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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

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 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	**2011** *HK$'000*	2010 *HK$'000*
Revenue	*4*	**122,099**	97,029
Cost of sales		**(103,072)**	(85,641)
Gross profit		**19,027**	11,388
Other income, gain and loss	*6*	**(672)**	8,509
Distribution and selling costs		**(4,194)**	(2,347)
Administrative expenses		**(77,992)**	(27,530)
Other expenses	*7*	**(7,743)**	(763)
Change in fair value of investments held for trading		**(120)**	4,003
Change in fair value of derivative financial instruments		**6,089**	(30,974)
Impairment loss recognised in respect of available-for-sale investments		**–**	(780)
Impairment loss recognised in respect of property, plant and equipment and investment property		**–**	(912)
Impairment loss recognised in respect of goodwill		**–**	(421,732)
Finance costs	*8*	**(31,004)**	(6,886)
Loss before taxation		**(96,609)**	(468,024)
Taxation	*9*	**(37)**	(1,385)
Loss for the year attributable to owners of the Company	*10*	**(96,646)**	(469,409)

	NOTE	**2011**	2010
		HK$'000	*HK$'000*
Other comprehensive income			
Exchange difference on translation of foreign operations		**76,199**	1,045
Available-for-sale investments:			
– fair value changes during the year		**(407)**	853
– reclassified adjustment to profit or loss on disposal		**(832)**	(130)
Other comprehensive expense for the year, net of tax		**74,960**	1,768
Total comprehensive income for the year attributable to owners of the Company		**(21,686)**	(467,641)
Loss per share	*12*		
– Basic *(HK cents)*		**(4.80)**	(74.65)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2011

	NOTES	**31.3.2011** **HK$'000**	31.3.2010 *HK$'000* (Restated)	1.4.2009 *HK$'000* (Restated)
Non-current assets				
Property, plant and equipment		**263,770**	69,990	17,490
Prepaid lease payments		**26,054**	26,111	739
Investment property		**1,025**	1,058	1,090
Goodwill		**–**	–	10,523
Mining rights		**1,988,480**	1,903,116	–
Available-for-sale investments		**13,061**	21,457	34,156
Deposits for acquisition of subsidiaries		**250,000**	–	–
Pledge bank deposits		**–**	–	5,317
Deposits for acquisition of property, plant and equipment		**90,854**	79,286	–
Deferred tax assets		**205**	205	205
		2,633,449	2,101,223	69,520
Current assets				
Inventories		**26,781**	21,189	29,417
Trade receivables	*13*	**20,141**	8,915	15,876
Bills receivable	*13*	**347**	399	1,557
Other receivables, deposits and prepayments		**11,259**	10,216	12,112
Investments held for trading		**184**	303	12,500
Prepaid lease payments		**1,129**	1,081	–
Tax recoverable		**2,934**	1,641	2,388
Restricted bank deposits		**–**	54,586	–
Bank balances and cash		**48,676**	302,671	54,659
		111,451	401,001	128,509
Current liabilities				
Trade payables	*14*	**14,811**	5,901	6,700
Other payables, deposits received and accruals		**31,909**	148,485	12,802
Bank borrowing		**–**	9,080	–
Tax payable		**2,060**	2,078	373
		48,780	165,544	19,875

	31.3.2011	31.3.2010	1.4.2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Net current assets	**62,671**	235,457	108,634
Total assets less current liabilities	**2,696,120**	2,336,680	178,154
Non-current liabilities			
Retirement benefits obligations	**1,203**	1,138	1,057
Convertible notes	**217,835**	369,294	–
Embedded derivatives	**180,882**	392,765	–
Deferred tax liabilities	**496,365**	475,201	–
	896,285	1,238,398	1,057
Net assets	**1,799,835**	1,098,282	177,097
Capital and reserves			
Share capital	**120,573**	84,309	20,574
Reserves	**1,679,262**	1,013,973	156,523
Equity attributable to owners of the Company	**1,799,835**	1,098,282	177,097

Notes:

1. GENERAL

The Company was incorporated in the Cayman Islands on 30 September 2005 as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company is a public limited company and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to the special resolution of the Company dated on 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.

