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PAN ASIA MINING LIMITED
寰亞礦業有限公司

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code 股份代號: 8173)

2011

Interim Report 中期報告

寰亞礦業有限公司 PAN ASIA MINING LIMITED 寰亞礦業有限
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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.

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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

MATERIAL ACQUISITIONS AND DISPOSALS

The Group has no material acquisition or disposal during the 6 months ended 30 September 2010.

BUSINESS AND FINANCIAL REVIEW

The Group's turnover during the six months ended 30 September 2010 (the "Period") of the continuing operation amounted to approximately HK\$5,079,000 (2009: HK\$4,275,000) which was approximately HK\$804,000 higher than that of the same period last year. Other revenue and income amounted to approximately HK\$293,000 (2009: HK\$1,429,000). Loss for the Period of continuing operations was approximately HK\$76,176,000 as compared to HK\$171,579,000 of the same period last year mainly attributable to the reduced non-cash imputed interest costs of approximately HK\$68,594,000 (2009: HK\$165,193,000) for the convertible bonds issued by the Company and the promissory notes 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.

Pursuant to an Investment Agreement dated 9 April 2010 (as amended and supplemented on 14 May 2010, 30 September and 13 October 2010 respectively) entered into between China Raybo International Corp. Ltd (the "Investor") and the Company, the Investor agreed, among others, to pay the Company an earnest deposit of HK\$150,000,000 (the "Deposit") on or before 31 October 2010. As at 31 October 2010, the Company has not received the Deposit from the Investor. Accordingly, the Investment Agreement has been terminated. According to the Supplemental Agreement dated 13 October 2010, the Investor has to pay the Company an agreed sum of HK\$30,000,000 if the Deposit is due and remains unpaid. The Company will take appropriate action in relation to its claim for the HK\$30,000,000 agreed sum from the Investor under the Supplemental Agreement.

CAPITAL STRUCTURE AND LIQUIDITY

On 30 September 2010 the Company has outstanding zero coupon rate convertible bonds in the carrying value of approximately HK\$533,143,000 (31 March 2010: HK\$469,824,000) convertible into 2,245,000,000 (31 March 2010: 2,245,000,000) ordinary shares of HK\$0.01 each. The bonds are due for full redemption on 18 December 2018 for the principal amount of US\$201,474,359 (equivalent to approximately HK\$1,571,500,000). On the same date the Group has outstanding promissory notes of HK\$190,000,000 which are due for full repayment.

The Group has a gearing ratio of 6.31% as at 30 September 2010 (31 March 2010: 5.56%), calculated based on total non-current liabilities of approximately HK\$533,143,000 (31 March 2010: approximately HK\$469,824,000) against total assets of approximately HK\$8,443,608,000 (31 March 2010: approximately HK\$8,444,243,000).

As at 30 September 2010 the Group has net current liabilities of approximately HK\$210,420,000 (31 March 2010: approximately HK\$195,399,000) comprising primarily the promissory notes. In view of the financial position, the directors of Black Sand have been in active discussions with the promissory notes 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.

Pursuant to a confirmation letter dated 12 November 2010 to the Company from Kesterion Investments Limited ("Kesterion"), the holder of all outstanding convertible bonds owed by the Company and promissory notes owed by Black Sand, Kesterion agreed not to recover the outstanding amounts owed by the Group and, in addition, will provide the necessary financial supports for the Group's daily operational requirements, before an adequate equity funding is successfully obtained by the Company.

As at 30 September 2010 the Group has no material contingent liability (31 March 2010: Nil) and has no material capital commitment (31 March 2010: Nil).

TREASURY POLICIES

The Group's functional currency is mainly denominated in United States Dollar and the majority of the Group's tangible assets are denominated in Hong Kong Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK\$7.8 to US\$1.0. As a result the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risks and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation.

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

As at 30 September 2010 the Group has no asset being pledged.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2010 the Group has 12 full time employees. Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund, medical schemes and performance-lined discretionary bonuses.

All qualifying Group employees in Hong Kong participate in the Mandatory Provident Fund Scheme (the "Scheme"). The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. Group contributions were grossly matched by employee contributions.

