HAO TIAN RESOURCES GROUP LIMITED
昊天能源集團有限公司

(formerly known as "Winbox International (Holdings) Limited 永保時國際(控股)有限公司")

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

The Directors of Hao Tian Resources Group Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with the comparative figures for the corresponding period in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	NOTES	**2010** **HK$'000**	2009 *HK$'000*
Revenue	*4*	**97,029**	166,505
Cost of sales		**(85,641)**	(128,560)
Gross profit		**11,388**	37,945
Other income, gain and loss	*6*	**8,509**	(451)
Distribution and selling costs		**(2,347)**	(3,708)
Administrative expenses		**(28,293)**	(28,622)
Change in fair value of investments held for trading		**4,003**	(7,941)
Change in fair value of derivative financial instruments		**(30,974)**	855
Impairment loss recognised in respect of available-for-sale investments		**(780)**	(19,076)
Impairment loss recognised in respect of property, plant and equipment and investment property		**(912)**	(185)
Impairment loss recognised in respect of goodwill	*7*	**(421,732)**	–
Finance costs	*8*	**(6,886)**	(157)
Loss before taxation		**(468,024)**	(21,340)
Taxation	*9*	**(1,385)**	(1,531)
Loss for the year attributable to owners of the Company	*10*	**(469,409)**	(22,871)

	NOTES	2010 HK$'000	2009 HK$'000
Other comprehensive income			
Exchange difference on translation of foreign operations		**1,045**	(5,203)
Available-for-sale investments:			
– fair value changes during the year		**853**	5,627
– reclassified adjustment to profit or loss on disposal		**(130)**	–
Other comprehensive income for the year, net of tax		**1,768**	424
Total comprehensive income for the year attributable to owners of the Company		**(467,641)**	(22,447)
Loss per share			
– Basic and diluted (HK cents)	*12*	**(74.65)**	(5.57)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**67,415**	14,847
Prepaid lease payments		**28,686**	3,382
Investment property		**1,058**	1,090
Goodwill		**–**	10,523
Mining rights		**1,903,116**	–
Available-for-sale investments		**21,457**	34,156
Pledged bank deposits		**–**	5,317
Deposits for acquisition of property, plant and equipment		**79,286**	–
Deferred tax assets		**205**	205
		2,101,223	69,520
Current assets			
Inventories		**21,189**	29,417
Trade receivables	*13*	**8,915**	15,876
Bills receivable	*13*	**399**	1,557
Other receivables, deposits and prepayments		**10,216**	12,112
Investments held for trading		**303**	12,500
Prepaid lease payments		**1,081**	–
Tax recoverable		**1,641**	2,388
Restricted bank deposits		**54,586**	–
Bank balances and cash		**302,671**	54,659
		401,001	128,509
Current liabilities			
Trade payables	*14*	**5,901**	6,700
Other payables, deposits received and accruals		**148,485**	12,802
Bank borrowing		**9,080**	–
Tax payable		**2,078**	373
		165,544	19,875

	NOTES	**2010**	2009
		HK$'000	*HK$'000*
Net current assets		**235,457**	108,634
Total assets less current liabilities		**2,336,680**	178,154
Non-current liabilities			
Retirement benefits obligations		**1,138**	1,057
Convertible notes		**369,294**	–
Embedded derivatives		**392,765**	–
Deferred tax liabilities		**475,201**	–
		1,238,398	1,057
Net assets		**1,098,282**	177,097
Capital and reserves			
Share capital		**84,309**	20,574
Reserves		**1,013,973**	156,523
Equity attributable to owners of the Company		**1,098,282**	177,097

Notes:

1. GENERAL

The financial information in this final results announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2010 but is derived from those financial statements.

Pursuant to the special resolution of the Company dated 7 May 2010, the name of the Company has been changed from Winbox International (Holdings) Limited to Hao Tian Resources Group Limited with effect from 7 May 2010.

