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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)

VERY SUBSTANTIAL ACQUISITION ACQUISITION OF NEW MINING RIGHT IN XINJIANG

Financial Adviser



BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

INTRODUCTION

The Board is pleased to announce that on 6 December 2019 (after trading hours), Kaiyuan Company, an indirect wholly-owned subsidiary of the Company, received the duly executed Transfer Agreement from the Transferor, pursuant to which the Transferor has agreed to sell, and Kaiyuan Company has agreed to purchase, the New Mining Right for a Consideration of RMB160,978,000 in cash.

The Transfer Agreement is unconditional. Completion of the Transfer Agreement took place immediately upon signing of the Transfer Agreement by the Transferor and Kaiyuan Company.

LISTING RULES IMPLICATION AND APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH RULE 14.49 OF THE LISTING RULES

Since the highest percentage ratio in respect of the Transaction is more than 100%, the entering into of the Transfer Agreement constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. As the Transaction constitutes a very substantial acquisition for the Company under the Listing Rules and pursuant to Rule 14.49 of the Listing Rules, the Transaction must be made conditional on approval by Shareholders in general meeting. No written Shareholders' approval will be accepted in lieu of holding a general meeting. The Stock Exchange will require any Shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such Shareholder has a material interest in the Transaction.

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.49 of the Listing Rules which requires that a very substantial acquisition must be made conditional on approval by Shareholders in general meeting. However, such waiver has not been granted by the Stock Exchange.

GENERAL

In view of the impracticality to obtain prior Shareholders' approval at general meeting for the Transaction, the Company would hold a Shareholders' meeting as soon as practicable after publication of the Circular to approve and ratify the Transaction which would give Shareholders the opportunity to exercise their voting rights and to express their view at that meeting.

A SGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) in approving and ratifying the Transaction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Transaction which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Transaction.

Ascent Goal Investments Limited, the controlling shareholder of the Company holding 569,616,589 Shares, representing approximately 74.42% of the issued share capital of the Company as at the date of this announcement has given an undertaking to the Company to vote for the resolution(s) in approving and ratifying the Transaction at the SGM.

The Circular containing, amongst others, (i) further details of the Transfer Agreement and the transactions contemplated thereunder; (ii) the Competent Person's Report and a valuation report in respect of the Enlarged Kaiyuan Mine, both in compliance with the requirements under Chapter 18 of the Listing Rules; (iii) a notice of SGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 15 May 2020, as additional time is required by the Company for the preparation of certain information for inclusion in the Circular.

References are made to the Upgrading Plan Announcements of the Company dated 11 November 2011, 12 March 2012, 21 March 2012, 15 June 2012, 21 March 2014, 28 March 2018, 14 December 2018, 31 December 2018, 15 May 2019, 31 May 2019, 4 November 2019 and 15 November 2019, respectively, regarding the progress update on the Optimization and Upgrading Plan of the Group's Coal Mining Business and the New Mining Right.

The Board is pleased to announce that on 6 December 2019 (after trading hours), Kaiyuan Company, an indirect wholly-owned subsidiary of the Company, received the duly executed Transfer Agreement from the Transferor, pursuant to which the Transferor has agreed to sell, and Kaiyuan Company has agreed to purchase, the New Mining Right for a Consideration of RMB160,978,000 in cash.

THE TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are as follows:

Date: 2 December 2019 (*Note*)

Parties: (i) Kaiyuan Company as the transferee; and
(ii) Xinjiang Natural Resources Department as the transferor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Transferor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected person(s).

Note: The Transfer Agreement was dated 2 December 2019 but it was officially passed by the Transferor to Kaiyuan Company on 6 December 2019.

Assets to be acquired

Pursuant to the terms of the Transfer Agreement, the Transferor agrees to sell, and Kaiyuan Company agrees to purchase, the New Mining Right of the Enlarged Kaiyuan Mine for a term of 30 years from August 2019 to August 2049. The estimated coal resources (可動用儲量) of the Enlarged Kaiyuan Mine are 41.6433 million tonnes for the mining life of 30 years.

