



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)

2015

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.

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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 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

There was no material acquisition or disposal during the three months ended 30 June 2014.

BUSINESS AND FINANCIAL REVIEW

International thermal coal price was still on the downtrend during the quarter ended 30 June 2014, despite it bounced back a bit at the end of last year. Gross margin of coal trading is under severe pressure. The Group has minimized trading transactions during the quarter and is re-considering the business model of coal trading.

The Group's turnover amounted to approximately HK\$11,131,000 (2013: approximately HK\$108,870,000), decreased by approximately HK\$97,739,000 as compared to the same period in 2013. The significant decrease in turnover was mainly attributed to the decrease in turnover from coal business which amounted to approximately HK\$776,000 (2013: HK\$108,175,000). On the other hand, turnover from sales of metal and the new beverage business increased to approximately HK\$10,355,000 (2013: approximately HK\$695,000 from sales of metal). Bunker fuel business is still suspended undergoing business re-modeling.

During the period, the Group has incurred a gross loss of approximately HK\$171,000 (2013: gross profit of approximately HK\$761,000). Other operating income, net amounted to approximately HK\$1,381,000 (2013: approximately HK\$529,000). Loss for the period increased to approximately HK\$44,473,000 (2013: approximately HK\$34,481,000).

OUTLOOK

The Group has always been seeking for stable source of coal at reasonable costs. One of the solutions may be acquiring and operating coal mines. On 11 August the Group signed a MOU with an Indonesian vendor to consider acquiring equity interests in certain coal mines in the country. The various coal mines covered by the MOU include high, mid & low grade of thermal coal. No definitive agreement with the vendor has been reached yet.

On the other hand, as reported in the annual report, the Group also recognises the great potentials for fast moving consumer goods in both China and US market. The Group has been cautiously expanding its tea drink sales to US and formulating the right marketing strategy in distribution of Canada bottled clean spring water to China. We believe these 2 new business lines will grow into bright stars of the Group.

FIRST QUARTER RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2014

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”) for the three months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

| | Note | For the three months ended 30 June | |
|---|------|---------------------------------------|----------------------------------|
| | | 2014 HK\$' 000 (unaudited) | 2013 HK\$' 000 (unaudited) |
| Turnover | 3 | 11,131 | 108,870 |
| Cost of sales | | (11,302) | (108,109) |
| Gross profit | | (171) | 761 |
| Administrative expenses | | (14,927) | (10,093) |
| Other operating income, net | 4 | 1,381 | 529 |
| Loss from operations | | (13,717) | (8,803) |
| Finance costs | 5 | (30,756) | (25,678) |
| Loss before tax | | (44,473) | (34,481) |
| Income tax expense | 6 | — | — |
| Loss for the period | | (44,473) | (34,481) |
| Other comprehensive income for the period, net of tax <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | 1,485 | 562 |
| Total comprehensive loss for the period | | (42,988) | (33,919) |

| | | For the three months ended 30 June | |
|---|---|---------------------------------------|-------------------|
| | | 2014 | 2013 |
| Note | | HK\$' 000 | HK\$' 000 |
| | | (unaudited) | (unaudited) |
| Loss for the period attributable to: | | | |
| Owners of the Company | | (44,457) | (34,400) |
| Non-controlling interests | | (16) | (81) |
| | | <u>(44,473)</u> | <u>(34,481)</u> |
| Total comprehensive loss for the period attributable to: | | | |
| Owners of the Company | | (43,461) | (34,370) |
| Non-controlling interests | | 473 | 451 |
| | | <u>(42,988)</u> | <u>(33,919)</u> |
| Loss per share | | | |
| Basic | 7 | <u>4.69 cents</u> | <u>3.71 cents</u> |
| Diluted | | <u>N/A</u> | <u>N/A</u> |

NOTES TO THE CONDENSED QUARTERLY FINANCIAL INFORMATION

1. GENERAL INFORMATION

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 coal, metal, bunker fuel and beverage.

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 consolidated financial statements, which do not include all information and disclosures as required in the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2014.

