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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors (the "**Board**") of Rosan Resources Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

		Unaudited Six months ended 30 June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**360,785**	343,741
Cost of sales		**(398,440)**	(392,315)
Gross loss		**(37,655)**	(48,574)
Other income	*5*	**39,987**	38,341
Selling and distribution expenses		**(2,298)**	(4,052)
Administrative expenses		**(29,683)**	(36,968)
Other expenses		**(2,221)**	(3,912)
Finance costs	*6*	**(19,502)**	(25,411)
Share of results of associates		**(110)**	4,993
Share of results of a joint venture		**(171)**	54

		Unaudited	
		Six months ended 30 June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Gain on disposal of an associate		**–**	25,498
Gain on disposal of a subsidiary	*7*	**2,783**	–
Impairment loss on mining rights		**(35,077)**	(75,058)
Impairment loss on property, plant and equipment		**(62,507)**	(72,319)
Loss before income tax	*8*	**(146,454)**	(197,408)
Income tax (expense)/credit	*9*	**(4,005)**	12,374
Loss for the period		**(150,459)**	(185,034)
Loss for the period attributable to:			
Owners of the Company		**(137,044)**	(168,318)
Non-controlling interests		**(13,415)**	(16,716)
		(150,459)	(185,034)

		Unaudited	
		Six months ended 30 June	
		2016	2015
		HK cents	*HK cents*
Loss per share attributable to the owners of the Company			
– Basic and diluted	*11*	**(19.229)**	(23.618)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Loss for the period	**(150,459)**	(185,034)
Other comprehensive (loss)/income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
– subsidiaries	**(4,263)**	1,955
– a joint venture	**(136)**	22
– associates	**(2,407)**	388
	(6,806)	2,365
Share of other comprehensive (loss)/income of an associate	**(3,948)**	17,534
Release of exchange fluctuation reserve upon disposal of a subsidiary	**(178)**	–
Release of exchange fluctuation reserve upon disposal of an associate	**–**	(940)
Other comprehensive (loss)/income for the period, net of tax	**(10,932)**	18,959
Total comprehensive loss for the period	**(161,391)**	(166,075)
Total comprehensive loss attributable to:		
Owners of the Company	**(146,881)**	(151,253)
Non-controlling interests	**(14,510)**	(14,822)
	(161,391)	(166,075)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**285,891**	372,942
Goodwill		**–**	–
Mining rights		**367,548**	412,362
Other intangible assets		**–**	16
Interests in associates		**103,369**	109,834
Interest in a joint venture		**6,010**	6,317
Available-for-sale financial assets		**690**	706
		763,508	902,177
Current assets			
Inventories		**4,046**	5,344
Accounts and bills receivables	*12*	**212,613**	185,358
Prepayments, deposits and other receivables		**214,234**	147,259
Tax recoverable		**8,684**	9,108
Pledged bank deposits		**572,090**	577,751
Cash and cash equivalents		**408,680**	541,224
		1,420,347	1,466,044
Current liabilities			
Accounts and bills payables	*13*	**798,139**	799,759
Other payables and accruals		**474,346**	469,213
Provision for reclamation obligations		**93,271**	93,905
Borrowings	*14*	**497,250**	524,985
		1,863,006	1,887,862
Net current liabilities		**(442,659)**	(421,818)
Total assets less current liabilities		**320,849**	480,359

	Unaudited 30 June 2016 *HK$'000*	Audited 31 December 2015 *HK$'000*
Non-current liabilities		
Amount due to an associate	**96,834**	99,005
Deferred tax liabilities	**7,460**	3,526
	104,294	102,531
Net assets	**216,555**	377,828
EQUITY		
Share capital	**71,267**	71,267
Reserves	**184,977**	331,858
Equity attributable to the owners of the Company	**256,244**	403,125
Non-controlling interests	**(39,689)**	(25,297)
Total equity	**216,555**	377,828

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**").

