

PAN ASIA MINING LIMITED
寰亞礦業有限公司



(于开曼群岛注册成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code 股份代号: 8173)

2013

FIRST QUARTERLY REPORT

第一季度業績報告

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 of Hong Kong Limited 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

MANAGEMENT DISCUSSIONS AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

On 28 June 2012, the Group committed to acquire 95% issued shares of an Indonesia company known as PT Yaozhong Resources (“Yaozhong”) at a consideration of HK\$9,500,000 by issuing 19,000,000 Consideration Shares. Yaozhong engages in coal mining and coal trading business in Indonesia. The Group recognizes that one of the key success factors to its coal trading business expansion is to secure a reliable source of supply. The management of Yaozhong has developed a lot of coal mine networking and conducted ground work preparations in Indonesia before incorporating Yaozhong, which has subsequently demonstrated its ability to obtain a stable supply of coal from various coal mines in Indonesia. The Group considers that acquisition of Yaozhong will secure a stable source of coal supply and enable the Group to have faster access to other sources of coal supply in Indonesia, which is essential to build a solid foundation for expanding its coal trading business.

The acquisition constitutes a connected party transaction as defined under GEM Listing Rules and so the completion of it is subject to approval of independent shareholders in an extraordinary general meeting to be held tentatively on 28 September 2012 and obtaining listing approval from The Hong Kong Stock Exchange Limited for the Consideration Shares. The management is of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Other than the proposed acquisition mentioned above the Group has no material acquisition or disposal during the 3 months ended 30 June 2012.

BUSINESS AND FINANCIAL REVIEW

Exploration and exploitation of mineral resources has not yet generated any income during the 3 month period ended 30 June 2012. Besides, no coal trading transaction was carried out in view of the weak market condition. The Group’s turnover amounted to approximately HK\$81,018,000 (2011: approximately HK\$2,132,000), increased by approximately HK\$78,886,000 as compared to the same period in 2011. The significant increase in sales revenue arose from the new bunker fuel trading business which was commenced in late 2011. Gross profit amounted to approximately HK\$494,000 (2011: approximately HK\$1,000). Loss for the period decreased to approximately HK\$27,153,000 as compared to approximately HK\$29,079,000 of the same period last year which was attributable to the decrease of administrative expenses and an approximately HK\$116,000 other net income (2011: other net loss of approximately HK\$2,654,000) recorded during the period.

OUTLOOK

Management recognizes that securing a stable and reliable partner on the demand side is equally important to securing reliable and efficient source of coal supply. On 25 July 2012, the Group signed a non-legally binding memorandum of understanding (“MOU”) for the intention of teaming up with the procurement department of China State Shipbuilding Corporation (“CSSC”) to significantly expand its trading business of coal and other commodities. The Group has yet to finalize details of the cooperation with the relevant parties. We believe that the cooperation with CSSC coupled with broader access of coal supply in Indonesia will largely promote the Group’s profitability and enhance its financial position.

FIRST QUARTER RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2012

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 months ended 30 June 2012 together with the comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	For the three months ended 30 June	
		2012 HK\$' 000 (unaudited)	2011 HK\$' 000 (unaudited) (restated)
Turnover	3	81,018	2,132
Cost of sales		(80,524)	(2,131)
Gross profit		494	1
Other net (loss)/income and other revenue	4	116	(2,654)
Administrative expenses		(5,587)	(7,090)
Loss from operations		(4,977)	(9,743)
Finance costs	5	(22,176)	(19,317)
Share of results of associates		—	(19)
Loss before tax		(27,153)	(29,079)
Income tax	6	—	—
Loss for the period		(27,153)	(29,079)
Other comprehensive loss			
Exchange differences on translation of financial statement of overseas subsidiaries		(512)	1
Total comprehensive loss for the period		(27,665)	(29,078)

		For the three months ended 30 June	
	Note	2012 HK\$' 000 (unaudited)	2011 HK\$' 000 (unaudited) (restated)
Loss for the period attributable to:			
Equity holders of the Company		(27,068)	(29,001)
Non-controlling interests		(85)	(78)
		<u>(27,153)</u>	<u>(29,079)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(27,408)	(29,000)
Non-controlling interests		(257)	(78)
		<u>(27,665)</u>	<u>(29,078)</u>
			(Restated)
Loss per share for the period attributable to equity holders of the Company (basic and diluted)			
	7	<u>2.97 cents</u>	<u>3.18 cents</u>

NOTES TO THE CONDENSED QUARTERLY 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. It's principal business is investment holding.

The Group is principally engaged in exploration and exploitation of mineral resources and trading of metals and bunker fuel.

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 ("HKFRS") 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 2012.

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. The revenue recognised in turnover during the period is as follows:

	For the three months ended 30 June	
	2012 HK\$' 000 (unaudited)	2011 HK\$' 000 (unaudited)
Sales of metals	4,553	2,132
Sales of bunker fuel	76,465	—
	81,018	2,132

4. OTHER NET (LOSS)/INCOME AND OTHER REVENUE

Amounts charged/(credited) to income statement comprise the following:

	For the three months ended 30 June	
	2012 HK\$' 000 (unaudited)	2011 HK\$' 000 (unaudited)
Fair value loss on financial assets at fair value through profit or loss	(838)	(2,816)
Dividend income from listed investments	507	208
Interest income from debt investments	281	—
Interest income from loan and receivable	160	—
Sundry income	6	(46)
	<u>116</u>	<u>(2,654)</u>

5. FINANCE COSTS

	For the three months ended 30 June	
	2012 HK\$' 000 (unaudited)	2011 HK\$' 000 (unaudited) (restated)
Finance lease changes	4	—
Imputed interest on convertible bonds	21,805	18,473
Shareholder's loan interest	335	844
Bank loan interest	32	—
	<u>22,176</u>	<u>19,317</u>

6. 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 (2011: 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.

