PAN ASIA MINING LIMITED
寰亞礦業有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8173)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH, 2011

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.

HIGHLIGHT

For the fiscal year ended 31 March 2011, the Group recorded a turnover from continuing operation of approximately HK$10,419,000 and loss for the year approximately HK$149,713,000.

The directors do not recommend the payment of a dividend for the fiscal year ended 31 March 2011.

The Board of Directors (the "Board") of Pan Asia Mining Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group"), which has been reviewed by the audit committee of the Company, for the year ended 31 March, 2011 together with comparative audited figures for the year ended 31 March 2010 are as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Continuing operations			
Turnover	3	**10,419**	14,730
Cost of sales		**(10,406)**	(14,591)
Gross profit		**13**	139
Other revenue and net (loss)/income	4	**(367)**	1,377
Administrative expenses		**(17,569)**	(20,618)
Share of results of associates		**(55)**	(35)
Loss from operations		**(17,978)**	(19,137)
Finance costs	5(a)	**(131,735)**	(270,814)
Loss before income tax	5	**(149,713)**	(289,951)
Income tax	6(a)	**—**	(24)
Loss for the year from continuing operations		**(149,713)**	(289,975)
Discontinued operations			
Profit for the year from discontinued operations		**—**	25,811
Loss for the year		**(149,713)**	(264,164)
Attributable to:			
Owners of the Company		**(149,018)**	(263,794)
Non-controlling interests		**(695)**	(370)
		(149,713)	(264,164)
		HK Cents	HK Cents (Restated)
(Loss)/earnings per share	7		
From continuing and discontinued operations			
Basic and diluted		**(78.21)**	(170.68)
From continuing operations			
Basic and diluted		**(78.21)**	(187.38)
From discontinued operations			
Basic and diluted		**Nil**	16.70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Loss for the year		**(149,713)**	(264,164)
Other comprehensive loss			
Exchange differences on translation of financial statements of overseas subsidiaries		**(11)**	19
Reclassification adjustment on release of exchange reserve upon disposal of subsidiaries		**—**	(156)
Total comprehensive loss for the year, net of tax		**(149,724)**	(264,301)
Attributable to:			
Owners of the Company		**(149,029)**	(263,931)
Non-controlling interests		**(695)**	(370)
		(149,724)	(264,301)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**593**	1,505
Payment for intangible assets - mining claims		**109**	—
Exploration and evaluation assets	8	**8,438,360**	8,435,670
Interests in associates		**172**	227
		8,439,234	8,437,402
Current assets			
Deposits, prepayments and other receivables	9	**1,085**	1,111
Held-for-trading investments		**20,806**	1,463
Cash and cash equivalents		**206,831**	4,267
		228,722	6,841
Current liabilities			
Other payables and accruals	10	**7,819**	9,334
Amount due to a shareholder		**196**	—
Amounts due to associates		**57**	57
Shareholder's loan		**—**	8,000
Promissory note	12	**—**	184,753
Income tax payable		**74**	96
		8,146	202,240
Net current assets/(liabilities)		**220,576**	(195,399)
Total assets less current liabilities		**8,659,810**	8,242,003

	Note	**2011**	2010
		HK$'000	*HK$'000*
Non-current liabilities			
Shareholder's loan		**70,000**	—
Convertible bonds	11	**596,116**	469,824
		666,116	469,824
Net assets		**7,993,694**	7,772,179
Capital and reserves			
Share capital	13	**456,092**	76,015
Reserves		**4,505,247**	4,663,114
Equity attributable to owners of the Company		**4,961,339**	4,739,129
Non-controlling interests		**3,032,355**	3,033,050
Total equity		**7,993,694**	7,772,179