The Group's consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements taking into account its internal generated funds and financial resources to be obtained after the end of the reporting period, including the proceeds to be obtained from the exercise of subscription rights attaching to the warrants and the funds from the strategic cooperation agreement entered with a financial institution and accordingly, have prepared the consolidated financial statements on a going concern basis.

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").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in the consolidated financial statements and disclosures set out in these consolidated financial statements.

New and revised Standards and Interpretations applied in the current year

HKFRS 3 (as revised in 2008) "Business Combinations" & HKAS 27 (as revised in 2008) "Consolidation and Separate Financial Statements"

The Group applies HKFRS 3 (as revised in 2008) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (as revised in 2008) "Consolidated and separate financial statements" in relation to accounting for changes in ownership interests in subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the year in which HKFRS 3 (as revised in 2008) is applicable, the application of HKFRS 3 (as revised in 2008) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting years.

Result of the Group in future periods may be affected by future transactions for which HKFRS 3 (as revised in 2008), HKAS 27 (as revised in 2008) and the consequential amendments to other HKFRSs are applicable.

Amendments to HKAS 17 "Leases"

As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as land use right in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions of HKAS 17 "Leases", the Group reassessed the classification of land elements of unexpired leases at 1 April 2010 based on information which existed at the inception of these leases. Leasehold lands which met finance lease classification have been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. The application of this amendment has no significant financial impact to the Group's profit for the current and prior periods.

The effect of changes in accounting policies described above on the financial position of the Group as at 1 April 2010 and 31 March 2010 is as follows:

	As at 1.4.2009 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 1.4.2009 (restated) *HK$'000*	As at 31.3.2010 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 31.3.2010 (restated) *HK$'000*
Property, plant and equipment	14,847	2,643	17,490	67,415	2,575	69,990
Prepaid lease payments	3,382	(2,643)	739	29,767	(2,575)	27,192
Total effects on net assets	18,229	–	18,229	97,182	–	97,182

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKFRS 9	Financial Instruments[6]
HKAS 24 (as revised in 2009)	Related party disclosures[4]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[4]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[2]

[1] *Amendments that all effective for accounting periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.*

[2] *Effective for accounting periods beginning on or after 1 July 2010.*

[3] *Effective for accounting periods beginning on or after 1 July 2011.*

[4] *Effective for accounting periods beginning on or after 1 January 2011.*

[5] *Effective for accounting periods beginning on or after 1 January 2012.*

[6] *Effective for accounting periods beginning on or after 1 January 2013.*

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9: Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for accounting periods beginning on or after 1 April 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and that the application of this new Standard may mainly affect the classification and measurement of the Groups' available for sale investments.

The directors of the Company anticipate that the application of the other new and revised Standards and 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 values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 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

The Group is currently organised into below operating divisions:

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

- (i) China Operation – Winbox Company Limited, Winbox Plastic Manufacturing (Shenzhen), Donguang Ever Green Plastic Manufacturing Company Limited, First Light Investments Limited and Winpac Trading Co. Limited

- (ii) France Operation – Dardel S.A.S. ("Dardel")

(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

These operating divisions are the basis of the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

No segment assets and liabilities is presented as the chief operating decision maker does not regularly review segment assets and liabilities.

Segment revenue and results

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

For the year ended 31 March 2011

	Sale of plastic and paper boxes for luxury consumer goods			
	China Operation	France Operation	Coal Mining Operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**90,506**	**31,593**	**–**	**122,099**
Segment results	**(10,813)**	**2,263**	**(21,112)**	**(29,662)**
Other income, gain and loss				**(672)**
Central administration costs				**(41,240)**
Change in fair value of investments held for trading				**(120)**
Change in fair value of derivatives financial instruments				**6,089**
Finance costs				**(31,004)**
Loss before taxation				**(96,609)**

For the year ended 31 March 2010

	Sale of plastic and paper boxes for luxury consumer goods China Operation *HK$'000*	France Operation *HK$'000*	Coal Mining Operation *HK$'000*	Consolidated *HK$'000*
Revenue	71,812	25,156	61	97,029
Segment results	(8,882)	(11,971)	(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)

