



# PAN ASIA MINING LIMITED 寰亞礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8173)

# 2010

Third Quarter Report

For the nine months ended 31 December 2009

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors of Pan Asia Mining Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Pan Asia Mining Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

In December 2009, Mt. Mogan Resources & Development Corporation ("**Mogan**"), a Philippines company in which the Group has 64% direct and indirect equity interests, was granted Exploration Permits ("**EPs**") EP-VIII-OMR-11-2009 and EP-VIII-OMR-12-2009 for each of the 2 mining claims. The 2 EPs have been registered on 5 February 2010 and have validity for a period of two years and shall be renewable for like periods but not to exceed a total term of six years, subject to compliance with all the terms and conditions of the EPs and provided that there is no violation of any provision of the Mining Act and its Implementation Rules and Regulations.

Since early 2009 Mogan has commenced exploration jointly with the Department of Energy and Natural Resources in the Philippines ("**DENR**") under the provisions of the Memorandum of Agreement entered into between Mogan and DENR ("**MOA**"). Upon the grant of EPs to Mogan the MOA was automatically cancelled. Since then, Mogan has been undergoing exploration independently. At the same time, Mogan has also started the work on the application for the Mineral Production Sharing Agreement ("**MPSA**").

The Group's turnover during the nine months ended 31 December 2009 (the "Period") of the continuing operation amounted to approximately HK\$9,560,000 (2008: Nil). Other revenue amounted to approximately HK\$1,024,000 (2008: \$193,000). Loss for the Period of the continuing operation was approximately HK\$244,308,000 as compared to HK\$30,891,000 of the same period last year mainly attributable to full year impact of the non-cash imputed interest costs of approximately HK\$215,430,000 (2008: HK\$6,775,000) for the convertible bonds issued by the Company and approximately HK\$18,265,000 (2008: HK\$449,000) for the promissory note issued by Black Sand Enterprises Limited ("**Black Sand**"), a wholly owned subsidiary of the Company, on 18 December 2008. The imputed interest costs were dealt with according to the requirements of Hong Kong Accounting Standards.

On 18 December 2009 Black Sand exercised the option to extend due dates of all repayment installments of the promissory note to 18 June 2010. As at the date of this report, total amount due under the promissory note on 18 June 2010 is HK\$190,000,000.

### OUTLOOK

In view of the financial position, the directors of Black Sand have been in active discussions with the promissory note holder for options of re-financing, re-structuring, disposing or terminating the debt. Besides, the directors of the Company have been actively pursuing alternative funding and discussing with prospective investors to obtain new working capital to meet its financial requirements in the near future.

### THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

The board of Directors (the "Board") of Pan Asia Mining Limited (the "Company") is pleased to report the unaudited consolidated results to the Company and its subsidiaries (the "Group" or "Pan Asia Mining") for the three and nine months ended 31 December 2009 together with the comparative figures for the corresponding period in 2008 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Continuing operations					
Turnover	3	5,285	—	9,560	—
Cost of sales		(5,287)	—	(9,427)	—
Gross profit		(2)	—	133	—
Other revenue and income		(405)	1	1,024	193
Administrative expenses		(3,490)	(9,570)	(10,884)	(23,309)
Other operating expenses		(264)	(207)	(802)	(551)
Share of results of associates		(2)	—	(20)	—
Loss from operations		(4,163)	(9,776)	(10,549)	(23,667)
Finance costs	4	(68,566)	(7,224)	(233,759)	(7,224)
Loss before taxation		(72,729)	(17,000)	(244,308)	(30,891)
Income tax	5	—	—	—	—
Loss for the period from continuing operations		(72,729)	(17,000)	(244,308)	(30,891)
Profit/(loss) for the period from discontinued operations	6	—	(2,854)	25,811	(4,391)
Loss for the period		(72,729)	(19,854)	(218,497)	(35,282)

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(Continued)

