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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)

VERY SUBSTANTIAL DISPOSAL VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING

On 12 October 2012, the Company (as vendor), the Purchaser and Up Energy entered into the S&P Agreement pursuant to which, amongst others, the Company conditionally agreed to dispose of and assign to the Purchaser, and the Purchaser conditionally agreed to purchase and accept the assignment of, the entire equity interest of the Target Company and all rights, title, benefit and interest of and in the Shareholder's Loan for the Total Consideration, being HK\$1,580,000,000, comprising of (i) HK\$735,000,000 to be settled by allotment and issue to the Company 367,500,000 Up Energy Shares at an issue price of HK\$2.00 per share; and (ii) the balance of HK\$845,000,000 by way of cash payment to the Company upon Completion, subject to adjustments (with no cap or floor limit) as set out in the S&P Agreement. In addition to the Total Consideration, upon signing of the S&P Agreement, the Purchaser shall remit cash in an amount of HK\$10,000,000 as cash deposits for the Transaction. The Target Company is a direct wholly-owned subsidiary of the Company. The Target Company wholly owns Venture Path which wholly owns West China and Baicheng Wenzhou, and through Baicheng Wenzhou wholly owns and operates the Target Mine.

As (i) the applicable percentage ratios of the Transaction exceed 75%; and (ii) the applicable percentage ratios relating to the Company's holding of the Consideration Shares immediately after Completion exceed 100%, the Transaction constitutes both a very substantial disposal and a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Transaction is subject to the approval of the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, neither the Purchaser nor any of its associates holds any Shares as at the date of this announcement and no Shareholder has a material interest in the Transaction, and therefore no Shareholder is required to abstain from voting on the resolution to approve the Transaction at the EGM.

A circular containing, among other things, (i) further details of the Transaction; (ii) the financial information and pro forma financial information pursuant to Rule 14.68(2) (a) of the Listing Rules; (iii) the Competent Person's Report in relation to the Target Mine pursuant to Chapter 18 of the Listing Rules; and (iv) the notice of the EGM, will be despatched to the Shareholders on or before 11 January 2013 in accordance with the requirements of the Listing Rules.

Completion of the Transaction is subject to fulfilment of conditions precedent including, amongst others, the obtaining of the approval of the Shareholders, and therefore, the Transaction may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading of the Shares on the Stock Exchange was suspended at the request of the Company from 9:00 a.m. on 15 October 2012 pending the release of this Announcement. The Company has applied for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 October 2012.

INTRODUCTION

On 23 July 2012, the Company entered into the MOU with the Target Company and the Purchaser in relation to the Transaction and on 14 September 2012 and 5 October 2012 respectively, the Company and the other parties to the MOU entered into supplemental MOUs, respectively to amend certain terms of the MOU, details of which are set out in the announcements of the Company dated 23 July 2012, 14 September 2012 and 5 October 2012.

The Directors are pleased to announce that on 12 October 2012, the Company (as vendor), the Purchaser and Up Energy entered into the S&P Agreement in relation to the Transaction, a summary of the major terms of which is set out below.

THE S&P AGREEMENT

Date

12 October 2012

Parties

- (i) The Company (as vendor);
- (ii) The Purchaser (a wholly-owned subsidiary of Up Energy, as purchaser); and
- (iii) Up Energy.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser, Up Energy and their respective ultimate beneficial owners, are third parties independent of and not connected with the Company and its connected persons.

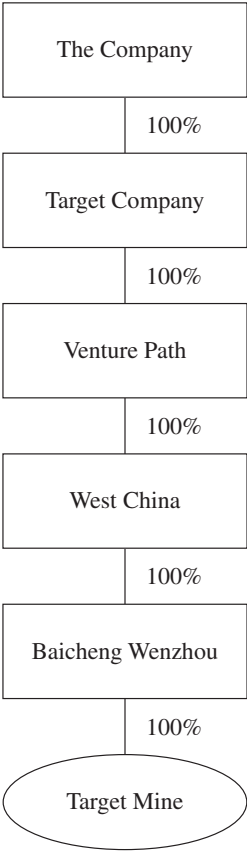
The Disposal Group and Target Mine

Upon Completion, the Company shall dispose of its entire interests in the Target Company (which is the shareholder of Venture Path, West China, Baicheng Wenzhou which in turn holds the entire interest of Target Mine) to the Purchaser. Each of the members of the Disposal Group will cease to be a subsidiary of the Company and the results of the Disposal Group will cease to be consolidated with those of the Company.

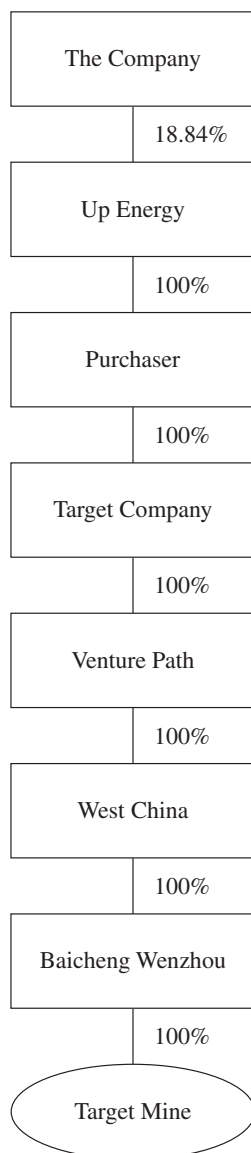
Assignment of the Shareholder's Loan

As at the date of this announcement, the Target Company is indebted to the Company for the principal amount equal to HK\$1,623,974,302 as interest-free Shareholder's Loan. The Company has agreed to sell and assign to the Purchaser, and the Purchaser has agreed to purchase and accept the assignment of, the entire interests in the Target Company and all rights, title, benefit and interest of and in the Shareholder's Loan on the terms and conditions set out in the S&P Agreement. Pursuant to the S&P Agreement, the Company undertakes to the Purchaser that prior to the Completion Date, it shall assign current assets of the Disposal Group comprising of inventory in an amount of approximately HK\$15 million, trade receivables in an amount of approximately HK\$1.4 million and other receivable in an amount of approximately HK\$1.3 million (based on an unaudited management accounts of the Disposal Group) (other than the Required Deposits and cash at bank) to the Group with book value as consideration, and which consideration shall be set-off against and deducted from the Shareholder's Loan on a dollar for dollar basis. Hence, the amount of Shareholder's Loan will be subject to possible adjustment on Completion. All taxation, costs and expenses of the assignment, novation and settlement shall be borne by the Company.