6. OTHER INCOME, GAIN AND LOSS

	2011 *HK$'000*	2010 *HK$'000*
Dividend income from listed available-for-sale investments	**9**	381
Dividend income from unlisted available-for-sale investments	**–**	466
Gain on disposal of available-for-sale investments	**832**	6,738
Interest earned on bank deposits	**432**	251
Interest earned on listed available-for-sale investments	**86**	–
Interest earned on listed debt securities held for trading	**–**	230
Net foreign exchange (loss) gain	**(2,453)**	252
Sundry income	**422**	191
	(672)	8,509

7. OTHER EXPENSES

The Group is in the process of various technical and quality improvements for one of the coal mines in the PRC to attain the safety standard in accordance with the new regulations imposed by the PRC authority and the other mine is under development stage as at 31 March 2011. Accordingly, the Group had no coal production and sales of coal for both years. Other expenses represent the direct labour costs, depreciation expense, consumables and other direct attributable costs related to the coal mining improvement expenditure.

8. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank borrowing wholly repayable within five years	**550**	121
Imputed interest expense on convertible notes	**30,454**	6,765
	31,004	6,886

9. TAXATION

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**17**	22
Other jurisdictions	**363**	–
	380	22
(Over)/underprovision in prior years:		
Hong Kong	**–**	2,061
Other jurisdictions	**(5)**	(655)
	(5)	1,406
Deferred tax:		
Current year	**(338)**	(43)
Taxation for the year	**37**	1,385

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") Implementation Regulations of the EIT Law, the tax rate is 25% from 1 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 22% for the period from 1 January 2010 to 31 December 2010 and 24% for the period from 1 January 2011 to 31 March 2011 (1.4.2009 to 31.12.2009: 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 31 March 2010 and 2011, 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 to 2009/2010. 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 31 March 2010. During the year ended 31 March 2011, the Group has applied hold over for the full amount and purchased tax reserve certificate of approximately HK$1.3 million and subsequent to the end of the reporting period, the Group purchased additional tax certificate of HK$2 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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**1,487**	980
Cost of inventories recognised as an expense	**103,072**	85,641
Depreciation of property, plant and equipment and investment property	**4,332**	1,977
Release of prepaid lease payments	**1,173**	207
Operating lease rentals in respect of rented premises	**7,070**	7,413
Staff costs:		
Directors' emoluments	**16,023**	2,062
Other staff costs		
– salaries, bonus and other allowances	**60,853**	40,876
– retirement benefit scheme contributions	**3,116**	3,655
– share-based payments	**5,201**	136
	85,193	46,729

11. DIVIDEND

	2011	2010
	HK$'000	*HK$'000*
Dividend recognised as distribution – nil (2009: HK$0.012) per share	**–**	5,028

No final dividend has been proposed by the directors for both years.

12. LOSS PER SHARE

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

	2011	2010
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share	**(96,646)**	(469,409)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,015,323**	628,855

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

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**20,141**	8,915
Bills receivable	**347**	399
	20,488	9,314

The Group allows an average credit period of 30 to 60 days (2010: 30 to 60 days) to its customers. The aged analysis of trade and bills receivables presented based on the invoice date is stated as follows:

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**13,823**	7,349
31 to 60 days	**3,337**	1,816
61 to 90 days	**1,160**	149
91 to 180 days	**2,168**	–
	20,488	9,314

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:

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**7,385**	2,963
31 to 60 days	**3,464**	1,133
61 to 90 days	**1,428**	652
91 to 180 days	**2,534**	1,153
	14,811	5,901

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

New Coal Mining Business

The 600,000 tonnes per annum technical improvement of the Group's Mine No. 1 in Wuhai City, Inner Mongolia Autonomous Region will be completed soon, and trial operation will be commenced by the end of July 2011. Mine No. 4 is at the final stage of development and preparations for the relevant construction are well under way. In order to align with the Company's overall development strategy, the production capacity will be adjusted and raised to 2.4 million tonnes annually, i.e. 900,000 tonnes more than the originally planned capacity of 1.5 million tonnes. The construction commenced in December 2010. We strive to complete the construction by the end of 2012 and expect full-scale operation in the first quarter of 2013. The Tianyu Coal Washing Plant will commence trial operation in July 2011, with an annual processing capacity of 3 million tonnes. Since the coal mining business operation of the Group was still at the development stage during the year under review, there was no revenue generated from this business sector.

