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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 2012

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 2012 together with the comparative figures for the corresponding period in 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	NOTES	**2012** **HK$'000**	2011 HK$'000 (Restated)
Continuing operations			
Revenue	*4*	**143,079**	122,099
Cost of sales		**(106,358)**	(103,072)
Gross profit		**36,721**	19,027
Other income, gain and loss	*6*	**(304)**	(698)
Distribution and selling costs		**(3,530)**	(4,194)
Administrative expenses		**(74,196)**	(62,966)
Other expenses	*7*	**(19,061)**	–
Change in fair value of investments held for trading		**(66)**	(120)
Change in fair value of derivative financial instruments		**180,839**	6,089
Loss on redemption of convertible note/re-measurement of liability components of convertible notes		**(426,139)**	–
Finance costs	*8*	**(49,002)**	(30,461)
Loss before taxation		**(354,738)**	(73,323)
Taxation	*9*	**(4,012)**	(375)
Loss for the year from continuing operations	*10*	**(358,750)**	(73,698)

	NOTES	2012 HK$'000	2011 HK$'000
Discontinuing operation			
Loss for the year from discontinued operation		**(19,708)**	(22,948)
Loss for the year		**(378,458)**	(96,646)
Other comprehensive income			
Exchange difference on translation of foreign operations		**96,256**	76,199
Available-for-sale investments:			
– fair value changes during the year		**(289)**	(407)
Reclassification adjustments:			
– impairment loss recognised		**715**	–
– reclassified to profit or loss upon disposal		**–**	(832)
Other comprehensive income for the year, net of tax		**96,682**	74,960
Total comprehensive expense for the year attributable to owners of the Company		**(281,776)**	(21,686)
Loss per share	*12*		
From continuing and discontinued operations			
– Basic *(HK cents)*		**(12.98)**	(4.80)
From continuing operations			
– Basic *(HK cents)*		**(12.31)**	(3.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**48,808**	263,770
Prepaid lease payments		**1,886**	26,054
Investment property		**993**	1,025
Mining rights	13	**1,551,983**	1,988,480
Available-for-sale investments		**11,212**	13,061
Deposits for acquisition of subsidiaries		**–**	250,000
Deposits		**95,757**	90,854
Deferred tax assets	14	**205**	205
		1,710,844	2,633,449
Current assets			
Inventories		**26,126**	26,781
Trade receivables	15	**23,034**	20,141
Bills receivable	15	**–**	347
Other receivables, deposits and prepayments		**12,752**	11,259
Investments held for trading		**118**	184
Prepaid lease payments		**104**	1,129
Tax recoverable		**4,903**	2,934
Bank balances and cash		**44,040**	48,676
		111,077	111,451
Assets classified as held for sale	16	**2,492,670**	–
		2,603,747	111,451
Current liabilities			
Trade payables	17	**11,157**	14,811
Other payables, deposits received and accruals		**29,002**	31,909
Convertible notes		**638,056**	–
Embedded derivatives		**43**	–
Tax payable		**4,285**	2,060
		682,543	48,780
Liabilities associated with assets classified as held for sale	16	**888,812**	–
		1,571,355	48,780
Net current assets		**1,032,392**	62,671
Total assets less current liabilities		**2,743,236**	2,696,120

	NOTES	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Retirement benefits obligations		**1,386**	1,203
Convertible notes		**–**	217,835
Embedded derivatives		**–**	180,882
Provision for restoration and environment costs		**7,289**	–
Deferred tax liabilities	*14*	**–**	496,365
		8,675	896,285
Net assets		**2,734,561**	1,799,835
Capital and reserves			
Share capital		**196,377**	120,573
Reserves		**2,538,184**	1,679,262
Equity attributable to owners of the Company		**2,734,561**	1,799,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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").

The principle activities of the Company are investment holding and provision of management service to its subsidiaries. The principal activities of its subsidiaries include (i) development of underground coking coal mine, coal production and sale of coal; and (ii) manufacturing and sale of quality plastic and paper boxes for luxury consumer goods.