Consideration

The Consideration is RMB160,978,000, which shall be settled in cash and paid by Kaiyuan Company to the Transferor in fifteen instalments:

- (i) the first instalment (the “**First Instalment**”) in an amount of RMB32,200,000 shall be paid within 30 days upon signing of the Transfer Agreement;
- (ii) the second to fourteenth instalments in an amount of RMB9,200,000 each shall be paid before 20 November of every year from 2020 to 2032; and
- (iii) the last instalment in an amount of RMB9,178,000 shall be paid before 20 November 2033.

As disclosed in the Nov 15 Announcement, the First Instalment had been paid by Kaiyuan Company.

The Consideration was determined by the Transferor based on the Valuation Assessment prepared by the designated valuer engaged by the Transferor with reference to, among others, the estimated coal resources of 121.01 million tonnes stated in the Verification Report (the “**Estimated Coal Resources**”) and the term of the New Mining Right.

In assessing the fairness and reasonableness of the Consideration, the Directors have reviewed the Verification Report and the Valuation Assessment, which the Directors considered that both the reports were prepared by qualified professionals in Xinjiang, the People’s Republic of China and were reported on by adopting the applicable standards issued by the Chinese government and the professional associations.

In addition, the Company has independently engaged Peak Vision to prepare the Competent Person’s Report (including the valuation report) in accordance with the requirements under Chapter 18 of the Listing Rules. Based on the preliminary assessment by Peak Vision, taking into account, among others, the Estimated Coal Resources and its independent review of the estimated operating figures of Kaiyuan Mine as well as the historical and recent coal prices (collectively, the “**Data**”), the fair value of the New Mining Right is approximately RMB180,000,000 (the “**Preliminary Valuation**”).

The Directors have reviewed and discussed with Peak Vision about the Preliminary Valuation, taking into account the experience of Peak Vision, and the fairness and reasonableness of the Data and the comparable information of the listed companies engaging in the similar line of business to Kaiyuan Company used in preparing the Preliminary Valuation.

It should be noted that the Estimated Coal Resources are subject to the independent review and report on the coal resources estimation in compliance with the JORC Code by the Competent Person to be included in the Competent Person's Report as required under Chapter 18 of the Listing Rules.

Based on the above, the Directors are of the view that the Consideration is fair and reasonable and in the interest of the Company and Shareholders as a whole.

The Group intends to finance the Consideration by its internal resources.

Conditions

The Transfer Agreement is unconditional. Completion of the Transfer Agreement took place immediately upon signing of the Transfer Agreement by the Transferor and Kaiyuan Company.

Supplemental Resources Fee

Based on the Verification Report and the Valuation Assessment, the accumulated output of Kaiyuan Mine was 23.65 million tonnes as at the end of 2017, of which resources fee of 3.8819 million tonnes of coal ("**Paid Output**") was paid by Kaiyuan Company. As part of the Transfer Agreement, Kaiyuan Company is required to pay a supplemental resources fee of RMB76,502,500 (the "**Supplemental Resources Fee**") to the Transferor within 30 days from signing of the Transfer Agreement for the unpaid output of 19.8 million tonnes (representing approximately the difference between the accumulated output of 23.65 million tonnes and the Paid Output of 3.8819 tonnes) of coal of Kaiyuan Mine. Such amount had been paid by Kaiyuan Company as disclosed in the Nov 15 Announcement.

Based on the advice given by the legal adviser of the Company as to the law of the People's Republic of China, other than the payment of the Supplemental Resources Fee, Kaiyuan Company will not be subject to any fees relating to the existing Kaiyuan Mine pursuant to the terms of the Transfer Agreement.

In light of foregoing, the Board wishes to inform Shareholders and potential investors of the Company that the one-off payment of the Supplemental Resources Fee would have a negative impact on the financial results of the Group for the year ending 31 March 2020.

INFORMATION OF THE GROUP AND KAIYUAN COMPANY

The Group is principally engaged in (i) mining and sales of coal (the “**Coal Mining Business**”); (ii) the provision of renewable energy solutions and services; and (iii) the provision of information technology outsourcing, consultancy and technical services.

Kaiyuan Company is an indirect wholly-owned subsidiary of the Company and is principally engaged in the operation and management of Kaiyuan Mine.

INFORMATION OF THE COAL MINING BUSINESS AND THE NEW MINING RIGHT

Kaiyuan Mine

Kaiyuan Mine is an open pit mine and the only operating coal mine of the Group situated at Zhudong Economic and Technological Development Zone, Xinjiang, the People’s Republic of China* (中華人民共和國新疆准東經濟技術開發區).