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Company have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**Int**")) as disclosed in note 3 to these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements contain condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The condensed consolidated interim financial statements are unaudited but have been reviewed by Moore Stephens CPA Limited in accordance with the Hong Kong Standard on Review Engagements, 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Going concern basis

The Group incurred a consolidated net loss of approximately HK$150,459,000 (six months ended 30 June 2015: approximately HK$185,034,000) for the six months ended 30 June 2016 and, as of that date, the Group had net current liabilities of approximately HK$442,659,000 (as at 31 December 2015: approximately HK$421,818,000). These conditions indicate the existence of a material uncertainty that may cast significant doubts 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 and a supplementary agreement with a bank in the PRC. According to the framework agreement and the supplementary agreement, the bank has preliminarily agreed to offer the Group for an additional banking facility for an amount of RMB400,000,000 (equivalent to approximately HK$467,012,000) when it is required by the Group in the next two years from May 2016. 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 when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated interim financial statements for the six months ended 30 June 2016 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 carrying amounts 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 condensed consolidated interim financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSS

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated interim financial statements and/or disclosures set out in the condensed consolidated interim financial statements.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The directors so far concluded that application of these new and revised HKFRSs will have no material impact on the financial statements of the Group.

4. 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 periods 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 the trading of purchased coal which is the basis to allocate resources and assess performance.

Geographical information:

The Group's revenue from external customers is all derived from the PRC and most of its non-current assets are located in the PRC. The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. 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.

5. REVENUE AND OTHER INCOME

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

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

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Revenue		
Production and sale of coal	**25,507**	72,780
Trading of purchased coal	**335,278**	270,961
	360,785	343,741
Other income		
Bank interest income	**14,350**	11,941
Exchange differences, net	**7**	183
Gain on disposals of property, plant and equipment	**–**	23
Reversal of provision for central pension scheme	**25,020**	23,938
Others	**610**	2,256
	39,987	38,341

6. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
An analysis of finance costs is as follows:		
Interest on borrowings	**17,562**	21,346
Bank charges on bills receivables discounted without recourse	**1,940**	4,065
	19,502	25,411

7. DISPOSAL OF A SUBSIDIARY

During the current interim period, the Group entered into a sale and purchase agreement with an independent third party to dispose all the equity interest in Dengfeng Jinfeng Mining Equipment Company Limited* (登封金豐礦山設備有限公司) ("**Jinfeng Mining Equipment**"), an indirect 90% owned subsidiary, which carried out trading of mining equipment and consumable tools, at a consideration of approximately RMB1,324,000 (equivalent to approximately HK$1,546,000). The disposal was completed on 28 June 2016, since then, the Group has no more control on Jinfeng Mining Equipment.

Analysis of assets and liabilities of the subsidiary in which the control was lost

	HK$'000
Property, plant and equipment	357
Inventories	1,803
Accounts receivables	22,076
Other receivables	18
Cash and cash equivalents	2
Accounts payables	(17,031)
Other payables	(3,453)
Tax payables	(11)
Dividend payables	(4,938)
Non-controlling interests	118
Net liabilities disposed of	(1,059)
Release of exchange fluctuation reserve upon disposal of a subsidiary	(178)
	(1,237)
Gain on disposal of a subsidiary	2,783
Total consideration *(note)*	1,546

* *For identification only*

	HK$'000
Net cash outflow on disposal of a subsidiary for the current interim period:	
Consideration received in cash and cash equivalents *(note)*	–
Less: Cash and cash equivalents of a subsidiary disposed of	(2)
Net cash outflow on disposal for the current interim period	(2)

Note: As at 30 June 2016, the above consideration was included in other receivables in the condensed consolidated statement of financial position.

8. LOSS BEFORE INCOME TAX

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

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses	**397,991**	389,818
Depreciation*	**17,385**	24,247
Operating lease charges on land and buildings**	**881**	975
Amortisation of mining rights**	**1,327**	3,775
Amortisation of other intangible assets**	**16**	34
Employee benefits expense (including compensation of key management personnel)	**31,633**	69,019
Exchange differences, net	**(7)**	(183)
Write-down of inventories***	**–**	3,030
Impairment loss on mining rights	**35,077**	75,058
Impairment loss on accounts receivable**	**8,298**	–
Impairment loss on other receivables, net	**7,025**	9,102
Impairment loss on property, plant and equipment	**62,507**	72,319
Provision for reclamation obligations	**1,450**	3,973

* Depreciation of approximately HK$16,010,000 (six months ended 30 June 2015: approximately HK$21,975,000) has been included in cost of sales and approximately HK$1,375,000 (six months ended 30 June 2015: approximately HK$2,272,000) has been included in administrative expenses in the condensed consolidated income statement.