Packaging Box Business

The global economic recovery drove demand for consumer goods and packaging boxes to increase. Accordingly, the Group's packaging segment revenue during the year under review increased by approximately 25.8% to HK$122.1 million (2010: HK$97.0 million) as compared with the same period last year. The segment loss significantly decreased by approximately 59.0% to HK$8.6 million (2010: HK$20.9 million). While Winbox strived to control its costs in order to maintain the gross profit margin, the continuous increase in direct labour costs, raw material prices and RMB appreciation could not be totally passed on to customers. Therefore, the gross profit margin only increased slightly to approximately 15.6% (2010: 11.7%). The overall gross profit increased to approximately HK$19.0 million (2010: HK$11.4 million).

For the year ended 31 March 2011, the Group recorded a loss of HK$96.6 million (2010: a loss of approximately HK$469.4 million), representing a decrease of HK$372.8 million or 79.4%. The basic loss per share was approximately HK4.80 cents, representing a decrease of HK69.85 cents or 93.6% as compared with the loss per share of HK74.65 cents in 2010. The decrease of loss was mainly attributable to the facts that: (i) the Company recorded a revenue of HK$6.1 million (2010: a loss of approximately HK$31.0 million) from the fair value adjustment in embedded derivatives of convertible notes issued by the Company on 25 January 2010 for the acquisitions; and (ii) there was no further impairment on goodwill arising from the acquisition of the coal mine in Wuhai City, Inner Mongolia and the Group's France operation during the year (2010: an impairment loss of approximately HK$421.7 million).

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. For the year ended 31 March 2011, a total net loss of approximately HK$0.8 million (2010: a gain of approximately HK$11.7 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. The loss was mainly attributable to (i) the decrease in gain on disposal of available-for-sale investments; (ii) the decrease in fair value of derivative held for trading; and (iii) the net loss from foreign exchange.

Change in Fair Value of Derivative Financial Instruments

For the year ended 31 March 2011, the Group recorded a non-operating income of approximately HK$6.1 million arising from fair value adjustment in the embedded derivatives of convertible notes issued by the Company on 25 January 2010 (2010: a non-operating expense of approximately HK$31.0 million).

Distribution and Selling Costs

For the year ended 31 March 2011, The Group's distribution and selling costs were approximately HK$4.2 million (2010: HK$2.3 million), representing an increase of approximately HK$1.9 million or 78.7% as compared with the same period in 2010. The distribution and selling costs as a percentage of turnover was approximately 3.4% (2010: 2.4%) for the year ended 31 March 2011. The increase was mainly attributable to the plant moved to Dongguan from Shenzhen in the first half of the year and making the transportation cost slightly higher than before.

Administrative Expenses

For the year ended 31 March 2011, the Group's administrative expenses were approximately HK$78.0 million (2010: HK$27.5 million), representing a substantial increase of approximately HK$50.5 million or 183.3% as compared with the same period in 2010. The increase were a result of (i) a full year's administrative expenses were recognised in Wuhai Menggang Group (2010: two months' administrative expenses were recognised) (ii) the non-cash share based payments expenses arising from the amortization of a total 92,900,000 newly granted share options to eligible participants by the Company as disclosed in the announcement during the year; (iii) the increase in directors' remuneration and staff costs; and (iv) the increase in rental expenses in Hong Kong, litigation expense and land use tax in the PRC.

Other Expenses

For the year ended 31 March 2011, the Group's other expenses were approximately HK$7.7 million (2010: HK$0.8 million) which represent the direct labour costs, depreciation expense, consumables and other direct attributable costs related to the coal mining operation. The Group is in the process of various technical and quality improvements at the Group's coal mines in the PRC to attain the safety standard in accordance with the new regulations imposed by the PRC authority.

