融信資源
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Rosan Resources Holdings Limited
融信資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 578)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2014 amounted to approximately HK$481.6 million (2013: approximately HK$322.9 million), representing an increase of approximately 49.1% as compared to the preceding year;
- Gross loss for the year ended 31 December 2014 amounted to approximately HK$45.6 million (2013: approximately HK$21.1 million);
- Net loss for the year ended 31 December 2014 amounted to approximately HK$373.7 million (2013: approximately HK$347.5 million);
- No final dividend was proposed by the Board for the year ended 31 December 2014 (2013: nil).

The board of directors (the "**Board**") of Rosan Resources Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014, together with comparative figures for the year ended 31 December 2013, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	4	**481,571**	322,896
Cost of sales		**(527,217)**	(343,965)
Gross loss		**(45,646)**	(21,069)
Other income	4	**68,776**	34,036
Selling and distribution expenses		**(8,123)**	(9,015)
Administrative expenses		**(77,966)**	(116,926)
Other expenses		**(11,860)**	(8,877)
Finance costs	5	**(56,648)**	(93,802)
Share of profits/(losses) of associates		**14,196**	(45,339)
Share of profits/(losses) of a joint venture		**654**	(454)
Impairment loss on deposits and other receivables, net		**(30,275)**	(11,867)
Impairment loss on goodwill	9	**(68,969)**	(70,276)
Impairment loss on interest in an associate		**(27,180)**	–
Impairment loss on mining rights	9	**(67,122)**	–
Impairment loss on property, plant and equipment	9	**(67,429)**	–
Loss before income tax	6	**(377,592)**	(343,589)
Income tax credit/(expense)	7	**3,925**	(3,922)
Loss for the year		**(373,667)**	(347,511)
Loss for the year attributable to:			
Owners of the Company		**(347,332)**	(323,455)
Non-controlling interests		**(26,335)**	(24,056)
		(373,667)	(347,511)
Loss per share attributable to the owners of the Company			
– Basic and diluted *(HK cents)*	8	**(48.737)**	(45.386)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(373,667)**	(347,511)
Other comprehensive (loss)/income for the year		
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
– subsidiaries	**(14,515)**	30,255
– a joint venture	**(98)**	181
– associates	**(1,592)**	4,309
Other comprehensive (loss)/income for the year, net of tax	**(16,205)**	34,745
Total comprehensive loss for the year	**(389,872)**	(312,766)
Total comprehensive loss attributable to:		
Owners of the Company	**(361,518)**	(291,463)
Non-controlling interest	**(28,354)**	(21,303)
	(389,872)	(312,766)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**563,742**	525,206
Goodwill	*9*	**–**	69,032
Mining rights		**561,172**	647,373
Other intangible assets		**85**	–
Interests in associates		**108,356**	125,816
Interest in a joint venture		**6,624**	6,067
Available-for-sale financial assets		**26,566**	26,566
		1,266,545	1,400,060
Current assets			
Inventories		**26,959**	13,779
Accounts and bills receivables	*10*	**169,995**	298,216
Prepayments, deposits and other receivables		**153,251**	207,867
Tax recoverable		**9,617**	9,774
Pledged bank deposits		**255,922**	124,286
Cash and cash equivalents		**524,835**	580,835
		1,140,579	1,234,757
Current liabilities			
Accounts and bills payables	*11*	**390,089**	301,465
Other payables and accruals		**471,654**	548,649
Provision for reclamation obligations		**90,983**	85,249
Bank loans	*12*	**560,819**	461,112
		1,513,545	1,396,475
Net current liabilities		**(372,966)**	(161,718)
Total assets less current liabilities		**893,579**	1,238,342

	2014	2013
	HK$'000	*HK$'000*
Non-current liabilities		
Other payables	**–**	11,532
Amount due to an associate	**99,442**	38,439
Deferred tax liabilities	**18,759**	23,126
	118,201	73,097
Net assets	**775,378**	1,165,245
EQUITY		
Share capital	**71,267**	71,267
Reserves	**691,921**	1,053,439
Equity attributable to the owners of the Company	**763,188**	1,124,706
Non-controlling interest	**12,190**	40,539
Total equity	**775,378**	1,165,245

NOTES:

1. GENERAL INFORMATION

Rosan Resources Holdings Limited (the "**Company**") is a limited liability company incorporated in Bermuda. The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activities of the Company and its subsidiaries (the "**Group**") are the production and sale of coal and the trading of purchased coal in the People's Republic of China (the "**PRC**").