** Included in administrative expenses in the condensed consolidated income statement.

*** Included in cost of sales in the condensed consolidated income statement.

9. INCOME TAX EXPENSE/(CREDIT)

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Current tax – Corporate income tax		
– Under-provision in prior years	**140**	18
Deferred tax		
– Current period	**3,865**	(12,392)
	4,005	(12,374)

No Hong Kong Profits Tax has been provided for the period in the condensed consolidated interim financial statements as the Group has tax losses bought forward from previous years (six months ended 30 June 2015: nil).

Corporate income tax arising from operations in the PRC is calculated at the statutory income tax rate of 25% (six months ended 30 June 2015: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax rules and regulations in the PRC.

10. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

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

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share computation	**137,044**	168,318

	Unaudited Six months ended 30 June	
	2016	2015
	'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

There were no dilutive potential ordinary shares during the six months ended 30 June 2016 and 2015 and therefore, the amount of diluted loss per share is same as the amount of basic loss per share.

12. ACCOUNTS AND BILLS RECEIVABLES

	Unaudited 30 June 2016 *HK$'000*	Audited 31 December 2015 *HK$'000*
Accounts receivable	**224,017**	194,649
Bills receivable	**11,675**	5,969
	235,692	200,618
Less: Provision for impairment	**(23,079)**	(15,260)
	212,613	185,358

As at 30 June 2016, accounts receivable of approximately HK$135,147,000 (as at 31 December 2015: approximately HK$143,000,000) were pledged to secure certain borrowings of the Group (note 14).

The Group's sales are billed to customers according to the terms of the relevant agreements. Normally, credit periods ranging from 60 to 180 days (as at 31 December 2015: 60 to 180 days) are allowed. 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:

	Unaudited 30 June 2016 *HK$'000*	Audited 31 December 2015 *HK$'000*
0 – 90 days	**142,058**	115,688
91 – 180 days	**1,888**	27,362
181 – 365 days	**41,376**	8,984
Over 365 days	**15,616**	27,355
	200,938	179,389

Movement in the allowance for impairment of accounts receivable is as follows:

	Unaudited 30 June 2016 *HK$'000*	Audited 31 December 2015 *HK$'000*
At 1 January	**15,260**	14,298
Impairment loss on accounts receivable	**8,298**	1,792
Exchange difference	**(479)**	(830)
At 30 June/31 December	**23,079**	15,260

13. ACCOUNTS AND BILLS PAYABLES

	Unaudited 30 June 2016 *HK$'000*	Audited 31 December 2015 *HK$'000*
Accounts payable	**35,158**	26,838
Bills payable	**762,981**	772,921
	798,139	799,759

The Group was granted by its suppliers' credit periods ranging from 30 to 90 days (as at 31 December 2015: 30 to 90 days). Based on the invoice dates, ageing analysis of the Group's accounts and bills payables at the reporting date is as follows:

	Unaudited 30 June 2016 *HK$'000*	Audited 31 December 2015 *HK$'000*
0 – 90 days	**343,769**	353,572
91 – 180 days	**420,920**	424,013
181 – 365 days	**2,842**	1,756
Over 365 days	**30,608**	20,418
	798,139	799,759

As at 30 June 2016, the Group's bills payable of approximately HK$572,090,000 (as at 31 December 2015: approximately HK$661,310,000) were secured by the pledge of time deposits amounting to approximately HK$572,090,000 (as at 31 December 2015: approximately HK$577,751,000).

As at 30 June 2016, bills payables of approximately HK$155,865,000 (as at 31 December 2015: approximately HK$159,359,000) were guaranteed by independent third parties and approximately HK$35,026,000 (as at 31 December 2015: approximately HK$35,811,000) were jointly guaranteed by a shareholder of the Company and independent third parties.

14. BORROWINGS

	Unaudited 30 June 2016	Audited 31 December 2015
	HK$'000	*HK$'000*
Borrowings repayable within one year and classified as current liabilities	**497,250**	524,985

Analysed as follows:

	Unaudited 30 June 2016			Audited 31 December 2015		
	Annual effective contractual interest rate (%)	**Maturity**	***HK$'000***	Annual effective contractual interest rate (%)	Maturity	*HK$'000*
Secured	**4.35%**	**on demand**	**116,635**	4.04% – 5.35%	on demand	143,001
Secured	**5.02% – 8.71%**	**2016/2017**	**123,758**	5.35% – 6.60%	2016	119,370
Unsecured	**4.79%**	**on demand**	**23,351**	5.89%	on demand	23,874
Unsecured	**4.79% – 13.09%**	**2016/2017**	**233,506**	5.98% – 10.92%	2016	238,740
			497,250			524,985

As at 30 June 2016, borrowings of approximately HK$240,400,000 (as at 31 December 2015: approximately HK$262,400,000) were secured by certain accounts receivable (note 12) and certain mining rights of the Group.