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 three months ended 30 June 2012 of approximately HK\$27,068,000 (2011: approximately HK\$29,001,000 (restated)) and the weighted average number of ordinary shares of 912,184,080 shares (2011: 912,184,080 shares) in issue during these periods.

There were no dilutive events in the three months ended 30 June 2012 and 2011 and therefore, the diluted loss per share is same as basic loss per share for both periods.

8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$' 000	Share premium HK\$' 000	Exchange reserve HK\$' 000	Share option reserve HK\$' 000	Convertible bond equity reserve HK\$' 000	Accumulated losses HK\$' 000	Non- controlling interests HK\$' 000	Total equity HK\$' 000
At 1 April 2011 (audited)	456,092	3,891,155	8	320	1,263,605	(649,841)	3,032,355	7,993,694
Retrospective restatement	—	(111,123)	—	—	—	260,595	—	149,472
At 1 April 2011, as restated	<u>456,092</u>	<u>3,780,032</u>	<u>8</u>	<u>320</u>	<u>1,263,605</u>	<u>(389,246)</u>	<u>3,032,355</u>	<u>8,143,166</u>
Total comprehensive loss for the three months ended 30 June 2011	<u>—</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>(29,001)</u>	<u>(78)</u>	<u>(29,078)</u>
At 30 June 2011, as restated (unaudited)	<u>456,092</u>	<u>3,780,032</u>	<u>9</u>	<u>320</u>	<u>1,263,605</u>	<u>(418,247)</u>	<u>3,032,277</u>	<u>8,114,088</u>
At 1 April 2012 (audited)	456,092	3,780,032	(1,232)	320	1,263,605	(5,204,365)	387,913	682,365
Total comprehensive loss for the three months ended 30 June 2012	<u>—</u>	<u>—</u>	<u>(340)</u>	<u>—</u>	<u>—</u>	<u>(27,068)</u>	<u>(257)</u>	<u>(27,665)</u>
At 30 June 2012 (unaudited)	<u>456,092</u>	<u>3,780,032</u>	<u>(1,572)</u>	<u>320</u>	<u>1,263,605</u>	<u>(5,231,433)</u>	<u>387,656</u>	<u>654,700</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2012 (2011: Nil)

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

As at 30 June 2012, 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	50,000	0.01	Interest of spouse
	7,600	—	Beneficial owner
Sub-total:	<u>57,600</u>	<u>0.01</u>	<i>(Note 1)</i>

Notes:

1. Ms. Wong Shu Wah, Ceci, being the wife of Mr. Yin Mark Teh-min ("Mr. Yin"), has interests in 50,000 Shares. Accordingly, Mr. Yin is deemed to have interests in such 50,000 Shares. Mr. Yin also holds 7,600 Shares as beneficial owner. Therefore, Mr. Yin is interested and deemed to have interests in 57,600 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 June 2012, 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	272,558,400	29.88	Beneficial owner
Wong, Eva	272,558,400	29.88	Interest of controlled corporation
	271,200	0.03	Beneficial owner
Sub-total:	272,829,600	29.91	
Michael Koh Tat Lee	272,829,600	29.91	Interest of spouse (Note 1)
Liang Tong Wei	100,000,000	10.96	Beneficial owner

Notes:

1. Mr. Michael Koh Tat Lee, being the husband of Ms. Eva Wong, is deemed to have interests in such 272,829,600 shares.

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	68,955,682	7.56	Beneficial owner <i>(Note 2)</i>
Wong, Eva	68,955,682	7.56	Interest of controlled corporation <i>(Note 2)</i>
Koh Tat Lee, Michael	68,955,682	7.56	Interest of spouse <i>(Note 2)</i>

Notes:

2. 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 68,955,682 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 wife of the chairman of the Company, Mr. Michael Koh Tat Lee ("Mr. Koh") and the sister-in-law of a non-executive Director of the Company Mr. Yin Mark Teh-min. Mr. Koh is deemed to have interests in such 68,955,682 Shares.

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 expired 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 2012	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 share options scheme during the period	Number of options outstanding as at 30 June 2012	Shareholding percentage of the underlying shares for the Options capital of the Company
Consultants	6 March 2007	6 March 2007 to 5 March 2017	3.58 <i>(Note 1)</i>	0.20	262,800	—	—	—	262,800 <i>(Note 1)</i>	0.03%

Note:

- The number of shares issuable under the Share Option Scheme and the exercise price were adjusted due to the completion of capital reorganisation and share consolidation and rights issue in 2011.

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 three months ended 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the three months ended 30 June 2012. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the three months ended 30 June 2012.

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 three months ended 30 June 2012.

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. Chu Hung Lin, Victor and Mr. Tong Wan Sze. The chairman of the Audit Committee is Mr. Tong Wan Sze. 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 first quarterly report in accordance with the GEM Listing Rules.

By Order of the Board
Pan Asia Mining Limited
Michael Koh Tat Lee
Chairman

Hong Kong, 13 August, 2012

As at the date of this report, the Board comprises three executive Directors, Mr. Michael Koh Tat Lee, Mr. Eng Wee Meng and Mr. Cheung Hung Man, two non-executive Directors, Mr. Yin Mark Teh-min and Mr. Liang Tong Wei, and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Chu Hung Lin, Victor and Mr. Tong Wan Sze.

