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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)

POSITIVE PROFIT ALERT

This announcement is made by Nan Nan Resources Enterprise Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) 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).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors that based on the current information available to the Board and a preliminary review of the latest unaudited consolidated management accounts of the Group for the year ended 31 March 2022 (“**FY2022**”), it is expected that the Group will record a consolidated profit after taxation of approximately HK\$66,000,000 for FY2022, as compared to the consolidated loss after taxation of approximately HK\$2,208,000 for the year ended 31 March 2021 (“**FY2021**”).

The gross profit of the Group for FY2022 increased to approximately HK\$162,000,000, representing an increase of approximately HK\$107,000,000 as compared to FY2021, and the gross profit margin increased to approximately 54.16%, representing a 12.32% increase as compared to FY2021. The expected turnaround in the Group's financial performance for FY2022 is primarily attributable to the following factors:

- (a) a significant increase in the revenue generated from the coal mining business in relation to the mining and sales of coal mine in the Xinjiang Uygur Autonomous Region of the People's Republic of China to approximately HK\$275,000,000, representing an increase of approximately HK\$174,000,000 as compared to FY2021, mainly due to the extraordinary strong local demand and occasional facilitated supply arrangement by local authorities, as well as an increase in the selling price; and
- (b) fair value loss of convertible bond designated as financial liabilities at fair value through profit or loss ("FVPL") of approximately HK\$11,000,000 (2021: approximately HK\$24,857,000), representing a further increase in fair value of convertible bond designated as financial liabilities at FVPL of approximately HK\$11,000,000;

For illustration purpose only, without taking into account the effect of the said increase in fair value of the convertible bonds during the FY2022 as set out in sub-paragraph (b) above, it is expected that the Group's consolidated profit after taxation for FY2022 will be approximately HK\$77,000,000 (FY2021: approximately HK\$22,649,000).

The Company is still in the course of finalising its annual results of the Group for FY2022. The information contained in this announcement is solely based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group and the information currently available to the Board, which have not been audited or reviewed by the Company's auditor and audit committee, and are subject to adjustments where necessary, as such, the annual results may be different from the information contained in this announcement. Details of the financial information for FY2022 will be disclosed in the annual results announcement of the Group which is expected to be published by the end of June 2022 in accordance with the requirements under the Listing Rules.

Shareholders and potential investors 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, 20 June 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Kwan Man Fai, Mr. Wong Sze Wai and Mr. Li Chun Fung and three independent non-executive Directors, namely Dr. Wong Man Hin Raymond, Mr. Chan Yiu Fai Youdey and Mr. Pak Wai Keung Martin.