融信資源
R R H L

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 2016

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2016 amounted to approximately HK$718.9 million (2015: approximately HK$721.8 million);
- Gross loss for the year ended 31 December 2016 amounted to approximately HK$86.2 million (2015: approximately HK$125.5 million);
- Net loss for the year ended 31 December 2016 amounted to approximately HK$261.0 million (2015: approximately HK$370.3 million);
- No final dividend was proposed by the Board for the year ended 31 December 2016 (2015: 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 2016, together with comparative figures for the year ended 31 December 2015, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*4*	**718,879**	721,810
Cost of sales		**(805,095)**	(847,278)
Gross loss		**(86,216)**	(125,468)
Other income	*4*	**59,835**	82,969
Selling and distribution expenses		**(5,874)**	(9,831)
Administrative expenses		**(44,580)**	(61,922)
Other expenses		**(3,510)**	(8,461)
Finance costs	*6*	**(39,656)**	(48,470)
Share of results of associates		**(2,038)**	3,836
Share of results of a joint venture		**(135)**	47
Gain on disposal of an associate		**–**	25,101
Gain on disposal of a subsidiary		**2,783**	–
Impairment loss on accounts receivable, net	*11*	**(20,448)**	(1,792)
Reversal of impairment loss/(impairment loss) on other receivables, net		**551**	(10,766)
Impairment loss on mining rights	*10*	**(64,274)**	(110,298)
Impairment loss on property, plant and equipment	*10*	**(60,768)**	(120,054)
Loss before income tax	*7*	**(264,330)**	(385,109)
Income tax credit	*8*	**3,304**	14,777
Loss for the year		**(261,026)**	(370,332)
Loss for the year attributable to:			
Owners of the Company		**(236,195)**	(335,317)
Non-controlling interests		**(24,831)**	(35,015)
		(261,026)	(370,332)
Loss per share attributable to the owners of the Company			
– Basic and diluted (HK cents)	*9*	**(33.142)**	(47.051)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
Loss for the year	**(261,026)**	(370,332)
Other comprehensive loss for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
– subsidiaries	**(5,903)**	(29,232)
– a joint venture	**(403)**	(354)
– associates	**(6,881)**	(6,056)
	(13,187)	(35,642)
Share of other comprehensive (loss)/income of an associate	**(3,140)**	9,364
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 for the year, net of tax	**(16,505)**	(27,218)
Total comprehensive loss for the year	**(277,531)**	(397,550)
Total comprehensive loss attributable to:		
Owners of the Company	**(251,081)**	(360,063)
Non-controlling interests	**(26,450)**	(37,487)
	(277,531)	(397,550)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**257,799**	372,942
Goodwill		**–**	–
Mining rights		**318,153**	412,362
Other intangible assets		**–**	16
Interests in associates		**97,775**	109,834
Interest in a joint venture		**5,779**	6,317
Available-for-sale financial assets		**660**	706
		680,166	902,177
Current assets			
Inventories		**3,604**	5,344
Accounts and bills receivables	*11*	**176,692**	185,358
Prepayments, deposits and other receivables		**353,416**	147,259
Tax recoverable		**8,516**	9,108
Pledged bank deposits		**523,592**	577,751
Cash and cash equivalents		**178,134**	541,224
		1,243,954	1,466,044
Current liabilities			
Accounts and bills payables	*12*	**732,769**	799,759
Other payables and accruals	*13*	**434,900**	469,213
Provision for reclamation obligations		**90,222**	93,905
Bank loans	*14*	**473,221**	524,985
		1,731,112	1,887,862
Net current liabilities		**(487,158)**	(421,818)
Total assets less current liabilities		**193,008**	480,359

	2016	2015
	HK$'000	*HK$'000*
Non-current liabilities		
Amount due to an associate	**92,593**	99,005
Deferred tax liabilities	**–**	3,526
	92,593	102,531
Net assets	**100,415**	377,828
EQUITY		
Share capital	**71,267**	71,267
Reserves	**80,777**	331,858
Equity attributable to the owners of the Company	**152,044**	403,125
Non-controlling interests	**(51,629)**	(25,297)
Total equity	**100,415**	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**").