The Existing Mining Permit of Kaiyuan Mine was renewed on 7 January 2019 and is valid for the period from 3 November 2018 to 3 November 2019 at a designed capacity of 90,000 tonnes per annum. As disclosed in the annual report of the Company for the year ended 31 March 2019, the existing mining area of Kaiyuan Mine is approximately 1.1596 km² and the estimated remaining coal reserves were approximately 6.2 million tonnes as at 31 March 2019.

The Group sold approximately 1.76 million tonnes and 3.18 million tonnes of coal with total sales of approximately HK\$75,234,000 and HK\$182,445,000 for the years ended 31 March 2019 and 31 March 2018, respectively.

Zexu Mine

Zexu Mine is an open pit mine situated at Qitai County, Changji Hui Autonomous Prefecture, Xinjiang, the People’s Republic of China* (中華人民共和國新疆昌吉回族自治州奇台縣) with a mining area of approximately 2.879 km². The Group was granted with the exploration permit (the “**Zexu Exploration Permit**”) to conduct exploration activities in Zexu Mine until the Zexu Exploration Permit became invalid in 2017 under the Optimization and Upgrading Plan. Zexu Mine has never commenced mining nor generated any revenue for the Group.

Optimization and Upgrading Plan

As disclosed in the Upgrading Plan Announcements, the Group has been in negotiation with the Xinjiang Natural Resources Department and other relevant government authorities in relation to the Optimization and Upgrading Plan to restructure the mining area within the Zhundong Meitian Xiheishan Coal Mining Area* (准東煤田西黑山煤炭礦區), where both Kaiyuan Mine and Zexu Mine are located.

The restructuring proposals under the Optimization and Upgrading Plan relating to Kaiyuan Mine and Zexu Mine as announced by the Company on 15 June 2012 include:

1. Kaiyuan Mine would be restructured and upgraded, and the Zexu Exploration Permit granted to the Group would be terminated; and
2. the mining area of Kaiyuan Mine was proposed to be increased from 1.1596 km² to 4.12 km², with the estimated coal resources of approximately 131.18 million tonnes.

Enlarged Kaiyuan Mine

As requested by the Changji Land Bureau, a subordinate administrative unit under the Xinjiang Natural Resources Department, on 15 August 2017, the Group entered into four undisputed agreements with the relevant parties in relation to the Optimization and Upgrading Plan:

1. Zexu Mine Undisputed Agreements

Zexu Company, a subsidiary of the Company, entered into two undisputed agreements (together, the “**Zexu Mine Undisputed Agreements**”) with Jinneng Company and Beishan Company, pursuant to which, each of Jinneng Company and Beishan Company should occupy an area of 0.297 km² and 2.582 km² within Zexu Mine (together representing the entire area of Zexu Mine) respectively. Each of Jinneng Company and Beishan Company could apply to the Xinjiang Natural Resources Department to delineate the scope of such mining area. An aggregate compensation of approximately RMB4,900,000, which was determined by the Changji Land Bureau, has been received by the Group under the Zexu Mine Undisputed Agreements.

The Zexu Mine Undisputed Agreements has been completed. Following completion of the Zexu Mine Undisputed Agreements, the Zexu Exploration Permit became invalid.

2. Kaiyuan Mine Undisputed Agreements

Kaiyuan Company entered into two undisputed agreements (together, the “**Kaiyuan Mine Undisputed Agreements**”) with Jinneng Company and Beishan Company, pursuant to which Kaiyuan Company should occupy an area of 1.292 km² within the exploration area of the mine of Jinneng Company (the “**First Extended Area**”) and 0.016 km² within the mining area of the mine of Beishan Company (the “**Second Extended Area**”). Kaiyuan Company could apply to the Xinjiang Natural Resources Department to delineate the scope of such mining area.

Pursuant to the Kaiyuan Mine Undisputed Agreements, compensations amounted to approximately RMB2,200,000 and RMB27,216 were paid by the Group to Jinneng Company and Beishan Company respectively and such amounts were recognized as non-refundable deposits paid by the Group.

The First Extended Area and Second Extended Area are located next to Kaiyuan Mine and have not yet commenced mining. The Company was required to go through official procedures with the relevant land and resources departments to obtain the mining right in respect of these extended areas.

