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Rosan Resources Holdings Limited

融信資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 578)

QUARTERLY UPDATE ANNOUNCEMENT

This announcement is made by the board of directors (the “**Board**”) of Rosan Resources Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 30 March 2021, 10 May 2021, 26 May 2021, 30 June 2021, 1 September 2021 and 4 October 2021 (“**Announcements**”) in relation to, among other things, (i) the delay in publication of the annual results of the Company for the year ended 31 December 2020, (ii) certain guarantees provided by a subsidiary of the Group, (iii) the resumption guidance issued by the Stock Exchange, (iv) quarterly update on suspension of trading and (v) the delay in publication of the interim results of the Company for the six months ended 30 June 2021, respectively. Unless otherwise stated, capitalised term used in this announcement shall have the same meaning as those defined in the Announcements.

BUSINESS OPERATIONS

The Group’s core businesses are (i) operating a coal mine which produces thermal coal for the production of electricity, and (ii) manufacturing and sale of building materials for building construction. The main operation of both activities is primarily located in Henan province near Zhengzhou city.

Coal mining business

As disclosed previously, the Group's core operating arm, Xiangyang Coal Mine, continues to be affected by the temporary mining suspension guidance from local government and reduced workforce mobility as a result of the COVID-19 epidemic. After the rainstorm and flooding in July 2021, part of the facilities in Xiangyang Coal Mine were damaged and restoration works were still undergoing. During the first nine months of 2021, the Group's coal business has experienced a temporary slow down in operations, and as at the date of this announcement, Xiangyang Coal Mine is still under maintenance and repairment. The management of Xiangyang expects such maintenance and repairment works would complete in the first quarter of 2022 and by then Xiangyang Coal Mine shall be able to resume its operation.

Building materials business

For the building materials business, as stated in the last quarterly update announcement of the Company dated 4 October 2021, it was affected by the rainstorm and flooding in Henan province in July 2021 together with the accompanying power failure and the lockdown policy due to COVID-19 epidemic, which caused temporary suspension of the local factories' production. During the past three months from 1 October 2021, such restrictions have been relieved in general and therefore the operation of such business segment has resumed and is operating normally.

As of the date of this announcement, the day-to-day operations of the Group have not been affected by the delay in publication of the 2020 Annual Results, the delay in publication of the 2021 Interim Results and the suspension of trading in the shares of the Company on the Stock Exchange.

UPDATE ON CERTAIN GUARANTEES PROVIDED BY A SUBSIDIARY OF THE COMPANY

As disclosed in the announcement of the Company dated 9 May 2021, there are several guarantees provided by Xiangyang in favour of independent third parties lenders in support of borrowings concerning certain connected persons of the Company, namely, Jinfeng, Mr. Bao and his wife.

As informed by the relevant connected person, as at the date of this announcement, the principal amount of Loan B in the amount of RMB5 million has been fully repaid and the outstanding accrued interest will be settled shortly. Moreover, certain principal amount of Loan A, Loan C and Loan D have been repaid in accordance with the settlement schedule agreed between the relevant connected persons as borrowers and the respective lenders.

The Board consider such development positive and the potential liability of Xiangyang under the guarantees in respect of the relevant loans have been further reduced.

The Company shall make such further announcement(s) to provide the details of the guarantees and any additional findings upon completion of the Forensic Investigation and will propose suitable remedial action to ratify or remedy the matters.

UPDATE ON RESUMPTION PROGRESS

The Board wishes to update the Shareholders and potential investors of the Company the latest development on the status and progress of the Company's efforts to fulfil the Resumption Guidance as at the date of this announcement as follows:

Forensic investigation

As disclosed in the announcement of the Company dated 9 May 2021, the Investigation Committee, currently comprising all the independent non-executive directors of the Company, has been established to, inter alia, engage competent professional advisors to perform in-depth investigation into the Issues.