The consolidated financial statements for the year ended 31 December 2016 were approved for issue by the board of directors (the "**Board**") of the Company on 30 March 2017.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Adoption of new/revised HKFRSs effective from 1 January 2016

In the current year, the Group has applied a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are mandatorily effective for an accounting period that begins on or after 1 January 2016. These amendments have been applied by the Group for the first time in the current year unless otherwise specified.

HKAS 1 Amendments	Disclosure Initiative
HKAS 16 and HKAS 38 Amendments	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 Amendments	Agriculture: Bearer Plants
HKFRS 10, HKFRS 12 and HKAS 28 Amendments	Investment Entities: Applying the Consolidation Exception
HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The adoption of these new standard, amendments to standards and improvements do not have significant impact on the Group's financial performance and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

3. GOING CONCERN BASIS

The Group incurred a consolidated net loss of approximately HK$261,026,000 (2015: approximately HK$370,332,000) for the year ended 31 December 2016 and, as of that date, the Group had net current liabilities of approximately HK$487,158,000 (2015: approximately HK$421,818,000). 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 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 RMB85,000,000 (2015: RMB90,000,000) (equivalent to approximately HK$94,894,000 (2015:approximately HK$107,433,000)) upon its expiry if there is no significant adverse changes in the operational and financial conditions of the major PRC subsidiaries of the Group. Besides, 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$446,560,000) 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 facilities;

(c) The Group has been liaising with certain banks in relation to the renewal of its borrowing amounting to RMB423,881,000 (equivalent to approximately HK$473,221,000) as at 31 December 2016, which would be due within twelve months from the reporting date. Subsequent to the end of the reporting period and up to the date when the consolidated financial statements are authorised for issuance, the Group has renewed certain bank borrowings with an aggregate principal amount of RMB90,000,000 (equivalent to approximately HK$100,476,000). In the opinion of the directors of the Company, considered the long term relationships and their understanding from banks, the remaining bank borrowings with an aggregate principal amount of RMB303,817,000 (equivalent to approximately HK$339,181,000) that will be due for payment within 12 months from the reporting date will be renewed upon maturity; and

(d) 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 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 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 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 consolidated financial statements.

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 the trading of purchased coal.

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Production and sale of coal	**108,219**	156,764
Trading of purchased coal	**610,660**	565,046
	718,879	721,810
Other income		
Bank interest income	**18,423**	33,496
Gain on disposals of property, plant and equipment	**–**	175
Reversal of provision for central pension scheme	**39,979**	46,684
Sale of ancillary materials	**120**	264
Others	**1,313**	2,350
	59,835	82,969

5. 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 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 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 asset.

Information about a major customer

During the year ended 31 December 2016, approximately HK$628.5 million or 87.4% (2015: approximately HK$643.6 million or 89.2%) of the Group's revenue was derived from a customer.

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
An analysis of finance costs is as follows:		
Interest on bank loans	**36,085**	42,366
Bank charges on bills receivable discounted with recourse	**3,571**	6,104
	39,656	48,470

7. LOSS BEFORE INCOME TAX

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

	2016	2015
	HK$'000	*HK$'000*
Amortisation of mining rights**	**6,388**	9,047
Amortisation of other intangible assets**	**16**	69
Auditor's remuneration**	**1,220**	1,150
Cost of inventories recognised as expenses	**681,695**	752,385
Depreciation*	**36,928**	45,392
Employee benefits expense (including compensation of key management personnel)	**94,501**	165,498
Exchange differences, net	**(1)**	56
Gain on disposals of property, plant and equipment	**–**	(175)
Impairment loss on accounts receivable (note 11)	**20,448**	1,792
(Reversal of impairment loss)/impairment loss on other receivables, net	**(551)**	10,766
Impairment loss on mining rights	**64,274**	110,298
Impairment loss on property, plant and equipment	**60,768**	120,054
Minimum lease payments under operating leases on land, buildings and office equipment**	**1,581**	2,677
Provision for reclamation obligations	**5,884**	8,077

* Depreciation of approximately HK$34.2 million (2015: approximately HK$41.0 million) has been included in cost of sales and approximately HK$2.7 million (2015: approximately HK$4.4 million) has been included in administrative expenses in the consolidated income statement.

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

8. INCOME TAX CREDIT

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 (2015: Nil).