Immediately before Completion, the shareholding structure of the Disposal Group is set out below:



Upon Completion (assuming the allotment and issue of the Consideration Shares), the shareholding structure of the Disposal Group is as set out below:



Total Consideration and adjustments

The Total Consideration for the Transaction is HK\$1,580,000,000, comprising of (i) HK\$735,000,000 to be settled by allotment and issue to the Company 367,500,000 Up Energy Shares at an issue price of HK\$2.00 per share (the “**Consideration Shares**”); and (ii) the balance of HK\$845,000,000 by way of cash payment to the Company upon Completion, subject to adjustments (with no cap or floor limit) as set out in the S&P Agreement (the “**Cash Component**”).

The Total Consideration was based on normal commercial terms and determined after arm's length negotiations between the Company and the Purchaser, with reference to the value of the Agreed Minimum Non-Current Assets of the Disposal Group (including two-thirds of the Required Deposits) only and on the assumption that they remain in the Disposal Group at Completion and the net difference of the Disposal Group as at the Completion Date (computed by deducting (A) the amount of total liabilities (excluding the Shareholder's Loan) from (B) the amount of total current assets plus one-third of the Required Deposits amount, as shown on the Pro-Forma Completion Account or the Audited Completion Account (as defined below)) shall equal to zero. The basis of determining the Total Consideration has already taken into account the possible assignment of current assets of the Disposal Group (other than the Required Deposits and cash at bank) back to the Company. As at the Audited Accounts Date, the amount of the Agreed Minimum Non-Current Assets is amounted to RMB31,122,554. The total current assets (including the Disposal Group's current assets to be assigned to the Group but excluding the Required Deposits and cash at bank) and the total liabilities (excluding the Shareholder's Loan) of the Disposal Group as at 30 September 2012 (based on an unaudited management accounts of the Disposal Group) amounted to approximately HK\$21,506,000 and HK\$50,669,000, respectively. Hence, it is unlikely that the Cash Component will be adjusted to a negative balance.

If the net difference of the Disposal Group as at the Completion Date is a positive amount (meaning the aggregate amount of total current assets plus one-third of the Required Deposits amount is larger than the amount of total liabilities (excluding the Shareholder's Loan)), the Cash Component shall be increased by an amount equal to the net difference of the Disposal Group as at Completion Date. In such case, the Purchaser shall pay to the Company cash as equivalent to the net difference of the Disposal Group as at the Completion Date. If the net difference of the Disposal Group as at the Completion Date is a negative amount (meaning the amount of total liabilities (excluding the Shareholder's Loan) is larger than the aggregate amount of total current assets plus one-third of the Required Deposits amount), the Cash Component shall be reduced by an amount equal to the absolute value of the net difference of the Disposal Group as at the Completion Date. In such case, the Company shall pay to the Purchaser an amount in cash as equivalent to the absolute value of the net difference of the Disposal Group as at the Completion Date.

Consideration Shares

The issue price for the Consideration Shares of HK\$2.00 per Consideration Share was arrived at by the Company and the Purchaser after arm's length negotiation taking into account, mainly the inclusion of the Target Mine into the asset portfolio of Up Energy after Completion and market comparables at prevailing market conditions, and which represents:

- (a) a premium of approximately 150% to the closing price of HK\$0.80 per Up Energy Share as quoted on the Stock Exchange on 12 October 2012 (being the last trading day in the Up Energy Shares prior to the suspension of trading in the Up Energy Shares pending the issue of the announcement of Up Energy in relation to the Transaction);
- (b) a premium of approximately 153.16% to the closing price of HK\$0.779 per Up Energy Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including 12 October 2012;
- (c) a premium of approximately 151.57% over the closing price of HK\$0.795 per Up Energy Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including 12 October 2012; and
- (d) a discount of approximately 69.2% over the audited consolidated net asset value per Up Energy Share of approximately HK\$6.50 as at 31 March 2012.

The issue price of the Consideration Shares and the Reference Price (as defined below) for the Top Up Consideration Shares (as defined below) was determined after arm's length negotiations between the Company and the Purchaser with reference to the conversion price of the Outstanding Convertible Notes issued by Up Energy which will be due in January 2016.

Preparation of the Completion Accounts

The Company shall, as soon as practicable after Completion and within ten (10) Business Days after the Completion Date, deliver to the Purchaser the Pro-Forma Completion Accounts. The Pro-Forma Completion Accounts shall constitute the final completion accounts unless the Company receives a written notice from the Purchaser containing details of its disagreement with such accounts within ten (10) Business Days after the date of delivery of the Pro-Forma Completion Accounts.

If the Company and the Purchaser are unable to agree on the amount of adjustment to the Total Consideration within twenty-five (25) Business Days after the Completion Date, they shall jointly appoint Grant Thornton Jingdu Tianhua or if it does not take up the engagement within thirty (30) Business Days from the Completion Date, a firm of independent certified public accountants in Hong Kong agreed by the parties to the S&P Agreement to conduct audit on the Disposal Group for the period from 1 September 2012 up to the Completion Date, and procure audited accounts (including statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity) of the Group Companies which will be prepared under the same accounting standards as the Audited Accounts to be issued by such auditors (the “**Audited Completion Accounts**”).

Cash Deposit

In addition to the Total Consideration, upon signing of the S&P Agreement, the Purchaser shall remit cash in an amount of HK\$10,000,000 (the “**Cash Deposit**”) as cash deposits for the Transaction which shall be applied in satisfaction of a part payment of the Cash Component upon Completion.

In the event of fulfilment of all of the Conditions but the Purchaser and/or Up Energy fail to comply with any or all of the obligations as set out in the S&P Agreement on the Completion Date, the Company shall be entitled by notice in writing to terminate the S&P Agreement and to withhold and forfeit an amount from the Cash Deposit equivalent to the professional fees reasonably incurred by the Company in relation to the Transaction but not exceeding HK\$7,000,000 (unless otherwise agreed in writing by the Purchaser and Up Energy), and shall return any remaining amount of the Cash Deposit to the Purchaser as soon as practicable.