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial statements comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of consolidated financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The consolidated financial statements are presented in Hong Kong Dollars ("**HK$**") and all values are rounded to the nearest thousand except where otherwise indicated.

The Group incurred a consolidated net loss of approximately HK$373.7 million (2013: approximately HK$347.5 million) for the year ended 31 December 2014 and, as of that date, the Group had net current liabilities of approximately HK$373.0 million (2013: approximately HK$161.7 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial positions, liquidity and cash flows, the directors of the Company have adopted or in the process of adopting, the following measures:

(a) The Group has been taking stringent cost controls in different areas, such as in the cost of sales and administrative expenses;

(b) The Group has entered into a framework agreement with a bank in the PRC. According to the framework agreement, the bank has agreed to renew the current banking facility to the Group with amount of RMB95.0 million (equivalent to approximately HK$119.8 million) upon its expiry. Besides, the bank has preliminarily agreed to offer the Group for an additional banking facility for an amount of RMB400.0 million (equivalent to approximately HK$504.3 million) when it is required by the Group in the next two years from March 2015. The bank has the final and conclusive right to determine the grant of such facility; and

(c) The Group from time to time reviews its investment projects and may adjust the investment strategies in order to enhance the cash flow position of the Group whenever it is necessary.

Taking into account of the above measures and after assessing the Group's current and future cash flow positions, the directors of the Company are satisfied that the Group will be able to meet their financial obligations as when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their estimated recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these adjustments have not been reflected in the consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2014 were approved for issue by the directors of the Company on 27 March 2015.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The significant accounting policies that have been used in the preparation of the consolidated financial statements have been consistently applied to all the years presented except that the Group has adopted the following revised standards and a new interpretation of the first time for the current year's consolidated financial statements.

Adoption of new and revised HKFRSs – effective from 1 January 2014

HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities
HKAS 39 Amendments	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, 12 and HKAS 27 Amendments	Investment Entities
HK(IFRIC)-Int 21	Levies

The adoption of the above revised standards and interpretation has had no significant financial effect on the consolidated financial statements.

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company (the "**Executive Directors**") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the Executive Directors are determined following the Group's major product and service lines.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Executive Directors in order to allocate resources and assess performance of the segment. For the years presented, the Executive Directors have determined that the Group has only one operating segment, as the Group is principally engaged in the business of production and sale of coal and trading of purchased coal which is the basis to allocate resources and assess performance.

The Group's revenue from external customers is all derived from the PRC and most of its non-current assets (other than deferred tax assets) are located in the PRC. The Company is an investment holding company incorporated in Bermuda where the Group does not has any activity. The Group has the majority of its operations and workforce in the PRC, and therefore, the PRC is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "*Operating Segments*".

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the location of assets.

4. REVENUE AND OTHER INCOME

Revenue represents the income arising from the Group's principal activities which are the production and sale of coal and trading of purchased coal.

Revenue and other income recognised during the year are as follows:

	2014 *HK$'000*	2013 *HK$'000*
Revenue		
Production and sale of coal	**151,399**	322,896
Trading of purchased coal	**330,172**	–
	481,571	322,896
Other income		
Bank interest income	**21,951**	23,766
Exchange gain, net	**–**	721
Sale of ancillary materials	**–**	243
Sale of consumable tools	**–**	147
Service income	**40**	994
Gain on early redemption of convertible bonds	**–**	129
Gain on disposals of financial assets at fair value through profit or loss	**–**	102
Gain on disposals of property, plant and equipment	**100**	–
Reversal of provision for impairment loss on deposit paid, net	**–**	3,791
Reversal of provision for central pension scheme	**46,145**	–
Write-back of accruals	**–**	2,655
Others	**540**	1,488
	68,776	34,036

5. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
An analysis of finance costs is as follows:		
Interest charge on bank loans wholly repayable within five years*	**44,335**	60,360
Interest expense on convertible bonds repayable within five years	**–**	7,072
Interest expense on financial liabilities stated at amortised cost	**44,335**	67,432
Bank charges on bills receivable discounted without recourse	**14,604**	28,014
	58,939	95,446
Less: interest capitalised**	**(2,291)**	(1,644)
	56,648	93,802

* Approximately HK$1.9 million (2013: Nil) included in interest charge was related to bank loans which were repayable on demand as of 31 December 2014 (note 12).