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	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$'000	Total reserves HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2009	35,465	917,391	10,440	156	320	3,545,975	(247,469)	4,226,813	3,033,383	7,295,661
Issue of new ordinary shares – conversion of convertible bonds (note 13(b)(i))	40,550	2,982,602	—	—	—	(2,282,370)	—	700,232	—	740,782
Disposals of subsidiaries	—	—	—	—	—	—	—	—	37	37
Loss for the year	—	—	—	—	—	—	(263,794)	(263,794)	(370)	(264,164)
Exchange differences on translation of financial statements of overseas subsidiaries	—	—	—	19	—	—	—	19	—	19
Reclassification adjustment on release of exchange reserve upon disposal of subsidiaries	—	—	—	(156)	—	—	—	(156)	—	(156)
Total comprehensive loss for the year, net of tax	—	—	—	(137)	—	—	(263,794)	(263,931)	(370)	(264,301)
At 31 March 2010 and 1 April 2010	76,015	3,899,993	10,440	19	320	1,263,605	(511,263)	4,663,114	3,033,050	7,772,179
Issue of new ordinary shares – rights issue (note 13(b)(ii))	380,077	—	—	—	—	—	—	—	—	380,077
Transfer	—	—	(10,440)	—	—	—	10,440	—	—	—
Share issuance expenses	—	(8,838)	—	—	—	—	—	(8,838)	—	(8,838)
Loss for the year	—	—	—	—	—	—	(149,018)	(149,018)	(695)	(149,713)
Exchange differences on translation of financial statements of overseas subsidiaries	—	—	—	(11)	—	—	—	(11)	—	(11)
Total comprehensive loss for the year, net of tax	—	—	—	(11)	—	—	(149,018)	(149,029)	(695)	(149,724)
At 31 March 2011	456,092	3,891,155	—	8	320	1,263,605	(649,841)	4,505,247	3,032,355	7,993,694

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1 (b) provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the HKICPA that are first effective for the current accounting period.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that contains a Repayment on Demand clause

The adoption of the new and revised HKFRSs had no material impact on the results and financial position of the Group and the Company for the current and prior accounting periods. The details of the new and revised HKFRSs are as follows:

HKFRS 5 (Amendments) clarifies that an entity that is committed to a sale plan involving loss of control of a subsidiary shall have relevant disclosures when the subsidiary is a disposal group that meets the definition of a discontinued operation. The amendments have no material impact on the results and financial position of the Group.

In May 2009, the HKICPA issued Improvements to HKFRSs which set out amendments to HKFRSs, primarily with a view to removing inconsistencies and clarifying wording. There is a separate transitional provision for each standard. While the adoption of some of them may result in changes in accounting policy, none of these amendments have a material impact on the results and financial position of the Group.

HKFRS 2 Share-based Payment: It revises the scope that transactions in which an entity acquires goods as part of the net assets acquired in a business combination, in a combination of entities or business under common controls, or the contribution of a business on the formation of a joint venture do not fall under the scope of this HKFRS.

HKFRS 8 Operating Segments: It clarifies that a measure of total assets for each reportable segment should be reported only if such information is regularly provided to the chief operating decision maker.

HKAS 1 Presentation of Financial Statements: It provides guidance on the classification of current or non-current convertible instruments.

HKAS 7 Statement of Cash Flows: It specifies that only expenditures that result in recognised assets in the consolidated statement of financial position are eligible for classification as investing activities.

HKAS 17 Leases: It removes the previous classification on leases with both land and building elements and requires separate assessment of each element as a finance or an operating lease accordingly.

HKAS 18 Revenue: It provides additional guidance to determine whether an entity is acting as principal or agent.

HKAS 36 Impairment of Assets: It clarifies that each unit or group of units to which the goodwill is so allocated should not be larger than an operating segment before aggregation.

HKAS 38 Intangible Assets: It introduces amendments to measurement of fair value of an intangible asset acquired in a business combination. Intangible asset acquired in business combination may be separable together with a related contract and identifiable liability in addition to identifiable asset. Additional consequential amendments to this HKAS arising from the revised HKFRS 3 are also incorporated.

Amendment to HKAS 39 Financial Instruments: Recognition and Measurement: It (i) clarifies that prepayment option is considered closely related to the host contract when the exercise price of prepayment option reimburses the lender up to the approximate present value of loan interest for the remaining term of the host contract; (ii) clarifies that this HKAS is not applicable to forward contract between acquirer and selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date; and (iii) also replaces the term “assets acquired or liability assumed” under cash flow hedges with “hedged forecast cash flows”.

HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives: It revises the scope that this Interpretation does not apply to embedded derivatives in contracts acquired in a business combination, a combination of entities or businesses under common control, or the formation of a joint venture.

HKFRS 2 (Amendments) clarifies its scope and the accounting for group companies' cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transactions. The amendments have no material impact on the results and financial position of the Group.

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. These changes, include, but are not limited to (i) introducing an option to measure non-controlling interests (previously minority interests) at fair value; (ii) recognising gains or losses from re-measuring to the fair value of the interest in the acquiree held by the entity immediately before the business combination, in a step acquisition; (iii) expensing acquisition costs as incurred; (iv) recognising the fair value of contingent considerations at the acquisition date with subsequent changes generally reflected in profit or loss; and (v) separately accounting for pre-existing relationships between the acquirer and acquiree. The amendments have no material impact on the results and financial position of the Group.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments are made to HKAS 7 Statement of Cash Flows, HKAS 12 Income Taxes, HKAS 21 The Effects of Changes in Foreign Exchange Rate, HKAS 28 Investments in Associates and HKAS 31 Interests in Joint Ventures. The amendments have no material impact on the results and financial position of the Group.

The amendments to HKAS 32 titled Classification of Rights Issues addresses the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. As the Group has not entered into any arrangements that would fall within the scope of the amendments, the Group has concluded that the amendments to HKAS 32 has no material impact on the resutls and financial position of the Group.

The amendment to HKAS 39 addresses the designation of one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Group has concluded that the amendment has no material impact on the results and financial position of the Group, as the Group has not entered into any such hedges.

HK(IFRIC)-Int 17 standardises practice in the accounting for all non-reciprocal distributions of non-cash assets to owners. This new interpretation clarifies that (i) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. Other consequential amendments are made to HKAS 10 Events After the Reporting Period and HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. While the adoption of the interpretation may result in changes in accounting policy, the interpretation has no material impact on the results and financial position of the Group.

HK-Int 5 addresses the classification of term loans with a repayment on demand clause as current or non-current liabilities by entities reporting under HKFRSs. The adoption of HK-Int 5 has resulted in a change in disclosure that the entire term loan has been re-classified from repayable within one year to repayment on demand when a repayment on demand clause provides the lender with a clear and unambiguous unconditional right to demand repayment at any time at its sole discretion and a borrower does not have unconditional right to defer payment for at least 12 months after the reporting date. The interpretation has no material impact on the results and financial position of the Group.

The Group has not early applied any of the following new and revised Standards, Amendments and Interpretations which have been issued but are not yet effective for annual periods beginning on 1 April 2010:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [1]
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters [2]
HKFRS 1 (Amendments)	Severe Hyperinflation and removal of Fixed Dates to First-time Adopters [4]
HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets [4]
HKFRS 9	Financial Instruments [6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets [5]
HKAS 24 (Revised)	Related Party Disclosures [3]
HK(IFRIC) - Int 14 (Amendments)	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 July 2011

[5] Effective for annual periods beginning on or after 1 January 2012

[6] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets. HKFRS 9 (Revised) "Financial Instruments" adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss, Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income, would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statement for financial year ending 31 March 2014 and that the application of this new Standard may mainly affect the classification and measurement of the Group's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised Standards, Amendments and Interpretations will have no material impact on the results and financial positions of the Group and the Company.

2. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision-makers ("CODM"), i.e. directors of the Company, for the purposes of resource allocation and performance assessment.

The CODM has identified the following two reportable segments. These segments are managed separately.

— Mineral exploration and exploitation (commercial operations has not yet been commenced during the year); and

— Trading of metals.

The trading of metals segment derive their revenue primarily from the trading of metals.

