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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The board of directors (the "**Board**") of Hao Tian Resources Group Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2012 together with the comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

		Six months ended 30 September	
		2012	2011
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Continuing operations			
Revenue	*3*	**73,521**	72,033
Cost of sales		**(68,782)**	(52,525)
Gross profit		**4,739**	19,508
Other income	*5*	**1,111**	1,824
Other gains and losses	*5*	**(43,152)**	58,521
Distribution and selling costs		**(1,472)**	(1,900)
Administrative expenses		**(41,664)**	(39,029)
Other expenses		**–**	(7,715)
Finance costs	*6*	**(1,988)**	(23,636)

	NOTES	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
(Loss) profit before taxation		**(82,426)**	7,573
Taxation	7	**(172)**	(517)
(Loss) profit for the period from continuing operations	8	**(82,598)**	7,056
Discontinued operation			
Loss for the period from discontinued operation	13	**(2,988)**	(15,365)
Loss for the period		**(85,586)**	(8,309)
Other comprehensive (expense) income			
Exchange differences arising on translation of foreign operations		**(15,186)**	66,035
Reclassification adjustments relating to foreign operation disposed of during the period		**(110,316)**	–
Available-for-sale investments:			
– Fair value change during the period		**(15,533)**	(1,092)
– Impairment loss recognised		**11,890**	–
– Reclassified to profit or loss upon disposal		**3,234**	–
Other comprehensive (expense) income for the period		**(125,911)**	64,943
Total comprehensive (expense) income for the period		**(211,497)**	56,634
(Loss) earnings per share	9		
From continuing and discontinued operations			
Basic		**(HK2.18 cents)**	(HK0.32 cents)
Diluted		**(HK2.18 cents)**	(HK1.88 cents)
From continuing operations			
Basic		**(HK2.10 cents)**	HK0.27 cents
Diluted		**(HK2.10 cents)**	(HK1.38 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2012

	NOTES	**30.9.2012**	31.3.2012
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	*10*	**49,025**	48,808
Prepaid lease payments	*10*	**1,851**	1,886
Investment property	*10*	**976**	993
Mining rights		**1,543,615**	1,551,983
Available-for-sale investments		**118,089**	11,212
Financial assets at fair value through profit or loss		**23,180**	–
Deposits		**92,575**	95,757
Deferred tax asset		**205**	205
		1,829,516	1,710,844
Current assets			
Inventories		**31,247**	26,126
Trade and bills receivables	*11*	**20,071**	23,034
Other receivables, deposits and prepayments		**12,457**	12,752
Investments held for trading		**87**	118
Prepaid lease payments	*10*	**104**	104
Consideration receivable		**784,570**	–
Tax recoverable		**4,889**	4,903
Bank balances and cash		**164,506**	44,040
		1,017,931	111,077
Assets classified as held for sale	*12*	**–**	2,492,670
		1,017,931	2,603,747
Current liabilities			
Trade payables	*14*	**13,023**	11,157
Other payables, deposits received and accruals		**81,873**	29,002
Convertible notes		**–**	638,056
Embedded derivatives		**–**	43
Secured notes	*15*	**114,397**	–
Borrowing	*16*	**33,053**	–
Tax payable		**67,585**	4,285
		309,931	682,543
Liabilities associated with assets classified as held for sale	*12*	**–**	888,812
		309,931	1,571,355

	NOTE	30.9.2012 HK$'000 (unaudited)	31.3.2012 HK$'000 (audited)
Net current assets		**708,000**	1,032,392
Total assets less current liabilities		**2,537,516**	2,743,236
Non-current liabilities			
Retirement benefits obligations		**1,280**	1,386
Provision for restoration and environmental costs		**7,482**	7,289
		8,762	8,675
Net assets		**2,528,754**	2,734,561
Capital and reserves			
Share capital	*17*	**196,377**	196,377
Reserves		**2,332,377**	2,538,184
Total equity		**2,528,754**	2,734,561

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands 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 principal activities of the Company are investment holding and provision of management services 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 condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012. In addition, the Group has applied the following accounting policies as they became applicable to the Group during the current period.