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Loss for the period attributable to:				
Equity holders of the Company	(72,614)	(19,847)	(218,204)	(35,275)
Minority interest	(115)	(7)	(293)	(7)
	<u>(72,729)</u>	<u>(19,854)</u>	<u>(218,497)</u>	<u>(35,282)</u>
Profit/(loss) per share for the period attributable to equity holders of the Company (basic and diluted) <sup>7</sup>				
From continuing operations	(1.33) cents	(0.80) cent	(5.10) cents	(1.50) cents
From discontinued operations	—	(0.14) cent	0.54 cent	(0.21) cent
	<u>(1.33) cents</u>	<u>(0.94) cent</u>	<u>(4.56) cents</u>	<u>(1.71) cents</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Pan Asia Mining Limited (formerly known as Intelli-Media Group (Holdings) Limited) (the "Company") is an exempt company with limited liability incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. Its principal business is investment holding.

The Group is engaged in mining exploration and exploitation and business of trading precious metal and scrapped metals.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules, accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong.

The unaudited condensed financial statements, which do not include all information and disclosures required by the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2009.

### 3. TURNOVER

Turnover represents the net amounts received and receivable for sales of goods by the Group to outside customers, less goods returns and trade discounts, and revenue received and receivable from sub-licensing of film rights, sales of metal, and is analysed as follows:

	Continuing operations for the nine months ended 31 December		Discontinued operations for the nine months ended 31 December		Consolidated for the nine months ended 31 December	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Revenue						
Sales of video products	—	—	3,017	7,355	3,017	7,355
Sub-licensing of film rights	—	—	1,806	7,476	1,806	7,476
Sales of metals	9,560	—	—	—	9,560	—
Turnover	<u>9,560</u>	<u>—</u>	<u>4,823</u>	<u>14,831</u>	<u>14,383</u>	<u>14,831</u>

4. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
<b>Continuing operations</b>				
Interest expense on bank overdrafts	46	—	64	—
Imputed interest on promissory note	6,110	449	18,265	449
Imputed interest on convertible bonds	62,410	6,775	215,430	6,775
	<u>68,566</u>	<u>7,224</u>	<u>233,759</u>	<u>7,224</u>
<b>Discontinued operations</b>				
Interest expenses on bank and other borrowings	25	18	205	184
	<u>25</u>	<u>18</u>	<u>205</u>	<u>184</u>

5. INCOME TAX

No provision for Hong Kong Profits Tax has been made, as the Group had no assessable profits subject to Hong Kong profits tax during the period (2008: Nil).

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

The corporate income tax rate in the Philippines changed from 35% to 30% with effect on 1 January 2009. No provision for Philippines corporation income tax has been made as the subsidiaries in the Philippines did not have assessable profits subject to corporation income tax in the Philippines.

## 6. DISCONTINUED OPERATIONS

On 29 June 2009, the Company completed the disposal of Datewell Group & CPE Program to an independent third party for a nominal cash consideration of HK\$100.

On 15 September 2009, the Company completed the disposal of Panorama Group to another independent third party for a nominal cash consideration of HK\$100. The disposal of Panorama Group constituted a major transaction of the Company and the transaction was approved in the Extraordinary General Meeting held on 4 September 2009.

a) The profit/(loss) for the period from the discontinued operations is analysed as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Revenue	—	1,435	4,823	14,831
Expenses	—	(4,289)	(9,549)	(19,222)
Loss for the period	—	(2,854)	(4,726)	(4,391)
Gain on disposal of subsidiaries	—	—	30,537	—
	—	(2,854)	25,811	(4,391)

b) The net assets of Datewell Group and CPE Program and Panorama Group at the date of disposal were as follows:

	Datewell Group & CPE Program HK\$'000	Panorama Group HK\$'000	Total HK\$'000
Net liabilities disposed of	(5,334)	(25,204)	(30,537)
Profit on disposal	5,334	25,204	30,537
Total consideration	—	—	—
Satisfied by cash, and net cash inflow arising on disposal	—	—	—



## 7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company for the nine months ended 31 December 2009 and 2008 and the weighted average number of ordinary shares in issue during these periods.