On 27 July 2021, FTI Consulting (China) Limited has been appointed as the Forensic Investigator to conduct the Forensic Investigation. As part of the investigation work of the Forensic Investigator, they intended to visit Henan province to conduct interviews with certain personnel's of Xiangyang, Jinfeng and a member of third parties lenders, and to retrieve or collect records (in original formats) in relation to the guarantees in concern. Yet, as disclosed in the announcement of the Company dated 4 October 2021, the field work of the Forensic Investigation could not immediately begin after the appointment due to various limitations. As widely reported in the news, since mid-July 2021 Henan, in particular Zhengzhou and its nearby area where the relevant entities located at was hard hit by rainstorm and the worst flooding in decades, followed by the resurgence of COVID-19 since mid-August 2021 which attracts stringent movement control measures in the area that prohibits transport or visit from other regions. Although the outbreak of COVID-19 in Henan became under control in September 2021, there remained a lot of travel restriction and the risk of resurgence of COVID-19 remained uncertain. Therefore, out of practical difficulties in travel and safety concern of the staff members of the Forensic Investigator, the field work of the Forensic Investigation has been delayed. As an alternative, with assistance from staff personnel of Xiangyang and Jinfeng, the Forensic Investigator has been provided with selected records and documents for preliminary review on a remote basis.

In early November 2021, once the condition of COVID-19 became stable and the movement control measures were largely relieved and the risk of visiting Henan Province minimized, the Forensic Investigator has immediately commenced the field work. As at early December 2021, the field work has been substantially conducted and the Forensic Investigator is in the course of analysing the information gathered and after liaising with the Company, in mid-December 2021, the Foreseeing Investigator agreed to undertake certain additional investigation procedures, specifically for tailored forensic technology collection and analysis, to address certain limitations arising during the Forensic Investigation, and to address comments previously raised by former auditors of the Company.

The Company considers the Forensic Investigation progress is ongoing, and the draft findings are expected to be available by January 2022, subject to completion of the additional investigation procedures to be performed in due course. The Company will make relevant announcement as and when appropriate.

Review of internal control

Based on the findings of the Forensic Investigation, where applicable, the Forensic Investigator will assess whether there are apparent potential weaknesses or deficiencies in the Company's internal control systems, environment and processes in relation to management approval, record keeping and upward reporting and disclosure of loan guarantee agreements entered into by the Company and its main operating subsidiaries.

Publication of outstanding financial results

As disclosed in the announcements of the Company dated 30 March 2021, 16 April 2021, 9 May 2021 and 3 September 2021, the publication of the 2020 Annual Results has been delayed pending the outcome of the Forensic Investigation regarding the Issues.

As disclosed in the announcement of the Company dated 15 October 2021, the Company has appointed McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”) as the auditors to fill the casual vacancy following the resignation of Moore Stephens and to hold office until the conclusion of the next annual general meeting of the Company.

As at the date of this announcement, McMillan Woods has commenced the audit work of the Group and the Company is preparing the 2020 Annual Results. The completion of the audit work for the 2020 Annual Results as a whole would be subject to the results of the Forensic Investigation. The 2021 interim Results preparation has already commenced, however, it is still subject to the finalized figures 2020 Annual Results as the opening balance figures as at 1 January 2021. The audit work is ongoing and the Company will closely monitor the progress and announce the proposed date of publication of the 2020 Annual Results and the 2021 Interim Results as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 and shall remain suspended until further notice.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
Rosan Resources Holdings Limited
Bao Hongkai
Chairman

Hong Kong, 31 December 2021

As at the date of this announcement, the executive directors are Mr. Bao Hongkai, Mr. Dong Cunling, Mr. Li Xiangfei, Mr. Sun Shusheng and Mr. Zhang Yi; the non-executive director is Mr. Li Chunyan; and the independent non-executive directors are Mr. Kelvin Kin-cheong Ho, Mr. Ma Geng and Mr. Wan Tze Fan Terence.