** The borrowing cost was capitalised at 6.69% (2013: 6.45%) per annum for the year ended 31 December 2014.

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2014 HK$'000	2013 HK$'000
Cost of inventories sold	**522,995**	336,682
Auditor's remuneration	**1,183**	1,640
Depreciation	**45,927**	37,902
Minimum lease payments under operating leases on land, buildings and office equipment	**3,674**	3,291
Amortisation of prepaid lease payments*	**–**	130
Amortisation of mining rights*	**8,675**	18,198
Amortisation of other intangible assets*	**51**	293
Employee benefit expense (including compensation of key management personnel):-		
Wages and salaries (excluding retirement benefit scheme contributions)	**92,384**	142,853
Retirement benefit scheme contributions	**23,783**	50,695
Exchange loss/(gain), net	**909**	(721)
(Gain)/loss on disposals of property, plant and equipment	**(100)**	1,232
Impairment loss on accounts receivable	**2,199**	–
Impairment loss on deposits and other receivables, net	**30,275**	11,867
Impairment loss on goodwill	**68,969**	70,276
Impairment loss on interest in an associate	**27,180**	–
Impairment loss on mining rights	**67,122**	–
Impairment loss on property, plant and equipment	**67,429**	–
Provision for reclamation obligations	**7,743**	10,236

* Included in "Administrative expenses" in the consolidated income statement.

7. INCOME TAX (CREDIT)/EXPENSE

No Hong Kong Profits Tax has been provided for the year in the consolidated financial statements as the Group has tax losses brought forward from previous years (2013: Nil).

Corporate income tax arising from operations in the PRC is calculated at the statutory income tax rate of 25% (2013: 25%) on the estimated assessable profits as determined in accordance with the relevant income tax rules and regulations in the PRC.

	2014	2013
	HK$'000	*HK$'000*
Current tax – PRC income tax		
– Current year	**72**	268
– Under-provision in respect of prior year	**–**	410
	72	678
Deferred tax (credit)/expense		
– Current year	**(3,997)**	3,244
	(3,925)	3,922

8. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share for loss attributable to the owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share computation	**(347,332)**	(323,455)

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share computation	**712,674**	712,674

In calculating the diluted loss per share attributable to the owners of the Company for the year ended 31 December 2013, the potential issue of shares arising from the conversion of the Company's convertible bonds would decrease the loss per share attributable to the owners of the Company and is not taken into account as they have an anti-dilutive effect. Share options of the Company are not dilutive as the exercise price of the options exceeds the average market price of ordinary shares during the years ended 31 December 2014 and 2013. Therefore, the diluted loss per share attributable to the owners of the Company for the years ended 31 December 2014 and 2013 is based on the loss attributable to the owners of the Company of approximately HK$347.3 million (2013: approximately HK$323.5 million) and on the weighted average of 712,674,000 (2013: 712,674,000) ordinary shares during the years ended 31 December 2014 and 2013.

9. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	2014	2013
	HK$'000	*HK$'000*
At beginning of the year		
Gross carrying amount	**272,720**	268,746
Accumulated impairment loss	**(203,688)**	(133,412)
Net carrying amount	**69,032**	135,334
For the year		
Opening net carrying amount	**69,032**	135,334
Exchange difference	**(63)**	41
Acquisition of a subsidiary	**–**	3,933
Impairment loss	**(68,969)**	(70,276)
Closing net carrying amount	**–**	69,032
At end of the year		
Gross carrying amount	**272,657**	272,720
Accumulated impairment loss	**(272,657)**	(203,688)
Net carrying amount	**–**	69,032

Based on the assessment of the recoverable amount of the cash-generating unit ("**CGU**") for the year ended 31 December 2014, given comparatively low market coal price of the year and the recoverable amount of the CGU is less than the goodwill's carrying amount, the Group made an impairment loss of approximately HK$69.0 million (2013: approximately HK$70.3 million) on goodwill, as well as impairment losses of approximately HK$67.4 million (2013: Nil) and approximately HK$67.1 million (2013: Nil) on the property, plant and equipment and the mining rights respectively associated with this CGU.

