



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)

THIRD QUARTERLY REPORT **2016**
第三季度業績報告

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

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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 (the “Directors”) of Pan Asia Mining Limited (the “Company”) 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 (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 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 ACQUISITION AND DISPOSAL

There was no material acquisition or disposal during the nine months ended 31 December 2015 (the “Period”).

BUSINESS AND FINANCIAL REVIEW

The Group’s revenue for the Period amounted to approximately HK\$11,412,000 (2014: approximately HK\$31,024,000), decreased by approximately HK\$19,612,000 as compared to the same period in 2014. The significant decrease in revenue was mainly attributed to the decreased revenue from metals business, which amounted to approximately HK\$10,446,000 for the Period (2014: approximately HK\$23,578,000). Besides, revenue from beverage business for the Period also contracted to approximately HK\$966,000 (2014: approximately HK\$6,668,000).

During the Period, the Group has incurred a gross loss of approximately HK\$11,316,000 (2014: a gross profit of approximately HK\$420,000) mainly attributable to stock provision of approximately HK\$8,876,000 (2014: nil) for the bottled spring water inventory the validity of which are going to expired shortly. Other operating income, net amounted to approximately HK\$2,552,000 (2014: other operating expenses net of approximately HK\$3,910,000). Profit for the period increased to approximately HK\$135,262,000 (2014: loss for the period of approximately HK\$152,910,000) of which approximately HK\$251,146,000 (2014: Nil) was attributable to the fair value gain on redemption of convertible bonds liabilities.

The restructuring of convertible bonds was completed on 12 May 2015. The outstanding convertible bonds in principal amount of US\$201,474,359 (equivalent to approximately HK\$1,571,500,000) due for repayment in 2018 (“Old Bonds”) were fully redeemed by issuance of convertible bonds in principal amount of US\$140,000,000 (equivalent to approximately HK\$1,092,000,000) due in 2020 (“New Bonds”). A one-off fair value gain on redemption of the convertible bonds liabilities of approximately HK\$251,146,000 (2014: Nil) was recorded (further details in note 4 to the condensed quarterly financial information).

As of the date of this report, the New Bonds in principal amount of US\$60,000,000 (equivalent to approximately HK\$468,000,000) were converted at HK\$0.50 per share into 936,000,000 issued shares of the Company according to terms of the deed of New Bonds.

On 19 June 2015, the Company proposed to implement a reduction of the issued share capital by reducing the par value of each issued share of the Company ("Share") from HK\$0.50 to HK\$0.25 by cancelling the paid up share capital to the extent of HK\$0.25 per issued Share ("Original Capital Reduction") so that following such reduction, each issued Share with a par value of HK\$0.50 in the share capital of the Company shall become one (1) new share with par value of HK\$0.25 each ("Original New Share"). Immediately following the Original Capital Reduction, each of the authorised but unissued Shares with par value of HK\$0.50 be subdivided into two (2) Original New Shares with par value of HK\$0.25 each ("Original Sub-division").

On 20 August 2015, the Company proposed to extend the Original Capital Reduction and the Original Sub-division. The Company therefore proposed a reduction of the issued share capital by reducing the par value of each issued Share from HK\$0.50 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.49 per issued Share ("Capital Reduction") so that following such reduction, each issued Share with a par value of HK\$0.50 in the share capital of the Company shall become one (1) new share with par value of HK\$0.01 ("New Share"). Immediately following the Capital Reduction, each of the authorised but unissued Shares with par value of HK\$0.50 shall be subdivided into fifty (50) New Shares with par value of HK\$0.01 each ("Sub-division").

The Capital Reduction and the Sub-division were approved by the Shareholders by way of special resolution at the extraordinary general meeting of the Company on 24 September 2015 and the Capital Reduction and the Sub-division were effective on 23 December 2015.

The credit arising from the Capital Reduction approximately HK\$1,239,280,000 has been applied towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated deficit of the Company.

OUTLOOK

Metal business is the major contributor of revenue in the near future. Given the downward trend of metal business and dropped of metal price, the result is not anticipating to have a significant change.

With the joining of new Directors with new ideas and different views, the management is now reviewing and reassessing the present operations and at the same time exploring ways to improve the operation results. On the other hand, the management has been actively seeking new areas of growth and different ways to increase the Group financial resources.