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

	2016	2015
	HK$'000	*HK$'000*
Current tax – PRC income tax expense		
– Under-provision in respect of prior year	**148**	45
	148	45
Deferred tax credit		
– Current year	**(3,452)**	(14,822)
	(3,304)	(14,777)

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

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

	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share computation	**(236,195)**	(335,317)

	2016	2015
	Number of Shares	Number of shares
	'000	*'000*
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 years ended 31 December 2016 and 2015 and therefore, the amount of diluted loss per share is same as the amount of basic loss per share.

10. IMPAIRMENT TESTING ON MINING RIGHTS AND PROPERTY, PLANT AND EQUIPMENT

Based on the assessment of the recoverable amount of the cash-generating unit ("CGU") of production and sale of coal, as at 31 December 2016, the recoverable amount of the CGU is less than the carrying amount. As a result, the Group made an impairment loss of approximately HK$60.8 million (2015: approximately HK$120.1 million) and approximately HK$64.3 million (2015: approximately HK$110.3 million) on the property, plant and equipment and the mining rights respectively associated with this CGU. The recoverable amount is allocated according to the carrying amounts of property, plant and equipment and mining rights.

11. ACCOUNTS AND BILLS RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Accounts receivable	**207,945**	194,649
Bills receivable	**2,553**	5,969
	210,498	200,618
Less: Provision for impairment	**(33,806)**	(15,260)
	176,692	185,358

The Group's sales are billed to customers according to the terms of the relevant agreements. Normally, credit periods ranging from 30 to 180 days (2015: 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:

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**165,226**	115,688
91 – 180 days	**4,360**	27,362
181 – 365 days	**3,995**	8,984
Over 365 days	**558**	27,355
	174,139	179,389

Ageing analysis of the Group's accounts receivable net of provision for impairment, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**169,586**	143,050
Past due for less than 3 months	**3,995**	2,281
Past due for more than 3 months but less than 6 months	**558**	6,703
Past due for more than 6 months but less than 1 year	**–**	5,637
Past due for more than 1 year	**–**	21,718
	174,139	179,389

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

	2016	2015
	HK$'000	*HK$'000*
At 1 January	**15,260**	14,298
Impairment loss on accounts receivable	**20,448**	1,792
Exchange difference	**(1,902)**	(830)
At 31 December	**33,806**	15,260

At each reporting date, the Group reviews accounts receivable for evidence of impairment on an individual and collective bases. As at 31 December 2016, the Group determined accounts receivable of approximately HK$33.8 million as individually impaired (2015: approximately HK$15.3 million). Impairment loss of approximately HK$20.4 million has been recognised in the consolidated income statement during the year (2015: approximately HK$1.8 million).

Accounts receivable that were neither past due nor impaired related to customers for whom there was no recent history of default.

Accounts receivable that were past due but not impaired related to customers that had been the Group's customers for more than 1 year and had a good track record of credit with the Group with no history of default in the past. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of accounts receivable past due but not impaired.

12. ACCOUNTS AND BILLS PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Accounts payable	**31,111**	26,838
Bills payable	**701,658**	772,921
	732,769	799,759

The Group was granted by its certain suppliers with credit periods normally ranging from 30 to 90 days (2015: 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:

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**3,987**	2,624
91 – 180 days	**277**	2,040
181 – 365 days	**342**	1,756
Over 365 days	**26,505**	20,418
	31,111	26,838

As at 31 December 2016, bills payable of approximately HK$597.3 million (2015: approximately HK$661.3 million) were secured by the pledged time deposits amounted approximately HK$524.0 million (2015: approximately HK$577.7 million).

As at 31 December 2016, bills payable of approximately HK$154.6 million (2015: approximately HK$159.4 million) were guaranteed by certain independent third parties and approximately HK$67.0 million (2015: HK$35.8 million) were jointly guaranteed by a shareholder of the Company and certain independent third parties.

13 OTHER PAYABLES AND ACCRUALS

	2016	2015
	HK$'000	*HK$'000*
Accruals	**195,614**	239,632
Other payables	**216,504**	218,686
Receipts in advance	**22,782**	10,895
	434,900	469,213

Included in other payables as of 31 December 2016, there were loans amounting to approximately HK$8.0 million (2015: approximately HK$1.4 million) advanced from a director of the Company, who is also a shareholder of the Company. The balances are unsecured, interest-free and repayable on demand.

