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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF AN INDIRECT NON WHOLLY-OWNED SUBSIDIARY

Financial Adviser to the Company

VEDA | CAPITAL

智略資本

THE DISPOSAL

The Board wishes to announce that on 30 December 2020, Vendor A and Vendor B entered into the Equity Transfer Agreement with the Purchaser. Pursuant to the Equity Transfer Agreement, the Vendors agreed to sell and the Purchaser agreed to purchase 60% equity interests (as to 20% by Vendor A and as to 40% by Vendor B) in the Target Company. The aggregated consideration payable by the Purchaser under the Equity Transfer Agreement is RMB4,380,000 (equivalent to approximately HK\$5,168,400).

Upon Completion, the Group will cease to hold any equity interests in the Target Company and as a result, the financial results of the Target Company will no longer be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are set out below.

Date	30 December 2020
Vendor A	Henan Zhongyuan Jiuan Foundation & Investment Co., Ltd* (河南中原久安創業投資有限公司)
Vendor B	Zhengzhou Shen Zhi Rong Construction Materials Company Limited* (鄭州深之榮建材有限公司)
Purchaser	Dengfeng City Zhong Lian New Style Construction Materials Co., Ltd* (登封市眾聯新型建材有限公司)
Subject matter	60% equity interests in the Target Company (as to 20% by Vendor A and as to 40% by Vendor B)
Consideration	RMB4,380,000 (equivalent to approximately HK\$5,168,000, as to RMB1,460,000 to Vendor A and as to RMB2,920,000 to Vendor B) on 30 December 2020

Basis of the Consideration

The Consideration was arrived at arm's length negotiations between the Vendors and the Purchaser after taking into consideration of various factors, in particular, the current financial situation, the business prospects of and the net asset value of the Target Company. The Directors consider that the Consideration is fair and reasonable and on normal commercial terms.

Conditions Precedent

Completion shall be conditional upon

- (1) the parties and the Target Company having obtained all consents and approvals (if required) from the relevant government authorities or from third parties (including but not limited to the Stock Exchange); and
- (2) the respective board of directors and/or shareholders (if required) of the parties and the Target Company having approved the transactions contemplated under the Equity Transfer Agreement in accordance with the articles, laws and regulations (including but not limited to the Listing Rules).

Completion

The Consideration shall be payable to the Vendors within thirty (30) days of the entering into of the Equity Transfer Agreement. Upon receipt of the Consideration from the Purchaser, the Vendors shall procure the registration of change of shareholders with the local authorities.

Upon Completion, the Group will cease to hold any equity interests in the Target Company and as the result, the financial results of the Target Company will no longer be consolidated into the financial statements of the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company was established in the PRC with limited liability in 2018 whose principal business is the production and leasing of aluminum boundary wall moulds in the PRC. Immediately prior to the Disposal, the Target Company was an indirect 60%-owned subsidiary of the Company.

Set out below are the audited financial information of for each of the two years ended 31 December 2019 and the unaudited financial information of the Target Company for the eleven months ended 30 November 2020, respectively:

	For the financial year ended		For the eleven
	31 December		months ended
	2018	2019	30 November
	(audited)	(audited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000
Revenue	–	3,881	3,152
Net Loss (before taxation)	(1,551)	(849)	(1,171)
Net Loss (after taxation)	(1,551)	(849)	(1,171)

As at 30 November 2020, the unaudited net assets of the Target Company amounted to approximately RMB7,300,000 (equivalent to approximately HK\$8,600,000).

INFORMATION OF THE GROUP AND THE PURCHASER

The principal activities of the Group include (i) production and sale of coal and trading of purchased coal; (ii) production and sale of building materials and (iii) leasing of aluminum boundary wall moulds in the PRC.

The Purchaser is a company established in the PRC with limited liability and is principally engaged in production and sales of coal gangue bricks.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchase and its ultimate beneficial owner(s) are Independent Third Parties.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

For illustrative purpose, upon Completion, it is estimated that the Group will not realise material gain or loss on the Disposal as the amount of the Consideration of RMB4,380,000 is equivalent to 60% of the unaudited net asset value of the Target Company at approximately RMB7,300,000 on 30 November 2020, ignoring the expenses attributable to the Disposal which are insignificant. The actual amount of gain or loss on the Disposal to be recorded by the Group on the date of Completion will be subject to review by the auditors of the Company and adjustments may be made.

The Group intends to apply the proceeds from the Disposal as general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Due to the severe market condition, intense market competition and current economic environment in the PRC, the Target Company has recorded net loss after tax of approximately HK\$1,171,000 for the eleven months ended 30 November 2020. To cope with the non-favourable operation environment and potentially achieve a turnaround for the Target Company, the Group would have to deploy additional capital in order to improve the product structure of the Target Company. However, as the Group would like to focus its resources on its core businesses (i.e., the coal business and building materials) and in view of the risk of COVID-19 pandemic, the Board considers that any significant amount of additional investment in the Target Company may not be optimal for the overall business development of the Group. Upon completion of the Disposal, the Target Company will no longer be a subsidiary of the Group and the profit and loss of the Target Company will no longer be consolidated into the consolidated financial statements of the Group and the profit and loss statement of the Group is expected to improve. The Directors believe that the Disposal allows the Group to unlock and realize the net asset value of the Target Company and are of the view that the Disposal are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Company”	Rosan Resources Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 578)
“Completion”	the completion of the Disposal as stipulated in the Equity Transfer Agreement
“Consideration”	RMB4,380,000, being the aggregated consideration payable by the Purchaser under the Equity Transfer Agreement (as to RMB1,460,000 to Vendor A and as to RMB2,920,000 to Vendor B)
“Directors”	director(s) of the Company

“Disposal”	the disposal of 60% equity interests in the registered capital of the Target Company as to 20% by Vendor A and as to 40% Vendor B to the Purchaser
“Equity Transfer Agreement”	the equity transfer agreement dated 30 December 2020 entered into between the Vendors and the Purchaser in relation to the sale and purchase of 60% equity interests in the Target Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third parties of the Company and its connected persons
Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Dengfeng City Zhong Lian New Style Construction Materials Co., Ltd* (登封市眾聯新型建材有限公司), a company established in the PRC with limited liability and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhengzhou Tairun Aluminium Mould Technology Company Limited* (鄭州泰潤鋁模科技有限公司), a company established in the PRC with limited liability and is owned as to 20% by Vendor A and as to 40% by Vendor B prior to the Completion
“Vendor A”	Henan Zhongyuan Jiuan Foundation & Investment Co., Ltd* (河南中原久安創業投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor B”	Zhengzhou Shen Zhi Rong Construction Materials Company Limited* (鄭州深之榮建材有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Vendors” Vendor A and Vendor B

“%” per cent.

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

Hong Kong, 30 December 2020

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

For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into Hong Kong dollars is based on the approximate exchange rate of RMB1.00 to HK\$1.18.

** for identification purpose only*