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

The board of Directors (the “Board”) of Pan Asia Mining Limited (the “Company”) is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three and nine months ended 31 December 2015 together with the comparative figures for the corresponding periods in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Revenue	3	2,620	10,080	11,412	31,024
Cost of sales		(2,637)	(9,579)	(22,728)	(30,604)
Gross profit/(loss)		(17)	501	(11,316)	420
Administrative expenses		(16,887)	(20,897)	(57,575)	(54,051)
Fair value gain on redemption of convertible bonds liabilities	4	—	—	251,146	—
Other operating income/(expenses), net	5	7,963	(207)	2,552	(3,910)
Profit/(Loss) from operations		(8,941)	(20,603)	184,807	(57,541)
Finance costs	6	(12,951)	(33,597)	(51,930)	(96,570)
Fair value gain on contingent consideration payable		—	—	—	663
Profit/(Loss) before tax		(21,892)	(54,200)	132,877	(153,448)
Income tax credit/(expenses)	7	(81)	179	2,385	538
Profit/(Loss) for the period		(21,973)	(54,021)	135,262	(152,910)
Other comprehensive income for the period, net of tax					
<i>Items that will not be reclassified to profit or loss:</i>					
Revaluation surplus/(deficit) of leasehold building		431	551	(6,556)	1,691
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		(1,713)	(755)	(3,668)	(663)
Total comprehensive income/(loss) for the period		(23,255)	(54,225)	125,038	(151,882)

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Profit/(Loss) for the period attributable to:				
Owners of the Company	(21,938)	(53,952)	135,271	(152,674)
Non-controlling interests	(35)	(69)	(9)	(236)
	<u>(21,973)</u>	<u>(54,021)</u>	<u>135,262</u>	<u>(152,910)</u>
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	(23,220)	(54,158)	125,047	(151,637)
Non-controlling interests	(35)	(67)	(9)	(245)
	<u>(23,255)</u>	<u>(54,225)</u>	<u>125,038</u>	<u>(151,882)</u>

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Profit/(Loss) per share				
Basic	8 <u>(0.87) cents</u>	<u>(5.35) cents</u>	<u>6.02 cents</u>	<u>(15.44) cents</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<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 coals, metals and beverages.

2. BASIS OF PREPARATION

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

The unaudited condensed 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 2015.

The accounting policies and method of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2015.

3. REVENUE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Sales of metals	2,711	8,013	10,446	23,578
Sales of beverages	(91)	2,067	966	6,668
Sales of coals	—	—	—	778
	<u>2,620</u>	<u>10,080</u>	<u>11,412</u>	<u>31,024</u>

4. CONVERTIBLE BONDS

On 22 September 2014, the Company and Kesterion entered into a bond restructuring agreement, which was amended by a supplementary agreement on 1 November 2014 (collectively referred to as the "Bond Restructuring Agreements"). Pursuant to the Bond Restructuring Agreements, the Company and Kesterion conditionally agreed that:

- (i) the terms of Old Bonds will be amended to grant the Company a right to redeem all the outstanding Old Bonds at a redemption price of US\$140,000,000 (equivalent to approximately HK\$1,092,000,000);
- (ii) the Company will exercise such redemption right; and
- (iii) in satisfaction and cancellation of the redemption amount payable under the amended Old Bonds following such redemption, the Company will issue to Kesterion all unsecured five-year 2.0% convertible bonds in principal amount of US\$140,000,000 (the "New Bonds"). The coupon is payable in arrear semi-annually from the issue date.

The holder of the New Bonds has the right to convert the New Bonds into the ordinary shares of the Company at a fixed conversion price of HK\$0.5, at any time before the maturity date.

The Company shall have the right, at its options, to redeem any portion of or the entire outstanding principal amount of all of the New Bonds held by Kesterion at 110% of the principal amount at any time before the maturity date.

On maturity date, the New Bonds will be redeemed at par, using a fixed exchange rate of USD1:HK\$7.8.

The Bond Restructuring Agreements became unconditional pursuant to an ordinary resolution passed at the extraordinary general meeting on 9 January 2015.

On 12 May 2015, with all the condition precedents to the Bond Restructuring Agreement has been fulfilled. Accordingly the Company has fully redeemed the Old Bonds and issued the New Bonds in accordance with the terms of the Bond Restructuring Agreement.