14. BANK LOANS

	2016 *HK$'000*	2015 *HK$'000*
Bank loans repayable within one year and classified as current liabilities	**473,221**	524,985

	2016			2015		
	Annual effective contractual interest rate (%)	**Maturity**	**HK$'000**	Annual effective contractual interest rate (%)	Maturity	HK$'000
Secured	**2.90% – 9.00%**	**on demand**	**138,301**	4.04%-5.35%	on demand	143,001
Secured	**4.84% – 7.31%**	**2017**	**100,476**	5.35%-6.60%	2016	119,370
Unsecured	**4.79%**	**on demand**	**22,328**	5.89%	on demand	23,874
Unsecured	**4.79% – 13.10%**	**2017**	**212,116**	5.98%-10.92%	2016	238,740
			473,221			524,985

As at 31 December 2016, bank loans of approximately HK$238.8 million (2015: approximately HK$262.4 million) were secured by certain accounts receivable (note 11) and certain mining rights of the Group (2015: secured by certain accounts receivable and certain mining rights of the Group).

As at 31 December 2016, bank loans of approximately HK$356.0 million (2015: approximately HK$393.7 million) were guaranteed by certain independent third parties and bank loans of approximately HK$117.2 million (2015: approximately HK$131.3 million) were jointly guaranteed by a shareholder of the Company and certain independent third parties.

15. DISPOSAL OF A SUBIDIARY

During the current year, the Group entered into a sale and purchase agreement with an independent third party to dispose of all equity interest in Denfeng Jinfeng Mining Equipment Company Limited[#] ("Jinfeng Mining Equipment") (登封金豐礦山設備有限公司), an indirect 90% owned subsidiary, that carried out trading of mining equipment and consumable tools, at a consideration of 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 of Jinfeng Mining Equipment.

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

	HK$'000
Property, plant and equipment	357
Inventories	1,803
Trade receivables	22,076
Other receivables, net	18
Cash and cash equivalents	2
Trade payables	(17,031)
Other payables	(3,453)
Tax payables	(11)
Dividend payables	(4,938)
Non-controlling interests	100
Net liabilities disposal of	(1,077)
Release of exchange fluctuation reserve upon disposal of a subsidiary	(160)
	(1,237)
Gain on disposal of a subsidiary	2,783
Total consideration	1,546
Net cash inflow on disposal of a subsidiary for the current year:	
Consideration received in cash and cash equivalents	1,546
Less: cash and cash equivalents of a subsidiary disposed of	(2)
Net cash inflow on disposal of a subsidiary for the current year	1,544

\# *For identification purpose only*

16. EVENT AFTER THE REPORTING PERIOD

On 10 January 2017, the Company announced that as requested by the relevant government authority, all the coal mines (including all the Group's coal mines) located in Dengfeng City, Henan Province, the PRC, have to be suspended for production and operation. The suspension was due to a gas outburst that occurred recently in a coal mine (not owned by the Group) of Denfeng City.

Details of the suspension were set out in the announcement of the Company dated 10 January 2017.

17. DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 December 2016.

18. COMPARATIVE FIGURES

To conform with the current year's presentation in the consolidated income statement, approximately HK$1,792,000 was reclassified from administrative expenses to impairment loss on accounts receivable for the year ended 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Market Review

Year 2016 was an important year for most of coal mining companies of the PRC. During the year 2016, the supply-side reform for the coal industry carried out in the past few years has obviously achieved. The excess production capacities and stock of coal within the mainland China have been soothed hence the imbalance of demand and supply for coal has been improved. Therefore, the market price of the coal has reached the lowest during the down-trend in past few years and got a turnaround point during the year 2016. Nevertheless, coal mining companies are still facing different extent of pressure in view of the overcapacity accumulated in the past and the general increase in production cost.

Although the coal mining industry is still facing different challenges, the revenue recorded by the Company was relatively stable. For the year ended 31 December 2016 (the "**Year**"), the Company recorded revenue of approximately HK$718.9 million, which was similar to the revenue recorded for the year ended 31 December 2015 (the "**Last Year**") (i.e. approximately HK$721.8 million). The average selling price of coal has increased from RMB301.1 per ton for the Last Year to RMB324.5 per ton for the Year. The Company's gross loss has improved from approximately HK$125.5 million for the Last Year to approximately HK$86.2 million for the Year.