In the event of fulfilment of all of the Conditions but the Company fails to comply with any or all of the obligations as set out in the S&P Agreement on the Completion Date, the Company shall return the entire amount of the Cash Deposit (excluding any accrued interest thereon) to the Purchaser, and shall in addition pay to the Purchaser an amount equivalent to the professional fees reasonably incurred by the Purchaser and Up Energy in relation to the Transaction but not exceeding HK\$7,000,000 (unless otherwise agreed in writing by the Company).

In the event that the Transaction cannot be proceeded which are not due to the inability of the Company or the counterparties to comply with the obligations under the S&P Agreement, the Company and the Purchaser will be responsible for their respective professional fees incurred and the Company will then return the full amount of the Cash Deposit to the Purchaser.

Top Up Consideration Shares

If the average closing price of the Up Energy Shares (the “**Shortfall Determinant Market Price**”) for the five (5) trading days immediately preceding and including the Third Anniversary Date (the “**Reference Date**”) is less than HK\$2.00 (subject to adjustments following share consolidation or sub-division) (the “**Reference Price**”), Up Energy shall allot and issue such number of additional new Up Energy Shares to the Company (the “**Top Up Consideration Shares**”) calculated as follows:–

Number of Top Up Consideration Shares = ((Reference Price – Shortfall Determinant Market Price) x the aggregate number of Up Energy Shares standing in the Top Up Account (as defined below) and the Escrow Account (as defined below) as at the Third Anniversary Date) ÷ Shortfall Determinant Market Price

Provided that if the number of Top Up Consideration Shares to be issued pursuant to the above formula (the “**Original Number**”), together with the then Up Energy Shares held by the Company, shall exceed 19.99% of the enlarged issued share capital of Up Energy on the Reference Date, the number of Top Up Consideration Shares to be issued shall be reduced to such number (the “**Adjusted Number**”) which, together with the then Up Energy Shares held by the Company, shall equal 19.99% of the enlarged issued share capital of Up Energy, and the Purchaser shall pay compensation in cash to the Company in an amount equivalent to:

Amount of cash compensation (the “**Top Up Cash Compensation**”) = (Original Number – Adjusted Number) x Shortfall Determinant Market Price

Put Option

If as at the Third Anniversary Date or (in the event of any allotment and issue of Top Up Consideration Shares) within thirty days after the Reference Date, there are Up Energy Shares standing in the Put Option Account (as defined below), the Company shall have the right (the “**Put Option**”) to request Up Energy to, and Up Energy shall be obliged to, arrange for the sale or disposal of all or part of Up Energy Shares standing in the Put Option Account as at the Third Anniversary Date (up to a maximum of 140,000,000 Up Energy Shares, subject to adjustment following share consolidation or sub-division) (the “**Put Option Shares**”) by way of placing through an independent qualified placing agent nominated by Up Energy at a price to be agreed between Up Energy and such placing agent (the “**Placing Price**”), with the proceeds from the placing paid to the Company.

If the Placing Price is less than HK\$2.20 per Up Energy Share (subject to adjustment following share consolidation or sub-division) (the “**Ceiling Price**”), Up Energy shall pay cash compensation to the Company in such amount equal to:

Cash compensation = (Ceiling Price – Placing Price) x number of Put Option Shares

The Ceiling Price is a commercial term determined on an arm’s length basis between the Company and the Purchaser with reference to the conversion price of the Outstanding Convertible Notes issued by Up Energy which will be due in January 2016.

Conditions

Completion shall be subject to the fulfilment all of the following Conditions on or before 5:00 p.m. on 30 June 2013 (or such other date as the parties may agree in writing) (the “**Long Stop Date**”) (other than those Conditions the fulfilment of which have been waived (with or without condition) by the Purchaser or the Company (as the case may be):

- (a) the Purchaser having received a Competent Person’s Report issued from such Competent Person as designated by the Purchaser relating to the state and condition of the Target Mine;
- (b) the Company having received a Competent Person’s Report issued from such Competent Person as designated by the Company relating to the state and condition of the Target Mine;

- (c) the Purchaser having received a Valuation Report issued from such Competent Evaluator as designated by the Purchaser relating to the valuation of the Target Mine;
- (d) all necessary approvals and consent from the respective shareholders of Up Energy and the Company having been obtained in relation to the Transaction and/or acquisition of the Disposal Group and the Target Mine;
- (e) all requisite approvals, consent and authorisations required under all applicable laws and regulations and relevant authorities (including, without limitation, all applicable Bermuda, Cayman Islands, the PRC and Hong Kong laws and regulations and authorities), the Stock Exchange, the Bermuda Monetary Authority and the Listing Rules in relation to the Transaction and/or the acquisition of the Disposal Group and the Target Mine and implementation thereof and all other matters incidental thereto, and releases over all encumbrances created over the assets of the Group Companies and the entire issued share capital of the Target Company, having been duly obtained;
- (f) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares and the Top Up Consideration Shares;
- (g) the approval by 新疆維吾爾自治區煤炭工業管理局 (Coal Industry Administration Bureau of the Autonomous Region of Xinjiang) on the feasibility study of the proposed production increase to 900,000 tpa (the “**proposed increase**”) of the Disposal Group and the application for approval of the proposed increase in the Target Mine’s annual production (the “**Annual Production Approval**”) to be made by 阿克蘇地區發展和改革委員會 (the Reform and Development Commission of the Aksu Region of the PRC) being accepted for consideration by 新疆維吾爾自治區發展和改革委員會 (the Reform and Development Commission of the Autonomous Region of Xinjiang) (the “**Xinjiang NDRC**”);
- (h) the Purchaser having obtained credit approval for grant of loan of an amount not less than HK\$545,000,000 from bank(s);
- (i) completion of legal due diligence review of the Disposal Group and the Target Mine to the satisfaction of the Purchaser;