On 1st September, 2009, Win Team Investments Limited ("Win Team"), a wholly owned subsidiary of the Company entered into a sale and purchase agreement ("S&P Agreement") with Real Power Holdings Limited and TRXY Development (HK) Limited (collectively referred to as the "Vendors"), both of which are independent third parties, to acquire the entire issued share capital of Merrymaking Investments Limited and Pleasing Results Limited (the "Acquisitions"), which are investment holding company with its subsidiaries principally engaged in coal mining business in Inner Mongolia Autonomous Region, the People's Republic of China ("PRC"). The transaction was completed on 25th January 2010 (the "Completion Date").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK (IFRIC) 9 & HKAS 39 (Amendments)	Embedded derivatives
HK (IFRIC) – INT 13	Customer loyalty programmes
HK (IFRIC) – INT 15	Agreements for the construction of real estate
HK (IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK (IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July, 2009

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's operating segments *(see note 5)* and changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

Standards and interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[8]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of right issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]

HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payments transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[5]

[1] *Effective for annual periods beginning on or after 1st July, 2009.*

[2] *Amendments that are effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.*

[3] *Effective for annual periods beginning on or after 1st January, 2010.*

[4] *Effective for annual periods beginning on or after 1st February, 2010.*

[5] *Effective for annual periods beginning on or after 1st July, 2010.*

[6] *Effective for annual periods beginning on or after 1st January, 2011.*

[7] *Effective for annual periods beginning on or after 1st January, 2013.*

[8] *Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st January, 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

4. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less sales tax and sales returns during the year.

5. SEGMENT INFORMATION

Segment Information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of directors, in order to allocate resources to segments and to assess their performance.

In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") requires an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was geographical segment (based on location of customers). However, information reported to the chief operating decision maker for the purpose of resources allocation and performance assessment focuses more specifically on the operation of individual subsidiary or group of subsidiaries, which are engaged in manufacturing and sale of plastic and paper boxes for luxury consumer goods in different countries.

During the year ended 31st March, 2010, the Group acquired subsidiaries which mainly engage in developing of underground coking coal mine, coal production and sale of coal in the PRC. The directors of the Company considered the acquired subsidiaries as a separate operating segment, as a result, an additional segment on coal mining operation has been presented.

The Group's operating segments under HKFRS 8 are therefore as follows:

(1) Sale of plastic and paper boxes for luxury consumer goods:

  (i) France Operation – Dardel S.A.S. ("Dardel")

  (ii) China Operation – Winbox Company Limited, Winbox Plastic Manufacturing (Shenzhen) Company Limited ("Winbox Plastic Manufacturing (Shenzhen)"), First Light Investments Limited and Winpac Trading Co. Limited

(2) Developing of underground coking coal mine, coal production and sale of coal:

  (iii) Coal Mining Operation – Tianyu Coal Company Limited and Tianyu Gongmao Company Limited

Information regarding the above segment is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

The following is an analysis of the Group's revenue and results by operating segment.

For the year ended 31st March, 2010

	Sale of plastic and paper boxes for luxury consumer goods		Coal	
	France Operation	China Operation	Mining Operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**25,156**	**71,812**	**61**	**97,029**
Segment results	**(11,971)**	**(8,882)**	**(412,987)**	**(433,840)**
Other income, gain and loss				**8,509**
Central administration costs				**(8,056)**
Change in fair value of investments held for trading				**4,003**
Change in fair value of derivatives financial instruments				**(30,974)**
Impairment loss recognised in respect of available-for-sale investments				**(780)**
Finance costs				**(6,886)**
Loss before taxation				**(468,024)**

For the year ended 31st March, 2009

	Sale of plastic and paper boxes for luxury consumer goods		Coal	
	France Operation	China Operation	Mining Operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	30,390	136,115	–	166,505
Segment results	2,885	18,012	–	20,897
Other income, gain and loss				(451)
Central administration costs				(15,467)
Change in fair value of investments held for trading				(7,941)
Change in fair value of derivative financial instruments				855
Impairment loss recognised in respect of available-for-sale investments				(19,076)
Finance costs				(157)
Loss before taxation				(21,340)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment.