10. ACCOUNTS AND BILLS RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Accounts receivable	**184,041**	309,322
Bills receivable	**252**	1,192
	184,293	310,514
Less: Provision for impairment	**(14,298)**	(12,298)
	169,995	298,216

The Group's sales are billed to customers according to the terms of the relevant agreement. Normally, credit periods ranging from 60 to 180 days (2013: 60 to 180 days) are allowed to certain customers. Based on the invoice dates, ageing analysis of the Group's accounts receivable, net of any provision for impairment at the reporting date is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**137,697**	47,585
91 – 180 days	**32,026**	42,259
181 – 365 days	**–**	88,384
Over 365 days	**20**	118,796
	169,743	297,024

At 31 December 2014, accounts receivable of approximately HK$105.0 million (2013: approximately HK$179.2 million) were pledged to secure bank loans of the Group.

At each reporting date, the Group reviews accounts receivable for evidence of impairment on an individual and collective bases. As at 31 December 2014, the Group determined accounts receivable of approximately HK$14.3 million as individually impaired (2013: approximately HK$12.3 million). Impairment loss of approximately HK$2.2 million has been provided during the year (2013: Nil).

11. ACCOUNTS AND BILLS PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Accounts payable	**33,311**	23,422
Bills payable	**356,778**	278,043
	390,089	301,465

The Group was granted by its certain suppliers with credit periods normally ranging from 30 to 90 days (2013: 30 to 90 days). Based on the invoice dates, the ageing analysis of the Group's accounts payable at the reporting date is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**4,382**	10,005
91 – 180 days	**2,638**	5,000
181 – 365 days	**11,489**	5,825
Over 365 days	**14,802**	2,592
	33,311	23,422

The entire balance of the Group's bills payable (2013: the entire balance) were secured by the pledged time deposits, in which approximately HK$75.6 million (2013: approximately HK$153.8 million) were also guaranteed by independent third parties.

12. BANK LOANS

	2014 *HK$'000*	2013 *HK$'000*
Bank loans repayable within one year and classified as current liabilities	**560,819**	461,112

Analysed as follows:

	2014			2013		
	Annual effective contractual interest rate (%)	**Maturity**	***HK$'000***	Annual effective contractual interest rate (%)	Maturity	*HK$'000*
Secured	**4.44% to 5.60%**	**on demand**	**188,913**	–	–	–
Secured	**6.16%**	**2015**	**50,428**	5.60% to 6.60%	2014	204,852
Unsecured	**6.16% to 9.99%**	**2015**	**321,478**	5.59% to 9.99%	2014	256,260
			560,819			461,112

As at 31 December 2014, bank loans of approximately HK$239.3 million (2013: approximately HK$204.9 million) were secured by certain accounts receivable and a mining right of the Group (2013: secured by certain accounts receivable, a mining right of the Group and pledged time deposits). Pursuant to the loan agreements, approximately HK$188.9 million (2013: nil) of the secured bank loans were repayable on demand.

As at 31 December 2014, the bank loans of approximately HK$560.8 million (2013: approximately HK$435.5 million) were guaranteed by independent third parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Market Review

During the year ended 31 December 2014 (the "**Year**"), the Group continuously faced the ongoing difficult and dynamic business environment. With the weak global economy as well as the recent economic downturn of the People's Republic of China (the "**PRC**"), different industries in the territory were confronted with different challenges, especially for the coal industry. The coal industry is not only facing with the slowing down of economic growth of the PRC, but also the increasing awareness of general public to boost the use of alternative clean energy sources. Coupled with the incentives and subsidies from the PRC government given for alternative energy industries, the demand for coal in the PRC declined as a result. Furthermore, as China is the largest importer of coal in the world, the decline in the demand of coal in the PRC led to a decline in demand of coal worldwide. These factors led to a drop in the price of coal in the PRC and in the world. It is expected that China's coal consumption and requirements will hardly go up significantly in the foreseeable future.

In the year 2014, in order to assist the coal industry to overcome the vigorous difficulties, the PRC government has considered different measures to reduce the supply of coal in the domestic market by limiting coal production and controlling the volume of coal import. However, the overall supply of coal in the PRC market was still higher than the demand. It is expected that such situation could not be changed significantly in the short term. Therefore, the coal price did not show a remarkable improvement during the Year. As the coal price has not been substantially improved in the Year, the revenue of the Group was still restricted.

In addition to the coal mining business, the Group has also been seeking for and considering suitable opportunities for making new investments and extending business horizontally, so as to target to grow into a diversified range of businesses, which in turn may lower the risk of the Group from the coal industry.