As at 30 June 2016, borrowings of approximately HK$368,822,000 (as at 31 December 2015: approximately HK$393,700,000) were guaranteed by independent third parties and borrowings of approximately HK$128,428,000 (as at 31 December 2015: approximately HK$131,300,000) were jointly guaranteed by a shareholder of the Company and independent third parties.

15. CONTINGENT LIABILITIES

On 28 July 2015, Henan Jinfeng Coal Industrial Group Company Limited* ("**Jinfeng**") entered into an agreement with an independent third party, pursuant to which the parties have agreed to provide mutual guarantees with respect to each other. Both parties agreed that should any party (including its subsidiaries and holding companies) ("**Borrower**") apply for a loan(s) from a bank or financial institution ("**Lender**"), if the Lender so requires, then the other party ("**Guarantor**") shall provide a guarantee(s) for the obligations of the Borrower under the loan on the terms and conditions contained in the agreement. The total amounts to be guaranteed by each party shall not exceed RMB50.0 million. The effective period of the agreement shall be from 28 July 2015 to 28 July 2018 ("**Effective Period**"). For each guarantee to be provided by each party within the Effective Period, the maximum guarantee period is three years from the date of the loan agreement.

As of 30 June 2016, a banking facility amounting to approximately HK$46.7 million (equivalent to RMB40.0 million) have been applied by a subsidiary of the above independent third party and pursuant to the aforesaid agreement, the corresponding amount has been guaranteed by Jinfeng since 29 July 2015.

At the reporting date, no provision for the financial guarantee was made as, in the opinion of the directors of the Company, the fair value of the financial guarantee is insignificant at initial recognition. The directors of the Company do not consider it probable that a claim will be made against the company under the guarantee as of the end of the reporting period.

* *For identification only*

EXTRACTS FROM INDEPENDENT AUDITOR'S REVIEW REPORT ON THE GROUP'S CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 2[#] to the condensed consolidated interim financial statements which indicates that the Group incurred a consolidated net loss of approximately HK$150,459,000 for the six-month period ended 30 June 2016 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$442,659,000. 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.

[#] Being note 2 in this interim results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

BUSINESS AND MARKET REVIEW

During the six months ended 30 June 2016 (the "**Period**"), the Group's performance has been affected by the supply-side structural reform policies carried out in the coal industry, as strictly ordered by the government of the People's Republic of China (the "PRC"). In addition to that, the Group's operation has also been influenced by the low demand of coal in the market resulting from the economic downturn of the economy in China in the recent years. Although the PRC government introduced certain policies with the purpose of supporting the coal industry by relieving the overcapacity problem, the existence of imbalance between coal supply and demand is still the core challenge and need much longer time to be solved progressively.

As compared with last year, the reduction in coal price has been slow down with several reasons: (i) the PRC government policies on coal production have gradually achieved their preliminary stage goal; and (ii) the overall exploited coal stock level in the PRC has been reduced as a result of the decrease in overall coal production in the industry.

Under the current complicated international and domestic economic environment, the length of time for full recovery of domestic and world economy is hardly to be predicted, so as the future trend of coal industry. Although the supply and demand imbalance in the coal market has been slowly relieved, the existing overcapacity and weak demand are the obstacles on the coal price recovery.

Given its stable supply and reliability, coal continues to be an essential resource to provide energy support for the economic growth of the PRC. It is expected that the coal price will be recovered slowly with the continue implementation of the government's policies. Together with the improvement and optimization of the efficiencies of coal production and reduction in operating costs, it may give positive support to the Group's coal mining and trading business in the future.