According to the Optimization and Upgrading Plan, the mining area of Kaiyuan Mine was proposed to be increased from 1.1596 km² to 4.12 km² and completion of the First Extended Area and the Second Extended Area (subject to obtaining the mining permit) will only increase the area of Kaiyuan Mine to approximately 2.4676 km². The outstanding mining area (the “**Outstanding Mining Area**”) of approximately 1.6524 km² located next to Kaiyuan Mine is owned by the Chinese government and the Group is required to go through official procedures with the relevant land and resources departments to obtain the mining right of such area.

As announced by the Company on 14 December 2018, Kaiyuan Company (as transferee) entered into an Exploration Right Transfer Agreement* (探礦權出讓合同書) with the Xinjiang Natural Resources Department (as transferor) in respect of the exploration right of the Outstanding Mining Area after winning the bid, auction and listing-for-sale governed by the Chinese government authority(ies). The transfer price of the exploration right in respect of the Outstanding Mining Area is RMB67,200. On 10 May 2019, the Group received a notification dated 8 April 2019 regarding the grant of exploration right for the Outstanding Mining Area with an area of 1.68 km² by the Xinjiang Natural Resources Department for a period of 3 years from 8 April 2019 to 8 April 2022.

Background of the Transfer Agreement, the New Mining Right and the New Mining Permit

Kaiyuan Company filed an application for the New Mining Right of the Enlarged Kaiyuan Mine on 17 December 2018 with the Xinjiang Natural Resources Department and such application was approved on 21 December 2018 together with the New Mining Permit for a term of 1 year from 21 December 2018 to 21 December 2019. The New Mining Permit has been kept by the Transferor and has not yet been formally granted to Kaiyuan Company pending (i) completion of the relevant procedures (the “**Relevant Procedures**”) as required by the Xinjiang Natural Resources Department, including the formal submission and filing of the review opinion of Verification Report, the Valuation Assessment, the resources development and use scheme* (資源開發利用方案) and the evaluation report on environmental impact on the mining area* (礦界範圍內的環境影響評價報告) to the registration authority(ies); and (ii) entering into the Transfer Agreement between Kaiyuan Company and the Transferor.

As disclosed in the Nov 15 Announcement, (i) the New Mining Permit was granted to Kaiyuan Company, which is valid for 1 year from 21 December 2018 to 21 December 2019 and covers a mining area of approximately 4.1123 km² with designed capacity of 0.9 million tonnes per annum; (ii) according to the New Mining Permit, the estimated coal resources of the approved New Mining Right for the mining life of 30 years are 41.6433 million tonnes; (iii) the assessed value of the New Mining Right by the Xinjiang Natural Resources Department is RMB160,978,000 (i.e. the Consideration); and (iv) Kaiyuan Company is requested to enter into the Transfer Agreement with the Transferor, which sets out the rights and obligations of the respective parties in respect of the New Mining Right, after the official approval of the Transfer Agreement has been granted by the Transferor.

The designed capacity of the New Mining Right is 0.9 million tonnes per annum. Based on the opinion given by the Company’s legal adviser as to the law of the People’s Republic of China after making enquires with the Development and Reform Commission of Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區發展和改革委員會) and with reference to the Approval on the Production Capacity of the Coal Mine of Mulei County Kai Yuan Coal Company Limited* (《關於木壘縣凱源煤炭有限責任公司煤礦生產能力核定的批復》新煤行管發【2013】195號) issued by Bureau of Coal Industry Administration of Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區煤炭工業管理局) to Kaiyuan Company, the approved production capacity for Kaiyuan Company is 1.2 million tonnes.

The Company notes that the New Mining Right under the Transfer Agreement is valid for 30 years but the New Mining Permit is valid for 1 year (which could be up to a maximum of 20 years for the Enlarged Kaiyuan Mine (i.e. a medium-sized coal mine) in accordance with the Notice on Adjusting the Standards for Production and Construction Scale of Some Minerals* (《關於調整部分礦種生產建設規模標準的通知》(國土資發【2004】208號)) and the Measures on Mineral Resources Mining Registration Management* (《礦產資源開採登記管理辦法》). The Company's legal adviser as to the law of People's Republic of China has made enquiries with the Transferor and was informed that, in practice, the mining term is usually one year and subject to annual renewal for the mining permit(s) granted in Xinjiang area and Kaiyuan Company has the right to apply for the renewal of New Mining Permit for the remaining period of the New Mining Right under the Transfer Agreement.