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

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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

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 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)	Annual improvements to HKFRSs 2009-2011 cycle[2]
HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters[1]
HKFRS 1 (Amendments)	Government loans[2]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[5]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2011*

[2] *Effective for annual periods beginning on or after 1 January 2013*

[3] *Effective for annual periods beginning on or after 1 January 2015*

[4] *Effective for annual periods beginning on or after 1 January 2012*

[5] *Effective for annual periods beginning on or after 1 July 2012*

[6] *Effective for annual periods beginning on or after 1 January 2014*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes requirements for classification and measurement of 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. 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 2015, 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 2016 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 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 and by the Hong Kong Companies Ordinance.

4. REVENUE

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

5. SEGMENT INFORMATION

The Group is currently organised into below operating divisions:

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

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

   (ii) China Operation – Winbox Company Limited, Dongguang Ever Green Plastic Manufacturing Company Limited, Winbox Plastic Manufacturing (Shenzhen) Company Limited and Winpac Trading Co. Limited

(b) Developing of underground coking coal mine, coal production and sale of coal ("Coal Mining Operation"):

   (iii) Coal Mining Operation – Baicheng Wenzhou Mining Development Co., Ltd. ("Baicheng Wenzhou") and Wuhai City Menggang Industrial Development Co., Ltd and its subsidiaries (collectively referred as the "Menggang Group"). Baicheng Wenzhou operates coal mine in the Xinjiang Uygur Autonomous Region, the PRC ("Xinjiang Coal Mining Operation") and the Menggang Group operates coal mines in the Inner-Mongolia Autonomous Region in the PRC ("Inner-Mongolia Coal Mining Operation")

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

During the year, the Group's Inner-Mongolia Coal Mining Operation was considered as discontinued operation. The segment information reported below include the results of the Inner-Mongolia Coal Mining Operation, as the chief operating decision maker reviews the Coal Mining Operation as a whole to allocate resources to segments and to assess their performance.

No segment assets and liabilities are 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 2012

	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	**112,957**	**27,261**	**2,861**	**143,079**
Segment results	**3,263**	**4,580**	**(29,702)**	**(21,859)**
Add: Segment loss from discontinued operation				**19,985**
Segment results from continuing operations				**(1,874)**
Other income, gain and loss				**(304)**
Central administration costs				**(49,375)**
Other expenses				**(8,817)**
Change in fair value of investments held for trading				**(66)**
Change in fair value of derivatives financial instruments				**180,839**
Loss on redemption of convertible notes/re-measurement of liability components of convertible notes				**(426,139)**
Finance costs				**(49,002)**
Loss before taxation from continuing operations				**(354,738)**

For the year ended 31 March 2011

	Sale of plastic and paper boxes for luxury consumer goods		Coal	
	China Operation	France Operation	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)
Add: Segment loss from discontinued operation				21,112
Segment results from continuing operations				(8,550)
Other income, gain and loss				(698)
Central administration costs				(39,583)
Change in fair value of investments held for trading				(120)
Change in fair value of derivatives financial instruments				6,089
Finance costs				(30,461)
Loss before taxation from continuing operations				(73,323)

6. OTHER INCOME, GAIN AND LOSS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Dividend income from listed available-for-sale investments	**–**	9
(Loss) gain on disposal of available-for-sale investments	**(999)**	832
Impairment loss on available-for-sale investments	**(715)**	–
Gain on disposal of property, plant and equipment	**1,560**	–
Interest earned on bank deposits	**237**	408
Interest earned on listed available-for-sale investments	**430**	86
Net foreign exchange loss	**(2,954)**	(2,453)
Sundry income	**2,137**	420
	(304)	(698)

7. OTHER EXPENSES

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Legal and professional fee related to acquisition and proposed disposal of subsidiaries *(Note a)*	**8,817**	–
Direct cost incurred during the suspension period *(Note b)*	**10,244**	–
	19,061	–

Notes:

(a) Amounts represent legal and professional fee incurred for acquisition of assets through purchase of subsidiaries and proposed disposal of subsidiaries.

(b) On 7 July 2011, the relevant PRC authorities ("Relevant Authorities") issued notices to Baicheng Wenzhou (the "Notices"), and requested Baicheng Wenzhou to address certain safety issues, including, inter alia, (i) implementation of measures regarding methane level in its coal mine by installation of ventilation; and (ii) the inadequacies of its ventilation system. The Relevant Authorities ordered Baicheng Wenzhou to suspend production with immediate effect, pending rectification of the said safety issues (the "Suspension Period").