OUTLOOK

The termination of Investment Agreement will delay the realization of the full benefits of the Group's mining assets. With regard to the financial position of the Company, the termination of the Investment Agreement will delay the cash inflows, which would otherwise be generated in the short term, to fund its financial obligations. To increase the Company's cash inflows in the short term, the Group has already taken active steps in seeking alternative funding sources. The management believes that adequate financial resources will be obtained in due course.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2010

The board of Directors (the “Board”) of Pan Asia Mining Limited (the “Company”) is pleased to report the unaudited consolidated results of the Company and its subsidiaries (the “Group” or “Pan Asia Mining”) for the three and six months ended 30 September, 2010 together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Continuing operations					
Turnover	4	2,814	—	5,079	4,275
Cost of sales		(2,810)	—	(5,071)	(4,140)
Gross profit		4	—	8	135
Other revenue and income		—	496	293	1,429
Administrative expenses		(2,464)	(4,307)	(7,280)	(7,394)
Other operating expenses		(283)	(284)	(556)	(538)
Share of results of associates		(41)	(13)	(47)	(18)
Loss from operations		(2,784)	(4,108)	(7,582)	(6,386)
Finance costs	6	(31,833)	(75,425)	(68,594)	(165,193)
Loss before income tax		(34,617)	(79,533)	(76,176)	(171,579)
Income tax	7	—	—	—	—
Loss for the period from continuing operations		(34,617)	(79,533)	(76,176)	(171,579)
Profit for the period from discontinued operations	8	—	24,953	—	25,811
Loss for the period	5	(34,617)	(54,580)	(76,176)	(145,768)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

	For the three months ended 30 September		For the six months ended 30 September	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Other comprehensive (loss)/income				
Exchange differences on translation of financial statements of overseas subsidiaries	(225)	5	(244)	(3)
Disposal of subsidiaries	—	112	—	(118)
Other comprehensive (loss)/ income for the period (net of tax)	(225)	117	(244)	(121)
Total comprehensive loss for the period	(34,842)	(54,463)	(76,420)	(145,889)
Loss for the period attributable to:				
Owners of the Company	(34,511)	(54,502)	(75,676)	(145,590)
Minority interests	(106)	(78)	(500)	(178)
	(34,617)	(54,580)	(76,176)	(145,768)
Total comprehensive loss attributable to:				
Owners of the Company	(34,736)	(54,385)	(75,920)	(145,711)
Minority interests	(106)	(78)	(500)	(178)
	(34,842)	(54,463)	(76,420)	(145,889)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

	For the three months ended 30 September		For the six months ended 30 September	
Note	2010 (unaudited)	2009 (unaudited)	2010 (unaudited)	2009 (unaudited)
(Loss)/earnings per share for loss attributable to owners of the Company (basic and diluted)	9			
From continuing operations	(0.45) cents	(1.60) cents	(0.99) cents	(3.87) cents
From discontinued operations	<u>— cents</u>	<u>0.50 cents</u>	<u>— cents</u>	<u>0.58 cents</u>
From continuing and discontinued operations	<u>(0.45) cents</u>	<u>(1.10) cents</u>	<u>(0.99) cents</u>	<u>(3.29) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2010 <i>HK\$'000</i> (unaudited)	As at 31 March 2010 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	1,026	1,505
Exploration and evaluation assets	12	8,438,116	8,435,670
Interests in associates	13(a)	180	227
		<hr/>	<hr/>
		8,439,322	8,437,402
		<hr/>	<hr/>
Current assets			
Trade receivables and other receivables		1,253	1,111
Held-for-trading investments		—	1,463
Cash and bank balances		3,033	4,267
		<hr/>	<hr/>
		4,286	6,841
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

