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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 (the “**Shareholders**”) of the Company and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2020, there may record (i) an increase of approximately 69% in the total revenue of the Group to approximately HK\$128.0 million for the year ended 31 March 2020, as compared to approximately HK\$75.6 million for the year ended 31 March 2019; and (ii) an increase of approximately 68% in the gross profit of the Group to approximately HK\$52.2 million for the year ended 31 March 2020, as compared to approximately HK\$31.1 million for the year ended 31 March 2019. Such increases were primarily attributable to the increase in service income generated from the renewable energy business and the information technology services business (the “**IT Services Business**”) of the Group during the year ended 31 March 2020.

Further, according to the draft valuation report of the convertible bond of the Company and the draft consolidated statement of profit or loss and other comprehensive income of the Group, the positive change in fair value and gain arising from modification of the Company’s convertible bond designated as financial liabilities at fair value through profit or loss for the year ended 31 March 2020 is expected to be approximately HK\$71.4 million, representing an approximately 143% increase as compared to approximately HK\$29.4 million for the year ended 31 March 2019.

Despite the aforesaid increases in total revenue and gross profit of the Group as well as the positive change in the fair value of the Company's convertible bond, the Group expects to record a net loss of approximately HK\$22.3 million for the year ended 31 March 2020 as compared to a net profit of approximately HK\$28.8 million for the year ended 31 March 2019. Such loss was mainly attributable to the payment of the supplemental resources fee in the amount of approximately HK\$82.4 million to the Department of Natural Resources of Xinjiang Uygur Autonomous Region of the People's Republic of China* (中華人民共和國新疆維吾爾自治區自然資源廳) in November 2019 in respect of the output of the Kaiyuan open pit coal mine in previous years. In addition, an impairment loss on goodwill derived from the acquisition of the IT Services Business in the amount of approximately HK\$3.8 million is expected to be recognised by the Group for the year ended 31 March 2020 pursuant to the draft valuation report of Harbour Group Holdings Limited and its subsidiaries (collectively "**Harbour Group**"), being the subsidiaries of the Group responsible for the IT Services Business operation, and the draft consolidated statement of profit or loss and other comprehensive income of the Group. The impairment loss on goodwill is due to (i) the failure of the IT Services Business to perform as expected resulting in Harbour Group unable to meet the profit guarantee for the financial year ended 31 December 2019 (details of which are disclosed in the announcement of the Company dated 7 April 2020); and (ii) the instability due to social movement in Hong Kong and the outbreak of the coronavirus pandemic worldwide causing an adverse impact on the general economic condition.

The Company is still in the course of finalising its unaudited consolidated financial results of the Group for the year ended 31 March 2020. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts and the information currently available to the Board. As at the date of this announcement, such information has neither been confirmed nor reviewed by the auditor of the Company or the audit committee of the Board and may be subject to change. Shareholders and potential investors are advised to refer to the annual results announcement of the Group for the year ended 31 March 2020 when it is published.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Nan Nan Resources Enterprise Limited
Kwan Man Fai
Chairman and Managing Director

Hong Kong, 10 June 2020

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Kwan Man Fai, Mr. Wang Xiangfei and Mr. Wong Sze Wai and three independent non-executive Directors, namely Dr. Wong Man Hin Raymond, Mr. Chan Yiu Fai Youdey and Mr. Pak Wai Keung Martin; and one alternate Director, namely Mr. Wang Xiaoyao (alternate to Mr. Wang Xiangfei).