Wages, depreciation expense, consumables and other direct attributable costs of HK$10,244,000 incurred during the Suspension Period of the operation of the coal mine of Baicheng Wenzhou was recognised as other expenses.

On 9 November 2011, a formal inspection was conducted by the officials of the Relevant Authorities and confirmed to Baicheng Wenzhou that the requested rectification of the major safety issues, namely, issues relating to methane level and the inadequacies of its ventilation system, have been primarily completed. On 2 December 2011, the Relevant Authorities issued the safe production permit to Baicheng Wenzhou and the production of Baicheng Wenzhou resumed in late December 2011.

8. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowing wholly repayable within five years	**–**	7
Imputed interest expense on convertible notes	**49,002**	30,454
	49,002	30,461

9. TAXATION

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong	**3**	17
Other jurisdictions	**2,009**	363
	2,012	380
Under (over) provision in prior years – Hong Kong	**2,000**	(5)
Taxation for the year	**4,012**	375

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. The implementation to the EIT Law has impact to the Company's wholly owned subsidiary, Winbox Plastic Manufacturing (Shenzhen) Company Limited, which previously enjoyed the preferential tax policy in the form of a reduced tax rate, is entitled to use a tax rate of 24% for the period from 1 January 2011 to 31 December 2011 and 25% for the period from 1 January 2012 to 31 March 2012 (1.4.2010 to 31.12.2010: 22%).

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

During the year ended 31 March 2012 and 2011, the Inland Revenue Department ("IRD") initiated a tax audit on certain group companies and has issued estimated additional assessments for certain years of assessments. The Group applied hold over for the full amount and purchased tax reserve certificate of approximately HK$1.3 million and HK$2 million during the year ended 31 March 2012 and 2011 respectively. As at 31 March 2012, total amount of tax reserve certificate purchased was HK$4.6 million (2011: HK$3.3 million). In the opinion of the directors, after reassessed the tax position of these group companies, an amount of HK$2 million (2011: nil) was additionally provided and charged to profit or loss as under provision of taxation in prior years during the year ended 31 March 2012. 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, as at 31 March 2012, the additional provision made is sufficient 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 FROM CONTINUING OPERATIONS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Loss for the year from continuing operations have been arrived at after charging:		
Auditor's remuneration	**1,658**	1,487
Amortisation of mining rights (included in cost of sales)	**556**	–
Cost of inventories recognised as an expense	**106,358**	103,072
Depreciation of property, plant and equipment and investment property	**6,688**	1,798
Release of prepaid lease payments	**132**	17
Operating lease rentals in respect of rented premises	**5,309**	7,070
Staff costs:		
Directors' emoluments	**11,213**	16,023
Other staff costs		
– salaries, bonus and other allowances	**59,735**	56,103
– retirement benefit scheme contributions	**3,288**	2,738
– share-based payments	**11,569**	5,201
	85,805	80,065

11. DIVIDEND

No dividend was paid or proposed by the directors for both years nor has any dividend been proposed since the end of the reporting period.

12. LOSS PER SHARE

From continuing and discontinued operations

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

	2012	2011
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(378,458)**	(96,646)

	2012	2011
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,915,454**	2,015,323

From continuing operations

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

	2012	2011
	HK$'000	*HK$'000*
Loss for the year	**(378,458)**	(96,646)
Add: Loss for the year from discontinued operation	**19,708**	22,948
Loss for the purpose of calculating basic loss per share from continuing operations	**(358,750)**	(73,698)

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

From discontinued operation

Basic loss per share from discontinued operation is HK0.67 cents (2011: HK1.14 cents), based on the loss for the year from discontinued operation of HK$19,708,000 (2011: HK$22,948,000) and the denominators detailed above for both basic loss per share from continuing and discontinued operations.

No diluted loss per share for both continuing and discontinued operations are presented, since the assumed exercise of the conversion rights of the Company's outstanding convertible notes and the Company's outstanding share options and warrants would reduce loss per share.