With the market price of coal has been improved during the Year, the amount of impairment loss calculated from the impairment assessment on non-financial assets of the cash generating unit has been reduced (the Year: approximately HK$125.0 million, the Last Year: approximately HK$230.3 million). The decrease in impairment loss was the major reason caused the reduction of net loss of the Group for the Year (the Year: approximately HK$261.0 million, the Last Year: approximately HK$370.3 million).

The GDP of China for the year 2016 was 6.7%. Although it reached the new low amongst the past 26 years, it is expected that the trend of downturn has become stabilized. Under the current economic environment, the coal industry has sufficient time to overcome the overcapacity of coal resources and re-consolidate the coal reserves with their own resources and/or other coal mines so as to utilize the coal resources in a more effective manner.

Given the coal energy is stable in nature, coal continues to be an essential resource to provide energy support for the economic growth of the PRC. It is found that the coal price has been rebounded gradually under the successful implementation of the PRC government's control policies on coal industry. 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.

Suspension of coal mines

Reference is made to the announcement of the Company date 10 January 2017 in relation to the suspension of coal mines. The suspension was due to a gas outburst that occurred in a coal mine of Denfeng City. The relevant government authority has requested that all the coal mines within the Dengfeng City (including all the Group's coal mines) to be suspended in production and operation.

Financial Review

Revenue

The Group's total revenue for the Year amounted to approximately HK$718.9 million, representing a decrease of approximately 0.4% from approximately HK$721.8 million for the Last Year. The decrease in revenue was primarily due to the decrease in sales from coal production during the Year. During the Year, the total sales volume of coal has reached to approximately 1,896,000 tons which was less than the sales volume of the Last Year (approximately 1,929,000 tons) by approximately 1.7%, in which, approximately 1,569,000 tons or approximately 82.8% (the Last Year: approximately 1,316,000 tons or approximately 68.2%) and approximately 326,000 tons or approximately 17.2% (the Last Year: approximately 613,000 tons or approximately 31.8%) were contributed by coal trading business and sales from coal production respectively.

Coal prices in the PRC were fluctuating during the first half year of 2016, indicating relatively low production and selling price of coals sold by the Group. However, the market coal price in the PRC started to increase from the third quarter of 2016, and jumped to RMB393.2 per ton in the fourth quarter of 2016. The average selling price of coal has increased from approximately RMB301.1 per ton for the Last Year to approximately RMB324.5 per ton for the Year. The slightly decrease in revenue was mainly due to the decrease in sales volume, although it was partially offset by the fluctuating coal prices.

Cost of Sales and Gross Loss

The cost of sales and gross loss for the Year were approximately HK$805.1 million (the Last Year: approximately HK$847.3 million) and approximately HK$86.2 million (the Last Year: approximately HK$125.5 million) respectively. The decrease in gross loss was mainly due to the improvement in average selling price and the effective of cost control. During the Year, the Group had enhanced its cost control strategy and utilized the assets to lower the unit cost of coal mine to support its operation during the unfavorable market condition. Therefore, the cost of sales was comparatively low and the gross loss has been improved consequently.

The gross loss margin was decreased from approximately 17.4% for the Last Year to approximately 12.0% for the Year. During the Year, the average selling price per ton of the coal produced by the Group's coal mines was greater than that in the Last Year (The Year: approximately RMB283.9 per ton, the Last Year: approximately RMB205.8 per ton). The decrease in gross loss margin was mainly due to the increase in average selling coal price in the second half of year 2016 and the continuous cost effective management. The increase in average selling price was associated with the continuing growth of coal demand in the PRC. The coal industry in the PRC has achieved a sustainable growth since the third quarter of 2016. As such, the gross loss and gross loss margin for the Year were less than that for the Last Year.

Net Loss Attributable to the Owners of the Company

The net loss attributable to the owners of the Company for the Year was approximately HK$236.2 million, representing a decrease of approximately 29.6% as compared with the Last Year of approximately HK$335.3 million. The reasons for the decrease in net loss attributable to the owners of the Company were mainly due to the decrease in impairment loss on certain assets during the impairment assessment as compared to the Last Year.

