

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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, 4 October 2021 and 31 December 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, as well as the damage done to the mine by the rainstorm and flooding in July 2021. As disclosed in the announcement dated 31 December 2021, Xiangyang Coal Mine was under maintenance and repairment, and as at the date of this announcement, due to the continue raining and repeated epidemics, Xiangyang Coal Mine is still under maintenance and repairment. The management of Xiangyang expects such maintenance and repairment works would complete in the third quarter of 2022 and by then Xiangyang Coal Mine should be able to resume its operation.

## **Building materials business**

For the three months ended 31 March 2022, operation of the building materials business continues to operate normally. However, affected by the market performance of the real estate industry, demand for building material is sluggish, and the price and sales volume decline.

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 disclosed previously in the announcement dated 31 December 2021, the principal amount of Loan B in the amount of RMB5 million has been fully repaid. The Company wishes to clarify that up to 31 December 2021, certain principal amount of Loan A and Loan C have been repaid and the principal amount of Loan D remained outstanding. As informed by the connected persons, during the three months ended 31 March 2022, further repayment of part of the principal amounts of Loan A and Loan D have been made. Settlement schedules were agreed for Loan A, Loan B and Loan D and certain repayments were made pursuant thereto in the past, but later the loans were not repaid in accordance with those schedules, but as far as the borrowers are aware, no further legal action has been taken by the relevant lenders so far, and the relevant borrowers have continued in negotiating with the lenders on the repayment arrangement, and will make further repayment for the loans in due course.

The Company shall make such further announcement(s) to provide the details of the guarantees upon completion of the 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 and 31 December 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.

### ***Forensic Investigation in relation to Loan A, B, C and D***

On 27 July 2021, FTI Consulting (China) Limited has been appointed as the Forensic Investigator to conduct the Forensic Investigation. The Forensic Investigation had since then been delayed due to movement control measures adopted in the PRC in response to the outbreak of COVID-19 as well as the flooding in Henan Province. 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. The field work as well as certain additional investigation procedures, specifically for tailored forensic technology collection and analysis, has been substantially conducted and completed.

### *Actual or potential additional guarantees for Loan E, F and G*

Moreover, during the course of review by the Company and the investigation by the Forensic Investigator, there are a few actual or potential guarantees by Xiangyang discovered as follows:

#### *Loan E, Loan F and Guarantee E, Guarantee F*

A guarantee (“**Guarantee E**”) was provided by Xiangyang in favour of Henan Dengfeng Rural Commercial Bank Company Limited (河南登封農村商業銀行股份有限公司\*) in January 2017 for a loan borrowed by Zhengzhou Guangxian Industrial and Trading Company Limited (鄭州廣賢工貿有限公司\*) with principal amount of Renminbi (“**RMB**”) 50 million (“**Loan E**”). As informed the management of Xiangyang, such loan and guarantee were both renewed with the revised amount of HK\$49.94 million on 17 January 2020 (“**Loan F**” and “**Guarantee F**” respectively). Based on the information that the Company have gathered so far and currently made available to the Company, each of the lender and the borrower mentioned above is a third party independent of the Company and its connected persons, and the borrower is a trading partner of Xiangyang for coal mining products.

#### *Potential Loan G and Potential Guarantee G*

It was also shown from searches on Xiangyang that on 31 December 2019, a guarantee (“**Guarantee G**”) had purportedly been given by Xiangyang for the loan borrowed by Henan Yangguang carborundum Company Limited (河南陽光碳化矽有限公司\*) in the amount of RMB5 million (“**Loan G**”). Based on the information that the Company have gathered so far and currently made available to the Company, the borrower is a company owned as to 40% by the chairman and executive Director, Mr. Bao Hongkai, and therefore is an associate of Mr. Bao, and hence a connected person (as defined in the Listing Rules) of the Company. The borrower is also owned as to 10% by another executive Director of the Company, Mr. Dong Culing. However, according to the management of Xiangyang, such Loan G and/or the Guarantee G did not materialise and therefore should be a mistake when reflected in the searches, which require further clarification.

Both the Company and the Forensic Investigator have limited information in relation to the above loans and guarantees at the moment. The Independent Investigator Committee has decided to extend the scope of investigation to cover the above-mentioned additional loans and guarantees, and is in the course of liaising with the Forensic Investigator on the terms and revised scope of forensic work in relation to such actual and potential loans and guarantees, on top of the existing investigation on Loan A, Loan B, Loan C, Loan D and their respective guarantees. Further announcement will be made by the Company when more information and the investigation results are available.

Also, during the investigation, the Company discovered that there were past guarantees provided by Jinfeng for the borrowings of third party:

#### *Past Guarantees*

Based on the currently available information to the Company, it was discovered that since the year 2016 and in the subsequent years, Jinfeng has provided various guarantees (the “**Zhongfu Guarantees**”) in favour of various lenders in the PRC for a number of loans borrowed by Henan Zhongfu Industries Company Limited (河南中孚實業股份有限公司\*) (“**Henan Zhongfu**”), with the aggregate amount of such loans amounted to approximately RMB559 million immediately prior to the completion of Jinfeng’s disposal by the Company. Based on the information that the Company have gathered so far and currently made available to the Company, the borrower mentioned above is a third party independent of the Company and its connected persons. Such Zhongfu Guarantees have ceased to be contingent liability of the Group after the disposal of Jinfeng. Also, in around the same period, it appears that such borrower has also provided guarantees for a total amount of approximately RMB512 million against the loans of Jinfeng due to other third party lenders. According to the PRC management, Henan Zhongfu is a business partner of Jinfeng and both parties have provided guarantees for each other’s loans as mutual benefit to facilitate the business operations.

Moreover, based on the information currently discovered and available in hands, there may be other guarantees provided by Jinfeng in favour of other borrowers for an aggregated liabilities of RMB27 million during the period from 2017 to 2018 (together with the Zhongfu Guarantee, the “**Past Guarantees**”). The Company is still in the course of gathering more information in relation to such guarantees.

The Past Guarantees were financial assistance provided to third party and may have constituted notifiable transactions of the Company in the past. The Company is looking into the matter and is trying to gather more relevant information for the preparation of a more detailed disclosure and to formulate suitable compliance and ratification actions. Relevant information may be updated or clarified upon further discovery.

#### **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 preparation for the 2021 interim Results and the audited consolidated results of the Group for the year ended 31 December 2021 (the “**2021 Annual Results**”) 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, the 2021 Interim Results and the 2021 Annual 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 March 2022

*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.*

*\* English names of the entities are transliteration of the relevant Chinese names for reference purpose only.*