13. MINING RIGHTS

	HK$'000
COST	
At 1 April 2010	1,903,116
Exchange realignment	85,364
At 31 March 2011	1,988,480
Acquisition of subsidiaries	1,520,465
Transfer to assets classified as held for sales	(2,041,108)
Exchange realignment	84,702
At 31 March 2012	1,552,539
AMORTISATION	
At 1 April 2010 and 31 March 2011	–
Provided for the year	556
At 31 March 2012	556
CARRYING VALUES	
At 31 March 2012	1,551,983
At 31 March 2011	1,988,480

The mining right obtained through acquisition of subsidiaries during the year will expire in November 2017. Based on the advice from the Company's legal counsel, the Group will be entitled to renew the mining right upon the expiration at minimal cost. Mining rights transferred to assets classified as held for sale will expire in December 2012 and 2013.

14. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Fair value adjustment on mining rights *HK$'000*	Fair value adjustments on property, plant and equipment and prepaid lease payments *HK$'000*	Withholding tax arise from PRC subsidiaries *(Note)* *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1 April 2010	(471,876)	(3,325)	(185)	390	(474,996)
Exchange realignment	(21,359)	(143)	–	–	(21,502)
Credit to profit or loss	–	338	–	–	338
At 31 March 2011	(493,235)	(3,130)	(185)	390	(496,160)
Reclassified as held for sales	506,262	3,353	–	–	509,615
Exchange realignment	(13,027)	(223)	–	–	(13,250)
At 31 March 2012	–	–	(185)	390	205

Note: Under the Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

15. TRADE AND BILLS RECEIVABLES

	2012 **HK$'000**	2011 *HK$'000*
Trade receivables	**23,034**	20,141
Bills receivable	**–**	347
	23,034	20,488

The Group allows an average credit period of 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:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**20,474**	13,823
31 to 60 days	**906**	3,337
61 to 90 days	**627**	1,160
91 to 180 days	**1,027**	2,168
	23,034	20,488

16. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 September 2011, the Group has entered into a sales and purchase agreement with an independent third party, Inner-Mongolia Shuangxin Resources Group Co., Ltd. (the "Purchaser"). Pursuant to this sales and purchase agreement, the Group has conditionally agreed to dispose the Menggang Group (the "Proposed Disposal"), which operates the Group's Inner-Mongolia Coal Mining Operation, for a cash consideration of RMB1,503,000,000 ("Total Consideration"). In addition to the Total Consideration, the Purchaser is required to advance the Menggang Group RMB300,000,000 (the "Settlement Fund"), which is used to repay the Menggang Group's existing payables to third parties and the current account with the Company and its subsidiaries, before the completion of the Proposed Disposal. The Settlement Fund had been provided by the Purchaser during the current year and the Settlement Fund was payable to the Purchaser by the Menggang Group. As at 31 March 2012, unused fund was HK$27,554,000, which was deposited in a special purpose bank account of the Menggang Group.

The completion of the Proposed Disposal is subject to fulfilment of conditions precedent including, amongst others, the approval from shareholders of the Company and the approval from the relevant PRC government departments. On 10 February 2012, the resolution for the Proposed Disposal was passed by shareholders in Extraordinary General Meeting. Subsequent to the end of the reporting period, the Proposed Disposal has been approved by the relevant government departments and the legal title has been changed on 17 May 2012. On 30 May 2012, the Group and the Purchaser signed a confirmation letter for the proper transfer of control, thereafter, the Menggang Group ceased to be subsidiaries of the Group.

The assets and liabilities attributable to the Menggang Group to be sold within twelve months have been classified as assets and liabilities held for sale and are separately presented in the consolidated statement of financial position. The Group's Inner-Mongolia Coal Mining Operation for the current year are presented as discontinued operation and the comparative figures were re-presented accordingly.

The Total Consideration of RMB1,503,000,000 (equivalent to approximately HK$1,845,083,000) are expected to exceed the net carrying amount of the relevant assets and liabilities of the Menggang Group of HK$1,603,858,000, accordingly, no impairment losses were recognised, neither when the operation was classified as held for sale nor at the end of the reporting period.