	Notes	As at 30 September 2010 HK\$'000 (unaudited)	As at 31 March 2010 HK\$'000 (audited)
Current liabilities			
Trade and other payables		16,554	9,334
Amounts due to associates	13(b)	56	57
Shareholder's loan	18	8,000	8,000
Current taxation		96	96
Promissory note	15	190,000	184,753
		<u>214,706</u>	<u>202,240</u>
Net current liabilities		<u>(210,420)</u>	<u>(195,399)</u>
Total assets less current liabilities		<u>8,228,902</u>	<u>8,242,003</u>
Non-current liabilities			
Convertible bonds	14	533,143	469,824
		<u>533,143</u>	<u>469,824</u>
Net assets		<u>7,695,759</u>	<u>7,772,179</u>
Capital and reserves			
Share capital	16	76,015	76,015
Reserves		4,587,194	4,663,114
		<u>4,663,209</u>	<u>4,739,129</u>
Equity attributable to owners of the Company		<u>3,032,550</u>	<u>3,033,050</u>
Minority interests			
Total equity		<u>7,695,759</u>	<u>7,772,179</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Convertible bond equity reserve HK\$'000	Accumulated losses HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2010 (audited)	76,015	3,899,993	10,440	19	320	1,263,605	(511,263)	3,033,050	7,772,179
Exchange differences on translation of the financial statements of overseas subsidiaries	—	—	—	(244)	—	—	—	—	(244)
Loss for the period	—	—	—	—	—	—	(75,676)	(500)	(76,176)
Total comprehensive loss for the six-months ended 30 September 2010	—	—	—	(244)	—	—	(75,676)	(500)	(76,420)
At 30 September 2010 (unaudited)	<u>76,015</u>	<u>3,899,993</u>	<u>10,440</u>	<u>(225)</u>	<u>320</u>	<u>1,263,605</u>	<u>(586,939)</u>	<u>3,032,550</u>	<u>7,695,759</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated losses HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
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 differences on translation of the financial statements of overseas subsidiaries	—	—	—	(3)	—	—	—	—	(3)
Disposal of subsidiaries	—	—	—	(156)	—	—	—	38	(118)
Loss for the period	—	—	—	—	—	—	(145,590)	(178)	(145,768)
Total comprehensive loss for the six-months ended 30 September 2009	—	—	—	(159)	—	—	(145,590)	(140)	(145,889)
Issue of new shares upon conversion of convertible bonds	16,550	1,190,234	—	—	—	(931,522)	—	—	275,262
At 30 September 2009 (unaudited)	52,015	2,107,625	10,440	(3)	320	2,614,453	(393,059)	3,033,243	7,425,034

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2010 <i>HK\$'000</i> (unaudited)	2009 <i>HK\$'000</i> (unaudited)
Net cash generated from/(used in) operating activities	1,519	(8,231)
Net cash used in investing activities	(2,481)	(3,905)
Net cash (used in)/generated from financing activities	(28)	1,304
Net decrease in cash and cash equivalents	(990)	(10,832)
Cash and cash equivalents at the beginning of period	4,267	18,718
Effect of foreign exchange rates change	(244)	(3)
Cash and cash equivalents at end of period	<u>3,033</u>	<u>7,883</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u>3,033</u>	<u>7,883</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Pan Asia Mining 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 principally engaged in exploration and exploitation of mineral resources and trading of 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, Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA"), and accounting principles generally accepted in Hong Kong.

The unaudited condensed interim 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 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010 except as described below.

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The adoption of these new and revised standards, amendments and interpretations has no significant impact on the results and financial positions of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters ²
HKFRS 9	Financial instruments ⁴
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ³
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 July 2010.

³ Effective for annual periods beginning on or after 1 January 2011.

⁴ Effective for annual periods beginning on or after 1 January 2013.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

Turnover represents the sales of goods sold to customers and is stated after deducting goods returns and trade discounts. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Continuing operations for the six months ended 30 September		Discontinued operation for the six months ended 30 September		Consolidated for the six months ended 30 September	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Revenue						
Sales of video products	—	—	—	3,017	—	3,017
Sub-licensing of film rights	—	—	—	1,806	—	1,806
Sales of metals	5,079	4,275	—	—	5,079	4,275
	<u>5,079</u>	<u>4,275</u>	<u>—</u>	<u>—</u>	<u>5,079</u>	<u>4,275</u>
Turnover	<u>5,079</u>	<u>4,275</u>	<u>—</u>	<u>4,823</u>	<u>5,079</u>	<u>9,098</u>