3. TURNOVER

Turnover represents the net amounts received and receivable for sales of goods to customers, net of goods returns and trade discounts. Turnover recognized during the period is as follows:

| | For the three months ended 30 June | |
|-------------------|---------------------------------------|----------------------------------|
| | 2014 HK\$' 000 (unaudited) | 2013 HK\$' 000 (unaudited) |
| Sales of coal | 776 | 108,175 |
| Sales of metal | 8,090 | 695 |
| Sales of beverage | 2,265 | — |
| | <u>11,131</u> | <u>108,870</u> |

4. OTHER OPERATING INCOME, NET

| | For the three months ended 30 June | |
|--|---------------------------------------|----------------------------------|
| | 2014 HK\$' 000 (unaudited) | 2013 HK\$' 000 (unaudited) |
| Fair value loss on financial assets at fair value through profit or loss | (34) | (56) |
| Dividend income from listed investments | 2 | 38 |
| Interest income from loan and receivables | — | 271 |
| Profit on disposal of property, plant and equipment | — | 272 |
| Net interest receivables on trade balances | 1,403 | — |
| Sundry income | 10 | 4 |
| | <u>1,381</u> | <u>529</u> |

5. FINANCE COSTS

| | For the three months ended 30 June | |
|--|---------------------------------------|----------------------------------|
| | 2014 HK\$' 000 (unaudited) | 2013 HK\$' 000 (unaudited) |
| Finance lease changes | 15 | 10 |
| Interests on convertible bonds | 30,209 | 25,665 |
| Interests on bank loans and overdrafts | 532 | 3 |
| | <u>30,756</u> | <u>25,678</u> |

6. INCOME TAX EXPENSE

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 (2013: Nil).

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

Entities incorporated in other countries are subject to income tax rates of 17% to 30% (2013: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

7. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$44,457,000 (2013: approximately HK\$34,400,000) and the weighted average number of ordinary shares of 947,997,926 shares (2013: 926,603,476 shares) in issue during these periods.

Diluted loss per share

As the exercise of the Group's outstanding convertible bonds would be anti-dilutive and there were no dilutive potential ordinary shares of the Company's outstanding share options for both periods, no diluted loss per share was presented for both periods.

8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|----------------------------|--|---|--|---|------------------------------------|--------------------|---|------------------------------|
| | Share capital HK\$' 000 | Share premium HK\$' 000 | Foreign currency translation reserve HK\$' 000 | Share option reserve HK\$' 000 | Convertible bond equity reserve HK\$' 000 | Property revaluation reserve HK\$' 000 | Accumulated losses HK\$' 000 | Total HK\$' 000 | Non- controlling interests HK\$' 000 | Total equity HK\$' 000 |
| At 1 April 2013 (audited) | 459,092 | 3,780,032 | (1,222) | 8,251 | 1,263,605 | — | (5,331,505) | 178,253 | 387,348 | 565,601 |
| Acquisition of a subsidiary | 12,358 | 1,235 | — | — | — | — | — | 13,593 | — | 13,593 |
| Total comprehensive loss for the three months ended | — | — | 30 | — | — | — | (34,400) | (34,370) | 451 | (33,919) |
| 30 June 2013 | — | — | 30 | — | — | — | (34,400) | (34,370) | 451 | (33,919) |
| Changes in equity for the period | 12,358 | 1,235 | 30 | — | — | — | (34,400) | (20,777) | 451 | (20,326) |
| At 30 June 2013 (unaudited) | 471,450 | 3,781,267 | (1,192) | 8,251 | 1,263,605 | — | (5,365,905) | 157,476 | 387,799 | 545,275 |
| At 1 April 2014 (audited) | 471,450 | 3,780,279 | (2,468) | 8,251 | 1,263,605 | 2,348 | (5,506,868) | 16,597 | 387,965 | 404,562 |
| Acquisition of a subsidiary | 33,142 | 662 | — | — | — | — | — | 33,804 | — | 33,804 |
| Total comprehensive loss for the three months ended 30 June 2014 | — | — | 996 | — | — | — | (44,457) | (43,461) | 473 | (42,988) |
| 30 June 2014 | — | — | 996 | — | — | — | (44,457) | (43,461) | 473 | (42,988) |
| Changes in equity for the period | 33,142 | 662 | 996 | — | — | — | (44,457) | (9,657) | 473 | (9,184) |
| At 30 June 2014 (unaudited) | 504,592 | 3,780,941 | (1,472) | 8,251 | 1,263,605 | 2,348 | (5,551,325) | 6,940 | 388,438 | 395,378 |

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2014 (2013: Nil).