The Company has engaged Peak Vision, to prepare the Competent Person's Report in accordance with the requirements under Chapter 18 of the Listing Rules. Details of independent coal resources estimation in compliance with JORC Code will be disclosed in the Circular.

INFORMATION OF THE TRANSFEROR

The Transferor is a governmental authority of the People's Republic of China and the seller of the New Mining Right in Xinjiang.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Coal Mining Business is the principal operation of the Group which accounted for approximately 99% and 100% of the Group's revenue for the years ended 31 March 2019 and 31 March 2018, respectively. As disclosed in the Upgrading Plan Announcements, the Group has been actively proceeding with the Optimization and Upgrading Plan since 2011 as part of the government restructuring proposals to consolidate smaller mines as well as an expansion and development of the Coal Mining Business of the Group, which will substantially enlarge its coal resources and increase the annual production volume to a range of 0.9 million tonnes to 1.2 million tonnes, ten times or more of the existing production capacity of Kaiyuan Mine. The Directors consider that the Transaction is in line with the business development strategy and planning of the Group, enabling futures results and investment return to blossom.

The Directors consider the entering into of the Transaction is in the Group's ordinary and usual course of business and the Transaction is in the interests of the Company and the Shareholders as a whole, and the terms of the Transfer Agreement are fair and reasonable.

LISTING RULES IMPLICATION

Since the highest percentage ratio in respect of the Transaction is more than 100%, the entering into of the Transfer Agreement constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH RULE 14.49 OF THE LISTING RULES

As the Transaction constitutes a very substantial acquisition for the Company under the Listing Rules and pursuant to Rule 14.49 of the Listing Rules, the Transaction must be made conditional on approval by Shareholders in general meeting. No written Shareholders' approval will be accepted in lieu of holding a general meeting. The Stock Exchange will require any Shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such Shareholder has a material interest in the Transaction.

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.49 of the Listing Rules which requires that a very substantial acquisition must be made conditional on approval by Shareholders in general meeting. However, such waiver has not been granted by the Stock Exchange.

GENERAL

In view of the impracticality to obtain prior Shareholders' approval at general meeting for the Transaction, the Company would hold a Shareholders' meeting as soon as practicable after publication of the Circular to approve and ratify the Transaction which would give Shareholders the opportunity to exercise their voting rights and to express their view at that meeting.

A SGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) in approving and ratifying the Transaction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Transaction which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Transaction.

Ascent Goal Investments Limited, the controlling shareholder of the Company holding 569,616,589 Shares, representing approximately 74.42% of the issued share capital of the Company as at the date of this announcement has given an undertaking to the Company to vote for the resolution(s) in approving and ratifying the Transaction at the SGM.

The Circular containing, among others, (i) further details of the Transfer Agreement and the transactions contemplated thereunder; (ii) the Competent Person's Report and a valuation report in respect of the Enlarged Kaiyuan Mine, both in compliance with the requirements under Chapter 18 of the Listing Rules; (iii) a notice of SGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 15 May 2020, as additional time is required by the Company for the preparation of certain information for inclusion in the Circular.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

“Beishan Company”	Xinjiang Beishan Mining Company Limited* (新疆北山礦業有限公司), a company established in the People's Republic of China with limited liability and an Independent Third Party
“Board”	the board of Directors
“Changji Land Bureau”	the Land and Resources Bureau of Changji Hui Autonomous Prefecture* (昌吉回族自治州國土資源局) of Xinjiang, the People's Republic of China
“Circular”	the circular containing all the information about the Transaction as required under the Listing Rules to be despatched to Shareholders
“Company”	Nan Nan Resources Enterprise Limited, a company incorporated in Bermuda with limited liability whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1229)
“Competent Person”	has the same meaning ascribed to it under the Listing Rules
“Competent Person's Report”	has the same meaning ascribed to it under the Listing Rules
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Consideration”	RMB160,978,000, being the consideration payable by Kaiyuan Company to the Transferor for the sale and purchase of the New Mining Right in accordance to the terms and conditions of the Transfer Agreement
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Enlarged Kaiyuan Mine”	Kaiyuan Mine with an enlarged mining area (including the existing mining area) from an existing mining area of approximately 1.1596 km ² to 4.1123 km ² under the New Mining Right
“Existing Mining Permit”	the existing mining permit granted by the relevant government authority to conduct mining activities of Kaiyuan Mine at a permitted capacity of 90,000 tonnes per annum
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Jinneng Company”	Xinjiang Jinneng Mining Company Limited* (新疆金能礦業有限公司), a company established in the People’s Republic of China with limited liability and an Independent Third Party
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) produced by the Australasian Joint Ore Reserves Committee