There were no dilutive events in the nine months ended 31 December 2009 and 2008 and therefore, the diluted earnings per share is same as basic earnings per share for both periods.

The calculation of basic loss per share is based on the following data:

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
<b>From continuing and discontinued operations</b>				
Loss for the period attributable to equity holders of the Company used in the basic loss per share calculation	<u>(72,614)</u>	<u>(19,847)</u>	<u>(218,204)</u>	<u>(35,275)</u>
<b>From continuing operations</b>				
Loss for the period attributable to equity holders of the Company used in the basic loss per share calculation	<u>(72,614)</u>	<u>(17,000)</u>	<u>(244,015)</u>	<u>(30,891)</u>
<b>From discontinued operation</b>				
Profit/(loss) for the period attributable to equity holders of the Company used in the basic loss per share calculation	<u>—</u>	<u>(2,847)</u>	<u>25,811</u>	<u>(4,384)</u>
<b>Number of shares:</b>				
Weighted average number of ordinary shares in issue during the period	<u>5,471,099,240</u>	<u>2,117,186,000</u>	<u>4,778,406,750</u>	<u>2,063,538,000</u>

## 8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Equity component of convertible bonds HK\$'000	Accumulated losses HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2008 (audited)	19,325	105,173	10,440	83	320	—	(84,609)	5,192	55,924
Exchange difference on translation of the financial statement of foreign subsidiaries	—	—	—	73	—	—	—	—	73
Loss for the period	—	—	—	—	—	—	(35,275)	(7)	(35,282)
Issue of new shares on acquisition of subsidiaries	5,000	345,000	—	—	—	—	—	—	350,000
Issue of share under placement	1,140	48,111	—	—	—	—	—	—	49,251
Issue of convertible bonds	—	—	—	—	—	3,807,145	—	—	3,807,145
Acquisition of subsidiaries	—	—	(815)	—	—	—	—	3,196,434	3,195,619
At 31 December 2008 (unaudited)	<u>25,465</u>	<u>498,284</u>	<u>9,625</u>	<u>156</u>	<u>320</u>	<u>3,807,145</u>	<u>(119,884)</u>	<u>3,201,619</u>	<u>7,422,730</u>
At 1 April 2009 (audited)	35,465	917,391	10,440	156	320	3,545,975	(247,469)	3,033,383	7,295,661
Exchange difference on translation of the financial statement of foreign subsidiaries	—	—	—	2	—	—	—	—	2
Disposal of subsidiaries	—	—	—	(156)	—	—	—	38	(118)
Loss for the period	—	—	—	—	—	—	(218,204)	(293)	(218,497)
Issue of new shares upon conversion of convertible bonds	40,550	2,982,602	—	—	—	(2,282,370)	—	—	740,782
At 31 December 2009 (unaudited)	<u>76,015</u>	<u>3,899,993</u>	<u>10,440</u>	<u>2</u>	<u>320</u>	<u>1,263,605</u>	<u>(465,673)</u>	<u>3,033,128</u>	<u>7,817,830</u>

## INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2009 (2008: Nil)

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests and short positions of each Directors and chief executives of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### The Company

#### Long positions in Shares of the Company

Name of directors/ chief executive	Number of Shares	Approximate percentage of shareholding	Capacity
Kwong Wai Ho, Richard (Resigned on 26 January 2010)	20,000,000	0.26	Beneficial owner
Yin Mark Teh-min	2,500,000 380,000	0.03 0.01	Family interests Beneficial owner
Sub-total:	2,880,000	0.04	(Note 1)
Chu Hung Lin, Victor	1,200,000	0.02	Beneficial owner

#### Notes:

1. Ms. Wong Shu Wah, Ceci, being the wife of Mr. Yin Mark Teh-min ("Mr. Yin"), is interested in 2,500,000 Shares. Accordingly, Mr. Yin is deemed to be interested in such 2,500,000 Shares. Mr. Yin also holds 380,000 Shares as beneficial owner. Therefore, Mr. Yin is interested and deemed to be interested in 2,880,000 Shares in total.