Financial assets designated as at fair value through profit or loss ("FVTPL")

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest accrued earned on the financial assets.

Financial liabilities designated as at FVTPL

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial liabilities.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

HKFRS 7 (Amendments)	Financial instruments disclosures – Transfers of financial assets
HKAS 12 (Amendments)	Deferred tax – Recovery of underlying assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

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

4. 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) Co. Limited and Winpac Trading Co. Limited

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

(iii) Coal Mining Operations – 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.

For both periods, the Inner-Mongolia Coal Mining Operation was considered as discontinued operation *(see note 13)*. 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 Operations as a whole to allocate resources to segments and to assess their performance. During the six months ended 30 September 2012, the Menggang Group, which operated the Group's Inner-Mongolia Coal Mining Operation was disposed.

No segment assets and liabilities are presented as the executive directors of the Company do not regularly review segment assets and liabilities.

Information regarding the above segments is reported below:

For the six months ended 30 September 2012

	Sale of plastic and paper boxes for luxury consumer goods			
	France Operation *HK$'000* (unaudited)	China Operation *HK$'000* (unaudited)	Coal Mining Operations *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
Revenue	13,476	48,152	11,893	73,521
Segment results	(2,205)	(1,886)	121,680	117,589
Less: Segment profit from discontinued operation				(121,133)
Segment results from continuing operations				(3,544)
Other income				1,111
Other gains and losses				(43,152)
Central administration costs				(34,853)
Finance costs				(1,988)
Loss before taxation from continuing operations				(82,426)

For the six months ended 30 September 2011

	Sale of plastic and paper boxes for luxury consumer goods			
	France Operation	China Operation	Coal Mining Operations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	16,830	54,532	671	72,033
Segment results	1,897	3,775	(17,771)	(12,099)
Add: Segment loss from discontinued operation				15,365
Segment results from continuing operations				3,266
Other income				1,824
Other gains and losses				58,521
Central administration costs				(32,402)
Finance costs				(23,636)
Profit before taxation from continuing operations				7,573

Segment results represent the profit or loss earned by each segment without allocation of other income, other gains and losses, central administration costs and finance costs. This is the measure reported to the executive directors for the purpose of resource allocation and performance assessment.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other income		
Continuing operations		
Dividend income from unlisted available-for-sale investments	**–**	766
Interest earned on bank deposits	**214**	93
Interest earned on listed available-for-sale investments	**212**	212
Sundry income	**685**	753
	1,111	1,824

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other gains and losses		
Continuing operations		
Fair value gain on derivative financial instruments	**43**	58,585
Fair value loss on investments held for trading	**(31)**	(64)
Fair value loss on secured notes	**(1,039)**	–
Fair value loss on financial assets at FVTPL	**(26,820)**	–
Loss on disposal of property, plant and equipment	**(181)**	–
Loss on disposal of available-for-sale investments	**(3,234)**	–
Impairment loss recognised in respect of available-for-sale investments	**(11,890)**	–
	(43,152)	58,521

6. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Interest on:		
Convertible notes	**1,293**	23,636
Borrowing *(note 16)*	**695**	–
	1,988	23,636

7. TAXATION

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
Current tax:		
Other jurisdiction	**172**	655
Deferred tax	**–**	(138)
	172	517

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2011: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made as the group entities subject to Hong Kong Profits Tax incurred tax loss for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Continuing operations		
(Loss) profit for the period from continuing operations has been arrived at after charging:		
Allowance for slow moving inventories (included in cost of sales)	**5,000**	–
Depreciation of property, plant and equipment and investment property	**2,601**	1,548
Release of prepaid lease payments	**77**	91
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	**43,438**	33,505
Retirement benefit scheme contributions	**2,084**	1,238
Share-based payments	**5,690**	11,125
	51,212	45,868

9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic loss per share	**(85,586)**	(8,309)
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative instruments of CN1 (as defined below)	**–**	(58,585)
Interest on convertible notes, CN1	**–**	9,116
Loss for the purpose of diluted loss per share	**(85,586)**	(57,778)

The basis of denominators used are the same as those detailed in the calculation of basic loss per share from continuing operations for both periods and the diluted (loss) earnings per share from continuing operations for the prior period below.

