tonnes of coals with total sales income of HK$45,453,000. Details of coal sales in tonnes are listed in the below table.

	Period ended 30 September	
	2014	2013
Coal sales	**477,211 tonnes**	712,915 tonnes

Coal sales (tonnes) and percentage of coal sales

	Coal Sales *(tonnes)*	Coal Sales in %
Large Coal	37,467	7.85
Middle Coal	124,552	26.10
Three Eight Coal	39,698	8.31
Small-Medium Sized Coal	40,277	8.44
Slack Coal	235,217	49.30
Total	477,211	100.00

Reserves and resources

The Group owns one mining right and one exploration right in Xinjiang, which is Kaiyuan Open Pit Coal Mine ("Kaiyuan Mine") and Zexu Open Pit Coal Mine ("Zexu Mine") respectively. The estimated remaining coal reserve in Kaiyuan Mine was 13.26 million tonnes as at 30 September 2014 (2013: 13.96 million tonnes). The coal reserve was calculated using the following formula, which was in line with the market practice:

Coal reserve as at 30 September 2014 = Coal reserve as at 31 March 2014 – Amount of coal extracted (the "Coal Extracts") by the Group during 1 April 2014 to 30 September 2014.

The original exploration permit of Zexu Mine had expired on 20 February 2014 and a renewal of the permit was granted by the Department of Land and Resources of Xinjiang Uygur Autonomous Region on 19 March 2014 to further extend the permit to 25 February 2016. However, full impairment of this intangible asset had been made in the financial year of 2013.

Cost of sales

The cost of sales for the period was approximately HK$21,641,000 (2013: HK$54,225,000). The cost mainly comprises machine rental cost, direct labor cost, cost for explosive works, depreciation, amortization, etc. The decrease in cost of sales was largely in line with the decrease in sales volume and the saving of Coal Resources Domestic Economic development fees during the period as compared with last corresponding period. According to the notice issued by the PRC Government, the fees have been temporarily suspended from 1 April 2014. Prior to 1 April 2014, such economic development fees were levied at RMB20 per ton on slack coal produced from Kaiyuan Mine.

Geographic segment

The geographical location of customers is determined based on the location where the goods are delivered. The Group's turnover and results from operations are all derived from activities in the PRC. No business activities are covered outside the PRC. The principal assets of the Group are also located in the PRC. Accordingly, no geographical segment information is required.

Major Events

Progress of the Management Restructuring Plan and the Updated Restructuring Proposals

Pursuant to the instructions from the National Development and Reform Commission of the PRC, the Department of Land and Resources of Xinjiang Uygur Autonomous Region (the "Xinjiang Land Department") had to plan for a management restructuring of seven different coal mines (including the Zexu Mine) in the Xiheishan Mining Area (i.e. the "Management Restructuring Plan"), consolidating some smaller mines together so as to increase the size efficiency (for details, please refer to the Company's announcement dated 11 November 2011). After being informed of this Management Restructuring Plan, the Board has requested our management in Xinjiang to conduct frequent meetings and negotiations with the Xinjiang Land Department and other relevant government authorities in order to protect the Company's interest in relation to the exploration permit of the Zexu Mine (the "Exploration Permit").

According to the letter dated 13 June 2012 issued by the Administrative Bureau of Coal Industry of Changji Prefecture (the "Changji Administrative Bureau") informing the updated status of the Management Restructuring Plan, the following proposals (the "Updated Restructuring Proposals") in relation to the Company's Kaiyuan Mine and Zexu Mine have been submitted to the working group head office for coal industry structural upgrade work of Xinjiang Uygur Autonomous Region for consideration and approval:

1. The Company's Kaiyuan Mine would be restructured and upgraded, and the exploration rights in the Zexu Mine granted to the Company would be terminated; and

2. The mining area of the Kaiyuan Mine, where the Company is now conducting mining activities, was proposed to be increased from 1.1596 square kilometers to 4.12 square kilometers, with the estimated coal resources of approximately 131.18 million tonnes.

As at the date hereof, 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.

As stated in the Company's announcement dated 21 March 2014, the Exploration Permit of the Zexu Mine of the Company originally expired on 20 February 2014. 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 has continued to make informal representations to Chinese officials urging them to exercise their administrative discretion to renew the Exploration Permit despite the fact that the Company had earlier obtained a PRC legal opinion advising the Company no further renewal beyond 20 February 2014 could be obtained for Zexu Mine Exploration Permit. 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.

Prospects

The Board believes that the coal business is full of challenges and endeavors to achieve our goal of bringing maximum values for shareholders by strengthening management of the Company, controlling the cost of coal mining, cooperating with the national policies of developing economy in the western region, seizing new chances, exploring new markets, and seeking for investment opportunities.

Although the Company has obtained a renewal Exploration Permit of Zexu Mine from Xinjiang Land Department from 25 February 2014 to 25 February 2016, no development or production activity is now taking place and we have no existing plan to apply for the mining permit of Zexu Mine as the Company is still waiting for the written notification from any Xinjiang government department on the updated status of the approval process of the Updated Restructuring Proposals. The Company will continue to follow up the updated status of the approval process of the Updated Restructuring Proposals, in order to protect the interests of the Company in Kaiyuan Mine and Zexu Mine.