Financial Review

Revenue

The Group's total revenue for the Period amounted to approximately HK$360.8 million, representing an increase of approximately 5.0% from approximately HK$343.7 million for the six months ended 30 June 2015 (the "**Last Period**"). The increase in revenue was primarily due to the increase in trading of purchased coal during the Period. During the Period, trading of purchased coal and sales from coal production contributed approximately 92.9% (the Last Period: approximately 78.8%) and approximately 7.1% (the Last Period: approximately 21.2%) of the total revenue of the Group. In order to maintain the Group's revenue, the Group has allocated more resources in the business of trading of purchased coal. Therefore, the revenue from the business of trading of purchased coal and the total revenue were increased comparing with the Last Period.

During the Period, the total sales volume of coal, including both production and sale of coal and trading of purchased coal, has reached to approximately 1,010,000 tons which was higher than the sales volume of the Last Period (approximately 871,000 tons) by approximately 15.8%.

Although the sales volume has been improved for the Period, the selling price of coal has kept at relatively low level. The total average selling price of coal has slightly dropped from approximately RMB312.3 per ton for the Last Period to approximately RMB300.8 per ton for the Period.

Cost of Sales and Gross Loss

The cost of sales and gross loss for the Period were approximately HK$398.4 million and approximately HK$37.7 million respectively; while the cost of sales and gross loss for the Last Period were approximately HK$392.3 million and approximately HK$48.6 million respectively. The reduction in gross loss was mainly due to the impact from the decrease in selling price has been outweighted by the increase in sales volume of coal.

During the Period, the Group has continued to increase the proportion of coal trading to support its operation during the poor coal market condition. Since the revenue of the Group contributed by trading of purchased coal was increased, the gross loss and gross loss margin during the Period was less than that for the Last Period.

Net Loss Attributable to the Owners of the Company

The net loss attributable to the owners of the Company for the Period was approximately HK$137.0 million, representing an decrease of approximately 18.6% as compared with the Last Period of approximately HK$168.3 million. The reasons for the decrease in net loss attributable to the owners of the Company were mainly due to: (i) the decrease in gross loss as explained in the precedent paragraph; (ii) the gain on disposal of a subsidiary of approximately HK$2.8 million recognised during the Period; (iii) the decrease in impairment loss on certain tangible and intangible assets; and (iv) the decrease in total administrative expenses because of continuous cost control measurements carried out by the Group in different areas during the Period. Given the prolonged low coal price in the PRC and the recoverable amount of the cash-generating unit is less than its carrying amount, the Group made an impairment loss of approximately HK$62.5 million (the Last Period: approximately HK$72.3 million) and approximately HK$35.1 million (the Last Period: approximately HK$75.1 million) on the property, plant and equipment and the mining rights respectively.

Accounts and Bills Receivables

As at 30 June 2016 (the "**Period End**"), the accounts and bills receivables amounted to approximately HK$212.6 million, representing an increase of 14.7% as compared to that as 31 December 2015 (the "**Last Year End**") of approximately HK$185.4 million. The increase was mainly due to the customers of the Group were also facing with the unfavorable economic condition of the PRC and they have slightly lengthened down the repayment period.

Amongst the total amount of accounts receivable (excluding bills receivable) as at the Period End, Henan Zhongfu Dianli Company Limited* ("**Zhongfu**") (河南中孚電力有限公司) was still the largest debtor with balance amounting to approximately HK$135.1 million (equivalent to approximately RMB115.8 million) or approximately 63.6% of the total accounts receivable, net of 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 balance due from Zhongfu.

* *For identification only*

Accounts and Bills Payables

Bills payable as at the Period End amounted to approximately HK$763.0 million (the Last Year End: approximately HK$772.9 million) which contributed approximately 95.6% (Last Year End: 96.6%) of the total amount of accounts and bills payables as at the Period End, i.e. approximately HK$798.1 million (Last Year End: approximately HK$799.8 million). In order to enhance the accounts payable processes and improve the liquidity of the Group, the Group prefers to use bills to settle payment to certain suppliers. Therefore, bills payable constituted the most essential part of the total accounts and bills payables.

Approximately HK$525.4 million (as at the Last Year End: approximately HK$530.0 million) of the Group's bills payable were solely secured by the Group's pledged bank deposits amounted to approximately HK$525.4 million (as at the Last Year End: approximately HK$530.0 million) as at the Period End.

