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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)**

### **INSIDE INFORMATION ANNOUNCEMENT SUSPENSION OF PRODUCTION AT KAIYUAN MINE**

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**”, together with its subsidiaries, the “**Group**”) dated 25 September 2017, 26 October 2017 and 27 December 2017 (the “**Announcements**”) respectively. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcements.

#### **SUSPENSION OF PRODUCTION AT KAIYUAN MINE**

On 11 April 2018, Kaiyuan Company received an on-site punishment decision\* (現場處理決定書) dated 11 April 2018 (the “**Decision**”) from the Production Safety Supervision and Administration Bureau\* (安全生產監督管理局) of the Xinjiang Zhundong Economic and Technological Development Zone\* (新疆准東經濟技術開發區) (the “**Bureau**”), ordering Kaiyuan Company to suspend all production, construction and operation at the Kaiyuan Mine. However, the construction work of basic facilities and sale of its inventory of slack coal during the production suspension period are permitted. The Decision was issued as the Mining Rights and the work safety permit\* (安全生產許可證) (the “**Work Safety Permit**”) of Kaiyuan Company already expired on 26 December 2017 and 18 January 2018 respectively.

## **IMPACTS ON THE GROUP AND MEASURES TO BE TAKEN**

Kaiyuan Mine is the only operating business of the Group. After preliminary assessment, it is expected that the production suspension at the Kaiyuan Mine will lead to a decrease in the production volume of coal. Nevertheless, since the Group can still sell its existing inventory of slack coal during the production suspension period, the production suspension shall not have material financial impact on the Group in short term. As at the date of this announcement, the Company expects that the slack coal inventory may support the coming sale until around end of August 2018 by controlling the sales volume during the suspension period. If, after the slack coal inventory is sold out, the production still cannot be resumed, the production suspension may create adverse impact on the financial position and operation of the Group.

Immediately upon receipt of the Decision, Kaiyuan Company proactively liaised with officers of the Bureau in order to understand the implementation of the punishment and the affected area of the Kaiyuan Mine as stated in the Decision. Upon preliminary communication with the officers, Kaiyuan Company was informed that the construction of basic facilities (including, among others, road hardening within the mine, domestic sewage treatment and backup gas station) and sale of its inventory of slack coal during the production suspension period are permitted. Kaiyuan Company will continue to liaise with relevant government departments for the renewal of the Mining Rights and closely follow up with the Bureau for the renewal of the Work Safety Permit in order to resume the production of the Kaiyuan Mine.

## **UPDATES ON THE RENEWAL OF MINING RIGHTS**

In light of the Decision, the Company has sought legal opinion from a PRC lawyer in Xinjiang. According to the PRC legal opinion obtained by the Company, Kaiyuan Company has commenced renewal application in September 2017 to renew the Mining Rights of the Kaiyuan Mine which has expired on 26 December 2017.

On 9 April 2018, Kaiyuan Company submitted a report in relation to the renewal of Mining Rights to the Administration Committee of Xinjiang Zhundong Economy and Technology Development Area\* (新疆准東經濟技術開發區管委會) and the aforesaid Committee is in the process of reviewing the renewal application.

The PRC lawyer opined that the Decision would not affect the renewal application of the Mining Rights and documentations for the Work Safety Permit renewal application are complete. But the renewal of Mining Rights must be obtained in order to proceed with the application to renew the Work Safety Permit. Kaiyuan Company will continue to communicate with the relevant government departments in order to facilitate the renewal of Mining Rights and in turn the renewal of the Work Safety Permit. It is unable to estimate the time for the renewal application process hence the Company is unable to estimate the exact time for the resumption of production at the Kaiyuan Mine at this stage.

The Company shall keep the shareholders and investors of the Company informed of any further development in respect of the production suspension at the Kaiyuan Mine. Further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules.

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

Made by the order of the Board, save for Ms. LO Fong Hung who could not be contacted as at the date of this announcement.

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

Hong Kong, 13 April 2018

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

\* *For identification purposes only*