- (j) the Purchaser having received a PRC legal opinion in respect of the Disposal Group, the Target Mine and all approvals and registrations required from the PRC authorities to complete the Transaction as a whole having been obtained, in form and substance satisfactory to the Purchaser;
- (k) certain representations, warranties, undertakings or indemnities made or given or deemed to have been made or given by the Company to the Purchaser being true, accurate and not misleading in any material respect at all times up to and including the Completion Date (both days inclusive) (which include (i) the mining rights owned by Baicheng Wenzhou relating to the operation of the Target Mine (“**Mining Rights**”) are validly existing in accordance with the PRC laws and are lawfully and validly owned by the Group free of all encumbrances; (ii) all necessary licenses, permits, approvals and consents required in connection with and necessary for mining of the coal mines constituting the Mining Rights of the Target Mine by the Group have been duly obtained; and (iii) all the mining rights premium, taxation and fees required in connection with and necessary for the obtaining and valid holding of the Mining Rights have been duly paid in full etc.); and
- (l) certain representations, warranties, undertakings or indemnities made or given or deemed to have been made or given by the Purchaser to the Company being true, accurate and not misleading in any material respect at all times up to and including the Completion Date (both days inclusive) (which include (i) at the time of issue and allotment and at Completion, Up Energy is entitled to issue and allot the Consideration Shares and the Top Up Consideration Shares to the Company on the terms as set out in the S&P Agreement; and (ii) at Completion, there is no encumbrance on, over or affecting the Consideration Shares, and there will not be any encumbrance over the Top Up Consideration Shares upon their issuance, and no person has made any claim or to be entitled to any right over or affecting the Consideration Shares and the Top Up Consideration Shares; and (iii) at Completion, the Consideration Shares and the Top Up Consideration Shares, when issued, will be credited as fully paid-up and shall rank pari passu in all respects with the Up Energy Shares in issue etc.).

The same Competent Person’s Report will be prepared to satisfy the above Conditions (a) and (b).

At any time prior to 5:00 p.m. on the Long Stop Date, (i) the Purchaser shall be entitled by notice in writing to the Company, waive the fulfilment of any Condition set out in the above Condition (g), (h), (i), (j) and (k) (in part or in whole) with or without condition as the Purchaser may in its sole and absolute discretion think fit; and (ii) the Company shall be entitled by notice in writing to the Purchaser, waive the fulfilment of the above Condition (l) (in part or in whole) with or without condition as the Company may in its sole and absolute discretion think fit.

In the event that any of the Conditions (other than those Conditions which have been waived by the Purchaser or the Company) are not fulfilled in full at or before 5:00 p.m. on the Long Stop Date, the S&P Agreement shall terminate and cease to be of effect, and the parties thereto shall not have any further rights and obligations thereunder (save for rights and obligations relating to refund of the Cash Deposit to the Purchaser and any antecedent breach of the S&P Agreement and claims for losses by the non-defaulting party(ies) against the defaulting party for such antecedent breach).

As at the date of this announcement, the Company has pledged the shares of the Group Companies to Cheer Hope Holdings Limited, a wholly-owned direct subsidiary of CCBI Investments Limited (the “**Relevant Bank**”) pursuant to the terms of an investment agreement (the “**Investment Agreement**”) entered into between the Company and the Relevant Bank on 6 September 2012 in connection with the issue of and subscription for the notes in the aggregate principal amount of up to US\$40,000,000 due 2013. Details of the Investment Agreement and relevant share charges have been set out in the announcements of the Company dated 6 September 2012, 10 September 2012 and 4 October 2012. It is contemplated that the Company shall procure the relevant share charges to be released shortly before Completion for the purpose of Completion by using its internal resources to redeem the note.

Company's Undertakings

The Company further undertakes to the Purchaser that:

- (a) at any time after Completion up to and including the date of the first anniversary of Completion (the "**Lock Up Period**"), it shall not, without Up Energy's prior written consent, amongst others, to offer, accept subscription for, lend, sell, mortgage, pledge or charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Consideration Shares or any interest therein or enter into any transaction with the same economic effect as any transaction described above; and
- (b) it shall, as soon as practicable after its receipt, deposit the Consideration Shares and the Top Up Consideration Shares (if any) issued to it in the designated securities account(s) maintained by a securities dealing firm jointly appointed by the Company and the Purchaser in the following manner:
 - (i) as to 158,000,000 Consideration Shares to be deposited in a standalone securities account (the "**Escrow Account**"), where any transactions into and out of the Escrow Account shall be operated only on joint instructions from the Company and the Purchaser, and such joint operation shall continue until the date when the Annual Production Approval of the Xinjiang NDRC is obtained or when the transfer of Up Energy Shares by the Company to the Purchaser (details of which are set out below) is completed (whichever is applicable);
 - (ii) as to 69,500,000 Consideration Shares to be deposited in a standalone securities account (the "**Top Up Account**") which will become open for withdrawal upon the expiry of the Lock-Up Period;
 - (iii) as to 140,000,000 Consideration Shares and all the Top Up Consideration Shares (if any) to be deposited in another standalone securities account (the "**Put Option Account**").

(the Escrow Account, the Top Up Account and the Put Option Account are collectively the "**Designated Securities Accounts**").

The Consideration Shares (and the Top Up Consideration Shares (if any)) shall be accounted as investment in securities under non-current assets in the financial statements of the Group under Hong Kong Financial Reporting Standards. The Company shall at all times remain the sole legal and beneficial owner of all Up Energy Shares deposited or to be deposited in the Designated Securities Accounts, and shall enjoy full and unrestricted rights attaching to the Up Energy Shares, including but not limited to rights to dividends and distributions, voting rights, rights to participate in offering to shareholders of Up Energy such as rights issue or open offer, and subject to the terms of the S&P Agreement, the right to dispose of or create encumbrance on any Up Energy Shares so deposited.

The Company also undertakes that it shall use all reasonable endeavours to assist Up Energy, the Purchaser and the Group Companies to obtain the Annual Production Approval of the Xinjiang NDRC from the Completion Date until the Third Anniversary Date.