Despite the aforesaid progress of the Updated Restructuring Proposals, the Company is still waiting for the written notification from any Xinjiang government department on the updated status of the approval process of the Updated Restructuring Proposals. It is therefore not impossible that the proposals can fail to be approved by the Chinese Government eventually. For this reason, the Company would keep all options open and the Company would not at this stage rule out the possibility of resuming the exploration process for Zexu Mine and then applying for a mining permit of the Zexu Mine either by the Company alone or jointly with other companies having coal mines in the vicinity if the circumstances warrant such course of action being taken.

Liquidity and Financial Resources

As at 30 September 2014, the Group had:

- net current assets of approximately HK$300,627,000 (31 March 2014: approximately HK$282,852,000).

- bank balances and cash of approximately HK$331,489,000 (31 March 2014: approximately HK$319,460,000) which were the major components of the Group's current assets of approximately HK$361,817,000 (31 March 2014: approximately HK$334,865,000).

- current liabilities of approximately HK$61,190,000 (31 March 2014: approximately HK$52,013,000) which comprised mainly trade and other payables of approximately HK$59,519,000 (31 March 2014: approximately HK$49,616,000).

- non-current liabilities of approximately HK$256,468,000 (31 March 2014: approximately HK$217,782,000) which comprised mainly deferred tax liability of approximately HK$9,919,000 (31 March 2014: approximately HK$10,555,000) and convertible loan notes designated as financial liabilities at fair value through profit or loss of approximately HK$244,553,000 (31 March 2014: approximately HK$205,231,000).

The Group's gearing ratio was 1.76 (31 March 2014: 1.25). The computation is based on total debt (amount due to an intermediate holding company and convertible loan notes designated as financial liabilities at fair value through profit or loss) divided by total equity.

Charges on Group's Assets

As at 30 September 2014, none of the Group's assets was under charges (2013: Nil).

Foreign Exchange Exposure

The Group mainly earns revenue in RMB and incurs costs in RMB and Hong Kong dollars. The Group is exposed to foreign exchange risk based on fluctuations between Hong Kong dollars and RMB arising from its core operation in the PRC. In order to minimize the foreign currency risk exposure between these two currencies, the Group maintained cash balances in both currencies that are sufficient to meet three to four months' of operating cash flows requirements of the Group.

Treasury Policies

Apart from the issue of convertible loan notes at their face value of HK$200 million, the Group finances its operation mainly by internal generated resources.

Contingent Liabilities and Capital Commitments

During the six months ended 30 September 2014, capital expenditure of HK$148,000 in respect of the acquisition of plant and equipment was contracted for but not provided in the unaudited consolidated financial information (31 March 2014: Nil). The Group did not have any material contingent liabilities.

Employees

As at 30 September 2014, the Group had 89 employees (31 March 2014: 91 spreading among Hong Kong and the PRC). Employment relationship has been well maintained. The Group has adopted an extensive training policy for its employees. It has also sponsored senior executives for higher education programmes.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2014 (2013: Nil).

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 2014.

CORPORATE GOVERNANCE

In the opinion of the directors of the Company, the Company has complied with Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") during the six months ended 30 September 2014, save for the deviation from Code provisions A.2.1, A.6.7 and E.1.2 as disclosed below:

Code Provision A.2.1

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive ("CE") should be separate and should not be performed by the same individual. During the six months ended 30 September 2014, the Company did not have any officer with CE title. Ms. Lo Fong Hung, the Chairperson and Managing Director of the Company, also carried out the responsibility of CE during such period. In view of the size of operation of the Group, 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.

Code Provision A.6.7

Under Code provision A.6.7 of the Code, the independent non-executive directors and other non-executive directors should attend the general meeting and develop a balanced understanding of the views of shareholders. It was noted that one of the Independent Non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 25 August 2014 due to his other business commitments.

Code Provision E.1.2

Code provision E.1.2 of the Code provides that the chairman of the board should attend the annual general meeting. It was noted that the chairperson of the Board and the Nomination Committee, Ms. Lo Fong Hung was unable to attend the annual general meeting of the Company held on 25 August 2014 due to other business commitments.

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 2014.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises four independent non-executive directors, namely Mr. Lam Ka Wai, Graham, Mr. Wong Man Hin, Raymond, Mr. Chan Yiu Fai, Youdey and Mr. Xu Xiao Sheng. 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 Group for the six months ended 30 September 2014.

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 and the Company at www.nannanlisted.com. The interim report will be dispatched 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
Kwan Man Fai
Executive Director

Hong Kong, 26 November 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 four independent non-executive directors, namely Mr. Lam Ka Wai, Graham, Mr. Wong Man Hin, Raymond, Mr. Chan Yiu Fai, Youdey and Mr. Xu Xiao Sheng.