Finance Costs

For the year ended 31 March 2011, the Group's finance costs amounted to approximately HK$31.0 million (2010: HK$6.9 million). The increase was mainly due to the recognition of a full year's imputed interest expenses on the liability component of the convertible notes issued by the Company on 25 January 2010 for the acquisitions (2010: only two months' imputed interests were recognised). This imputed interest expense has no impact on the cash flow positions of the Group.

Taxation

For the year ended 31 March 2011, the Group's income tax expenses was approximately HK$0.04 million (2010: HK$1.39 million), representing the result of income tax expenses approximately HK$0.38 million from Hong Kong, PRC and France and the credit adjustment of deferred tax approximately HK$0.34 million arising from the amortization of prepaid lease payment and mining rights in accordance with the tax regulations in the PRC during the year.

Loss for the year attributable to owners of the Company

The Group had recorded a loss of approximately HK$96.6 million (2010: loss of approximately HK$469.4 million), mainly due to no further impairment loss on goodwill recognised for the year ended 31 March 2011 (2010: an approximately HK$421.7 million one-off impairment loss on goodwill arising from the acquisitions).

Dividends

No final dividend for the year ended 31 March 2011 (2010: Nil) 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 2011, the Group had cash and cash equivalents of approximately HK$48.7 million (2010: HK$302.7 million). The Group's working capital decreased to approximately HK$62.7 million (2010: HK$235.5 million), mainly due to capital expenditure for the construction of Tinayu Coal Washing Plant, civil and earthwork for Mine No. 4 and technical improvement of the Group's Mine No. 1 in the PRC. Current ratio (a ratio of total current assets to total current liabilities) decreased by approximately 4.2% to 2.3 times (2010: 2.4 times). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 31 March 2011 was approximately 7.9% (2010: 15.1%), such decrease was mainly due to part of the convertible notes issued were converted and the repayment of bank loan during the year.

For the year ended 31 March 2011, the Group incurred a net cash outflow from operating activities of approximately HK$62.5 million (2010: net cash inflow generated approximately HK$30.7 million). In addition, the Group incurred a net cash outflow from investing activities of approximately HK$440.0 million (2010: HK$168.6 million), primarily due to the payment of cash consideration for the deposit of HK$250 million in relation to the acquisition of Venture Path Limited ("Venture Path") and capital expenditure of HK$190.5 million on property, plant and equipment). The net cash inflow from financing activities of approximately HK$248.3 million (2010: approximately HK$385.2 million) mainly represented by the proceeds approximately HK$327.4 million from the placement of new shares; (ii) the repayment of the bank loan approximately HK$9.1 million; (iii) settlement of other payables approximately HK$61.1 million; and (iv) payment of transaction cost of approximately HK$8.6 million attributable to issue of new shares upon placing.

The Group has pledged its leasehold land and buildings with carrying value of approximately HK$3.0 million (31 March 2010: HK$3.1 million) to secure the unutilized general banking facilities granted to the Group and no other assets pledged at the day of reporting (31 March 2010: The Group had pledged its leasehold land and buildings with carrying values of approximately HK$12.6 million with deposit placed with the third party amounted to RMB2.0 million (equivalent to approximately HK$2.3 million) to secure the outstanding bank borrowing).

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 March 2011, there was capital commitment of approximately HK$130.3 million (31 March 2010: HK$108.3 million) and HK$167.3 million (31 March 2010: 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.

In addition, there were outstanding capital commitments of approximately HK$1,300 million in respect of acquisition of Tai Rong Xin Ye International Power Generation Inc. ("Tai Rong"). Pursuant to the S&P Agreement dated 28 January 2011, the Group conditionally agreed to acquire the entire issued share capital of the Venture Path at a consideration for HK$1,550 million from the Tai Rong.