“Kaiyuan Company”	Mulei County Kai Yuan Coal Company Limited* (木壘縣凱源煤炭有限責任公司), a company established in the China with limited liability and an indirect wholly-owned subsidiary of the Company
“Kaiyuan Mine”	an open pit coal mine situated at Zhundong Economic and Technological Development Zone, Xinjiang, the People’s Republic of China* (中華人民共和國新疆准東經濟技術開發區), with an existing mining area of approximately 1.1596 km ² , of which its mining right is owned by Kaiyuan Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Mining Permit”	the mining permit in respect of the New Mining Right issued to Kaiyuan Company
“New Mining Right”	the new mining right of the Enlarged Kaiyuan Mine for 30 years from August 2019 to August 2049 to conduct mining activities at the Enlarged Kaiyuan Mine by Kaiyuan Company under the Transfer Agreement
“Nov 15 Announcement”	an announcement of the Company dated 15 November 2019 regarding, among others, the grant of the New Mining Permit
“Optimization and Upgrading Plan”	the government restructuring proposals regarding the optimization and upgrading plan to restructure the mining area within the Zhundong Meitian Xiheishan Coal Mining Area* (准東煤田西黑山煤炭礦區), where the Group’s Coal Mining Business is located
“Peak Vision”	Peak Vision Mining Alliance Limited, being the Competent Person engaged by the Company to prepare the Competent Person’s Report (including the valuation report) in accordance with the requirements under Chapter 18 of the Listing Rules

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) in approving and ratifying the Transaction
“Share(s)”	ordinary share(s) of HK\$0.10 in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the acquisition of the New Mining Right by Kaiyuan Company from the Transferor pursuant to the terms of the Transfer Agreement
“Transfer Agreement”	the transfer agreement entered into between the Transferor and Kaiyuan Company in respect of the New Mining Right, dated 2 December 2019
“Transferor” or “Xinjiang Natural Resources Department”	the Department of Natural Resources of Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區自然資源廳) of the People’s Republic of China
“Upgrading Plan Announcements”	the announcements published by the Company dated 11 November 2011, 12 March 2012, 21 March 2012, 15 June 2012, 21 March 2014, 28 March 2018, 14 December 2018, 31 December 2018, 15 May 2019, 31 May 2019, 4 November 2019 and 15 November 2019, respectively, regarding the progress update on the Optimization and Upgrading Plan of the Group’s Coal Mining Business and the New Mining Right
“Valuation Assessment”	the valuation assessment of the New Mining Right prepared by the designated valuer engaged by the Transferor

“Verification Report”	the mineral resources verification report* (儲量核實報告) to ascertain the coal reserves of the Enlarged Kaiyuan Mine prepared by Xinjiang Bureau of Geo-Exploration and Mineral Development* (新疆維吾爾自治區地質礦產勘查開發局) directly operated under government authority and submitted to the Transferor as required for the application of the New Mining Right
“Xinjiang”	Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區) of the People’s Republic of China
“Zexu Company”	Qitai County Zexu Trading Company Limited* (奇台縣澤旭商貿有限責任公司), a company established in the People’s Republic of China with limited liability and an indirect wholly-owned subsidiary of the Company
“Zexu Mine”	an open pit coal mine situated at Qitai County, Changji Hui Autonomous Prefecture, Xinjiang, the People’s Republic of China* (中華人民共和國新疆昌吉回族自治州奇台縣)
“km ² ”	square kilometre
“%”	per cent.

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

Hong Kong, 6 December 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 and three independent non-executive Directors, namely Dr. Wong Man Hin Raymond, Mr. Chan Yiu Fai Youdey and Mr. Pak Wai Keung Martin.

* For identification purposes only.