As at 31 March 2012, the Group had two types of outstanding convertible notes, which were issued on 24 January 2010 ("CN1") and 15 June 2011 ("CN2").

From continuing operations

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

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period	**(85,586)**	(8,309)
Adjust for: Loss for the period from discontinued operation	**2,988**	15,365
(Loss) earnings for the purpose of calculating basic (loss) earnings per share from continuing operations	**(82,598)**	7,056
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative instruments of CN1	**–**	(58,585)
Interest on convertible notes, CN1	**–**	9,116
Loss for the purpose of diluted loss per share	**(82,598)**	(42,413)

	Six months ended 30 September	
	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**3,927,536**	2,637,271
Effect of dilutive potential ordinary shares:		
Convertible notes, CN1	**–**	431,882
Weighted average number of ordinary shares for the purpose of diluted loss per share	**3,927,536**	3,069,153

The computation of diluted loss per share for the six months ended 30 September 2012 did not assume the exercise of the share options, warrants and conversion rights of CN1 and CN2 which will reduce loss per share from continuing operations during the period.

The computation of diluted loss per share for the six months ended 30 September 2011 did not assume the exercise of the conversion rights of the CN2 and convertible shares, since the assumed conversion of the CN2 and convertible shares, after considered the dilutive effect of the outstanding CN1, will reduce loss per share. Furthermore, the computation did not take into account the Company's outstanding share options and warrants, as the exercise price of the outstanding share options and warrants were higher than the average share price during the period.

From discontinued operation

Basic loss per share from discontinued operation for the six months ended 30 September 2012 is HK0.08 cents (six months ended 30.9.2011: loss per share of HK0.58 cents), based on the loss for the period from discontinued operation of HK$2,988,000 (six months ended 30.9.2011: loss of HK$15,365,000) and the denominators detailed above for basic (loss) earnings per share from continuing operations.

Diluted loss per share from discontinued operation for the six months ended 30 September 2011 is HK0.50 cents, based on the loss for the period from discontinued operation of HK$15,365,000 and the denominators detailed above for diluted loss per share from continuing operations.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/PREPAID LEASE PAYMENTS/ INVESTMENT PROPERTY

During the current period, the Group spent approximately HK$18,585,000 on purchase of property, plant and equipment. During the prior period, the Group spent approximately HK$35,024,000 on purchase of property, plant and equipment, in addition to those acquired through acquisition of assets through purchase of subsidiaries.

There was no acquisition of prepaid lease payments and investment property for both periods, except for those prepaid lease payments acquired through acquisition of assets through purchase of subsidiaries during the prior period.

11. TRADE AND BILLS RECEIVABLES

The Group allows credit period of 30 to 60 days to its customers. The aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period is stated as follows:

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 30 days	**9,099**	20,474
31 to 60 days	**8,108**	906
61 to 90 days	**646**	627
Over 90 days	**2,218**	1,027
	20,071	23,034

12. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 September 2011, the Group 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 agreed to dispose of the Menggang Group (the "Disposal"), which operates the Inner-Mongolia Coal Mining Operation, for a cash consideration of RMB1,503,000,000 ("Total Consideration"). In addition to the Total Consideration, the Purchaser advanced the Menggang Group RMB300,000,000 (the "Settlement Fund") to repay the Menggang Group's existing payables to third parties and the current account with the Company and its subsidiaries, before completion of the Disposal. The Settlement Fund had been provided by the Purchaser during the six months ended 30 September 2011 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. Completion of the Disposal was 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. During the six months ended 30 September 2012, all of these conditions were fulfilled and the disposal was completed.