5. LOSS FOR THE PERIOD

Loss for the period is stated after charging the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Continuing operations				
Depreciation of property, plant and equipment	269	255	511	510
Operating lease charges in respect of properties	536	391	1,114	805
Discontinued operations				
Depreciation of property, plant and equipment	—	13	—	131
Cost of inventories sold	—	316	—	4,016
	<u>—</u>	<u>316</u>	<u>—</u>	<u>4,016</u>

6. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Continuing operations				
Imputed interest on promissory note	—	6,111	5,247	12,155
Imputed interest on convertible bonds	31,833	69,314	63,347	153,038
	<u>31,833</u>	<u>75,425</u>	<u>68,594</u>	<u>165,193</u>
Discontinued operations				
Interest expenses on bank and other borrowings	—	25	—	205
	<u>—</u>	<u>25</u>	<u>—</u>	<u>205</u>

7. 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 (2009: 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.

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.

8. DISCONTINUED OPERATIONS

On 29 June 2009, the Company completed the disposal of Datewell Limited and its subsidiaries ("Datewell Group") and 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 Entertainment Group Limited and its subsidiaries ("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.

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

	For the three months ended 30 September		For the six months ended 30 September	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Revenue	—	471	—	4,823
Expenses	—	(722)	—	(9,550)
Loss for the period	—	(251)	—	(4,727)
Gain on disposal of subsidiaries	—	25,204	—	30,538
Net gain on disposal of subsidiaries	—	24,953	—	25,811

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company for the six months ended 30 September 2010 and 2009 and the weighted average number of ordinary shares in issue during these periods.

There were no dilutive events in the six months ended 30 September 2010 and 2009 and therefore, the diluted earnings/(loss) per share is same as basic earnings/(loss) per share for both periods.

The calculation of basic earnings/(loss) per share is based on the following data:

	For the three months ended 30 September		For the six months ended 30 September	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
From continuing and discontinued operations				
Loss for the period attributable to owners of the Company used in the basic loss per share calculation	<u>(34,511)</u>	<u>(54,502)</u>	<u>(75,676)</u>	<u>(145,590)</u>
From continuing operations				
Loss for the period attributable to owners of the Company used in the basic loss per share calculation	<u>(34,511)</u>	<u>(79,455)</u>	<u>(75,676)</u>	<u>(171,401)</u>
From discontinued operations				
Profit for the period attributable to owners of the Company used in the basic earnings per share calculation	<u>—</u>	<u>24,953</u>	<u>—</u>	<u>25,811</u>
	For the three months ended 30 September		For the six months ended 30 September	
	2010	2009	2010	2009
Number of shares:				
Weighted average number of ordinary shares in issue during the period	<u>7,601,534,023</u>	<u>4,966,153,588</u>	<u>7,601,534,023</u>	<u>4,430,167,903</u>

10. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments. The Group organises its business into two segments:

- Sales of metals
- Mining exploration and exploitation

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

Operating Segments

	Revenue		Segment result	
	For the six months ended 30 September		For the six months ended 30 September	
	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Continuing operations				
Sales of metals	5,079	4,275	(595)	(470)
Mining exploration and exploitation	—	—	(7,111)	(5,633)
Other	—	—	170	(265)
Total for continuing operations	5,079	4,275	(7,536)	(6,368)
Share of results of associates			(46)	(18)
Finance costs			(68,594)	(165,193)
Loss before income tax (continuing operations)			(76,176)	(171,579)
Discontinued operations				
Sales of video products and sub-licensing of film rights	—	4,823	—	(4,522)
Gain on disposal of subsidiaries			—	30,538
Finance cost			—	(205)
Profit before income tax (discontinued operations)			—	25,811
Loss before income tax (continuing and discontinued operations)			(76,176)	(145,768)
Income tax			—	—
Consolidated revenue and loss for the period (continuing and discontinued operations)	5,079	9,098	(76,176)	(145,768)

10. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets by operating segment:

	As at 30 September 2010 HK\$'000 (unaudited)	As at 31 March 2010 HK\$'000 (audited)
Continuing operations		
Mining exploration and exploitation	8,443,504	8,442,636
Unallocated corporate assets	104	1,607
	<hr/>	<hr/>
Total for continuing operation	8,443,608	8,444,243
	<hr/>	<hr/>
Discontinued operations		
Sales of video products	—	—
	<hr/>	<hr/>
Total for discontinued operations	—	—
	<hr/>	<hr/>
Total segment assets	8,443,608	8,444,243
	<hr/>	<hr/>