Save as disclosed in this announcement and the tax audit initiated by the Inland Revenue Department on certain group companies, the Group had no material contingent liabilities as at the close of business on 31 March 2011.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

For the year ended 31 March 2011, the Group's net foreign exchange loss was approximately HK$2.5 million compared to the net foreign exchange gain of approximately HK$0.3 million in the same period of last year. The Group's foreign exchange risks arise mainly from the mismatch between the currency of its sales, purchases and operating expenses. Its sales are denominated in US dollars ("USD"), Euros ("EUR"), Renminbi ("RMB") and Hong Kong dollars ("HKD"). The Group's purchases and expenses are mostly denominated in HKD and RMB, and some in USD and EUR. The Group has certain foreign currency investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

EMPLOYMENT AND SHARE OPTION SCHEMES

As at 31 March 2011, the Group had a total of approximately 1,650 employees in the PRC, Hong Kong and France. The Group provides a mandatory provident fund scheme for its employees in Hong Kong and the state-managed retirement benefit schemes for its employees in PRC and France. Remuneration packages are reviewed periodically.

The Group has also adopted a share option scheme. During the year, there were share options granted and a summary of the share option schemes of the Group will be set out in the annual report 2010/11.

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 2011.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Company, Champ Universe Limited, a wholly owned subsidiary of the Company and Tai Rong entered into the S&P Agreement dated 28 January 2011 to acquire the entire issued share capital of the Venture Path at a consideration for HK$1,550 million. The Venture Path which owns 拜城溫州礦業開發有限公司一礦3號井 (No. 3 decline of Mine One of Baicheng Wenzhou) and is located at Baicheng Country, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC. The acquisition was completed on 15 June 2011.

LITIGATION

Pursuant to an equity transfer agreement dated 18 August 2007 between Wuhai City Menggang and the then equity-holders of Tianyu Gongmao (the ''Original Equity-holders''), Wuhai City Menggang agreed to acquire the entire equity interest in Tianyu Gongmao from the Original Equity-holders at a cash consideration of RMB90 million, of which only RMB45 million has been paid by Wuhai City Menggang. Wuhai City Menggang did not settle the remaining consideration of RMB45 million because there was a dispute over the production capacity of Tianyu Gongmao.

A civil claim was brought by the Original Equity-holders to the PRC court against Wuhai City Menggang and pursuant to the first instance judgment handed down by the Wuhai City Intermediate People's Court (烏海市中級人民法院) in April 2009, Wuhai City Menggang was ordered to pay the remaining consideration of RMB45 million and the breach of contract fixed damages of RMB9 million to the Original Equity-holders. Wuhai City Menggang appealed to the Inner Mongolia Autonomous Region Superior People's Court (內蒙古自治區高級人民法院) against the first instance judgment.

Upon the application of the Original Equity-holders, the Wuhai City Intermediate People's Court (烏海市中級人民法院) handed down the Civil Judgment (Wu Zhong Fa (2008) Min Yi Chu Zi No. 30) (烏中法(2008)民一初字第30號) on 19 January 2009 to freeze the entire equity interests in Tianyu Gongmao held by Wuhai City Menggang pending the outcome of the case. Pursuant to such order, Wuhai City Menggang would not be allowed to transfer or pledge its interest in, or receive any dividend from Tianyu Gongmao. The operation of Wuhai City Menggang and its subsidiaries however was not affected by such order or the litigation.

On 26 January 2010, Inner Mongolia Autonomous Region Superior People's Court (內蒙古自治區高級人民法院) handed down the second instance judgment to reject the appeal of Wuhai City Menggang and upheld the first instance judgment. Wuhai City Menggang settled the case with the original equity holders by fulfilling the orders set out in the judgment in August 2010. As a result, the entire equity interest in Tianyu Gongmao held by Wuhai City Menggang, which were frozen upon the application of the original equity holders, have been released by the Wuhai City Intermediate People's Court (烏海市中級人民法院) on 26 August 2010.

As at 31 March 2011, the Group has settled the above-mentioned litigation and there is no any other litigation.

ESTIMATED COAL RESOURCES AND RESERVES

The table below presents the estimated coal reserves and resources of our coal mines as of 31 March 2011.