If the Annual Production Approval of the Xinjiang NDRC is not granted on or before the Designated Date, the Company shall transfer to the Purchaser (or to such other person or placing agent as the Purchaser may direct) 50% of such Up Energy Shares held and deposited in the Escrow Account at nominal consideration. If the Annual Production Approval of the Xinjiang NDRC is not granted on or before the Third Anniversary Date, in addition to the Up Energy Shares transferred to the Purchaser as stated above, the Company shall transfer to the Purchaser all of the remaining Up Energy Shares held and deposited in the Escrow Account at nominal consideration.

Guarantor's obligations

In addition to its obligations under the S&P Agreement, Up Energy also guarantees to the Company the due and punctual performance of all the obligations and liabilities of the Purchaser under or otherwise arising out of or in connection with the S&P Agreement and other related documents, and undertakes to keep the Company fully indemnified against all liabilities, losses, proceedings, claims, damages, costs and expenses which the Company may suffer or incur as a result of any failure or delay by the Purchaser in the performance of such obligations and liabilities.

Completion

Completion will take place on the fifth Business Day after the date on which the last of the Conditions of the S&P Agreement is fulfilled (other than those Conditions the fulfilment of which has been waived by the Purchaser or the Company (as the case may be)) pursuant to the terms of the S&P Agreement.

INFORMATION ON THE COMPANY

The Group is principally engaged in the mining, washing and marketing of coking coal in the PRC. The Group is also engaged in the design, manufacturing, and sales of packaging products, the major customers of which are internationally recognised branded and luxury consumer merchandise such as watches, pens, jewellery, gifts and accessories.

INFORMATION ON THE PURCHASER

The Purchaser is a wholly-owned subsidiary of Up Energy, a company listed on the Main Board of the Stock Exchange. Up Energy and its subsidiary are principally engaged in the mining, washing and marketing of coking coal in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser, Up Energy and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Save for the Transaction, the Company has no previous transactions with the Purchaser, Up Energy and their ultimate beneficial owner(s) which would require to be aggregated with the Transaction pursuant to Rules 14.22 of the Listing Rules.

INFORMATION ON THE DISPOSAL GROUP

As at the date of this Announcement, the Target Company is a direct wholly-owned subsidiary of the Company. The Target Company wholly owns Venture Path which wholly owns West China and Baicheng Wenzhou, and through Baicheng Wenzhou wholly owns and operates the Target Mine. Each member of the Disposal Group is an investment company and does not have any business operations except for the Target Mine.

The Target Mine has resumed production in late December 2011 after rectification of certain safety issues in response to the requests of the relevant PRC governmental authorities and completion of measures to improve the ventilation system. The new mining shafts of the Target Mine, which would increase annual production capacity to 900,000 tonnes, are pending approval from the government of the Xinjiang Uygur Autonomous Region.

The Target Company has one issued share of nominal value US\$1.00. The registered capital of Venture Path, West China and Baicheng Wenzhou are US\$50,000, HK\$10,000 and RMB9,280,000, respectively.

Financial information of the Target Company

Set out below is a summary of the consolidated results of the Target Company for the period ended 31 March 2011 and for the year ended 31 March 2012, prepared in accordance with the relevant accounting principles and financial regulations applicable to the Hong Kong Financial Reporting Standards:

	As at	
	31 March 2011 (unaudited) (HK\$) (Note 1)	31 March 2012 (unaudited) (HK\$) (Note 2)
Total assets	8	1,685,078,000
Total liabilities	–	(1,645,723,000)
Net assets	8	39,355,000
	For the period/year ended	
	31 March 2011 (unaudited) (HK\$)	31 March 2012 (unaudited) (HK\$)
Turnover	–	2,861,000
Net loss before taxation	–	(10,288,000)
Net loss after taxation	–	(10,288,000)

Notes:

- (1) As at 31 March 2011, the Target Company has not yet acquired Venture Path. Hence, the reporting period of Target Company is from 6 August 2010 (date of incorporation) to 31 March 2011.
- (2) As the Target Company acquired Venture Path on 15 June 2011, the results of the Target Company included the results of Venture Path and its subsidiaries for the period from 15 June 2011 to 31 March 2012.

In addition, set out below is a summary of the audited results of Baicheng Wenzhou, an indirect wholly-owned subsidiary of the Company established in the PRC which operates the Target Mine, for the years ended 31 December 2010 and 31 December 2011 respectively, prepared in accordance with the relevant accounting principles and financial regulations applicable to the PRC Financial Reporting Standards. The remaining companies of the Disposal Group are all investment holding companies during the financial years.

	As at	
	31 December 2010 (audited) (RMB)	31 December 2011 (audited) (RMB)
Total assets	34,922,275	135,893,372
Total liabilities	(30,602,470)	(140,945,993)
Net assets/(Liabilities)	4,319,805	(5,052,621)

	For the year ended	
	31 December 2010 (audited) (RMB)	31 December 2011 (audited) (RMB)
Turnover	17,199,573	816,160
Net loss before taxation and extraordinary items	(1,363,289)	(9,435,844)
Net loss after taxation and extraordinary items	(1,363,289)	(9,435,844)

There is no material generally accepted accounting principles difference on the auditor report of Disposal Group and Baicheng Wenzhou which are prepared in accordance with Hong Kong Financial Reporting Standards and PRC Financial Reporting Standards, respectively.

As shown from the above audited results of Baicheng Wenzhou, there is a significant drop in revenue of the Disposal Group in the year ended 31 December 2011 which is mainly due to the fact that: (i) disruption of normal operations of the Target Mine was resulted during the period from 28 January 2011 to 15 June 2011, being the period pending for completion of change of ownership from the previous owner of Baicheng Wenzhou (the “**Baicheng Wenzhou Owners**”) to the former vendor of the Target Mine, namely Tai Rong Xin Ye International Power Generation Inc. (the “**Former Vendor**”); and (ii) production of the Target Mine has been suspended from July 2011 to early December 2011 until rectification of certain safety issues in response to the requests of the relevant PRC governmental authorities and completion of measures to improve the ventilation system.