Details of the Bond Restructuring Agreements and the issuance of New Bonds were set out in the announcements of the Company dated on 23 November 2014 and 12 May 2015 and the circular of the Company dated 19 December 2014.

During the Period, the New Bonds in principal amount of US\$60,000,000 (equivalent to approximately HK\$468,000,000) were converted at HK\$0.5 per share into 936,000,000 issued shares of the Company according to terms of the deed of New Bonds.

The interest charged for the Period is calculated by applying an effective interest rate of 11.38% (2014: 17.7%) per annum to the liability component.

5. OTHER OPERATING INCOME/(EXPENSES), NET

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Fair value gain/(loss) on financial assets at fair value through profit or loss	—	42	37	2
Dividend income from listed investments	—	2	—	6
Net interest payable on trade balances	6,056	(568)	(2,077)	(4,799)
Gain on disposal of property, plant and equipment	1,412	—	1,419	—
Sundry income	495	317	3,173	881
	<u>7,963</u>	<u>(207)</u>	<u>2,552</u>	<u>(3,910)</u>

6. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Finance lease charges	6	11	23	40
Interest on convertible bonds	11,703	33,148	49,262	95,172
Interest on bank loans and overdrafts	1,242	438	2,645	1,358
	<u>12,951</u>	<u>33,597</u>	<u>51,930</u>	<u>96,570</u>

7. INCOME TAX CREDIT/(EXPENSES)

	For the three months ended 31 December		For the nine months ended 31 December	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Current tax				
(Under)/over-provision in prior years	(81)	—	2,385	—
Deferred tax	—	179	—	538
	<u>(81)</u>	<u>179</u>	<u>2,385</u>	<u>538</u>

No provision for Hong Kong Profits Tax has been made as the Group has not generated any assessable profits that are subject to Hong Kong profits tax during the period (2014: Nil).

Entities incorporated in other countries are subject to income tax rates of 17% to 30% (2014: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

8. **PROFIT/(LOSS) PER SHARE**

Basic profit/(loss) per share

The calculation of basic profit/(loss) per share is based on the loss attributable to owners of the Company for the three months period ended 31 December 2015 of approximately HK\$21,938,000 (2014: approximately HK\$53,952,000) and the profit attributable to owners of the Company for the nine months period ended 31 December 2015 of approximately HK\$135,271,000 (2014: loss for the period of approximately HK\$152,674,000), and the weighted average number of ordinary shares of 2,529,776,120 shares (2014: 1,009,184,080 shares) and 2,245,572,484 shares (2014: 988,937,025 shares) in issue during the two respective periods.

Diluted profit/(loss) per share

As the exercise of the Group's outstanding new 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 in both periods.

9. **ASSET CLASSIFIED AS HELD FOR SALE**

On 30 July 2015, the Group has received an acceptance, from a third party, of an Option To Purchase ("OTP") issued by the Group on 29 July 2015, which offered an option to purchase the Group's leasehold building in Singapore at a price of SGD6,180,000. Completion of the leasehold building disposal is subject to the approval by the Jurong Town Corporation ("JTC") of the Singapore government and the whole process will take 4-6 months to complete.

The Board received an official letter from JTC on 7 December 2015 dated 3 December 2015 and was told that the transfer of the lease has been rejected after assessment of the case based on the Purchaser's proposed business plan and financial projections. According to the terms in the Option Agreement, the OTP and the disposal shall be automatically terminated and the Vendor shall refund all monies paid by the Purchaser to the Purchaser without interest.

The total amount of S\$309,000 (equivalent to approximately HK\$1,756,000) plus GST, representing an option money for the Option Agreement and the balance of 5% of the total consideration for the Disposal will be refunded to the Purchaser accordingly.