Geographical Information

	Continuing operations			Total HK\$'000
	Hong Kong HK\$'000	PRC HK\$'000	Philippines HK\$'000	
At 30 September 2010				
Revenue	5,079	—	—	5,079
Non-current assets	974	40	8,438,308	8,439,322
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009				
Revenue	4,275	—	—	4,275
Non-current assets	1,415	—	8,434,177	8,435,592
	<hr/>	<hr/>	<hr/>	<hr/>
	Discontinued operations			
	Hong Kong HK\$'000	PRC HK\$'000	Philippines HK\$'000	Total HK\$'000
At 30 September 2010				
Revenue	—	—	—	—
Non-current assets	—	—	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009				
Revenue	1,719	3,104	—	4,823
Non-current assets	—	—	—	—
	<hr/>	<hr/>	<hr/>	<hr/>

11. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 April 2010 (audited)	1,121	482	1,750	3,353
Additions (unaudited)	2	33	—	35
Exchange adjustment	(3)	—	—	(3)
	<u>1,120</u>	<u>515</u>	<u>1,750</u>	<u>3,385</u>
Accumulated depreciation				
At 1 April 2010 (audited)	663	189	996	1,848
Charge for the period (unaudited)	113	135	263	511
	<u>776</u>	<u>324</u>	<u>1,259</u>	<u>2,359</u>
Carrying amount				
At 30 September 2010 (unaudited)	<u>344</u>	<u>191</u>	<u>491</u>	<u>1,026</u>
At 31 March 2010 (audited)	<u>458</u>	<u>293</u>	<u>754</u>	<u>1,505</u>

12. EXPLORATION AND EVALUATION ASSETS

	Exploration rights <i>HK\$'000</i>	Evaluation expenditure <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2009 (audited)	—	—	—
Transfer from payment for intangible assets - mining claims	8,429,879	—	8,429,879
Additions	—	5,791	5,791
	<u>8,429,879</u>	<u>5,791</u>	<u>8,435,670</u>
At 31 March 2010 (audited)	8,429,879	5,791	8,435,670
Additions	—	2,446	2,446
	<u>8,429,879</u>	<u>8,237</u>	<u>8,438,116</u>

12. EXPLORATION AND EVALUATION ASSETS *(Continued)*

On 23 December 2009, two exploration permits, in respect of the 41,094 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines ("Mining Area"), have been granted to Mogan for an initial period of 2 years for conducting the exploration activities in the specified mining area and Mogan may apply for an extension of the exploration permits for two successive periods of 2 years each in accordance with the Philippine Mining Act 1995 (Republic Act No.7942). Since then, Mogan has been conducting exploration programs independently.

On 15 June 2010, MGB of DENR of the Philippines has acknowledged Mogan's submission for application for a mineral production sharing agreement for a portion of the Mining Area with DENR/MGB in accordance with the Philippine Mining Act 1995 (Republic Act No 7942). When the mineral production sharing agreement (i.e. mining permit) is granted by the DENR/MGB of the Philippines, Mogan will be entitled to conduct mining operations in the specified mining area in the Philippines for a term not exceeding 25 years from the execution date and renewable for another term of not exceeding 25 years. At the approval date of these financial statements, the mineral production sharing agreement has not yet been awarded to Mogan.

The directors of the Company believe that Mogan will ultimately be able to obtain the mineral production sharing agreement in respect of the Mining Area from DENR/MGB of the Philippines.

Impairment test - 2010

The Company has engaged an independent professional valuer, Asset Appraisal Limited, to determine the value in use of the exploration and evaluation assets as a cash-generating unit on the basis that the mineral production sharing agreement would be granted by the relevant authorities in the Philippines.