Resumption of all the Group's coal mines

In May 2014, an accident occurred in a coal mine of the Group, which caused the suspension of all coal mines of the Group for around two months since then. Four of the five coal mines (except Xiangyang Coal Mine) have resumed operations in July 2014 and Xiangyang Coal Mine has also resumed in November 2014. Subsequent to the resumption in operation of Xiangyang Coal Mine, all of the five coal mines of the Group have resumed operations. The Company expected that in the coming years, if there is no suspension of coal mines, the Group may improve the production volume of coal.

Liquefied natural gas ("LNG") tank containers related business

On 10 September 2014, the Company entered into a joint venture agreement with two independent third parties to establish the joint venture manufacturing company (the "**Manufacture Company**") and the joint venture sales company (the "**Sale Company**"), details as stated in the Company's announcement dated 10 September 2014, to explore the businesses (the "**LNG Businesses**") in (i) manufacturing and selling of LNG tank containers; and (ii) developing and selling of natural gas and energy from clean sources.

The management of the Company believes that, exploring the LNG tank containers, natural gas and clean energy related businesses may allow the Group to diversify its current principal business, thereby diversifying the Group's single market risks from the coal industry and to optimize our product mix in order to improve the Group's performance. Given the potential of the PRC economy and the increasing public's awareness in the use of clean energy, the participation in LNG tank containers related industry may enable the Company to seize the market opportunities.

As the date of this announcement, the establishment of the said two joint venture companies has yet to complete. The Board will review the status from time to time and may adjust the investment strategy whenever required.

Achievement of the pre-determined targets by the software company

The software company, Beijing Baiyitong Technology Co., Ltd.* ("**Baiyitong**") (北京佰鎰通科技有限公司), of which the Group has 34% equity interest, has early achieved all the agreed pre-determined performance target (i.e. the number of customers) during the Year. However, Baiyitong is still in the early development stage and no profit could be contributed to the Group. The Board will review the status from time to time and may adjust the investment strategy whenever required.

Performance and development of the coal trading company

During the Year, the revenue derived from the trading of purchased coal contributed by Zhengzhou Huirui Shangmao Company Limited* ("**Huirui**") (鄭州輝瑞商貿有限公司), a non-wholly owned subsidiary of the Company, amounted to approximately HK$6.2 million, which contributed approximately 1.3% of the total revenue of the Group. The Company indirectly acquired 96% equity interest of Huirui by way of capital injection in December 2013. As the coal industry in the PRC has yet to recover, the coal trading business within the Henan province was not active hence the revenue and results contributed by Huirui to the Group was not significant for the Year. It is expected that once the coal industry in the PRC is recovered, more revenue can be generated through the coal trading business carried out by Huirui.

Financial Review

Revenue

The Group's total revenue for the Year amounted to approximately HK$481.6 million, representing an increase of 49.1% from approximately HK$322.9 million for the year ended 31 December 2013 (the "**Last Year**"). The increase in revenue was primarily due to the increase of sales from trading of purchased coal during the Year. During the Year, the total sales volume of coal has reached to approximately 1,168,000 tons which was higher than the sales volume of the Last Year (approximately 877,000 tons), representing an increase of 33.2%.

In addition to the improvement in sales volume, the average selling price of coal has increased slightly in the second half of the Year resulting from the increase in the proportion of sales volume contributed by trading of purchased coal. As the average quality of the coal purchased during the Year was generally higher than the average quality of the coal produced by the Group's coal mines, the average selling price of purchased coal was higher, therefore, the total average selling price for the Year was increased. The total average selling price of coal has increased from approximately RMB291.5 per ton for the Last Year to RMB327.0 per ton for the Year.

Cost of Sales and Gross Loss

The cost of sales and gross loss for the Year were approximately HK$527.2 million and approximately HK$45.6 million respectively, while the cost of sales and gross loss for the Last Year was approximately HK$344.0 million and approximately HK$21.1 million respectively. The increase in gross loss was mainly due to the increase in cost of sales, which was proportionally more than the increase in revenue. During the year, the Group had to purchase more coal from suppliers for coal trading to support its operation, especially during the suspension period of coal mines. As the cost for coal purchased from suppliers was higher than the cost of coal produced by the Group's coal mines, higher total cost of sales was incurred during the Year. Moreover, as larger amount of expenditures were incurred for the maintenance of the Group's coal mines during the Year, the cost of sales was increased, that caused the increase in gross loss as well.