As at 31 March 2012, the assets and liabilities attributable to the Menggang Group to be sold within twelve months had been classified as assets and liabilities held for sale and were separately presented in the condensed consolidated statement of financial position. The Inner-Mongolia Coal Mining Operation for the current and prior periods were presented as discontinued operation *(see note 13).*

Major classes of assets and liabilities of the Menggang Group as at 31 March 2012 were 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 prepayments	13,913
Cash deposited in a special purpose bank 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)

13. DISCONTINUED OPERATION

Discontinued operation represents the Inner-Mongolia Coal Mining Operation *(see note 12)*.

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss from discontinued operation for the current and prior period is analysed as follows:		
Other income, gains and losses	**2,549**	1,425
Administrative expenses	**(2,060)**	(9,203)
Other expenses	**(266)**	(7,587)
	223	(15,365)
Gain on disposal of operation	**120,910**	–
Attributable income tax expenses	**(124,121)**	–
Loss for the period from discontinued operation	**(2,988)**	(15,365)

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period from discontinued operation included the following:		
Interest income	**96**	188
Depreciation of property, plant and equipment	**690**	1,410
Release of prepaid lease payments	**602**	602
Staff costs		
Fees, salaries, bonus and other allowances	**374**	2,956
Retirement benefit scheme contributions	**15**	908
	389	3,864
Cash flows from discontinued operation:		
Net cash flows used in operating activities	**(5,392)**	(31,034)
Net cash flows used in investing activities	**(14,944)**	(30,275)
Net cash flows from financing activities	**21,832**	308,479
Net cash flows	**1,496**	247,170

14. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The credit period taken for trade purchases is 30 to 60 days. The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is stated as follows:

	30.9.2012	31.3.2012
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 to 30 days	**7,245**	6,589
31 to 60 days	**2,812**	3,686
61 to 90 days	**1,476**	402
91 to 180 days	**1,490**	480
	13,023	11,157

15. SECURED NOTES

On 6 September 2012, the Company entered into an investment agreement (the "Investment Agreement") with Cheer Hope Holdings Limited, an independent third party subscriber (the "Investor"), pursuant to which, the Company agreed to issue and the Investor agreed to subscribe for a note (the "Notes") in the aggregate principal amount of up to US$40,000,000. Pursuant to the Investment Agreement, the Company also agreed to issue warrants to the Investor (the "Warrants") to subscribe the Company's ordinary shares with an aggregate exercise price of up to US$10,000,000 for a period of one year commencing from the date of issue of the Warrants. The subscription price of the Warrants has not been agreed by the Company and the Investor. On 4 October 2012, the Company and the Investor entered into an agreement, pursuant to which, the date to agree on the subscription price of the Warrant has been extended to 31 December 2012.

On 12 September 2012, the Company issued Notes with principal amount of US$16,000,000 (equivalent to HK$123,880,000) for a cash proceed of HK$113,358,000. The Group designed the Notes as financial liabilities at FVTPL at initial recognition.

16. BORROWING

During the six months ended 30 September 2012, the Group obtained a loan of RMB27 million (equivalent to HK$33,053,000) from a rural credit cooperatives union. The loan is unsecured, bears interest at a fixed rate of 8.4133% per annum and is repayable on 17 July 2013.

17. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At 1 April 2012 and 30 September 2012	10,000,000,000	500,000
Issued and fully paid:		
At 1 April 2012 and 30 September 2012	3,927,535,804	196,377

18. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend.

19. EVENTS AFTER THE END OF THE INTERIM PERIOD

The following events took place subsequent to 30 September 2012:

(i) On 12 October 2012, the Group and Up Energy Mining Limited, an independent third party, entered into a sales and purchase agreement. Pursuant to this sales and purchase agreement, the Group conditionally agreed to dispose of its entire interest in Champ Universe Limited, which indirectly owned the Xinjiang Coal Mining Operation and to assign HK$1.6 billion shareholder's loan. The consideration will be satisfied by: (i) issue of 367,500,000 shares of Up Energy Development Group Limited ("Up Energy") ultimate holding company of Up Energy Mining Limited and is a company with its shares listed on The Stock Exchange of Hong Kong Limited, at an issue price of HK$2 per share ("Up Energy Share"). However, if as at the third anniversary of the completion date of this disposal ("Third Anniversary Date"), the average closing price of the Up Energy Share for the five trading days immediately preceding and including the Third Anniversary Date is less than HK$2 per share, Up Energy shall allot and issue additional new Up Energy Share to the Company (details as at set out in the Company's announcement dated 29 October 2012); (ii) HK$845,000,000 by way of cash payment; (iii) put option granted to the Company, pursuant to which, as at the Third Anniversary Date, the Company has the right to request Up Energy to arrange for the sale of the Up Energy Shares, up to a maximum of 140,000,000 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 ("Placing Price"). If the Placing Price is less than HK$2.2 per share, Up Energy shall pay the shortfall as cash compensation to the Company.

    At the date of issuance of this announcement, the disposal was not completed yet, subject to fulfillment of conditions precedent including, amongst others, the obtaining of approval from the Company's shareholders.

(ii) On 25 October 2012, the Group and Uprite Limited, an independent third party, entered into an agreement to purchase a yacht and its relevant facilities, which will be classified as property, plant and equipment, for a total consideration of HK$65,000,000. Up to the date of issuance of this announcement, the Group has paid HK$25,000,000 to Uprite Limited and the remaining HK$40,000,000 will be settled upon the physical delivery of the yacht and its relevant facilities and the change in legal title.

(iii) On 19 November 2012, the Group and the Purchaser entered into a supplemental agreement in relation to the Disposal, particulars of which are set out in note 12 ("Supplemental Agreement"), pursuant to which, the Group and the Purchaser agreed to reduce the Total Consideration by RMB75,000,000 (approximately HK$91,815,000). Such reduction shall be effected by deducting the third installment by RMB40,000,000 (approximately HK$48,968,000) and deducting the final installment by RMB35,000,000 (approximately HK$42,847,000). As at 30 September 2012, the remaining unsettled consideration of HK$784,570,000 was included in the condensed consolidated statement of financial position as consideration receivable.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Coal Mining Business

On 25 June 2012, the disposal of the entire equity interest in Menggang Group was completed and the Company had received the first payment of RMB730,808,000 which is equivalent to 52% of the total consideration after deduction of applicable PRC tax from the purchaser.

On 12 October 2012, the Company executed a sale and purchase agreement for disposal of the entire equity interest in Champ Universe Limited, a wholly-owned subsidiary of the Company, at a total consideration of HK$1.58 billion. Champ Universe Limited held the entire equity interest of Baicheng Wenzhou coal mine in Xinjiang. The consideration comprised of (i) HK$735,000,000 to be satisfied by allotment and issue to the Company 367,500,000 shares of Up Energy Development Group Limited at an issue price of HK$2.00 per share and (ii) the balance of HK$845,000,000 to be settled in cash. During the period under review, the production of Baicheng Wenzhou coal mine was approximately 90,000 tonnes, and the turnover from the sale of raw coal from continuing operation was approximately RMB9,706,000 (approximately equivalent to HK$11,893,000).

Packaging Box Business

The economic downturn in European market caused decrease in demand for plastic boxes and paper boxes of luxury consumer goods. Revenue from packaging boxes segment declined by 13.6% to HK$61,628,000 (2011: HK$71,362,000) as compared with the same period in last year. During the period under review, the gross profit margin reduced to approximately 10.7% (2011: 26.5%) attributable to a decline in volume of orders, as well as an increase in labour costs, prices of raw materials and allowance for slow moving inventories. The total gross profit decreased to approximately HK$6,614,000 (2011: HK$18,911,000).

Business Development of Clean Energy and Prospects

The Company is keeping on evaluating its business position and strategy while opening up its appetite for opportunities in sectors other than coal mining. Currently, 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' investments in the local natural gas exploration industry, by ensuring gas supply volume and offering favourable gas price.

Consequently, the Company wishes to shift its business focus from the mining industry to 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.