The recoverable amount of exploration and evaluation assets was determined based on the estimate of the value in use of the mining operations in the Philippines, on the basis that the mineral production sharing agreement was granted to Mogan, using the discounted cash flows approach. The estimated cash flows of the next 23 years were discounted at the rate of 22.12% to calculate the present value of the future cash flows of Mogan's mining operations in the Philippines. Key assumptions, apart from the award of the mineral production sharing agreement by DENR/MGB of the Philippines, adopted for the value in use calculations are estimates on magnetic sand quantities with reference to a technical reserve report prepared by Behre Dolbear Asia, Inc. dated 1 September 2008, prices and operating costs after considering the magnetic content that can be extracted and the outlay for capital expenditure. Based on these evaluations, the estimated recoverable amount of exploration and evaluation assets exceeds its carrying amount as at 31 March 2010.

Management considered that there has been no material change to the situations and conditions surrounding the exploration and evaluation assets from 31 March to 30 September 2010, the carrying amount of the "Exploration and evaluation assets" at 30 September 2010 can be fully recovered and no impairment on its carrying amount is necessary.

13. INTERESTS IN ASSOCIATES

a) Share of net assets

	As at 30 September 2010 HK\$'000 (unaudited)	As at 31 March 2010 HK\$'000 (audited)
Net carrying value at 1 April	227	262
Share of results	(47)	(35)
Share of net assets	<u>180</u>	<u>227</u>

b) Amounts due to associates

The amounts due are unsecured, interest-free and repayable on demand.

14. CONVERTIBLE BONDS

On 18 December 2008, the Company entered into subscription agreement with Kesterion Investments Limited ("Kesterion"), which is beneficially owned by Ms. Eva Wong, a sister of Mr. Wong Chung Yu, Denny and sister-in-law of Mr. Yin Mark Teh-min, who are an executive director and non-executive director of the Company respectively, for the issue of convertible bonds with an aggregate principal amount of US\$655,128,205 (equivalent to approximately HK\$5,110,000,000) (the "Convertible Bonds") in connection with the acquisition of 64% equity interest in Mogan. The Convertible Bonds denominated in US\$, which is the functional currency of the Company, are convertible, at the option of the holders, into ordinary shares of the Company at a fixed conversion price of HK\$0.70 per conversion share, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, right issue and other equity or equity or equity derivative issued at any time after the issue date. The Convertible Bonds are unsecured and non-interest bearing and will mature on 18 December 2018 and can be redeemed, using an agreed fixed exchange rate of US\$1 = HK\$7.8. in part(s) by the Company at anytime before the maturity date. If the Convertible Bonds are not converted, they will be redeemed on 18 December 2018, using an agreed fixed exchange rate of US\$1 = HK\$7.8. The total number of shares to be issued on conversion of the Convertible Bonds will be determined by dividing the principal amount of bonds to be converted (using an agreed fixed exchange rate of US\$1= HK\$7.8) by the conversion price HK\$0.70 in effect at the conversion date.

As the functional currency of the Company is US\$, the conversion option of the Convertible Bonds denominated in US\$ will result in settlement by the exchange of a fixed amount of cash for a fixed number of equity instruments in accordance with HKAS32 and 39. The net proceeds received from the issue of the Convertible Bonds have been split between the liability component and equity component. The fair value of the liability component was determined as of the date of issue by an independent professional valuer, BMI Appraisals Limited, using the market rate for an equivalent non-convertible bond. The effective interest rate of the liability component is 17.7% per annum. The liability component, after the initial recognition, is carried at amortised cost, calculated using the effective interest method at the rate of 17.7% per annum. The residual amount of the Convertible Bonds at the initial recognition represents the value of the equity conversion component.

14. CONVERTIBLE BONDS (Continued)

During the Period, there is no conversion of the Convertible Bonds.

The movements of the liability component and equity component of the Convertible Bonds for the Period are as follows:

	Liability component HK\$'000	Equity conversion component HK\$'000	Principal amount HK\$'000
At 1 April 2010	469,824	1,263,605	1,571,500
Imputed interest costs recognised	63,319	—	—
At 30 September 2010	<u>533,143</u>	<u>1,263,605</u>	<u>1,571,500</u>

The imputed interest costs charged for the period is calculated by applying an effective interest rate of 17.7% to the liability component for the period since the bonds were issued.