At 31st March, 2010

	Sale of plastic and paper boxes for luxury consumer goods			
	France Operation	**China Operation**	**Coal Mining Operation**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**13,006**	**27,969**	**2,122,235**	**2,163,210**
Property, plant and equipment				**10,326**
Prepaid lease payments				**3,296**
Available-for-sale investments				**21,457**
Investments held for trading				**303**
Bank balances and cash				**302,671**
Other assets				**961**
Consolidated total assets				**2,502,224**
Segment liabilities	**4,774**	**13,334**	**603,659**	**621,767**
Bank borrowing				**9,080**
Tax payable				**2,078**
Convertible notes				**369,294**
Embedded derivatives				**392,765**
Other liabilities				**8,958**
Consolidated total liabilities				**1,403,942**

At 31st March, 2009

	Sale of plastic and paper boxes for luxury consumer goods		Coal	
	France Operation	China Operation	Mining Operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	18,724	45,847	–	64,571
Property, plant and equipment				10,490
Prepaid lease payments				3,382
Available-for-sale investments				34,156
Investments held for trading				12,500
Pledged bank deposits				5,317
Bank balances and cash				54,659
Other assets				12,954
Consolidated total assets				198,029
Segment liabilities	5,364	14,278	–	19,642
Tax payable				373
Other liabilities				917
Consolidated total liabilities				20,932

6. OTHER INCOME, GAIN AND LOSS

	2010	2009
	HK$'000	*HK$'000*
Dividend income from listed investments held-for-trading	**–**	766
Dividend income from listed available-for-sale investments	**381**	59
Dividend income from unlisted available-for-sale investments	**466**	–
Gain on disposal of available-for-sale investments	**6,738**	–
Interest earned on bank deposits	**251**	1,376
Interest earned on unlisted available-for-sale investments	**–**	390
Interest earned on listed debt securities held for trading	**230**	563
PRC government tax refund from reinvestment of a subsidiary *(note)*	**–**	1,540
Net foreign exchange gain (loss)	**252**	(5,757)
Sundry income	**191**	612
	8,509	(451)

Note: According to a letter issued by the PRC local tax authority dated 27th May, 2008, Grant Cast Limited was eligible to receive tax refund of RMB1,362,000 (equivalent to approximately HK$1,540,000) due to the additional investment of HK$18,000,000 made to its subsidiary, Winbox Plastic Manufacturing (Shenzhen), by utilising the dividend from the retained profits of Winbox Plastic Manufacturing (Shenzhen) for the three years ended 31st December, 2006.

7. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF GOODWILL

As a result of the pessimistic market condition in Europe, the management expects that the demand for the Group's products sold by the France Operation will be decreased in the near future, hence impairment on goodwill previously recognised of approximately HK$10.6 million is required.

The goodwill arising from the Acquisitions of the coal mining business amounted to approximately HK$411.1 million, representing the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired subsidiaries. In accordance with HKFRS 3 "Business combinations" issued by the HKICPA, the cost of the acquisitions were determined based on the fair values of the consideration at the acquisition date, including convertible notes and the Company's shares which were determined by reference to the market value of the ordinary shares of the Company with adjustments to take into account the terms and conditions upon which shares were issued. The Group has performed an impairment test assessment on the carrying amount of the cash generating unit of the coal mining business based on value in use calculations.

The directors expected the operation scale of the coal mining business after the Acquisitions would be further expanded by incorporating the resources of the Group, including the construction of coal washing plant. However, such expectations are not incorporated as assumptions in preparing the cash flow forecasts for impairment testing purpose as actual economic benefit has not been realised as at 31 March 2010 and therefore not included in the value in use calculations. As the carrying amount of the cash generating unit of the coal mining business is significantly above its recoverable amount on such basis, the Group fully impaired the amount of goodwill of approximately HK$411.1 million at 31 March 2010.

8. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank borrowing wholly repayable within five years	**121**	157
Imputed interest expense on convertible notes	**6,765**	–
	6,886	157

9. TAXATION

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**22**	99
Other jurisdictions	**–**	2,036
	22	2,135
Under(overprovision) in prior years:		
Hong Kong	**2,061**	(399)
Other jurisdictions	**(655)**	–
	1,406	(399)
Deferred tax:		
Current year	**(43)**	(205)
Taxation for the year	**1,385**	1,531

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate is 25% from 1st January, 2008 onwards. Pursuant to the Implementation Regulations of the EIT Law, the Company's wholly owned subsidiary, Winbox Plastic Manufacturing (Shenzhen) is entitled to use a tax rate of 20% for the period from 1 April 2009 to 31 December 2009 and 22% for the period from 1 January 2010 to 31 March 2010 (1.4.2008 to 31.12.2008: 18%; 1.1.2009 to 31.3.2009: 20%), being the applicable tax rate for foreign invested enterprise in the area of Shenzhen Special Economic Zone 深圳經濟特區 for the year.