Net Loss

The net loss attributable to the owners of the Company for the Year was approximately HK$347.3 million, representing an increase of approximately 7.4% as compared with the Last Year of approximately HK$323.5 million. The reasons for the increase in net loss for the Year were mainly due to the increase in gross loss as explained in the precedent paragraph and the increase in impairment loss on certain tangible and intangible assets during the impairment assessment. Given comparatively low market coal price during the Year and the recoverable amount of the cash-generating unit is less than its carrying amount, the Group made an impairment loss of approximately HK$69.0 million (the Last Year: approximately HK$70.3 million) on goodwill, as well as impairment losses of approximately HK$67.4 million (the Last Year: Nil) and approximately HK$67.1 million (the Last Year: Nil) on the property, plant and equipment and the mining rights respectively.

Administrative Expenses

During the Year, the total administrative expenses amounted to approximately HK$78.0 million (the Last Year: approximately HK$116.9 million) which mainly comprised of: (i) employee benefit expenses of approximately HK$27.9 million (the Last Year: approximately HK$40.9 million), (ii) amortisation of mining rights, prepaid lease payments and other intangible assets amounted to approximately HK$8.7 million (the Last Year: approximately HK$18.6 million), (iii) depreciation of property, plant and equipment amounted to approximately HK$5.3 million (the Last Year: approximately HK$5.9 million). The decrease in total administrative expenses was mainly because of stringent cost control measurements carried out by the Group to the expenses in different areas during the Year.

Finance Costs

The finance costs decreased by approximately 39.6% from approximately HK$93.8 million for the Last Year to approximately HK$56.6 million for the Year. The drop in the total finance costs was mainly due to the average amount of bank loans during the Year was less than the Last Year.

Accounts and Bills Receivables

As at the 31 December 2014 (the "**Current Year End**"), the accounts and bills receivables amounted to approximately HK$170.0 million, representing a decrease of 43.0% as compared to that as at 31 December 2013 (the "**Last Year End**") of approximately HK$298.2 million. The decrease was mainly because of the improvement of the settlement of accounts receivable by the customers. During the Year, the average duration of settlement period from customers was shorter than the Last Year.

Amongst the total amount of accounts receivable (excluding the bills receivable) as at the Current Year End, Henan Zhongfu Dianli Company Limited* ("**Zhongfu**") (河南中孚電力有限公司) was the largest debtor with balance amounting to approximately HK$105.0 million (equivalent to approximately RMB83.3 million) or approximately 61.9% of the accounts receivable amount, net of any provision for impairment. The entire outstanding amount of the accounts receivable from Zhongfu was not past due. The Board therefore concluded that no impairment is needed to be made on the outstanding amounts due from Zhongfu.

Accounts and Bills Payables

In order to maintain the operational cashflow and the liquidity within the group companies, Henan Jinfeng Coal Industrial Group Company Limited* ("**Jinfeng**") (河南金豐煤業集團有限公司) has issued bills to its subsidiaries (i.e. Xiangyang Coal Industry Company Limited* ("**Xiangyang**") (登封市向陽煤業有限公司) and Xingyun Coal Industry Company Limited* ("**Xingyun**") (登封市興運煤業有限責任公司)) to facilitate the inter-companies sales and purchases. Jinfeng, Xiangyang and Xingyun are the indirectly non-wholly owned subsidiaries of the Company which are principally engaged in the production and sale of coal.

It is the fact that the principal activities of both Xiangyang and Xingyun are production and sale of coal and Jinfeng was the sole purchaser of their coal produced during the Year. Therefore, the operational cashflow and the liquidity of Xiangyang and Xingyun are relied on the settlement (i.e. either by cash or bills) from Jinfeng.

Bills payable as at the Current Year End amounted to approximately HK$356.8 million (Last Year End: approximately HK$278.0 million) which contributed approximately 91.5% (Last Year End: approximately 92.2%) of the total amount of accounts and bills payables as at the Current Year End, i.e. approximately HK$390.1 million (Last Year End: approximately HK$301.5 million). In order to enhance the operational cash flow and liquidity for intra-group companies under the current challenging business environment, certain bills were issued by Jinfeng to Xiangyang and Xingyun for settlement. Moreover, as the Group has purchased more coal from other suppliers for coal trading during the Year, more bills were issued to those suppliers for settlement. Therefore, the bills payable increased by approximately HK$78.7 million or 28.3%.

