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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(2)(a) 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 (the “**Shareholders**”) of the Company and potential investors that based on the preliminary view of the latest unaudited consolidated management accounts of the Group, the Group would be expected to record a change from approximately HK\$241.73 million in loss for the six months ended 30 September 2022 (the “**2022 Interim Period**”) to not less than HK\$16.00 million in profit for the six months ended 30 September 2023 (the “**2023 Interim Period**”). The final figures of the profit of the Group for the 2023 Interim Period are subject to adjustments (if any) to be made under applicable accounting principles.

The profit of the Group for the 2023 Interim Period was mainly attributable to the adjustment of fair value of the zero-coupon convertible bond issued by the Company to be matured on 13 March 2026 with an aggregate principal amount of HK\$200,000,000 (the “**Convertible Bond**”) issued in 2008. Due to the significant decrease in fair value of the Convertible Bond from approximately HK\$299.37 million as at 31 March 2023 to approximately HK\$257.08 million as at 30 September 2023, such downward adjustment in fair value of the Convertible Bond is expected to increase the profit of the Group for the 2023 Interim Period by approximately HK\$42.29 million (as compared to a fair value loss of approximately HK\$263.54 million for the 2022 Interim Period). The said change in fair value of the Convertible Bond was mainly due to the significant change in the stock price of the Company during the 2023 Interim Period.

However, the Group expects a decrease of revenue by approximately HK\$56.61 million or approximately 51.13% from approximately HK\$110.71 million for the 2022 Interim Period to approximately HK\$54.10 million for the 2023 Interim Period mainly due to a reduction of coal sales in the coal mining business of the Company, and the Group expects to experience a decrease of gross profit by approximately HK\$52.97 million or approximately 87.24% from approximately HK\$60.72 million for the 2022 Interim Period to approximately HK\$7.75 million for the 2023 Interim Period mainly due to the aforementioned reduction in sales of the coal mining business of the Company.

The Company is still in the course of finalising its unaudited consolidated financial results of the Group for the 2023 Interim Period. 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 and the information currently available to the Board. As at the date of this announcement, such information has neither been confirmed nor reviewed by the auditor of the Company or the audit committee of the Board and may be subject to change.

Shareholders and potential investors are advised to refer to the interim results announcement of the Group for the 2023 Interim Period when it is published. 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, 21 November 2023

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.