10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

	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 bonds 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 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
Total comprehensive income for the period	—	—	(654)	—	—	1,691	(152,674)	(151,637)	(245)	(151,882)
Issue of share on acquisition of a subsidiary	33,142	(5,966)	—	—	—	—	—	27,176	—	27,176
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	490	490
Changes in equity for the period	33,142	(5,966)	(654)	—	—	1,691	(152,674)	(124,461)	245	(124,216)
At 31 December 2014 (unaudited)	<u>504,592</u>	<u>3,774,313</u>	<u>(3,122)</u>	<u>8,251</u>	<u>1,263,605</u>	<u>4,039</u>	<u>(5,659,542)</u>	<u>(107,864)</u>	<u>388,210</u>	<u>280,346</u>
At 1 April 2015 (audited)	796,888	3,647,887	(3,700)	8,251	1,263,605	8,161	(6,394,206)	(673,114)	48,091	(625,023)
Total comprehensive income for the period	—	—	(3,668)	—	—	(6,556)	135,271	125,047	(9)	125,038
Conversion of convertible bonds into shares	468,000	(26,945)	—	—	(170,432)	—	—	270,623	—	270,623
Redemption of Old Bonds and issuance of New Bonds	—	—	—	—	(865,930)	—	865,930	—	—	—
Credit arising from Capital Reduction	(1,239,280)	1,239,280	—	—	—	—	—	—	—	—
Changes in equity for the period	(771,280)	1,212,335	(3,668)	—	(1,036,362)	(6,556)	1,001,201	395,670	(9)	395,661
At 31 December 2015 (unaudited)	<u>25,608</u>	<u>4,860,222</u>	<u>(7,368)</u>	<u>8,251</u>	<u>227,243</u>	<u>1,605</u>	<u>(5,393,005)</u>	<u>(277,444)</u>	<u>48,082</u>	<u>(229,362)</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the Period (2014: Nil).

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

As at 31 December 2015, 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

Name of directors/ chief executive	Number of Shares	Approximate percentage of shareholding	Capacity
Michael Koh Tat Lee	289,069,060 (L)	11.43	Interest of spouse (<i>Note 1</i>)
Liang Tong Wei	100,000,000 (L)	3.95	Beneficial owner
Cheung Hung Man	44,235,000 (L)	1.75	Beneficial owner

(L) — Long position

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 31 December 2015, so far as the Directors are aware, 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), and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

The Company

Long and short positions in shares

Name of shareholder	Number of Shares of the Company	Approximate percentage of shareholding	Capacity
Kesterion Investments Limited	288,797,860(L)	11.42	Beneficial owner <i>(Note 1)</i>
Wong, Eva	289,069,060(L)	11.43	
	288,797,860(L)	11.42	Interest of controlled corporation <i>(Note 1)</i>
	271,200(L)	0.01	Beneficial owner

(L) — Long position

Long and short positions in the underlying shares

Name of shareholders	Number of underlying Shares in respect of equity derivatives of the Company	Approximate percentage of the issued share capital of the Company	Capacity
Gloss Rise Limited	624,000,000 (L)	24.66	Beneficial owner <i>(Note 2)</i>
Action Hero Investments Limited	624,000,000 (L)	24.66	Interest of controlled corporation <i>(Note 2)</i>
Ng Chun Sang	624,000,000 (L)	24.66	Interest of controlled corporation <i>(Note 2)</i>
eForce Holdings Limited	202,800,000 (L)	8.02	Beneficial owner <i>(Note 3)</i>
Cobot Financial Limited	312,000,000 (L)	12.33	Security interest <i>(Note 4)</i>
Pioneer Frontier Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 4)</i>
Galileo Capital Group (BVI) Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 4)</i>
Sun International Resources Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 4)</i>
First Cheer Holdings Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 4)</i>
Sun Finance Company Limited	312,000,000 (L)	12.33	Security interest <i>(Note 5)</i>
Peak Stand Holdings Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 5)</i>
Sheen Light Holdings Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 5)</i>
Eminent Crest Holdings Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 5)</i>
Bravo Profit Holdings Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 5)</i>
Cheng Family Investment Holdings Company Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 5)</i>
Chau's Holdings Company Limited	312,000,000 (L)	12.33	Interest of controlled corporation <i>(Note 5)</i>
Chau Cheek Wa	624,000,000 (L)	24.66	Interest of controlled corporation <i>(Note 4 & 5)</i>
Cheng Ting Kong	624,000,000 (L)	24.66	Interest of controlled corporation <i>(Note 4 & 5)</i>