Other Payables and Accruals

The total amount of other payables and accruals decreased by approximately 14.0% from approximately HK$548.6 million as at the Last Year End to approximately HK$471.7 million as at the Current Year End. As at the Current Year End, the other payables were mainly comprised of provision for PRC retirement benefit scheme contributions amounted to approximately HK$211.1 million (as at the Last Year End: approximately HK$239.7 million), accrued coal mines related removal and relocation expenses amounted to approximately HK$52.7 million (as at the Last Year End: approximately HK$47.0 million), accrued workers' wages and benefits amounted to approximately HK$49.7 million (as at the Last Year End: approximately HK$33.7 million), contingent consideration of investment in associates amounted to approximately HK$11.3 million (as at the Last Year End: approximately HK$23.1 million) and advances from independent third parties amounted to approximately HK$5.9 million (as at the Last Year End: approximately HK$99.2 million). The decrease was mainly due to the advances provided by independent third parties have been settled by the Group during the Year.

PROSPECT

Looking ahead, in view of the current challenging business environment, the Group will try to improve its performance by pursuing inorganic growth strategy and seeking attractive investment opportunities. In addition, the Group will carry on adopting different measures to lower the total cost of the Group, in order to improve its result in the future. At the same time, the Group will also focus on cultivating its core business in production and sale of coal. The Board will try their best efforts in developing the Group's business and maximizing the shareholders' return in the future.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at the Current Year End, the net asset value of the Group was approximately HK$775.4 million (as at the Last Year End: approximately HK$1,165.2 million) and the total cash and bank balance (including pledged bank deposit) was approximately HK$780.8 million (as at the Last Year End: approximately HK$705.1 million). As at the Current Year End, the Group had net current liabilities of approximately HK$373.0 million (as at the Last Year End: net current liabilities of approximately HK$161.7 million) and its current ratio decreased from 0.9 times as at the Last Year End to 0.8 times as at the Current Year End. The Group's working capital was mainly financed by internal cash flow generated from its operation and the banking facilities granted by financial institutions.

As at the Current Year End, the Group's accounts receivable, net of any provision for impairment amounted to approximately HK$169.7 million (as at the Last Year End: approximately HK$297.0 million) and certain accounts receivable were pledged to secure bank loans of the Group. Subsequent to 31 December 2014 and up to the date of this announcement, accounts receivable amounted to approximately HK$105.8 million has been settled.

As at the Current Year End, bank deposits amounted to approximately HK$255.9 million (as at the Last Year End: approximately HK$124.3 million) were pledged and not available for the operation or repayment of debts of the Group. Cash and cash equivalents which was not pledged amounted to approximately HK$524.8 million (as at the Last Year End: approximately HK$580.8 million).

As at the Current Year End, the Group's total bank loans, net of any provision for impairment amounted to approximately HK$560.8 million (as at the Last Year End: approximately HK$461.1 million). The bank loans bear interest at fixed rates ranging from 4.44% to 9.99% per annum (as at the Last Year End: at fixed rates ranging from 5.59% to 9.99% per annum).

As at the Current Year End, the entire balance of the Group's bills payable (as the Last Year End: the entire balance) were secured by the pledge of the Group's time deposits and of approximately HK$75.6 million (as at the Last Year End: approximately HK$153.8 million) were also guaranteed by independent third parties.

The Group's gearing ratio (as a ratio calculated by (a) the sum of bank loans, advances from third parties and amount due to an associate; divided by (b) the net assets of the Group) was 85.9% (as at the Last Year End: 51.4%).

CAPITAL COMMITMENTS

As at the Current Year End, the Group did not have capital expenditure commitments in relation to the purchase of property, plant and equipment contracted but not provided for, net of deposit paid (the Last Year End: approximately HK$29.1 million).

On 10 September 2014, the Group entered into an agreement with two independent third parties (collectively the "**JV Parties**") to establish two companies, the Manufacture Company and the Sales Company. The JV Parties intend, through the two companies, to explore the LNG Businesses. Upon completion of establishment of these companies, the maximum registered capital of the Manufacture Company will be RMB100.0 million in which the Group will contribute 27% of the registered capital or RMB27.0 million to the Manufacture Company, while the maximum registered capital of the Sales Company will be RMB10.0 million in which the Company will contribute 51% of the registered capital or RMB5.1 million to the Sales Company. These companies have yet to establish as of the date of this announcement.

Save as disclosed above, the Company did not have any significant capital commitments as at the Current Year End (the Last Year End: Nil).