As at the Period End, approximately HK$58.4 million (as at the Last Year End: approximately HK$59.7 million) of the Group's bills payable were secured by the Group's pledged bank deposits amounted of HK$11.7 million (as at the Last Year End: approximately HK$12.0 million) and were jointly guaranteed by an independent third party; whereas approximately HK$70.0 million (as at the Last Year End: approximately HK$71.6 million) of the Group's bills payable were secured by the Group's pledged bank deposits amounted of HK$35.0 million (as at the Last Year End: approximately HK$35.8 million) and were jointly guaranteed by a shareholder of the Company and independent third parties.

Also, approximately HK$109.2 million (as at the Last Year End: approximately HK$111.6 million) of the Group's bills payable were solely guaranteed by an independent third party as at the Period End.

Other Payables and Accruals

The total amount of other payables and accruals was slightly increased by approximately 1.1% from approximately HK$469.2 million as the Last Year End to approximately HK$474.3 million as at the Period End. As at the Period End, the other payables were mainly comprised of provision for PRC retirement benefit scheme contributions amounting to approximately HK$168.3 million (as at the Last Year End: approximately HK$199.4 million), accrued coal mines related removal and relocation expenses amounting to approximately HK$79.5 million (as at the Last Year End: approximately HK$66.7 million) and accrued workers' wages and benefits amounting to approximately HK$19.4 million (as at the Last Year End: approximately HK$40.2 million).

PROSPECT

Going forward, in view of the preliminary coal output reduction and the low coal stock level in intermediate link, the coal price may be recovered slowly. In spite of this favorable factor, the Group is still lowering the total cost and to increase its revenue generating ability in order to improve its performance. The Group will also review for any potential investment project and may adjust the investment strategy when it is necessary. At the same time, the Group will also focus on cultivating its core business in production and trading of coal. The Board will try its effort to further develop the Group's business and maximizing the shareholders' return in the future.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at the Period End, the net asset value of the Group was approximately HK$216.6 million (as at the Last Year End: approximately HK$377.8 million) and the total cash and bank balance (including pledged bank deposit) was approximately HK$980.8 million (as at the Last Year End: approximately HK$1,119.0 million). As at the Period End, the Group had net current liabilities of approximately HK$442.7 million (as at the Last Year End: approximately HK$421.8 million) and its current ratio was decreased from 0.78 times as at the Last Year End to 0.76 times as at the Period End. The Group's working capital was mainly financed by cash flow generated from its operation and the banking facilities granted by financial institutions.

As at the Period End, the Group's accounts receivable, net of any provision for impairment amounted to approximately HK$200.9 million (as at the Last Year End: approximately HK$179.4 million) and certain accounts receivable were pledged to secure certain borrowings of the Group. Subsequent to 30 June 2016 and up to the date of this announcement, accounts receivable amounted to approximately HK$54.8 million has been collected.

As at the Period End, bank deposits amounted to approximately HK$572.1 million (as at the Last Year End: approximately HK$577.8 million) were pledged for bills payable and were not available for the operation or repayment of debts of the Group. Cash and cash equivalents which were not pledged amounted to approximately HK$408.7 million (as at the Last Year End: approximately HK$541.2 million).

As at the Period End, the Group's total borrowings amounted to approximately HK$497.3 million (as at the Last Year End: approximately HK$525.0 million). The borrowings bear interest at fixed rates ranging from 4.35% to 13.09% per annum (as at the Last Year End: at fixed rates ranging from 4.04% to 10.92% per annum).

As at the Period End, the Group's gearing ratio (as a ratio calculated by (a) the sum of borrowings and amount due to an associate; divided by (b) the net assets of the Group) was 274.3% (as at the Last Year End: 165.2%).

EXCHANGE RISK EXPOSURE

The sales and purchases of the Group are predominantly in Renminbi 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 interim dividend for the six months ended 30 June 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group has a total of approximately 1,200 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 six months ended 30 June 2016, 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 (the "**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, Mr. Ma Yueyong and the non-executive director of the Company, Mr. Li Chunyan were unable to attend the annual general meeting of the Company held in Hong Kong on 30 May 2016 as they were absent from Hong Kong.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control and risk management. The Audit Committee comprises three of the INEDs of the Company, namely Mr. Ma Yueyong (Chairman of the Audit Committee), Dr. Chen Renbao and Mr. Jiang Xiaohui. The audit committee reviewed the condensed consolidated interim financial statements of the Group for the six month period ended 30 June 2016 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 six months ended 30 June 2016.

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 2016 interim report will be despatched to the shareholders and available on the same websites on or before 30 September 2016.

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 August 2016

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.