French profits tax is calculated at 33.3% of the estimated assessable profit of Dardel for both years.

During the year ended 31st March, 2010, the Inland Revenue Department ("IRD") initiated a tax audit on certain group companies and has issued estimated additional assessments for the year of assessment 2003/2004. Total amount of tax demand in respect to these additional tax assessments for these companies is approximately HK$5.4 million, and HK$2.1 million was recognised as income tax expense during the year ended 31st March, 2010. Subsequent to the end of the reporting period, the Group has applied hold over for the full amount and purchased tax reserve certificate of approximately HK$1.3 million. Since the tax audit is still at a fact-finding stage with different views being and will be exchanged with the IRD, in the opinion of the directors, no further provision is required at this stage.

There may be a possibility that estimated additional assessments for subsequent years be issued by the IRD to these group companies, depending on the result of the tax audit.

10. LOSS FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**980**	780
Cost of inventories recognised as an expense	**85,641**	128,560
Depreciation of property, plant and equipment and investment property	**1,909**	1,650
Release of prepaid lease payments	**275**	87
Operating lease rentals in respect of rented premises	**7,413**	4,775
Staff costs:		
Directors' emoluments	**2,062**	2,650
Other staff costs		
– salaries, bonus and other allowances	**40,876**	43,499
– retirement benefit scheme contributions	**3,655**	4,345
– share-based payments	**136**	498
	46,729	50,992

11. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends recognised as distribution – HK$0.012 (2009: HK$0.025) per share	**5,028**	10,287

No final dividend for the year ended 31st March, 2010 (2009: HK$0.012 per share) has been proposed by directors.

12. LOSS PER SHARE

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

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share	**(469,409)**	(22,871)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**628,855**	410,335

Note: No diluted loss per share is presented, as the exercise of the conversion rights of the Company's outstanding convertible notes and/or share options would result in a decrease in loss per share.

13. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 60 days (2009: 30 to 60 days) to its customers. The aged analysis of trade and bills receivables is stated as follows:

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**7,349**	13,276
31 to 60 days	**1,816**	3,060
61 to 90 days	**149**	468
91 to 180 days	**–**	629
	9,314	17,433

14. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 30 to 60 days. The aged analysis of trade payables is stated as follows:

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**2,963**	3,879
31 to 60 days	**1,133**	1,660
61 to 90 days	**652**	765
91 to 180 days	**1,153**	396
	5,901	6,700

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The financial tsunami caused an obvious slump in the global economy and had decreased the demand for packaging boxes in the major markets of the Group, i.e. Europe and the United States, thereby exerting setback to both the overall packaging industry and the Group at different degrees. Although the Group had continuously improved its operating conditions, however, as binded by the entire adverse macroeconomic environment, the packaging operation of the Group was affected. Furthermore, the weak economic performance in Europe and the United States had greatly affected the operation performance of the festive season surge. The Group was inevitably being affected, resulting in an adverse impact in its sales performance during the peak season.

In order to further improve its production efficiency and reduce production costs, the Group relocated its production facilities and plant from Longhua, Shenzhen to Qiao Tou, Dongguan in China and the operation had formally commenced. Despite incurring additional expenditure as a result of relocation, the Group believes that the plant relocation will help the Group in controlling its production costs and improving its production efficiency.