Though the coal market in the PRC was rapidly grew since the third quarter of 2016, the shifting consumption patterns of alternative energy and the higher requirement on coal mines safety and environmental protection may lead to unpredicted market trends and high operating costs. Given the lower sales volume of coal in the tough market conditions and the relatively low market coal price in the PRC in the first half of 2016, and taking consideration of the recent coal industry trends and the macro environment, the recoverable amount of the cash-generating unit is less than its carrying amount, the Group made an impairment loss of approximately HK$60.8 million (the Last Year: approximately HK$120.0 million) and approximately HK$64.3 million (the Last Year: approximately HK$110.3 million) on the property, plant and equipment and the mining rights respectively.

Administrative Expenses

During the Year, the total administrative expenses amounted to approximately HK$44.6 million (the Last Year: approximately HK$61.9 million) which mainly comprised of: (i) employee benefit expenses of approximately HK$17.4 million (the Last Year: approximately HK$27.3 million), (ii) amortisation of mining right and other intangible assets amounted to approximately HK$6.4 million (the Last Year: approximately HK$9.1 million), and (iii) depreciation of property, plant and equipment amounted to approximately HK$2.7 million (the Last Year: approximately HK$4.4 million). The decrease in total administrative expenses was mainly because of continuous cost control measurements carried out by the Group in different areas during the Year.

Finance Costs

The finance costs decreased by approximately 18.2% from approximately HK$48.5 million for the Last Year to approximately HK$39.7 million for the Year. The decrease in the finance costs was mainly due to the decrease in the average amount of bank borrowings during the Year.

Accounts and Bills Receivables

As at 31 December 2016 (the "**Current Year End**"), the accounts and bills receivables amounted to approximately HK$176.7 million, representing an decrease of approximately 4.7% as compared to the accounts and bills receivables as at 31 December 2015 (the "**Last Year End**") of approximately HK$185.4 million. The decrease was mainly because the management monitors the economic environment and the financial ability of new customer on an ongoing basis; meanwhile, the customers of the Group have slightly accelerated the repayment period.

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 who has contributed approximately HK$131.2 million (equivalent to approximately RMB117.6 million) or approximately 75.4% of the total accounts receivable amount. 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

Bills payable as at the Current Year End amounted to approximately HK$701.7 million (the Last Year End: approximately HK$772.9 million) which contributed approximately 95.8% (the Last Year End: approximately 96.6%) of the total amount of accounts and bills payables as at the Current Year End, i.e. approximately HK$732.8 million (the Last Year End: approximately HK$799.8 million). In order to enhance the operational cash flow and liquidity, relatively higher proportion of bills were issued to suppliers for settlement. The bills payable as at the Current Year End has slightly decreased by approximately HK$71.2 million or approximately 9.2%.

Other Payables and Accruals

The total amount of other payables and accruals have been decreased by approximately 7.3% from approximately HK$469.2 million as at the Last Year End to approximately HK$434.9 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$170.5 million (the Last Year End: approximately HK$199.4 million), accrued coal mines related removal and relocation expenses amounted to approximately HK$56.0 million (the Last Year End: approximately HK$66.7 million), receipt in advance amounted to approximately HK$22.7 million (the Last Year End: approximately HK$10.9 million), accrued workers' wages and benefits amounted to approximately HK$20.5 million (the Last Year End: approximately HK$40.2 million), and advance from a director of the Company amounting to approximately HK$8.0 million (the Last Year End: approximately HK$1.4 million). Advance from a director of the Company was unsecured, interest-free and repayable on demand.

PROSPECT

The coal industry in China is facing both opportunities and challenges. In the coming year, it is expected that both the global economy and the economy of China are still full of uncertainties. As industrialization and urbanization progresses, China sees the continued growth in its energy demand and coal-fired power will continue to be the mainstream offering in the territory. The Group anticipated that in year 2017, the Group will achieve a relatively stable coal production and trading business. The Group will continue to focus on the operating efficiency and cost control of the Group's coal mines.

* *For identification purpose only*

Looking ahead, the PRC government will continue to promote the supply-side structural reform and resolve the excess capacity of the coal in the industry. The implementation of such efforts is expected to alleviate the pressure of coal industry. The Group will also continue to review the strategic directions and maintain its operational steadiness for curbing the loss and alleviating operational pressure with a view to enhance its future development.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at the Current Year End, the net asset value of the Group was approximately HK$100.4 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$701.7 million (as at the Last Year End: approximately HK$1,119.0 million). As at the Current Year End, the Group had net current liabilities of approximately HK$487.2 million (as at the Last Year End: approximately HK$421.8 million) and its current ratio decreased from 0.78 times as at the Last Year End to 0.72 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$174.1 million (as at the Last Year End: approximately HK$179.4 million) and certain accounts receivable were pledged to secure bank loans of the Group. Subsequent to 31 December 2016 and up to the date of this announcement, accounts receivable amounted to approximately HK$103.9 million has been settled.