Financial information of Up Energy

Set out below is a summary of the audited results of the Up Energy for the years ended 31 March 2011 and 31 March 2012 respectively, prepared in accordance with the relevant accounting principles and financial regulations applicable to the Hong Kong Financial Reporting Standards:

	As at	
	31 March 2011 (audited) (HK\$'000)	31 March 2012 (audited) (HK\$'000)
Total assets	15,531,530	15,759,123
Total liabilities	(9,072,567)	(8,256,805)
Net assets	6,458,963	7,502,318
	For the year ended	
	31 March 2011 (audited) (HK\$'000)	31 March 2012 (audited) (HK\$'000)
Turnover	26,121	5,078
Net Profit/(loss) before taxation	943,570	(97,690)
Net Profit/(loss) after taxation	943,654	(101,266)

THE TARGET MINE

In compliance with the requirements of Chapter 18 of the Listing Rules, the Company will engage a Competent Person to prepare the Competent Person's Report in relation to the Target Mine. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Competent Person and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

A summary of certain information relating to the Target Mine is set out below. For complete information in relation to the Target Mine, reference should be made to the Competent Person's Report, which will be included as part of the circular of the Company to be dispatched to the Shareholders containing further information on the Transaction.

The Target Mine is an underground coal mine located at 39 km from Baicheng County and 209 km from Arkesu City in the Xinjiang Autonomous Region, China. The licensed area of the Target Mine is 5.9178 sq km which extends approximately 5.52 km from east to west and approximately 1.06 km from north to south.

The Target Mine produced 208 kt of gas coal in 2009. The Target Mine, originally known as the No. 3 Pit of No. 1 Coal Mine Baicheng Wenzhou Mining Development Co. Ltd, was constructed in 1984 and produces coal for the thermal market. A feasibility study which details a planned increase in its production to 900 ktpa, has recently been completed.

A feasibility study in relation to the Target Mine with detailed plans to increase annual production to 900 kt was completed and approved by 新疆維吾爾自治區煤炭工業管理局 (Coal Industry Administration Bureau of the Autonomous Region of Xinjiang) on 20 September 2012, hence the first part of Condition (g) has been fulfilled. Furthermore, Baicheng Wenzhou has submitted the Annual Production Approval to 拜城縣發展和改革委員會 (the Reform and Development Commission of the Baicheng County of the PRC). Upon obtaining the Annual Production Approval of the Xinjiang NDRC, Baicheng Wenzhou shall commence the construction of new mining shafts with an annual production capacity of 900kt and the requisite mining licenses relating to full production of 900kt can be obtained approximately 6 to 12 months upon the completion of new mining shafts with an annual production capacity of 900kt as disclosed in the Company's circular of 25 May 2011. Furthermore, in order to facilitate the grant of approval for the increase in the production capacity of the Target Mine, Baicheng Wenzhou has entered into a design contract with Coal Science and Engineering Group from the Wuhan Design and Research Institute of Xinjiang Branch (中煤科工集團武漢設計研究院新疆分院) on 20 April 2012 in relation to the construction of new mining shafts. As at the date of this announcement, the capital expenditure incurred in relation to increasing the annual production of the Target Mine to 900kt amount to RMB70,800,000 and the capital amount injected by the Company into Baicheng Wenzhou amount to RMB89,340,000 which is included in the Shareholder's Loan of approximately HK\$1,623,974,302.

ESTIMATED COAL RESOURCES AND RESERVES

The table below presents the estimated coal resources and reserves of the Target Mine as of 31 March 2012:

	Total coal resources <i>(million tonnes)</i>	Total coal reserves <i>(million tonnes)</i>
Mine of Baicheng Wenzhou as at 31 March 2012	<u>111.30</u>	<u>38.00</u>

Notes:

1. The above reserve and resource estimates have taken into account the estimated coal reserves and resources of the Target Mine as of 31 March 2012 prepared by Roma Oil and Mining Associates Limited, an independent technical adviser and such estimates are prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
2. There has been no material change in the estimated coal resources and reserves of the Target Mine since our acquisition on 15 June 2011.

APPLICATION OF SALES PROCEEDS

The sales proceeds from the Transaction will be applied for potential investment opportunity in relation to liquefied natural gas and oil exploration projects, while any remaining balance of the sale proceeds will be used for general working capital.

POTENTIAL FINANCIAL EFFECT OF THE TRANSACTION

Based on the audited financial information of the Disposal Group as at 31 March 2012, the Group would realize a book gain of approximately HK\$57,063,000 from the Transaction. The book gain is calculated by reference to the Total Consideration on fair value of HK\$1,679,684,000 i.e. the sum of (i) fair value of 367,500,000 Consideration Shares based on the market price of HK\$0.80 per share on 12 October 2012 which amount to HK\$294,000,000; (ii) the fair value of top up option and Put Option which amount to HK\$540,683,500 (the relevant valuation being carried out on a fair value basis which accords with the International Valuation Standards of the International Valuation Standards Council); and (iii) the Cash Component of HK\$845,000,000 and deduction from the carrying amount of assets and liabilities of the Disposal Group as at 31 March 2012. In calculating the said book gain resulting from the Transaction, the Company has taken into account the exchange reserve of recycled from equity to profit or loss upon the disposal arising when the assets and liabilities of Baicheng Wenzhou were translated into the presentation currency of the Group (i.e. Hong Kong dollars) which is amounted to approximately HK\$49,642,000.

Although the issue price is significantly higher than the market price of the Up Energy Share, the Company is of the view that the top up and Put Option mechanisms (including the issuance of the Top Up Consideration Shares and the Top Up Cash Compensation) as contemplated under the S&P Agreement can fully protect the interests of the Company for holding the Up Energy Shares at an issue price higher than its current market price and the cashflow of the Company will be increased significantly at Completion, hence, the Directors consider that the Total Consideration fairly reflects the value of the Target Mine and the Transaction is fair and reasonable and in the interest of the Company and its shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of Up Energy: (a) as at the date of this announcement; (b) immediately after Completion and the issue and allotment of the Consideration Shares; and (c) immediately after Completion and the issue and allotment of the Consideration Shares and Top Up Consideration Shares, on the basis that save for the Consideration Shares and Top Up Consideration Shares, no new Up Energy Shares are issued from the date of this announcement and up to the Completion Date and as at the Third Anniversary Date:

Name of Shareholders	As at the date of this announcement before Completion		Immediately after Completion and the allotment and issue of the Consideration Shares		Immediately after Completion and the allotment and issue of the Consideration Shares and the maximum number of Top Up Consideration Shares (Note 1)	
	<i>No. of</i>		<i>No. of</i>		<i>No. of</i>	
	<i>Up Energy</i>		<i>Up Energy</i>		<i>Up Energy</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Up Energy Group Limited	473,566,949	29.92%	473,566,949	24.28%	473,566,949	23.94%
Exploratory Capital Limited	300,000,000	18.95%	300,000,000	15.38%	300,000,000	15.16%
The Company	–	–	367,500,000	18.84%	395,500,000	19.99%
Other Shareholders	<u>809,292,839</u>	<u>51.13%</u>	<u>809,292,839</u>	<u>41.50%</u>	<u>809,292,839</u>	<u>40.91%</u>
Total	<u><u>1,582,859,788</u></u>	<u><u>100.00%</u></u>	<u><u>1,950,359,788</u></u>	<u><u>100.00%</u></u>	<u><u>1,978,359,788</u></u>	<u><u>100.00%</u></u>

Note (1): This scenario is for illustration purpose only and based on an assumption that the top up option (subject to a cap of 19.99% of the enlarged issued capital of Up Energy) is exercised in full on Completion Date. The above shareholding structure of Up Energy is calculated based on the assumption that save for the Consideration Shares and Top Up Consideration Shares, no new Up Energy Shares are issued from the date of this announcement and up to the Completion Date. The actual number of the Top Up Consideration Shares to be issued and allotted will be based on the formula as stated in the above section headed “Top Up Consideration Shares” in this announcement.

EFFECT ON BOARD STRUCTURE OF THE COMPANY

The Company does not expect any change in the composition of the Board as a result of the Transaction.

REASONS FOR THE TRANSACTION

The Group is at present principally engaged in the mining, washing and marketing of coking coal in the PRC.

Since the Company's acquisition of the Target Mine in 2011, the Company has been actively seeking potential target coal mines in the Xinjiang Uygur Autonomous Region for acquisition opportunities. The Company had, however, experienced difficulties in implementing the said acquisition plans, due to certain requests made and conditions imposed on the Company by relevant authorities, including a condition that the Company expand its business scope into the coal chemical business prior to any further acquisition of coal mines. The requests made by the relevant authorities included firm commitments requested from the Company to procure investment and development of coal chemical projects and businesses, which entailed commitments on production targets and coal chemical products to be produced. These difficulties have prompted the Company to keep on evaluating its business position and strategy while opening up its appetite for opportunities in sectors other than coal mining. The oil and gas industry is a sector which has aroused the Company's interest for it appeared to the Company that the Xinjiang regional government supports foreign enterprises' investment in the local natural gas exploration industry, by ensuring gas supply volume and offering favourable gas price. Government support of foreign enterprises' investment in the oil and gas industries, including the Xinjiang oil and gas industries, is expressed in various PRC governmental and regulatory directives, including the 鼓勵外商投資產業目錄 (Catalogue of Encouraged Industries for Foreign Investment) in 外商投資產業指導目錄 (2011年修訂) (Catalogue for the Guidance of Foreign Investment Industries (2011 Revision)) and 新疆維吾爾自治區人民政府文件新政發[2011] 52號 (Notice 52 of 2011 issued by the People's Government of the Xinjiang Uygur Autonomous Region).

Consequently, the Company wishes to shift its business focus from the mining industry into the oil and gas industry and the Company has been seeking to identify and explore new business opportunities with a view to enhancing the value of the Company. Hence, the Board is of the view that it is in the Company's interest to enter into the Transaction.

Save for the framework agreement with Xinjiang Shaya County People's Government in relation to the natural gas and oil field project as disclosed in the announcement of the Company on 3 July 2012, the Company has not entered into any letter of intent or agreement in relation to other potential investment opportunity as of the date of this announcement.

The Directors, including the independent non-executive Directors, consider that the terms of the Transaction (including the Total Consideration and the payment methods thereof) are fair and reasonable and on normal commercial terms and in the interest of the Company and the Shareholders as a whole. As at the date of this announcement, the Company intends to retain its existing plastic and paper boxes business.

LISTING RULES IMPLICATIONS

As (i) the applicable percentage ratios of the Transaction exceed 75%; and (ii) the applicable percentage ratios relating to the Company's holding of the Consideration Shares immediately after Completion exceed 100%, the Transaction constitutes both a very substantial disposal and a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Transaction is subject to the approval of the Shareholders at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, neither the Purchaser nor any of its associates holds any Shares as at the date of this announcement and no Shareholder has a material interest in the Transaction, and therefore no Shareholder is required to abstain from voting on the resolution to approve the Transaction at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Transaction; (ii) the financial information and pro forma financial information pursuant to Rule 14.68(2)(a) of the Listing Rules; (iii) the Competent Person's Report in relation to the Target Mine pursuant to Chapter 18 of the Listing Rules; and (iv) the notice of the EGM, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

It is currently expected that the circular will be despatched on or before 11 January 2013 as it is currently expected that it will take around two months for the Company and the professional parties to prepare the relevant information for inclusion in the circular including, but not limited to, the Competent Person's Report and the financial information and pro forma financial information pursuant to Rule 14.68(2)(a) of the Listing Rules.

Completion of the Transaction is subject to fulfilment of conditions precedent including, amongst others, the obtaining of the approval of the Shareholders, and therefore, the Transaction may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading of the Shares on the Stock Exchange was suspended at the request of the Company from 9:00 a.m. on 15 October 2012 pending the release of this Announcement. The Company has applied for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 October 2012.