For the coal mining business, Mine No. 1 of our Group, located in Wuhai City, Inner Mongolia Autonomous Region, is undergoing technical reconstruction so as to reach the higher national standard. Mine No. 4 has also been under formal construction with an annual production capacity of 1.50 million tonnes. The coal mines adopt both advanced technology and effective exploitation methods to develop its abundant coal resources. It is expected that the targeted exploitation capacity of 1.65 million tonnes per annum of raw coal in 2011 will be achieved. The Group estimates that in the next 3 years to come, the total production capacity of raw coal from the two mines will increase to 1.95 million tonnes in 2012. Furthermore, the construction of Tianyu Coal Washing Plant under the Group is expected to be completed by December 2010. The plant is mainly responsible for the production and sale of washed clean coals that have much higher profit margin than raw coal, and is beneficial to the increase of the Group's business profits and product category expansion. Although the revenue from coal mining business had not been significantly accounted for within the year ended 31 March 2010, the revenue of this segment will greatly contribute to the Group's earnings capacity in the future, which will further strengthen the development of the coking coal and fine coal businesses of the Group.

Looking forward, despite the difficulties facing manufacturing business in China due to continuously increasing costs, augmented by the setbacks arising from the global financial crisis which was not fully recovered, Hao Tian Resources will strive for its best to proactively expand its coal mining business. We will also further strengthen the horizontal and vertical development aspects of our businesses through mergers and acquisitions, thereby improving our earnings capacity. The Group believes that in the next two years, the coal mining business will bring considerable profit growth to the Group and be complimented by our firm management vision and aggressive business strategy, we are of the view that Hao Tian Resources will attain satisfactory results in the future.

For Hao Tian Resources, 2009/2010 was a year full of challenges and opportunities. Under the threats of the financial tsunami, not only had the Group not shrunk back but further sought a breakthrough by transforming itself into a coal mining industry player with solid development potential, thriving to achieve better results to the Group. Although the Group had recorded a loss of approximately HK$469.4 million for the year ended 31 March 2010 (2009: loss of approximately HK$22.9 million), mainly due to (1) negative effect arising from fair value adjustment in embedded derivatives of convertible notes (approximately HK$31.0 million) and recognition of imputed interest expense on the liability component of the convertible notes (approximately HK$6.8 million) issued by the Company on 25 January 2010 for the Acquisitions and (2) one-off impairment loss on goodwill arising from the Acquisitions and the France Operation (approximately HK$421.7 million), after deducting these non-operating and non-cashflow expenses, the adjusted loss for the year will then be approximately HK$9.9 million. Please refer to the below section headed "Financial Review" for more details.

FINANCIAL REVIEW

New Coal Mining Business (Acquisitions completed on 25 January 2010)

Since the Group completed the acquisitions of the two coal mines (Mine No. 1 and Mine No. 4 with a coal washing plant construction project) near the end of the financial year, and Mine No. 1 and Mine No. 4 are under technical improvement and construction respectively, the coal mining segment did not provide significant contribution to the results of the Group for the year. For the year ended 31 March 2010, the coal mining segment only records revenue of approximately HK$0.06 million (2009: nil). The segment loss amounted to approximately HK$413.0 million (2009: nil), mainly due to the impairment on goodwill amounting to approximately HK$411.1 million arising from the Acquisitions. The impairment on goodwill is non-operating in nature and will not affect the financial and cashflow positions of the Group.

Packaging Box Business

The packaging box segment revenue for the year ended 31 March 2010 decreased by approximately 41.7% to HK$97.0 million (2009: HK$166.5 million). The decrease was attributable to the global economic downturn which caused our major customers in the United States and Europe to become more cautious in placing their orders. Segment loss amounted to approximately HK$20.9 million (2009: segment profit of HK$20.9 million), which includes an one-off impairment loss on goodwill of approximately HK$10.6 million previously recognised for the Group's France Operation. As a result of the pessimistic market condition in Europe, management expects that the demands for the Group's products from the France operation will be decreased in the near future, hence impairment is required. Other main reasons for the incurred loss include (1) the substantial drop in turnover; (2) the increase in cost of sales incurred for the relocation of the manufacturing plant from Shenzhen to Dongguang, the PRC; and (3) higher direct labour costs.

Overall Gross Profit

The Group's overall gross profit decreased to approximately HK$11.4 million (2009: HK$37.9 million) for the year ended 31 March 2010. Gross profit margin also decreased from approximately 22.8% for the year ended 31 March 2009 to approximately 11.7% for the year ended 31 March 2010, primarily due to the substantial drop in revenue and increase in cost of sales as discussed above.