	Total coal resources *(million tonnes)*	**Total coal reserves** *(million tonnes)*
Mine #1	24.66	10.90
Mine #4	47.75	32.92
Total	72.41	43.82

Mine #1

a mine situated in Wuhai City, Inner Mongolia Autonomous Region of the PRC（內蒙古自治區烏海市）, having an estimated total land area of approximately 2.4016 square kilometers, as more particularly identified by the location coordinates as set out in the Mine No. 1 mining operation permit.

Mine #4

a mine situated in Wuhai City, Inner Mongolia Autonomous Region of the PRC（內蒙古自治區烏海市）, having an estimated total land area of approximately 4.0299 square kilometers, as more particularly identified by the location coordinates as set out in the Mine No. 4 mining operation permit.

Remarks:

1. Reserve and resource estimates have taken into account the estimated coal reserves and resources of our coal mines as of 31 March 2011 prepared by SRK Consulting China Limited ("SRK"), an independent technical reviewer in accordance with the Chinese Resource Classification ("Chinese Code").

2. Total coal reserves represent proven reserves and probable reserves of 43.82 million tones of both mines as of 31 March 2011 reported by SRK according to Chinese Code by determination of industrial resource deducting permanent pillars, protection pillars and mining loss from industrial resource.

3. Total coal resources estimate of both mines are 72.41 million tonnes as of 31 March 2011 reported by SRK under Chinese Code. The total resource is summation of the "Recoverable Resources" (resources available for mining) and the "Resource blocked by permanent pillars". The resource categorization is assigned according to Chinese Code and is believed not JORC Code compliant (the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Joint Ore Reserves Committee).

4. There has been no material change in the estimated coal reserves and resources of our coal mines prepared by SRK as of 28 December 2009, and the estimated coal reserves and resources of our coal mines as of 31 March 2011 and as set out in the table above.

FUTURE PROSPECTS

Looking forward, the demand for coking coal in international and domestic markets will still be tight and coking coal price is expected to rise continually. In addition, China is now actively promoting the integration and consolidation among coal mines through the merger, reorganization and shutdown of obsolete, small, inefficient and unsafe coal mines. The shortage in supply of coking mine may therefore be intensified. The year 2011 is the beginning of the Twelfth Five Year Plan and the rapid economic development of China leads to increasing demand for energy. The Group will actively seek merger and acquisition opportunities to expand its base of coal resources, and will capture appropriate timing for investing in projects with good return other than those related to coal resources. On 27 April 2011, the Group and Qinghai Muli Coal Development Group Co., Ltd. entered into a strategic cooperation framework agreement to jointly consolidate the exploitation work of Qinghai Muli Coalfield and actively participate in the investment of deep processing projects of coal chemicals. The Group is of the view that this project can provide a solid base for the consolidation of coal reserves which will enhance the long-term growth potential of the Group. On 18 May 2011, the Group and China Jingu International Trust Co., Ltd entered into a strategic cooperation agreement, both parties will establish a mining energy fund for the acquisition and integration of coal resources projects and construction work for production capacities improvement. Lastly, the Group will actively work in line with the Xinjiang development policy formulated by the central government and utilise sound communication channels to invest in development and acquisition projects of Xinjiang coal mines, with a view to increasing the total investment amount of the Company in the coal industry by the end of 2012. Hao Tian Resources will spare no efforts in developing itself into one of the large-scale coking coal enterprises in China.

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 2011, 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.

This announcement describes the Group's corporate governance practices and explains the said deviation from the CG Code.

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 2011 as set out in 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 financial statements and annual results announcement of the Company 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 2010/11 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 of
Hao Tian Resources Group Limited
Ma Lishan
Chairman

Hong Kong, 20 June 2011

As at the date of this announcement, the board of directors comprises four Executive Directors, namely Mr. Ma Lishan, Mr. Fung Ka Pun, Mr. Ng Cheuk Fan, Keith and Mr. Mak Yiu Tong; one Non-Executive Director, namely, Ms. Fung Wing Ki, Vicky; and three Independent Non-Executive Directors, namely, Dr. Tam Hok Lam, Tommy, J.P., Mr. Zhu Yongguang and Mr. Chan William.