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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)

FURTHER DEVELOPMENT ON THE UPDATED OPTIMIZATION AND UPGRADING PLAN

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).

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, 23 May 2013, 21 March 2014, 15 August 2017 and 28 March 2018 (the “**Announcements**”) respectively. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcements.

As stated in the Company’s announcement dated 28 March 2018 in respect of the Updated Optimization and Upgrading Plan, the Outstanding Mining Area next to Kaiyuan Mine is currently owned by the PRC government. Kaiyuan Company executed the Deed of Undertaking in accordance with the letter dated 6 February 2018 from the Zhundong Division of the Ministry of Land and Resources. The Deed of Undertaking requires Kaiyuan Company undertake to (1) apply for the Bid, Auction and Listing for exploration right of the Outstanding Mining Area and to grant the State-Owned Enterprises the Priority to participate in the Bid, Auction and Listing; and (2) grant the State-Owned Enterprises who obtain exploration right in the Outstanding Mining Area the Right to Invest in the mining of the Outstanding Mining Area.

In relation to the Bid, Auction and Listing for the exploration right of the Outstanding Mining Area applied by Kaiyuan Company, an announcement, namely, the Xinjiang Planning Jintian District Blank Area Exploration Right Listing Transfer Announcement* (新疆規劃井田內空白區探礦權掛牌出讓公告(新礦探告字(2018) 5號)) was published on 8 October 2018 (the “**Listing Announcement**”). The Board is pleased to announce that the Bid, Auction and Listing for the exploration right of the Outstanding Mining Area was awarded to Kaiyuan Company on 16 November 2018 and the result of the Bid, Auction and Listing in respect of the Outstanding Mining Area set out in the Listing Announcement was published on 20 November 2018. On 27 November 2018, Kaiyuan Company as transferee entered into an Exploration Right Transfer Agreement* (探礦權出讓合同書) (the “**Transfer Agreement**”) with the Department of Natural Resources of Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區自然資源廳) as transferor in respect of the exploration right of the Outstanding Mining Area.

According to the Transfer Agreement, the mine exploration right area transferred is approximately 1.68 km² and the transfer price of the exploration right in respect of the Outstanding Mining Area is RMB67,200. Kaiyuan Company shall register with the Department of Natural Resources of Xinjiang Uygur Autonomous Region in respect of the exploration right of the Outstanding Mining Area within 30 days from the date of the Transfer Agreement and Kaiyuan Company may carry out exploration activities after obtaining the exploration permit in respect of Outstanding Mining Area. According to the legal opinion from a PRC lawyer in Xinjiang, the term of the exploration right in respect of the Outstanding Mining Area is 3 years commencing from the date of the exploration permit granted. Since the exploration right in respect the Outstanding Mining Area through the Bid, Auction and Listing was awarded solely to Kaiyuan Company, no other enterprises, including the State-Owned Enterprises, will have the Priority and the Right to Invest in respect of the Outstanding Mining Area.

On 30 November 2018 and 5 December 2018, Kaiyuan Company obtained notices and approvals (the “**Notices and Approvals**”) from the Management Committee of Xinjiang Zhundong Economic and Technological Development Zone* (新疆准東經濟技術開發區管理委員會) and Zhundong Economic and Technological Development Zone Division of the Ministry of Land and Resources of Changji Hui Autonomous Prefecture* (昌吉回族自治州國土資源局准東經濟技術開發區分局) respectively in respect of the application for the mining right of an annual production volume of 0.9 million tonnes of the Kaiyuan Extended Area (“**Kaiyuan Extended Area Mining Right Application**”) and Kaiyuan Company subsequently submitted the Notices and Approvals to the Ministry of Land and Resources of Changji Hui Autonomous Prefecture* (昌吉回族自治州國土資源局) on 10 December 2018 for approval.

According to the legal opinion from the PRC lawyer, Kaiyuan Company is required to go through certain official procedures for the grant of the Kaiyuan Extended Area Mining Right Application, namely, upon obtaining the approval from the Ministry of Land and Resources of Changji Hui Autonomous Prefecture, Kaiyuan Company would need to submit the Kaiyuan Extended Area Mining Right Application to the Department of Land and Resources of Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區國土資源廳) for such approval.

The management of Kaiyuan Company will actively proceed with the registration and apply for the exploration permit in respect of the Outstanding Mining Area and then apply for the mining right of the Outstanding Mining Area. Kaiyuan Company will actively proceed to apply the mining right for the Kaiyuan Extended Area and shall keep the shareholders and investors of the Company informed of any further development in respect of the Kaiyuan Extended Area. Further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules.

As the Company has not yet obtained the mining right in respect of the Kaiyuan Extended Area, the mining permit may or may not be granted by the relevant PRC government authorities; shareholders, potential investors of the Company 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, 14 December 2018

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

* *English name for identification purpose only.*