Other Income, Gain and Loss, Change in Fair Value of Investments Held for Trading, Impairment Loss recognised in respect of Available-For-Sale Investments

The Group invested in various types of financial instruments including fixed income and equity with a view to enhance overall return. As a result of the gradual recovery of global financial markets since the second quarter of 2009, a total net gain of approximately HK$11.7 million (2009: loss of approximately HK$27.5 million) was recorded in other income, gain and loss, change in fair value of investments held for trading and impairment loss recognised in respect of available-for-sale investments.

Change in Fair Value of Derivative Financial Instruments

The Group recorded a non-operating expense of approximately HK$31.0 million arising from fair value adjustment in the embedded derivatives of convertible notes issued by the Company on 25 January 2010 for the Acquisitions. Save as disclosed above, as at the date of this announcement, the Group does not have any other outstanding derivative financial instruments.

Distribution and Selling Costs

The Group's distribution and selling costs as a percentage of turnover were approximately 2.4% (2009: 2.2%) for the year ended 31 March 2010.

Administrative Expenses

The Group's administrative expenses were approximately HK$28.3 million that maintained at a similar level of approximately HK$28.6 million in the year 2009.

Impairment loss recognised in respect of Goodwill

As a result of the pessimistic market condition in Europe, the management expects that the demand for the Group's products sold by the France Operation will be decreased in the near future, hence impairment on goodwill previously recognised of approximately HK$10.6 million is required.

The goodwill arising from the Acquisitions of the coal mining business amounted to approximately HK$411.1 million, representing the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired subsidiaries. In accordance with HKFRS 3 "Business combinations" issued by the HKICPA, the cost of the acquisitions were determined based on the fair values of the consideration at the acquisition date, including convertible notes and the Company's shares which were determined by reference to the market value of the ordinary shares of the Company with adjustments to take into account the terms and conditions upon which shares were issued. The Group has performed an impairment test assessment on the carrying amount of the cash generating unit of the coal mining business based on value in use calculations.

The directors expected the operation scale of the coal mining business after the Acquisitions would be further expanded by incorporating the resources of the Group, including the construction of coal washing plant. However, such expectations are not incorporated as assumptions in preparing the cash flow forecasts for impairment testing purpose as actual economic benefit has not been realised as at 31 March 2010 and therefore not included in the value in use calculations. As the carrying amount of the cash generating unit of the coal mining business is significantly above its recoverable amount on such basis, the Group fully impaired the amount of goodwill of approximately HK$411.1 million at 31 March 2010.

Finance Costs

The Group's finance costs for the year ended 31 March 2010 amounted to approximately HK$6.9 million (2009: HK$0.2 million). The increase was mainly due to the recognition of imputed interest expense (approximately HK$6.8 million) on the liability component of the convertible notes issued by the Company on 25 January 2010 for the Acquisitions. This imputed interest expense has no impact on the cashflow positions of the Group.

Loss for the year attributable to owners of the Company

The Group had recorded a loss of approximately HK$469.4 million for the year ended 31 March 2010 (2009: loss of approximately HK$22.9 million), mainly due to (1) negative effect arising from fair value adjustment in embedded derivative of convertible notes (approximately HK$31.0 million) and recognition of imputed interest expense on the liability component of the convertible notes (approximately HK$6.8 million) issued by the Company on 25 January 2010 for the Acquisitions and (2) one-off impairment loss on goodwill arising from the Acquisitions and the France Operation (approximately HK$421.7 million) as discussed above. After deducting these non-operating and non-cashflow expenses, the adjusted loss for the year will then be approximately HK$9.9 million.

Dividends

No final dividend for the year ended 31 March 2010 (2009: HK$0.012 per share) has been proposed by the directors.

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group funds its operations from a combination of internal resources, equity fund raising, financial instruments and bank borrowing. As at 31 March 2010, the Group had cash and cash equivalents of approximately HK$302.7 million (2009: HK$54.7 million). The Group's working capital increased to approximately HK$235.5 million (2009: HK$108.6 million), mainly due to the additional fund raising from the placement of new shares for the Acquisitions in January 2010. Current ratio (a ratio of total current assets to total current liabilities) decreased by approximately 63.1% to 2.4 times (2009: 6.5 times). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 31 March 2010 was approximately 15.1% (2009: 0%), such increase was mainly due to the issuance of the convertible notes for the Acquisitions during the year.