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

As at 30 June 2014, the interests of each Director and chief executive 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 and short positions in Shares of the Company

| Name of directors/ chief executive | Number of Shares | Approximate percentage of shareholding | Capacity |
|---------------------------------------|---------------------------------|--|------------------------------------|
| Michael Koh Tat Lee | 272,829,600 (L) | 27.03 | Interest of spouse <i>(Note 1)</i> |
| | 252,153,400 (S) <i>(Note 5)</i> | 24.99 | Interest of spouse <i>(Note 1)</i> |
| Cheung Hung Man | 116,295,000 (L) | 11.52 | Beneficial owner <i>(Note 2)</i> |
| Liang Tong Wei | 100,000,000 (L) | 9.91 | Beneficial owner |
| Eng Wee Meng | 1,400,000 (L) | 0.14 | Beneficial owner <i>(Note 3)</i> |
| Yin Mark Teh-min | 57,600 | 0.01 | <i>(Note 4)</i> |
| | 50,000 (L) | 0.01 | Interest of spouse |
| | 7,600 (L) | — | Beneficial owner |

(L) — Long position; (S) — Short position

Notes:

1. Ms. Wong Eva ("Ms. Wong"), being the wife of Mr. Michael Koh Tat Lee ("Mr. Koh"), is interested in 272,829,600 Shares. Therefore, Mr. Koh is deemed to be interested in 272,829,600 Shares.
2. According to the terms of the sale and purchase agreement dated 27 March 2013 (as amended by a supplemental agreement dated 10 May 2013), the Company had allotted and issued the remaining 66,285,000 Shares to Mr. Cheung Hung Man ("Mr. Cheung") on 24 June 2014. Therefore, together with the 50,010,000 Shares previously held, Mr. Cheung is interested in 116,295,000 Shares in total.
3. Mr. Eng Wee Meng was granted an option to subscribe 1,400,000 Shares on 27 March 2013 under the Share Option Scheme adopted by the Company on 30 July 2012.
4. Ms. Wong Shu Wah, Ceci, being the wife of Mr. Yin Mark Teh-min ("Mr. Yin"), is interested in 50,000 Shares. Accordingly, Mr. Yin is deemed to be interested in such 50,000 Shares. Mr. Yin also holds 7,600 Shares as beneficial owner. Therefore, Mr. Yin is interested in 57,600 Shares. Mr. Yin did not offer himself for re-election at the Annual General Meeting ("AGM") dated 23 July 2014 and has retired by rotation as a non-executive director of the Company at the conclusion of the AGM.
5. Pursuant to the security document dated 13 March 2013 and a supplemental and amendment deed dated 11 October 2013 entered into between Kesterion Investments Limited ("Kesterion") (a company wholly-owned by Ms. Eva Wong) and China Shipbuilding Industrial Complete Equipment and Logistics Company Limited ("CSICEL"), a security over the 252,153,400 Shares and the Convertible Bonds held by Kesterion (upon the full conversion at a conversion price of HK\$22.79 per conversion share, a total of 68,955,682 Shares shall be issued to Kesterion) was created in favour of CSICEL .

Save as disclosed above, there are no long and 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 2014, 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 and short 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 (L) | 27.01 | Beneficial owner <i>(Note 1)</i> |
| | 252,153,400 (S) | 24.99 | Beneficial owner <i>(Note 3)</i> |
| Wong, Eva | 272,829,600 (L) | 27.03 | <i>(Note 1)</i> |
| | 272,558,400 (L) | 27.01 | Interest of controlled corporation |
| | 271,200 (L) | 0.02 | Beneficial owner |
| Michael Koh Tat Lee | 272,829,600 (L) | 27.03 | Interest of spouse <i>(Note 1)</i> |
| Cheung Hung Man | 116,295,000 (L) | 11.52 | Beneficial owner <i>(Note 2)</i> |
| Liang Tong Wei | 100,000,000 (L) | 9.91 | Beneficial owner |