As at the Current Year End, bank deposits amounted to approximately HK$523.6 million (as at the Last Year End: approximately HK$577.8 million) were pledged and not available for the operation or repayment of debts of the Group. Cash and cash equivalents which were not pledged amounted to approximately HK$178.1 million (as at the Last Year End: approximately HK$541.2 million).

As at the Current Year End, the Group has bank loans amounting to approximately HK$473.2 million (as at the Last Year End: approximately HK$525.0 million). The bank loans bear interest at fixed rates ranging from 2.90% to 13.10% per annum (as at the Last Year End: at fixed rates ranging from 4.04% to 10.92% per annum).

As at the Current Year End, approximately HK$597.3 million (as at the Last Year End: approximately HK$661.3 million) of the Group's bills payable were secured by the Group's pledged time deposits, in which approximately HK$50.2 million (as at the Last Year End: approximately HK$59.7 million) were guaranteed by certain independent third parties whereas approximately HK$67.0 million (as at the Last Year End: approximately HK$71.6 million) were jointly guaranteed by a shareholder of the Company and certain independent third parties. Also, approximately HK$104.4 million (as at the Last Year End: approximately HK$111.6 million) of the Group's bills payable were guaranteed solely by certain independent third parties without pledging of time deposits as at the Current Year End.

The Group's gearing ratio (as a ratio calculated by (a) the sum of bank loans and amount due to an associate; divided by (b) the net assets of the Group) was 563.5% (as at the Last Year End: 165.2%).

CORPORATE SOCIAL RESPONSIBILITY

To enhance the business social responsibility and to improve its result, the Group has always been dedicated to fulfilling its social responsibility. In deciding the appropriate policies, the Group takes into consideration the impact on the environment, the community and its employees, The Group has objective to achieve the balance between economic benefit and the environmental protection, as well as sustainable development for the entire community.

The Group will inform its employees about the environmental protection information that they can utilise in their working environment. It is a wish that with a concept to be developed amongst the employees, the Group and the employees as a whole can contribute in environment protection.

In addition to the normal remuneration packages entitled to the employees, the Group has provided them with other benefits, such as medical subsidies and insurance, etc., for the purpose of giving them job security. This has cultivated stronger sense of belonging to the Group for its employees and created a working environment of high spirit.

CAPITAL COMMITMENTS

As at 31 December 2016, the Group did not have any capital commitments.

EVENTS AFTER THE REPORTING PERIOD

On 10 January 2017, the Company announced that as requested by the relevant government authority, all the coal mines (including all the Group's coal mines) located in Dengfeng City, Henan Province, the PRC, have to be suspended for production and operation. The suspension was due to a gas outburst that occurred recently in a coal mine (not owned by the Group) of Denfeng City.

Details of the suspension were set out in the announcement of the Company dated 10 January 2017.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this announcement, the Group had not made any material acquisitions, disposal of subsidiaries and associated companies or significant investment during the year ended 31 December 2016.

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 2016.

Opinion

In our opinion, the Group Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 3.1 to the consolidated financial statements which indicates that the Group incurred a consolidated net loss of approximately HK$261,026,000 for the year ended 31 December 2016 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$487,158,000. 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. Our opinion is not modified in respect of this matter.

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.

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.

CLOSURE OF REGISTER OF MEMBERS

The 2017 Annual General Meeting (the "**AGM**") of the Company is scheduled on Friday, 26 May 2017. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 23 May 2017 to Friday, 26 May 2017, both days inclusive. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 22 May 2017.

DIVIDEND

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group has a total of approximately 1,181 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 non-executive director of the Company, Mr. Li Chunyan and the independent non-executive director of the Company, Mr. Ma Yueyong was unable to attend the 2016 annual general meeting of the Company held on 30 May 2016 due to other business engagement.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in respect of this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

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, internal controls and risk management. 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 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 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 2016 annual report will be despatched to the shareholders and available on the same websites on or before 30 April 2017.

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 30 March 2017

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.