Major classes of assets and liabilities of the Menggang Group as at 31 March 2012 are as follows:

	31.3.2012
	HK$'000
Property, plant and equipment	**346,500**
Prepaid lease payments	**26,176**
Mining rights	**2,058,378**
Deposits	**14,137**
Inventories	**3,081**
Other receivables and prepayment	**13,913**
Cash deposited in a special purpose account	**27,554**
Bank balances and cash	**2,931**
Total assets classified as held for sale	**2,492,670**
Other payables	**(7,029)**
Deferred tax liabilities	**(513,503)**
The Settlement Fund	**(368,280)**
Total liabilities associated with assets classified as held for sale	**(888,812)**

17. 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:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**6,589**	7,385
31 to 60 days	**3,686**	3,464
61 to 90 days	**402**	1,428
91 to 180 days	**480**	2,534
	11,157	14,811

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During 2011, despite the slowdown in GDP growth in the PRC, the coal mining industry were still able to gather growth momentum due to the buoyant market demand, with the production of crude steel reaching 683 million tonnes, representing a year-on-year growth of 8.9%. The steel sector's demand for quality coking coal will rise significantly after series of optimization and technical improvement. Despite the curb, though indirectly, in coking coal prices due to the fall in demands from the real estate sector, increased fixed investment in the establishment of the PRC's railway system shall provide support to coking coal prices, and alongside with the gradual upward movement in steel prices this year, coking coal prices are on the track of a steady upward movement.

BUSINESS AND FINANCIAL REVIEW

Coal Mining Business

On 7 September 2011, the Group has executed a sales and purchase agreement for the disposal of the entire equity interest in Wuhai City Menggang at a total consideration of RMB1.503 billion (equivalent to approximately HK$1,845,083,000). Wuhai City Menggang held the entire equity interest in Mine No.1 and No.4 and Tianyu coal washing plant through Tianyu Gongmao and Tianyu Coal respectively. On 17 May 2012, the Group has completed the registration of transfer of the entire equity interests of Wuhai City Menggang to the Purchaser with SAIC. Accordingly, during the year, no production was recorded from the coal mining business in Wuhai City, Inner Mongolia.

The Group has successfully acquired the Baicheng coal mine in Xinjiang Uygur Autonomous Region on 15 June 2011 and has then resumed the preparatory work for production. However, the relevant PRC governmental authorities have issued notices to Baicheng coal mine in July 2011 to require it to suspend and rectify its production activities for the sake of addressing certain safety issues, including, inter alia, the implementation of measures regarding gas level in Baicheng coal mine and the inadequacies of its ventilation system. The Company has rectified the safety issues of Baicheng coal mine in response to the requests of the PRC governmental authorities. The improvement of ventilation system was inspected by the relevant PRC governmental authorities in mid-November 2011, and Baicheng coal mine has resumed production in late December 2011. Moreover, new mining shafts with an annual production capacity of 900,000 tonnes are still pending for the approval from the government of the Xinjiang Autonomous Region. During the year, the production of Baicheng coal mine was approximately 13,000 tonnes, and the gain from the sale of raw coal from continuing operation was approximately RMB2,357,000 (equivalent to approximately HK$2,861,000).

Packaging Box Business

The global economic recovery drove the demand for high-end consumer good's plastic boxes and paper boxes. However, the Euro-zone debt crisis reduced the growth momentum in the second half of the year. Accordingly, the Group's packaging segment revenue increased by 14.8% to HK$140.2 million (2011: HK$122.1 million) as compared with last year. The gross profit margin has improved significantly to approximately 25.2% (2011: 15.6%) while the gross profit was increased to approximately HK$35.3 million (2011: HK$19.0 million) as a result of increased product sales and tightened control on production cost. As such, the segment result was turnaround profitability of which approximately HK$7.8 million was recorded when compared with loss of approximately HK$8.6 million for the last year.

Other Income, Gain and Loss, and Change in Fair Value of Investments Held for Trading

For the year ended 31 March 2012, the Group recorded a total net loss from continuing operations in other income, gain and loss and change in fair value of investments held for trading of approximately HK$0.4 million (2011: HK$0.8 million). The loss was mainly attributable to (i) the net loss from foreign exchange, (ii) loss on disposal of available-for-sale investments, and (iii) impairment loss on available-for-sale investments.