Other Income, Other Gains and Losses

For the six months ended 30 September 2012, the Group recorded a net loss from continuing operations of approximately HK$42.0 million (2011: net gain of approximately HK$60.3 million) in other income, other gains and losses. The losses were mainly attributable to (i) impairment loss recognised in respect of available-for-sale investments, (ii) loss on disposal of available-for-sale investments and (iii) fair value loss of financial assets designated as at fair value through profit and loss.

Distribution and Selling Costs

For the six months ended 30 September 2012, distribution and selling costs from continuing operations were approximately HK$1.5 million (2011: HK$1.9 million), representing a decrease of approximately HK$0.4 million or 21.1% as compared with the same period in 2011. The decrease was mainly due to the reduction in transportation cost from packaging box business.

Administrative Expenses

For the six months ended 30 September 2012, administrative expenses from continuing operations were approximately HK$41.7 million (2011: HK$39.0 million), representing an increase of approximately HK$2.7 million or 6.9% as compared with the same period in 2011. The increase was mainly due to the full period administrative expenses incurred by Baicheng Wenzhou coal mine since the acquisition of the coal mine on 15 June 2011.

Other Expenses

For the six months ended 30 September 2012, there was no other expenses incurred from continuing operations (2011: HK$7.7 million). Other expenses from continuing operations for the prior period represents legal and professional costs incurred for the acquisition of assets through purchase of subsidiaries and the wages, depreciation expenses, consumables and other direct attributable costs incurred by Baicheng Wenzhou during its suspension as a result of certain regulatory actions imposed by relevant PRC authorities in the prior period. The suspension was released in late December 2011.

Finance Costs

For the six months ended 30 September 2012, finance costs from continuing operations were approximately HK$2.0 million (2011: HK$23.6 million), representing a decrease of approximately HK$21.6 million or 91.5% as compared with the same period in 2011. The decrease was mainly due to the incurrence of interest expenses of convertible notes issued by the Company, which were redeemed in full during the period under review.

Taxation

For the six months ended 30 September 2012, the Group's income tax expense from continuing operations of approximately HK$0.2 million (2011: HK$0.5 million) representing the result of income tax expense from other jurisdiction.

Owner's Attributable Loss

The net loss from continuing operations attributable to the Owners in the period under review was approximately HK$82.6 million (2011: profit of approximately HK$7.1 million), while a net loss from discontinued operation, which represented the Group's Inner-Mongolia Mining Operation, was attributable to the Owners in the same period which was approximately HK$3.0 million (2011: loss of approximately HK$15.4 million). As a result, the total net loss from continuing operation and discontinued operation attributable to the Owners in the period under review was approximately HK$85.6 million (2011: net loss of approximately HK$8.3 million).

Liquidity, Capital Structure and Financial Resources

The Group funded its operations from a combination of internal resources, equity fund raising and financial instruments. As at 30 September 2012, the Group had cash and cash equivalents of approximately HK$164.5 million (31 March 2012: HK$44.0 million). The Group's working capital decreased to approximately HK$708.0 million (31 March 2012: HK$1,032.4 million). Such decrease was mainly due to the increase in available-for-sale investments by HK$167,170,000 during the period under review. Gearing ratio (a ratio of total borrowings to total assets) as at 30 September 2012 was approximately 5.2% (31 March 2012: 14.8%), such decrease was mainly due to redemption of all convertible notes of the Company during the period under review.

The Group had pledged its leasehold land and buildings with carrying value of approximately HK$2.8 million (31 March 2012: HK$2.9 million) to secure the unutilised general banking facilities granted to the Group.