## DIRECTORS' AND CHIEF EXECUTIVES' SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

There are no short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations that (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 31 December, 2009, the following persons (other than Directors and chief executives of the Company) had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

### Long positions in Shares of the Company

Name of shareholder	Number of Shares of the Company	Approximate percentage of shareholding	Capacity
Kesterion Investments Limited	1,212,750,000	15.96	Beneficial owner
Wong, Eva	1,212,750,000	15.96	Interest of controlled corporation
	2,260,000	0.03	Beneficial owner
Sub-total:	1,215,010,000	15.99	
Koh Tat Lee, Michael	1,215,010,000	15.99	Family interest ( <i>Note 1</i> )
Singson Ryan Luis V.	1,902,990,000	25.03	Beneficial owner
Kwok Sau Ping	600,000,000	7.89	Beneficial owner

#### Notes:

1. Mr. Koh Tat Lee, Michael, being the husband of Ms. Eva Wong, is deemed to be interested in such 1,215,010,000 shares.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO *(Continued)*

### Long positions in the underlying Shares of the Company

Name of shareholder	Number of underlying Shares in respect of equity derivatives of the Company	Approximate percentage of the issued share capital of the Company	Capacity
Kesterion Investments Limited	2,245,000,000	29.53	Beneficial owner <i>(Note 1)</i>
Wong, Eva	2,245,000,000	29.53	Interest of controlled corporation <i>(Note 1)</i>
Koh Tat Lee, Michael	2,245,000,000	29.53	Family interest <i>(Note 1)</i>

#### Notes:

1. This represents the principal amount of approximately US\$201,474,359 of convertible bonds which upon conversion in full will result in the allotment and issue of 2,245,000,000 Shares, which have been issued to Kesterion Investments Limited on 18 December 2008 as part of considerations for the acquisition of First Pine Enterprises Limited. The entire issued share capital of Kesterion Investments Limited is beneficially owned by Ms. Eva Wong ("Ms. Wong"). Ms. Wong, is the sister of the chairman of the Company, Mr. Wong Chung Yu, Denny and the sister-in-law of a non-executive Director of the Company Mr. Yin Mark Teh-min. Mr. Koh Tat Lee, Michael, being the husband of Ms. Wong, is deemed to be interested in such 2,245,000,000 Shares.

## COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group during the nine months ended 31 December 2009.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the nine months ended 31 December 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the nine months ended 31 December 2009.

Throughout the Period, the Company has adopted and complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results. The Company confirms that, having made specific enquiry from all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the nine months ended 31 December 2009.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") currently comprises four members of which one is non-executive Director namely Mr. Yin Mark Teh-min and three independent non-executive Directors, namely, Mr. Lai Kai Jin, Michael, Mr. Chan Siu Wing, Raymond and Mr. Chu Hung Lin, Victor. The chairman of the Audit Committee is Mr. Chan Siu Wing, Raymond. The written terms of reference of the Audit Committee sets out the duties of the Audit Committee which includes reviewing and supervising the financial reporting and internal controls procedures of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board. The Audit Committee has reviewed this third quarterly report in accordance with the GEM Listing Rules.

By Order of the Board  
Pan Asia Mining Limited  
Wong Chung Yu, Denny  
*Chairman*

Hong Kong, 5 February, 2010

As at the date of this report, the Board comprises two executive Directors, Mr. Wong Chung Yu, Denny and Mr. Liu Junqing, one non-executive Director, Mr. Yin Mark Teh-min, and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Chan Siu Wing, Raymond and Mr. Chu Hung Lin, Victor.