Change in Fair Value of Derivative Financial Instruments

For the year ended 31 March 2012, from continuing operations, the Group recorded a net non-operating income of approximately HK$180.8 million arising from fair value adjustment in the embedded derivatives of convertible notes issued by the Company (2011: HK$6.1 million).

Distribution and Selling Costs

For the year ended 31 March 2012, distribution and selling costs from continuing operations were approximately HK$3.5 million (2011: HK$4.2 million), representing a decrease of approximately HK$0.7 million or 16.7% as compared with last year. The decrease was due to the reduction in transportation cost as the packing box plant has been moved to Dongguan in 2010.

Administrative Expenses

For the year ended 31 March 2012, administrative expenses from continuing operations were approximately HK$74.2 million (2011: HK$63.0 million), representing an increase of approximately HK$11.2 million or 17.8% as compared with last year. The increase was mainly due to (i) non-cash share based payments expenses arising from the amortisation of the granted share options to eligible participants by the Company; and (ii) the inclusion of administrative expense from the Venture Path Group, which the acquisition was completed on 15 June 2011.

Loss on Redemption of Convertible Note/Re-measurement of Liability Component of Convertible Notes

For the year ended 31 March 2012, the Group recorded a loss of approximately HK$426.1 million on loss on redemption of convertible note/re-measurement of liability component of convertible notes (2011: Nil) as a result of (i) the Group will settle the entire outstanding amount of convertible notes by proceeds obtained from the Proposed Disposal of the Menggang Group and it is represented the difference between the carrying value of the liability component of convertible notes and its redemption amount; and (ii) debt extinguishment loss of redemption of convertible note.

Other Expenses

For the year ended 31 March 2012, other expenses from continuing operations were approximately HK$19.1 million (2011: Nil) which represented legal and professional costs incurred for the acquisition of assets through purchase of subsidiaries and the Proposed Disposal of the Menggang Group as well as the wages, depreciation expense, consumables and other direct attributable costs incurred during the Suspension Period of the operation of the coal mine of Baicheng Wenzhou.

Finance Costs

For the year ended 31 March 2012, finance costs from continuing operations were approximately HK$49.0 million (2011: HK$30.5 million), which were mainly attributable to the recognition of imputed interest expenses on the liability component of the convertible notes.

Taxation

For the year ended 31 March 2012, the Group's income tax expense from continuing operations of approximately HK$4.0 million (2011: HK$0.4 million) representing the result of income tax expense from Hong Kong of approximately HK$2.0 million and other jurisdiction of approximately HK$2.0 million.

Owner's Attributable Loss

For the year ended 31 March 2012, the Group recorded a loss of approximately HK$378.5 million (2011: HK$96.6 million). The basic loss per share was approximately HK12.98 cent (2011: HK4.8 cents). The increase was mainly due to the loss recognised on loss on redemption of convertible note/re-measurement of liability component of convertible notes.

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group funds its operations from a combination of internal resources, equity fund raising and financial instruments. As at 31 March 2012, the Group had cash and cash equivalents of approximately HK$44.0 million (2011: HK$48.7 million). The Group's net current assets increased to approximately HK$1,032.4 million (2011: HK$62.7 million). Such increase was mainly due to the non-current assets of Menggang Group were classified as current assets as held for sale. Gearing ratio (a ratio of total borrowings to total assets) as at 31 March 2012 was approximately 14.8% (2011: 7.9%), such increase was mainly due to the new convertible bond issued on 15 June 2011 and the re-measurement of liability components of the convertible notes in reason of the Group will settle the entire outstanding amount of convertible notes by proceeds obtained from the Proposed Disposal of the Menggang Group.

The Group has pledged its leasehold land and buildings with carrying value of approximately HK$2.9 million (2011: HK$3.0 million) to secure the unutilised general banking facilities granted to the Group and no other assets pledged at the date of reporting.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 March 2012, there were capital commitments of approximately HK$89.6 million (2011: HK$130.3 million) and HK$189.0 million (2011: HK$167.3 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.

