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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

(1) RESUMPTION OF PRODUCTION AT KAIYUAN MINE AND (2) 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).

1. RESUMPTION OF PRODUCTION AT KAIYUAN MINE

References are made to the announcements of Nan Nan Resources Enterprise Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 December 2017, 13 April 2018, 25 April 2018, 31 May 2018 and 3 July 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.

The Company is pleased to announce that in the evening of 29 August 2018, Kaiyuan Company received a notice dated 28 August 2018 (the “**Notice**”) issued by the Safety Bureau of the Zhundong Development Zone confirming that the Kaiyuan Company could resume normal production at the Kaiyuan Mine. According to the Notice, the Kaiyuan Company is required to, among other things, strictly observe and comply with the applicable laws and regulations on mining safety, strengthen on-site management on safety, ensure mining and production safety and undertake to resume production.

As stated in the announcement of the Company dated 3 July 2018, after the Kaiyuan Company has successfully renewed the Mining Rights on 28 May 2018 and the Work Safety Permit on 25 June 2018 respectively, the Company has immediately applied to the Safety Bureau of the Zhundong Development Zone for the necessary approval and acceptance procedures to resume production at the Kaiyuan Mine. On 1 August 2018, upon receipt of the Kaiyuan Company's application for resumption of production, officers of the Safety Bureau of the Zhundong Development Zone inspected the Kaiyuan Mine and identified eighteen safety issues. Based on the eighteen safety issues, Kaiyuan Company formulated and implemented a remedial plan to rectify the said issues. On 22 August 2018, officers of the Safety Bureau of the Zhundong Development Zone conducted a second inspection at the Kaiyuan Mine and confirmed that all of the safety issues have been completely rectified, except for three issues which would have to be remedied after production has resumed.

According to the PRC legal opinion obtained by the Company, since the suspension of production at the Kaiyuan Mine on 11 April 2018, Kaiyuan Company has carried out plenty of effective remedial work, leading to the receipt of the Notice by Kaiyuan Company approving the resumption of production.

So far as the Company is aware, Kaiyuan Company has not received any claims arising from non-supply of coal during the production suspension period, which was approximately four months.

While the production at the Kaiyuan Mine was suspended, the Kaiyuan Company commenced construction of a coal sifting machine at the Kaiyuan Mine (the "**Construction**") as required by the Ministry of Ecology and Environment* (環保局). The Construction is expected to complete towards the end of November 2018 and will impact upon the normal production at the Kaiyuan Mine once production has resumed.

2. **PROFIT WARNING**

Since the announcement of the Company dated 3 July 2018, the production was suspended for further two months and the impact caused by the production suspension had gradually materialized. As at the date of this announcement, after due reconsideration and re-evaluation of the information currently available to the board of directors of the Company (the "**Board**"), the Board recognizes a decline in turnover of the Group during the production suspension period.

In light of the foregoing, the Board wishes to inform the shareholders and potential investors of the Company that based on the information currently available to the Board and a preliminary assessment of the unaudited management accounts of the Group for the four months ended 31 July 2018, the Group expects to record a net loss for the six months ending 30 September 2018 as compared to a net profit recorded by the Group for the six months ended 30 September 2017. The Board considers that the anticipated net loss is mainly attributable to (i) the suspension of production at the Kaiyuan Mine from 11 April 2018 to 29 August 2018; and (ii) the Construction. The Board wishes to

emphasize that the assessment is only based on the Group's operation, without having regard to other factors that may impact upon the final figures, such as the fair value of the convertible bond of the Company and the impairment loss in respect of the mining rights and related fixed assets of the Kaiyuan Mine.

The information contained in this announcement is only based on information currently available to the Company, including the unaudited management accounts of the Group for the four months ended 31 July 2018, which are subject to finalization and further internal review by the Board. Details of the Group's results for the six months ending 30 September 2018 will be disclosed as and when the interim results of the Group is announced. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for the six months ending 30 September 2018 when it is published.

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, 4 September 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*