15. PROMISSORY NOTE

On 18 December 2008, Black Sand Enterprises Limited ("Black Sand"), a wholly-owned subsidiary of the Company, issued HK\$200,000,000 unsecured redeemable promissory note with zero coupon rate in connection with the acquisition of the 64% equity interest in Mogan. The promissory note is repayable in 4 instalments over 1 year of the date of issue with the first instalment falling due on 3 months after the date of issue. Black Sand has the unconditional right to defer all instalment payments until the final instalment date, i.e a lump sum payment on the 1.5 years of the date of issue i.e. on 18 June 2010. Black Sand has the unconditional right to redeem the promissory note prior to the maturity date by serving a written notice to the note-holder.

The promissory note has been accounted for at amortised cost, using the effective interest method. The fair value of promissory note is determined at HK\$161,756,183, as at the issue date, based on the independent valuation performed by an independent valuer, BMI Appraisals Limited. The effective interest rate of the promissory note is determined to be 15.20% per annum. The promissory note is classified under current liabilities and carried on the amortised cost basis until extinguishment or redemption. On 22 December 2008, Black Sand has redeemed HK\$10,000,000 of the promissory note.

At 18 December 2009, Black Sand issued a notice to the promissory note holder for the deferral of all instalment payments to the final instalment date on 18 June 2010. The promissory note was due for full repayment as at the date of this report. According to the Debt Restructuring Agreement dated 14 May 2010 entered into among the Company, Black Sand and Kesterion (as supplemented by a deed dated 13 October 2010), Kesterion, the note holder, has agreed that, pending completion of the Debt Restructuring Agreement, it will not enforce or exercise any of its rights or remedies or take any legal proceedings against the Company or Black Sand. As the Investment Agreement dated 9 April 2010 (as amended and supplemented on 14 May 2010, 30 September 2010 and 13 October 2010 respectively) was terminated on 31 October 2010, the Debt Restructuring Agreement will not be completed and will lapse on 31 December 2010.

Pursuant to a confirmation letter dated 12 November 2010 to the Company from Kesterion, the holder of all outstanding convertible bonds owed by the Company and promissory notes owed by Black Sand, Kesterion agreed not to recover the outstanding amounts owed by the Group and, in addition, will provide the necessary financial supports for the Group's daily operational requirements, before an adequate equity funding is successfully obtained by the Company.

The amortised and imputed effective interest expenses of promissory notes amounting to HK\$5,247,000 was charged to the income statement for the six months ended 30 September 2010 (2009: HK\$12,155,000).

16. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 1 April 2009 (audited)	20,000,000,000	200,000
Increased on 12 August 2010	<u>10,000,000,000</u>	<u>100,000</u>
At 30 September 2010 (unaudited)	<u><u>30,000,000,000</u></u>	<u><u>300,000</u></u>
Issued and fully paid:		
At 1 April 2010 (audited) and 30 September 2010 (unaudited)	<u><u>7,601,534,023</u></u>	<u><u>76,015</u></u>

17. OPERATING LEASE ARRANGEMENTS

As at 30 September 2010, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	As at 30 September 2010 HK\$'000 (unaudited)	As at 31 March 2010 HK\$'000 (audited)
Premises		
Within one year	1,529	1,263
In the second to fifth years inclusive	<u>1,684</u>	<u>2,315</u>
	<u><u>3,213</u></u>	<u><u>3,578</u></u>

18. SHAREHOLDER'S LOAN

The shareholder's loan is of non-trading nature, unsecured, interest-free and repayable on demand.

	As at 30 September 2010 HK\$'000 (unaudited)	As at 31 March 2010 HK\$'000 (audited)
Kesterion Investments Limited	<u><u>8,000,000</u></u>	<u><u>8,000,000</u></u>

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2010 (2009: Nil)

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

As at 30 September 2010, the interests 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
Yin Mark Teh-min	2,500,000	0.03	Interest of spouse
	380,000	0.01	Beneficial owner
Sub-total:	2,880,000	0.04	(Note 1)

Note:

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 30 September, 2010, 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	1,020,250,000	13.42	Beneficial owner
Wong, Eva	1,020,250,000	13.42	Interest of controlled corporation
	2,260,000	0.03	Beneficial owner
Sub-total:	1,022,510,000	13.45	
Michael Koh Tat Lee	1,022,510,000	13.45	Interest of spouse (Note 1)
Singson Ryan Luis V.	1,678,990,000	22.09	Beneficial owner

Note:

1. Mr. Michael Koh Tat Lee, being the husband of Ms. Eva Wong, is deemed to be interested in such 1,022,510,000 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 (Note 2)
Wong, Eva	2,245,000,000	29.53	Interest of controlled corporation (Note 2)
Michael Koh Tat Lee	2,245,000,000	29.53	Interest of spouse (Note 2)
China Raybo International Corp., Ltd.	12,000,000,000	157.86	Beneficial owner (Note 3)
北京杰能三西投资有限公司	12,000,000,000	157.86	Interest of controlled corporation (Note 3)
Suo Chunsheng	12,000,000,000	157.86	Interest of controlled corporation (Note 3)

Note:

- 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. Michael Koh Tat Lee, being the husband of Ms. Wong, is deemed to be interested in such 2,245,000,000 Shares.
- According to an Investment Agreement entered into between the Company and China Raybo International Corp., Ltd. (the "Investor") on 9 April, 2010 (as amended and supplemented on 14 May 2010, 30 September 2010 and on 13 October 2010 respectively), upon completion of the Investment Agreement the Investor would subscribe for the Subscription Shares and the 2010 Convertible Bonds for amounts of HK\$2,500,000,000 and US\$64,102,564 respectively which represent 10,000,000,000 new shares at HK\$0.25 per share to be subscribed by the Investor and 2,000,000,000 conversion shares at HK\$0.25 per share to be issued to the Investor if the aggregate principal amount of convertible bonds were exercised in full. 92.10% of issued share capital of the Investor is beneficially owned by 北京杰能三西投资有限公司 in which 78% of issued share capital is beneficially owned by Mr. Suo Chunsheng ("Mr. Suo"). Therefore, Mr. Suo has direct controlling interests in the Investor.

The Investment Agreement was subsequently terminated on 31 October 2010.

SHARE OPTION SCHEME

The Share Option Scheme was adopted on 25 April 2002 for the primary purpose of providing incentives and to recognise the contribution of the eligible participants to the growth of the Group and will expire on 24 April 2012. Under the Share Option Scheme, the Board may grant options to eligible full-time or part-time employees, including any executive, non-executive and independent non-executive Directors, and consultants or advisers of the Company and/or any of its subsidiaries.

The total number of shares in respect of which options may be granted under the Share Option Scheme, and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued share capital of the Company without prior approval from the Company's shareholders.

Options granted must be taken up within three days of the date of grant, upon payment of HK\$1 per grant.

Options may be exercised at any time during a period to be notified by the board of Directors (the "Board") upon the grant of options provided that the option period shall not exceed 10 years from the date of grant of the options. No minimum period for which an option must be held is required. The exercise price, which is determined by the Board is the highest of: (i) the closing price per share on the date of grant; (ii) the average closing price per share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

During the period under review, no options were granted, lapsed or exercised. Details of the options granted under the Share Option Scheme are as follows:

Category of grantee	Date of grant of the options	Exercise period	Exercise price of the options (HK\$)	Closing price of the Shares immediately before the date of granting the options (HK\$)	Number of options as at 1 April 2010	Number of options exercised during the period	Number of options cancelled during the period	Number of options lapsed in accordance with the terms of the options or the share options scheme during the period	Number of options outstanding as at 30 September 2010	Shareholding percentage of the underlying shares for the Options capital of the Company
Consultants	6 March 2007	6 March 2007 to 5 March 2017	0.188	0.20	5,000,000	–	–	–	5,000,000	0.07%
Total					5,000,000	–	–	–	5,000,000	0.07%

Save as the Share Option Scheme, no time during the period was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire by means of acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate.

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 six months ended 30 September 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the six months ended 30 September, 2010. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September, 2010.

CORPORATE GOVERNANCE

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 six months ended 30 September, 2010.

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 interim report in accordance with the GEM Listing Rules.

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

Hong Kong, 12 November, 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.

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