The Group had no material contingent liabilities as at the close of business on 31 March 2012.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's sales are denominated mainly in Hong Kong dollars ("HKD"), United States dollars ("USD") and Euro ("EUR"). The Group's purchases and expenses are mostly denominated in HKD and Renminbi ("RMB"), and some in EUR and USD. The Group has certain foreign currency bank balances, 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.

EMPLOYEE INFORMATION

As at 31 March 2012, the Group had a total of approximately 1,200 employees (2011: 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. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

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 2011/12.

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 2012.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry to all Directors and all Directors confirmed that they have fully complied with the required standard set out in the Model Code for the year ended 31 March 2012.

SIGNIFICANT INVESTMENT, MATERIALS ACQUISITIONS AND DISPOSALS

On 7 September 2011, the Group has entered into a sales and purchase agreement (the "Agreement") with an independent third party, Inner-Mongolia Shuangxin Resources Group Co., Ltd (the "Purchaser"). Pursuant to the Agreement, the Group has conditionally agreed to dispose the Menggang Group (the "Disposal Group") for a cash consideration of RMB1,503,000,000 (equivalent to approximately HK$1,845,083,000). In addition to the total consideration, the Purchaser required to advance the Disposal Group of RMB300,000,000 (equivalent to approximately HK$365,190,000), which is used to repay the Disposal Group's existing indebtedness and current account with the Company and its subsidiaries before the completion of sale of the Disposal Group.

At the date of reporting, the disposal has been approved by the relevant PRC departments and the legal title has been changed.

ESTIMATED COAL RESOURCES AND RESERVES

The table below presents the estimated coal resources and reserves of our coal mine as of 31 March 2012.

	Total coal resources *(million tonnes)*	**Total coal reserves** *(million tonnes)*
Mine of Baicheng Wenzhou as at 31 March 2012	111.30	38.00

Remarks:

1. Mine of Baicheng Wenzhou those Reserve and Resource estimates have taken into account the estimated coal reserves and resources of our coal mine as of 31 March 2012 prepared by Roma Oil and Mining Associates Limited ("ROMA"), an independent technical reviewer in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

2. There has been no material change in the estimated coal resources and reserves and of the Mine of Baicheng Wenzhou since the day of acquisition on 15 June 2011.

3. With regards to Mine #1 and Mine #4 in Inner-Mongolia, the total coal resource estimates are 27.98 Mt and 51.84 Mt as reported by ROMA based on JORC Code released on 20 January 2012 respectively. There was no production during the year.

   On 7th September 2011, the Group has entered into a sales and purchase agreement with an independent third party, Inner-Mongolia Shuangxin Resources Group Co., Ltd (the "Purchaser") and subsequent to the end of the reporting period, the legal title of its holding company, namely Wuhai City Menggang Industrial Development Co., Ltd, has been changed on 17 May 2012.

FUTURE PROSPECT

Looking ahead, demands for coal from domestic market will continue to grow and the healthy growth in coal production capacity will maintain a balance between supply and demand. With the gradual increase in indicated reserves in Xinjiang and the commencement of operation of the railway system this year in Southern Xinjiang which spans for approximately 1,000 kilometers, it is expected that the coal production capacity and delivery of Kubai coal base will release on a step-by-step basis.

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 2012, the Company has complied with the provision 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"). To ensure a balance of power and authority and aligns with the requirement under Code Provision A.2.1, the roles of Chairman and Chief Executive Officer are segregated and performed by Mr. Ma Lishan and Ms. Li Shao Yu respectively since 23 February 2012. Mr. Ma would be able to focus on the overall strategic planning and development of the Group and effective functioning of the Board whereas Ms. Li would be able to oversee the day-to-day management of the business and operations of the Group.

DIVIDEND

The board of Directors does not recommend the payment of a dividend for the year ended 31 March 2012 (2011: Nil).

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 2012 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 2012.

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 2011/12 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, 22 June 2012

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ma Lishan and Mr. Xu Hai Ying; and four independent non-executive Directors, namely Mr. Zhu Yongguang, Mr. Ma Lin, Mr. Chan Ming Sun Jonathan and Dr. Zhiliang Ou, JP.