

*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)**

### **INSIDE INFORMATION IN RELATION TO (1) FURTHER DEVELOPMENT ON THE UPDATED OPTIMIZATION AND UPGRADING PLAN; (2) THE RENEWAL OF MINING PERMIT; AND (3) TEMPORARY SUSPENSION OF OPERATIONS AT KAIYUAN MINE AND SALE**

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, 28 March 2018, 31 May 2018 and 14 December 2018 (the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

#### **FURTHER DEVELOPMENT ON THE UPDATED OPTIMIZATION AND UPGRADING PLAN**

As stated in the Company’s announcement dated 14 December 2018 in respect of the Updated Optimization and Upgrading Plan, Kaiyuan Company has been actively proceeding to apply for the mining right for the Kaiyuan Extended Area (the “**Kaiyuan Extended Area Mining Right**”) 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) (now renamed as the Department of Natural Resources of Xinjiang Uygur Autonomous Region\* (新疆維吾爾自治區自然資源廳)) (the “**Xinjiang Natural Resources Department**”).

On 17 December 2018, having obtained the approval from the Ministry of Land and Resources of Changji Hui Autonomous Prefecture\* (昌吉回族自治州國土資源局), Kai Yuan Company formally submitted the Kaiyuan Extended Area Mining Right Application to the Xinjiang Natural Resources Department.

According to the legal opinion issued by the PRC legal adviser of the Company, as shown on the official website of the Xinjiang Natural Resources Department on 25 December 2018, the Kaiyuan Extended Area Mining Right Application was approved by the Xinjiang Natural Resources Department on 21 December 2018, subject to the completion of further procedures as required by the Xinjiang Natural Resources Department, including:- (i) obtaining and filing with the Xinjiang Natural Resources Department the review comments on the mineral reserve verification report\* (儲量核實報告); (ii) undergoing relevant assessments to determine the amount of levies (the “**Levies**”) to be paid for the Kaiyuan Extended Area Mining Right; and (iii) paying the Levies.

In view of the above, the directors (“**Directors**”) of the Company currently expect that the Kaiyuan Extended Area Mining Right will be granted on or before 31 March 2019, barring unforeseen circumstances.

#### **RENEWAL OF THE EXISTING MINING PERMIT AND TEMPORARY SUSPENSION OF OPERATIONS AT KAIYUAN OPEN PIT COAL MINE\* (凱源露天煤礦) (“KAIYUAN MINE”) AND SALE**

As stated in the Company’s announcement dated 31 May 2018, Kaiyuan Company has successfully renewed and was granted a mining permit\* (採礦許可證) (the “**Existing Mining Permit**”) on 28 May 2018 for the period from 26 December 2017 to 31 December 2018 to conduct mining activities at Kaiyuan Mine. On 29 September 2018, Kai Yuan Company applied to the Xinjiang Natural Resources Department for a renewal of the Existing Mining Permit.

The Company was informed that the Xinjiang Natural Resources Department was in the process of reviewing the Kaiyuan Extended Area Mining Right Application. Upon approval by the Xinjiang Natural Resources Department, the Kaiyuan Extended Area Mining Right shall be granted, in replacement of the Existing Mining Permit, with the mining area increased from approximately 1.1596 km<sup>2</sup> to approximately 4.1165 km<sup>2</sup>, representing the enlarged mining area of the existing Kaiyuan Mine and the Kaiyuan Extended Area. The Kaiyuan Extended Area Mining Right shall entitle Kai Yuan Company an annual production volume of 0.9 million tonnes, whereas Kai Yuan Company is only entitled to an annual production volume of 0.09 million tonnes under the Existing Mining Permit.

In light of the above and according to the legal opinion issued by the PRC legal adviser of the Company, in compliance with the relevant laws and regulations of the PRC, Kai Yuan Company shall temporarily suspend its mining operations and sale after the expiry of the Existing Mining Permit on 31 December 2018 until the grant of the Kaiyuan Extended Area Mining Right.

The Company would like to emphasise that the suspension of the operations of Kaiyuan Mine is on a temporary basis. Upon granting of the Kaiyuan Extended Area Mining Right, Kai Yuan Company shall immediately resume its mining operations and sale.

Kaiyuan Mine is the major operating business of the Group. The temporary suspension of operations at Kaiyuan Mine will reduce the production and sales volume of coal of the Group and may therefore adversely impact the financial performance of the Group for the year ending 31 March 2019. The Company will closely follow up with the Xinjiang Natural Resources Department and relevant authorities to ensure prompt resumption of the mining operations of Kaiyuan Mine.

The board of Directors (the “**Board**”) will closely monitor the progress of the Kaiyuan Extended Area Mining Right Application. The Company will keep the shareholders and potential investors of the Company informed of the same.

**Shareholders and 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, 31 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.*

\* *For identification purposes only.*