EVENTS AFTER THE REPORTING PERIOD

a) On 3 March 2015, Beijing Kaisheng Guanhua Investment Company Limited* ("**Kaisheng**") (北京凱盛冠華投資有限公司), an indirectly non-wholly owned subsidiary of the Company, has reached an agreement with an independent third party and all existing shareholders of Baiyitong, to transfer certain obligations and rights under the capital injection agreement entered in January 2013, from Kaisheng to the independent third party. Upon the transactions completed on 3 March 2015, Kaisheng is entitled to 23.11% of equity interests in Baiyitong.

b) On 18 March 2015, Xinfa Investments Limited ("**Xinfa**"), a wholly-owned subsidiary of the Company, has entered into agreement with an independent third party. Pursuant to the agreement, both parties agreed to wind up the jointly incorporated company in Indonesia and the independent third party agreed to repay all the capital injected by Xinfa in the joint venture company, amounted to approximately HK$26.6 million (equivalent to US$3.42 million), and handle the winding up procedures within 60 days since 18 March 2015.

SIGNIFICANT INVESTMENT

Save as disclosed in the paragraph of "LNG tank containers related business" under the section of Business and Market Review, the Group did not have any significant investment during the Year.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2014.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 3.1 to the consolidated financial statements which indicates that the Group incurred a consolidated net loss of HK$373,667,000 for the year ended 31 December 2014 and, as of that date, the Group's current liabilities exceeded its current assets by HK$372,966,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2014.

SAFETY PRODUCTION AND ENVIRONMENT PROTECTION

The Group has always paid great attention to production safety and environmental protection while achieving growth in coal production. Thus, the Group makes great efforts in promoting safety management and strengthening measures for environmental protection, aiming at building itself into a safety-oriented and environmentally-friendly enterprise. During the Year under review, except for an accident occurred in Xiangyang Coal Mine in May 2014 and the occasion suspension of coal mines as mentioned, the coal mines of the Group operated normally and no material safety incidents were recorded.

EXCHANGE RISK EXPOSURE

The sales and purchases of the Group are predominantly in RMB which is the functional currency of the related group entities. The Board therefore is of the opinion that the Group's sensitivity to the change in foreign currency is low and the Group does not hedge its foreign currency risk.

DIVIDEND

The Board does not recommend the payment of any final dividend for the Year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group has a total of approximately 2,100 employees located in Hong Kong and the PRC. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical insurance and pension funds. A share option scheme was adopted by the Group on 27 May 2014 to enable the directors of the Company to grant share options to eligible participants including any employee of the Group as incentive to their valuable contribution to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

CORPORATE GOVERNANCE

During the Year, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the deviation as set out below.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive director and independent non-executive directors ("**INEDs**") of the Company do not have a specific term of appointment, but are subject to rotation in accordance with bye-law 111 of the Bye-laws of the Company. As the non-executive director and INEDs of the Company are subject to rotation in accordance with the Bye-laws of the Company, the Board considers that the non-executive director and INEDs of the Company so appointed with no specific term will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the CG Code.

Code provision A.6.7 of the CG Code requires that the independent non-executive directors and the non-executive directors should attend general meetings. However, the independent non-executive director of the Company, Dr. Chen Renbao was unable to attend the annual general meeting of the Company held in Hong Kong on 27 May 2014 as he was absent from Hong Kong.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three of the INEDs of the Company. The audit committee reviewed the consolidated financial statements of the Group for the year ended 31 December 2014 and were of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosure have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, all directors of the Company have fully complied with the required standards set out in the Model Code throughout the Year.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.irasia.com/listco/hk/rrhl). The 2014 annual report will be despatched to the shareholders and available on the same websites on or before 30 April 2015.

APPRECIATION

I would like to take this opportunity to express my most sincere thanks and gratitude to our shareholders, and various parties for their continuing support, and our directors and staff for their dedication and hard work.

By order of the Board
Rosan Resources Holdings Limited
Dong Cunling
Chairman

Hong Kong 27 March 2015

As at the date of this announcement, the executive directors of the Company are Mr. Chen Xu, Mr. Dong Cunling, Mr. Wu Jiahong, Mr. Yang Hua and Mr. Zhou Guangwen; the non-executive director of the Company is Mr. Li Chunyan; the INEDs of the Company are Dr. Chen Renbao, Mr. Jiang Xiaohui and Mr. Ma Yueyong.

* *For identification purpose only*