DEFINITIONS

- “Agreed Minimum Non-Current Assets” means all of the non-current assets of the Group Companies as at the Audited Accounts Date as stated in the Audited Accounts, together with all movements of non-current assets of the Group Companies since the Audited Accounts Date up to 31 August 2012 (based on the unaudited management accounts of the Disposal Group);
- “associate(s)” has the meaning ascribed to it in the Listing Rules;

“Audited Accounts”	means (i) the audited accounts (including balance sheet, profit and loss statement, cash flow statement and statement of movement of equity) of each of the Target Company, Venture Path and West China for the 3 financial years ended on the Audited Accounts Date (or if such company was incorporated for a shorter period, since its date of incorporation) prepared in accordance with Hong Kong Financial Reporting Standards and (ii) the audited accounts (including balance sheet, profit and loss statement, cash flow statement and statement of movement of equity) of Baicheng Wenzhou for the 3 financial years ended on the Audited Accounts Date (or if such company was incorporated for a shorter period, since its date of incorporation) prepared in accordance with PRC Generally Accepted Accounting Principles, each of which was audited by a firm of independent certified public accountants in Hong Kong (for the Group Companies other than Baicheng Wenzhou) or the PRC (for Baicheng Wenzhou only);
“Audited Accounts Date”	means (with respect to Baicheng Wenzhou) 31 December 2011, and (with respect to the Target Company, Venture Path and West China) 31 March 2012, respectively;
“Baicheng Wenzhou”	means 拜城溫州礦業開發有限公司 (Baicheng Wenzhou Mining Development Co., Ltd.)**, an indirect wholly-owned subsidiary of the Company established in the PRC which operates the Target Mine;
“Board”	means the board of Directors;
“Business Day(s)”	means any day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong;

“Company”	means Hao Tian Resources Group Limited (Stock Code: 474), a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange;
“Competent Person”	a person satisfying the requirements of Rules 18.21 and 18.22 of the Listing Rules;
“Competent Person’s Report”	the public report prepared by the Competent Person on the Target Mine in compliance with the requirements under Chapter 18 of the Listing Rules and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Joint Ore Reserves Committee and amended from time to time;
“Completion”	completion of the Transaction in accordance with the terms and conditions of the S&P Agreement;
“Completion Date”	the fifth Business Day after the date on which the last of the conditions precedent of the S&P Agreement (other than those Conditions the fulfilment of which have been waived (with or without condition) by the Purchaser or the Company (as the case may be)) is fulfilled;
“Conditions”	the conditions precedent to the S&P Agreement taking effect as set out in the S&P Agreement;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Designated Date”	means the date falling 547 days after the Completion Date;
“Director(s)”	means the director(s) of the Company;
“Disposal Group”	the Target Company, Venture Path, West China and Baicheng Wenzhou, and “Group Company” shall mean any of them;

“EGM”	an extraordinary general meeting of the Company for the Shareholders to consider and, if thought fit, to approve, among others, the S&P Agreement and the Transaction;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means The Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“Outstanding Convertible Notes”	means the five-year zero coupon convertible notes due in January 2016 issued by Up Energy in two tranches with outstanding principal amounts of: (a) HK\$2,286,851,037 which will be convertible into 1,143,425,518 Up Energy Shares; and (b) HK\$2,869,759,150 which will be convertible into 1,434,879,576 Up Energy Shares, respectively at the conversion price of HK\$2.0 per share as at 30 September 2012;
“MOU”	means the non-legally binding (save for certain provisions in the MOU) dated 23 July 2012 entered into between the Company, the Target Company and the Purchaser in relation to the Transaction;
“PRC”	means The People’s Republic of China (which for the purpose of this Announcement excludes Hong Kong, Taiwan and Macau);

“Pro-Forma Completion Accounts”	means the unaudited pro-forma management accounts (including balance sheet, profit and loss statement, cash flow statement, statement of movement of equity and asset registers) of each member of the Disposal Group, on a consolidated and individual company basis, for the period commencing 1 September 2012 and ending on the Completion Date whereby for (i) each of the Target Company, Venture Path and West China, such accounts will be prepared in accordance with Hong Kong Financial Reporting Standards; and (ii) Baicheng Wenzhou, such accounts will be prepared in accordance with PRC Generally Accepted Accounting Principles;
“Purchaser”	means Up Energy Mining Limited (formerly known as Able Goal Group Limited), a wholly-owned subsidiary of Up Energy incorporated in the British Virgin Islands;
“Required Deposits”	means an amount not less than RMB4,662,823.71 as at the date of the S&P Agreement, being all non-refundable cash deposits and bonds (if any) paid by the Group Companies to the relevant government authorities for compliance with the prevailing environmental law applicable to the Target Mine;
“RMB”	Renminbi yuan, the lawful currency of the PRC;
“S&P Agreement”	the sales and purchase agreement dated 12 October 2012 entered into between the Company, the Purchaser and Up Energy;
“Share(s)”	means ordinary share(s) in the share capital of the Company, with a par value of HK\$0.05 each;
“Shareholder(s)”	means the shareholder(s) of the Company;

“Shareholder’s Loan”	means the interest-free shareholder’s loan whereby the principal amount of approximately HK\$1,623,974,302 is indebted by the Target Company to the Company as at the date of this announcement;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Target Company”	means Champ Universe Limited (冠宇有限公司) *, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability;
“Target Mine”	means 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 Mining Development Co., Ltd)** located at Baicheng County, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC;
“Third Anniversary Date”	means the date of the third anniversary of the Completion Date;
“Total Consideration”	the total consideration for the Transaction, being HK\$1,580,000,000, subject to adjustments pursuant to the terms of the S&P Agreement;
“Transaction”	the disposal of the entire equity interest of the Target Company and the assignment of the Shareholder’s Loan, by the Company to the Purchaser, subject to the terms and conditions of the S&P Agreement;
“Up Energy”	Up Energy Development Group Limited, (Stock Code: 307), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange;
“Up Energy Shares”	means ordinary shares of HK\$0.2 each in the issued share capital of Up Energy;

“Venture Path” means Venture Path Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability;

“West China” means West China Coal Mining Holdings Limited (西部煤業控股有限公司), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong; and

“%” per cent.

* *Chinese name for identification purpose only*

** *English name is translated for identification purpose only*

For illustrative purpose only, translation of the relevant currencies is based on the following exchange rates:

HK\$1.00 to RMB0.812

Such translations should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

**By Order of the Board of
Hao Tian Resources Group Limited
Fok Chi Tak
Company Secretary**

Hong Kong, 29 October 2012

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Zhiliang Ou, J.P. (Australia) and Mr. Xu Hai Ying; and three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Ma Lin, and Mr. Lam Kwan Sing.