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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 OPTIMISATION 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, 21 March 2014, 31 May 2018, 14 December 2018, 31 December 2018 and 15 May 2019, respectively (the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

As stated in the Company’s announcement dated 14 December 2018 in respect of the Updated Optimisation and Upgrading Plan, Kaiyuan Company has been actively proceeding with the application for the exploration permit in respect of the Outstanding Mining Area and the application for the Kaiyuan Extended Area Mining Right.

On 10 May 2019, the Company successfully obtained the exploration right for the Outstanding Mining Area with an area of 1.68 km² from the Xinjiang Natural Resources Department for a period of 3 years from 8 April 2019 to 8 April 2022.

According to the legal opinion issued by the PRC legal adviser of the Company, in order to obtain the Kaiyuan Extended Area Mining Right, Kaiyuan Company has to complete the following: (i) the mineral reserve verification report* (儲量核實報告); (ii) the resources development and use scheme* (資源開發利用方案); (iii) the protection and recovery treatment of geological environment scheme* (地質環境保護和恢復治理方案); (iv) the mining right evaluation report* (採礦權評估報告); and (v) the evaluation report on environmental impact on the Outstanding Mining Area* (新礦界範圍內的環境影響評價報告). Kaiyuan Company has duly completed the mineral reserve verification report and the resources development and use scheme while the protection and recovery treatment of geological environment scheme has already been approved, pending the acknowledgement letter. However, the mining right evaluation report is now under the Xinjiang Natural Resources Department's review and the evaluation report on environmental impact on the Outstanding Mining Area is still in preparation and will be subject to expert's approval and confirmation of the Xinjiang Ecological Environment Department* (新疆生態環境廳). Therefore, it is expected that Kaiyuan Company may not be able to obtain the Kaiyuan Extended Area Mining Right by the end of May 2019.

According to the legal opinion issued by the PRC legal adviser of the Company, under the guidance of the Xinjiang Natural Resources Department, Kaiyuan Company has been actively proceeding to apply for the Kaiyuan Extended Area Mining Right to the Xinjiang Natural Resources Department. According to the legal opinion issued by the PRC legal adviser of the Company, up to the present, Kaiyuan Company has not encountered any difficulties or obstacles in applying for the Kaiyuan Extended Area Mining Right. As long as Kaiyuan Company has the abovementioned materials available in order to meet the requirement of the Xinjiang Natural Resources Department, Kaiyuan Company will subsequently be able to obtain the Kaiyuan Extended Area Mining Right.

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 May 2019

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 purpose only*