The Company entered into an investment agreement ("Investment Agreement") with Cheer Hope Holdings Limited, a wholly-owned direct subsidiary of CCBI Investments Limited ("Investor") on 6 September 2012, pursuant to which, the Company agreed to issue notes in the aggregate principal amount of up to US$40,000,000 due 2013 ("Notes") during a period of 3 months from 11 September 2012 ("the first completion date"), and on the first completion date, a note for the principal amount of US$16,000,000 had been issued. The Notes are secured, among others, (a) by an account charge executed by Brilliant Wise Limited, an indirect wholly-owned subsidiary of the Company in favor of the Investor and the Company shall procure proceeds for the third installment received from 內蒙古雙欣資源集團有限公司 (Inner Mongolia Shuangxin Resources Group Co., Ltd.*) under a sale and purchase agreement dated 7 September 2011 shall be deposited in the account; (b) a share charge executed by various members of the Group over the charged shares in favour of the Investor; (c) an equity pledge agreement executed in favour of the Investor in relation to the entire equity interest of Baicheng Wenzhou; and (d) if applicable, other account charge to be executed by members of the Group upon disposal or realization of asset.

Save as stated, there were no other assets pledged at the day of reporting.

Capital Commitment and Contingent Liabilities

As at 30 September 2012, there were capital commitments of approximately HK$94.1 million (31 March 2012: HK$89.6 million) and HK$188.3 million (31 March 2012: HK$189.0 million) in respect of the addition of property, plant and equipment contracted for but not provided in the consolidated financial statements and authorised but not contracted for respectively.

Save as disclosed in this announcement, the Group had no material contingent liabilities as at the close of business on 30 September 2012.

Exposure to Fluctuations in Exchange Rates

The Group's sales are denominated mainly in Hong Kong dollars ("HKD"), United States dollars ("USD"), Euro ("EUR") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HKD and 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 of the Group and will consider hedging significant foreign currency exposure should the need arises.

Employee Information

As at 30 September 2012, the Group had a total of approximately 1,000 employees (31 March 2012: 1,200 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 the 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 and the summary of the share option schemes of the Group will be set out in the interim report 2012/13.

Significant Investment, Material Acquisitions and Disposals

On 7 September 2011, the Group entered into a sale and purchase agreement with an independent third party, Inner-Mongolia Shuangxin Resources Group Co., Ltd. Pursuant to this sale and purchase agreement, the Group agreed to dispose of the Menggang Group. During the six months ended 30 September 2012, all of these conditions were fulfilled and the disposal was completed on 30 May 2012.

On 12 October 2012, the Group entered into a sale and purchase agreement with an independent third party, Up Energy Mining Limited, pursuant to which the Group has conditionally agreed to dispose of its entire interest in Champ Universe Limited.

On 25 October 2012, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Uprite Limited, a company incorporated in the British Virgin Islands, to acquire a yacht and the accompanying marine facilities at a total consideration of HK$65,000,000.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposals after the end of the interim period.

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 period ended 30 September 2012.

REFRESHMENT OF GENERAL MANDATE

On 25 September 2012, an ordinary resolution approving the refreshment of general mandate was duly passed by way of poll in the Annual General Meeting of the Company ("AGM"). The refreshment of general mandate granted the directors the authority to allot, issue and deal with new shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed having fully complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions of the Code on Corporate Governance Practices (the "Former CG Code") as set out in Appendix 14 to the Listing Rules during the period from 1 January to 31 March 2012. On 1 April 2012, the Former CG Code was amended and renamed as the Corporate Governance Code (the "New CG Code"). The Company has also complied with all relevant code provisions of the New CG Code during the period from 1 April to 30 September 2012, except that two independent non-executive directors were unable to attend the annual general meeting of the Company held on 25 September 2012 (as provided for in Code Provision A.6.7) as they were engaged in other unavoidable matters.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (six months ended 30 September 2011: Nil).

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the internal controls and unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2012. Such condensed consolidated interim financial information of the Group has not been audited but has been reviewed by the Company's independent auditor.

PUBLICATION OF INTERIM RESULTS

This results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.haotianhk.com). The interim report will be despatched to the shareholders and will be published on the website of the Stock Exchange and that of the Company, respectively in due course.

By Order of the Board of
Hao Tian Resources Group Limited
Dr. Zhiliang Ou
Executive Director

Hong Kong, 23 November 2012

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

* *For identification purpose only*