(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 controlled corporation Kesterion Investments Limited ("Kesterion") of 288,797,860 Shares and as beneficial owner of 271,200 Shares. Therefore, Mr. Koh is deemed to be interested in 289,069,060 Shares in total.
2. This represents the principal amount of approximately US\$40,000,000 of new bonds ("New Bonds"), which upon conversion in full at the conversion price of HK\$0.50 per conversion share will result in the allotment and issue of 624,000,000 Shares, which have been issued to Kesterion Investments Limited ("Kesterion") on 12 May 2015 and Kesterion transferred to Gloss Rise Limited ("Gloss Rise") on 19 November 2015. Gloss Rise is owned as to 85% by Action Hero Investment Limited ("Action Hero"). Action Hero is wholly owned by Mr. Ng Chun Sang.
3. This represents the principal amount of approximately US\$13,000,000 of New Bonds, which upon conversion in full at the conversion price of HK\$0.50 per conversion share will result in the allotment and issue of 202,800,000 Shares, which have been issued to Kesterion on 12 May 2015 and Kesterion transferred to eForce Holdings Limited (Stock Code 943), a company listed on the Main Board of the Stock Exchange on 19 November 2015.
4. The security charges entered into between Gloss Rise and Cobot Financial Limited ("Cobot") dated on 19 November 2015. Cobot is wholly owned by Pioneer Frontier Limited ("Pioneer"). Pioneer is wholly owned by Galileo Capital Group (BV) Limited ("Galileo"). Galileo is wholly owned by Sun International Resources Limited ("Sun Int'l"). Sun Int'l is wholly owned by First Cheer Holdings Limited ("First Cheer"). First Cheer is owned as to 50% and 50% by Mr. Chau Cheok Wa and Mr. Cheng Ting Kong respectively.
5. The security charges entered into between Gloss Rise and Sun Financial Company Limited ("Sun Fin.") dated on 19 November 2015. Sun Fin. is owned as to 58%, 38% and 4% by Peak Stand Holding Limited ("Peak Stand"), Eminent Crest Holdings Limited ("Eminent") and Sheen Light Holdings Limited ("Sheen Light") respectively. Peak Stand, Eminent and Sheen Light are wholly owned by Bravo Profit Holdings Limited ("Bravo"). Bravo is owned as to 50% and 50% by Cheng Family Investment Holdings Company Limited ("Cheng Family") and Chau's Holdings Company Limited ("Chau's Holding") respectively. Cheng Family is wholly owned by Mr. Cheng Ting Kong. Chau's Holding is wholly owned by Mr. Chau Cheok Wa.

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 31 December 2015, the number of share options outstanding under the Old Share Option Scheme was 262,800 options, which represent 0.01% of total number of issued 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 ceased as employee of the Group for reason specified in the New Share Option Scheme. As at 31 December 2015, there has no outstanding option under the New Share Option Scheme.

Details of the options granted, lapsed or exercised under the Old Share Option Scheme and the 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 31 December 2015
				Outstanding as at 1 April 2015	Granted during the period	Exercised during the period	Lapsed during the period	
<i>Old Share Option Scheme:</i>								
Consultants	6 Mar 2007	6 Mar 2007 to 5 Mar 2017	3.58	262,800	—	—	—	262,800
<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)	—
Total				<u>84,012,800</u>	<u>—</u>	<u>—</u>	<u>(83,750,000)</u>	<u>262,800</u>
Weighted average exercise price				<u>HK\$0.51</u>	<u>N/A</u>	<u>N/A</u>	<u>HK\$0.50</u>	<u>HK\$3.58</u>

The weighted average share price at the date of exercise for share options exercised during the Period was HK\$3.58. The options outstanding at the end of the Period have a weighted average remaining contractual life of 1.18 year (2014: 0.65 years) and the exercise price is HK\$3.58 (2014: 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, either directly or indirectly, with the business of the Group or had any other conflicts with the Group during the Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures" above, at no time during the nine months ended 31 December 2015 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the Period.

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 (the "CG Code") contained in Appendix 15 of the GEM Listing Rules except for the deviation described below.

Under code provision A.6.7 of the CG code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some Directors were unable to present at the annual general meeting held on 24 July 2015 and the extraordinary general meetings held on 24 July 2015 and 24 September 2015 due to their other important engagement at the relevant time.

Under code provision E.1.2 of the CG code, the chairman of the board should attend the annual general meeting. The chairman of the Company was unable to present at the annual general meeting held on 24 July 2015 as he was away on a business trip.

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 issues notices to its Directors 4 times a year 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.