(L) — Long position; (S) — Short position

Long and short 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(L) | 6.83 | Beneficial owner <i>(Note 1)</i> |
| | 68,955,682(S) | 6.83 | Beneficial owner <i>(Note 3)</i> |
| Wong Eva | 68,955,682(L) | 6.83 | Interest of controlled corporation <i>(Note 1)</i> |
| Michael Koh Tat Lee | 68,955,682(L) | 6.83 | Interest of spouse <i>(Note 1)</i> |
| China Shipbuilding Industrial Complete Equipment and Logistics Company Limited | 321,109,082(L) | 31.82 | Security Interest <i>(Note 3)</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 68,955,682 Shares, which have been issued to Kesterion on 18 December 2008 as part of considerations for the acquisition of First Pine Enterprises Limited. The entire issued share capital of Kesterion is beneficially owned by Ms. Wong. Ms. Wong, is the sister-in-law of a non-executive Director of the Company Mr. Yin . Mr. Koh, being the husband of Ms. Wong, is deemed to be interested in such 68,955,682 shares.
2. Mr Cheung is interested in 116,295,000 Shares in total as the Company had allotted and issued the remaining 66,285,000 Shares to Mr. Cheung on 24 June 2014 according to the term of the sale and purchases agreement dated 27 March 2013 (as amended by a supplemental agreement dated 10 May 2013).
3. Pursuant to the security document dated 13 March 2013 and a supplemental and amendment deed dated 11 October 2013 entered into between Kesterion and CSICEL, a security over the 252,153,400 Shares and the Convertible Bonds held by Kesterion (upon full conversion at a conversion price of HK\$22.79 per conversion share, a total of 68,955,682 Shares shall be issued to Kesterion) was created in favour of CSICEL. None of the Directors is a director or an employee of CSICEL.

SHARE OPTION SCHEME

OLD SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the shareholders of the Company on 25 April 2002 (the “Old Share Option Scheme”), the Old Share Option Scheme became effective on 25 April 2002 and terminated on 24 April 2012. However, all share options granted prior to the termination of the Old Share Option Scheme will remain in full force and effect. As at 30 June 2014, the number of share options outstanding under the Old Share Option Scheme were 262,800 shares.

NEW SHARE OPTION SCHEME

On 30 July 2012, the Company adopted a new share option scheme (the “New Share Option Scheme”). The New Share Option Scheme was 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 29 July 2022. Under the New 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 New 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.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

Options granted must be taken up within thirty 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 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.

Options do not confer rights on the holder to dividends or to vote at shareholders’ meetings.

Under the New Share Option Scheme, if the options remain unexercised after a period of 3 years from the date of grant, the options expire. Options are forfeited if the employee is dismissed by the Group by reason of persistent or serious misconduct, breach of material term of the relevant employment contract or summary dismissal.

Details of the options granted, lapsed or exercised under the Old Share Option Scheme and New Share Option Scheme are as follows:

| Category of grantee | Date of grant of the options | Exercise period | Exercise price of the options (HK\$) | Number of share options | | | | |
|---------------------------------|------------------------------|----------------------------|--------------------------------------|--------------------------------|---------------------------|-----------------------------|--------------------------|--------------------------------|
| | | | | Outstanding as at 1 April 2014 | Granted during the period | Exercised during the period | Lapsed during the period | Outstanding as at 30 June 2014 |
| <i>Old Share Option Scheme:</i> | | | | | | | | |
| Consultants | 6 Mar 2007 | 6 Mar 2007 to 5 Mar 2017 | 3.58 | 262,800 | — | — | — | 262,800 <i>(Note 1)</i> |
| <i>New Share Option Scheme</i> | | | | | | | | |
| Consultants | 21 Aug 2012 | 21 Aug 2012 to 20 Aug 2015 | 0.50 | 80,150,000 | — | — | — | 80,150,000 |
| Staff | 21 Aug 2012 | 21 Aug 2012 to 20 Aug 2015 | 0.50 | 3,600,000 | — | — | — | 3,600,000 |
| Director | 27 Mar 2013 | 27 Mar 2013 to 26 Mar 2016 | 0.55 | 1,400,000 | — | — | — | 1,400,000 |
| Total | | | | <u>85,412,800</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>85,412,800</u> |
| Weighted average exercise price | | | | <u>HK\$0.51</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>HK\$0.51</u> |

The weighted average share price at the date of exercise for share options exercised during the Period was HK\$0.51. The options outstanding at the end of the Period have a weighted average remaining contractual life of 1.16 years (2013: 2.16 years) and the exercise prices range from HK\$0.5 to HK\$3.58 (2013: HK\$0.5 to HK\$3.58).

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 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the three months ended 30 June 2014. 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 2014.

CORPORATE GOVERNANCE

Throughout the Period, the Company has adopted and complied with the code provisions set out in Corporate Governance Code and Corporate Governance Report 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 2014.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises two members of independent non-executive Directors, namely, 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, 14 August, 2014

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, one non-executive Directors, Mr. Liang Tong Wei, and two independent non-executive Directors, Mr. Chu Hung Lin, Victor and Mr. Tong Wan Sze.



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