For the year ended 31 March 2010, the Group generated a net cash inflow from operating activities of approximately HK$30.7 million (2009: HK$16.1 million). On the other hand, the Group incurred a net cash outflow from investing activities of approximately HK$168.6 million (2009: HK$21.5 million), primarily due to the payment of cash consideration in relation to the Acquisitions. The net cash inflow from financing activities of approximately HK$385.2 million (2009: net cash outflow of approximately HK$14.0 million) mainly represented by the proceeds from the placement of new shares (approximately HK$698.3 million), which was partially offset by the repayment of the loans of the Target Group (approximately HK$282.2 million) in relation to the Acquisitions during the year.

The Group has pledged its leasehold land and buildings with carrying values of approximately HK$12.6 million (2009: Nil) to secure the outstanding bank borrowing and HK$3.1 million (2009: HK$3.2 million) to secure the unutilised general banking facilities granted to the Group.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 March 2010, there was capital commitment of approximately HK$108.3 million and HK$407.8 million in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements and authorised but not contracted for respectively.

Save as disclosed, the Group had no material contingent liabilities as at the close of business on 31 March 2010.

EMPLOYEE INFORMATION

As at 31 March 2010, the Group had a total of approximately 1,363 employees in the PRC, Hong Kong and France. Remuneration packages for the employees are maintained at a competitive level in the relevant jurisdiction, within which employees are attracted, retained and motivated. Remuneration packages are reviewed periodically.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2010.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders of the Company.

For the year ended 31 March 2010, the Company has applied the principles of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has complied with the CG Code, save for the deviation from Code Provision A.2.1 of the CG Code.

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not separate the roles of the chairman and chief executive officer. During the year of 2009/2010, Ms. Choi Hon Hing, the Chairman (resigned on 1 April 2010), assumed the role of chief executive officer and was responsible for the overall control and management of the Company and the Group. The Company considered that the combination of the roles of chairman and chief executive officer could promote the efficient formulation and implementation of the Company's strategies which would enable the Group to capture business opportunities efficiently and promptly. The Company considered that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism exists so that the interests of the shareholders of the Company have been adequately represented.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the year 2009/2010, the Group had completed the acquisitions of two coal mines (Mine No. 1 and Mine No. 4) located in Inner Mongolia, PRC on 25 January 2010. To finance the Acquisitions, the Group has issued a total of 554,216,000 placing shares at the placing price of HK$1.26 per placing shares, a total number of 323,696,505 consideration shares at HK$0.88 per consideration shares and convertible notes with the principal amount of approximately US$135.51 million (approximately HK$1,050.34 million) and with conversion price at HK$0.88 per conversion share.

For details of the Acquisitions, please refer to the circular of the Company dated 28 December 2009, the placing announcement dated 15 January 2010 and the completion announcement dated 25 January 2010.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2010 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect 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 Messrs. Deloitte Touche Tohmatsu on this announcement.

AUDIT COMMITTEE

The Company established an Audit Committee on 16 May 2006 with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the Audit Committee are consistent with the code provisions as set out in the CG Code and are available on the Company's website.

The Audit Committee has reviewed the audited accounts and final results announcement for the year ended 31 March 2010 and the interim report and the interim results announcement for the six months ended 30 September 2009. It also reviewed and recommended to the Board for approval of the audit fee proposal for the Group for the year ended 31 March 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company (www.haotianhk.com) and the Stock Exchange (www.hkex.com.hk). The 2009/10 annual report of the Company containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By order of the Board
Mr. Fung Ka Pun
Acting and Vice Chairman

Hong Kong, 21 July 2010

As at the date of this announcement, the board of directors comprises three Executive Directors, namely Mr. Fung Ka Pun, Mr. Ng Cheuk Fan, Keith and Mr. Mak Yiu Tong; two Non-Executive Directors, namely, Ms. Fung Wing Ki, Vicky and Mr. Mok Chiu Kuen; and three Independent Non-Executive Directors, namely Dr. Tam Hok Lam, Tommy, J.P., Dr. Hui Ka Wah, Ronnie, J.P., and Mr. Leung Man Chun, Paul.