During the period from 20 July 2015 to 11 August 2015, Kesterion, a company wholly-owned by Ms. Wong, the spouse of Mr. Koh, being a director and the chairman of the Board, acquired and disposed of in aggregate 3,800,000 and 165,790,000 shares of the Company respectively.

The above transactions were entered into by Kesterion during the period between 15 July 2015 to 14 August 2015, being the blackout period of 30 days immediately preceding the publication date of the quarterly results of the Company for the three months ended 30 June 2015, during which dealings by a Director or a Director's spouse or by or on behalf of any minor child are restricted. Further, no notification was given to the Board or the Company by Ms. Wong or Mr. Koh prior to the above share dealings were made. Accordingly, the above share dealings made by Kesterion constituted a non-compliance of Rules 5.56(a)(ii) and 5.61 of the GEM Listing Rules.

To rectify the above non-compliance, the Company has reminded and will continue to remind the Directors to observe the dealing restrictions and notification requirements as set forth under Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company will also seek an additional training session for the Directors on the requirements under Rules 5.48 to 5.67 of the GEM Listing Rules.

Save aforesaid, the Company has confirmed that, having made specific enquiry of all other Directors, all other Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the Period.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors since the date of the Annual Report 2015 are set out below:

Mr. Wong Chi Man was appointed as a non-executive Director with effect from 13 October 2015.

Ms. Yip Man Yi ("Ms. Yip") was appointed as an executive Director with effect from 14 November 2015. Ms. Yip was also appointed as the compliance officer with effect from 1 December 2015. Upon the appointment of Ms. Yip as the compliance officer, the Company meets the requirement of Rule 5.19 of the GEM Listing Rules. Ms. Yip was further appointed as the chairman of the Board with effect from 31 December 2015.

Mr. Shiu Chi Tak, Titus ("Mr. Shiu") was appointed as an executive Director with effect from 14 November 2015. Mr. Shiu was also appointed as the authorised representative under the GEM Listing Rules and the process agent for accepting service of process and notices on behalf of the Company in Hong Kong as required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 1 December 2015.

Dr. Wan Ho Yuen, Terence ("Dr. Wan") was appointed as an independent non-executive Director with effect from 14 November 2015. Dr. Wan was appointed as a member of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 31 December 2015.

Mr. Tan Chong Gin (“Mr. Tan”) resigned as an executive director and compliance officer with effect from 19 November 2015. Pursuant to Rule 5.19 of the GEM Listing Rule, the Company must ensure that one of its executive directors assumes responsibility for acting as a compliance officer. Upon the resignation of Mr. Tan, the Company did not comply with the GEM Listing Rule 5.19.

Mr. Michael Koh Tat Lee (“Mr. Koh”) resigned as the authorized representative under the GEM Listing Rules and the process agent for accepting service of process and notices on behalf of the Company in Hong Kong as required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 30 November 2015. Mr. Koh also resigned as the chairman of the Board and the chairman of the nomination committee with effect from 31 December 2015.

Mr. Li Kwok Chu was appointed as an independent non-executive Director, the chairman of the nomination committee and a member of the audit committee and the remuneration committee of the Company with effect from 31 December 2015.

Mr. Lau Shu Yan was appointed as an independent non-executive Director and a member of each of audit committee, remuneration committee and nomination committee of the Company with effect from 31 December 2015.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) currently comprises six members of independent non-executive Directors, namely Mr. Chu Hung Lin, Victor, Mr. Tong Wan Sze, Mr. Fung Kwok Leung, Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan. 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 quarterly report in accordance with the GEM Listing Rules.

By Order of the Board
Pan Asia Mining Limited
Yip Man Yi
Chairman

Hong Kong, 5 February 2016

As at the date of this report, the Board comprises four executive Directors, Ms. Yip Man Yi, Mr. Cheung Hung Man, Mr. Michael Koh Tat Lee and Mr. Shiu Chi Tak, Titus, two non-executive Directors, Mr. Liang Tong Wei and Mr. Wong Chi Man, and six independent non-executive Directors, Mr. Chu Hung Lin, Victor, Mr. Tong Wan Sze, Mr. Fung Kwok Leung, Dr. Wan Ho Yuen, Terence, Mr. Li Kwok Chu and Mr. Lau Shu Yan.



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