For the year ended 31 March 2010, the entire interests in Datewell Limited and its subsidiaries ("Datewell Group") and Panorama Entertainment Group Limited and its subsidiaries ("Panorama Group") were disposed to two separate independent third parties. Their operations were defined as Discontinued Operations.

— Sub-licensing of film rights; and

— Sales of video products

No reportable operating segment has been aggregate.

(a) Segment revenue, results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of central administration costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment. Taxation charge/(credit) is not allocated to reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

There were no sales between segments during the year. The revenue from external parties reportable to the CODM is measured in a manner consistent with that in the consolidated income statement.

All assets are allocated to reportable segments other than unallocated corporate assets which used jointly by reportable segments; and all liabilities are allocated to reportable segments other than income tax payable and unallocated corporate liabilities which are jointly liable by reportable segments.

Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:

	Continuing operations						Discontinued operations							
	Mining exploration and exploitation		Trading of metals		Total		Sub-licensing of film rights		Sales of video products		Total		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'0000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:														
Revenue from external customers	**–**	–	**10,419**	14,730	**10,419**	14,730	**–**	3,370	**–**	1,453	**–**	4,823	**10,419**	19,553
Reportable segment revenue	**–**	–	**10,419**	14,730	**10,419**	14,730	**–**	3,370	**–**	1,453	**–**	4,823	**10,419**	19,553
Reportable segment (loss)/ profit before income tax	**(147,427)**	(285,826)	**9**	128	**(147,418)**	(285,698)	**–**	1,350	**–**	24,461	**–**	25,811	**(147,418)**	(259,887)
Other information:														
Interest expenses	**(131,735)**	(270,814)	**–**	–	**(131,735)**	(270,814)	**–**	–	**–**	(205)	**–**	(205)	**(131,735)**	(271,019)
Depreciation and amortisation	**(71)**	(130)	**–**	–	**(71)**	(130)	**–**	(166)	**–**	(565)	**–**	(731)	**(71)**	(861)
Gain on disposals of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	5,334	**–**	25,204	**–**	30,538	**–**	30,538
Share of results of associates	**(55)**	(35)	**–**	–	**(55)**	(35)	**–**	–	**–**	–	**–**	–	**(55)**	(35)
Reportable segment assets	**8,505,907**	8,442,636	**–**	–	**8,505,907**	8,442,636	**–**	–	**–**	–	**–**	–	**8,505,907**	8,442,636
Reportable segment liabilities	**600,319**	658,638	**–**	–	**600,319**	658,638	**–**	–	**–**	–	**–**	–	**600,319**	658,638
Addition to other non-current assets	**2,799**	6,250	**–**	–	**2,799**	6,250	**–**	–	**–**	–	**–**	–	**2,799**	6,250
Interests in associates	**172**	227	**–**	–	**172**	227	**–**	–	**–**	–	**–**	–	**172**	227

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2011 **HK$'000**	2010 HK$'000
Revenue		
Total reportable segments' revenue	**10,419**	19,553
Segment's revenue from discontinued operations	**—**	(4,823)
Consolidated turnover – continuing operations	**10,419**	14,730
(Loss)/profit		
Segments' loss from continuing operations	**(147,418)**	(285,698)
Segments' profit from discontinued operations	**—**	25,811
Reportable segment loss	**(147,418)**	(259,887)
Unallocated other revenue and net (loss)/income	**(367)**	1,377
Unallocated depreciation	**(883)**	(907)
Unallocated corporate expenses	**(1,045)**	(4,723)
Consolidated loss before income tax	**(149,713)**	(264,140)
Assets		
Total reportable segments' assets – continuing operations	**8,505,907**	8,442,636
Unallocated corporate assets	**162,049**	1,607
Consolidated total assets	**8,667,956**	8,444,243
Liabilities		
Total reportable segments' liabilities – continuing operations	**600,319**	658,638
Unallocated income tax payable	**74**	96
Unallocated corporate liabilities	**73,869**	13,330
Consolidated total liabilities	**674,262**	672,064

(c) Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, payment for intangible assets -mining claims, exploration and evaluation assets and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in case of the property, plant and equipment, the location of the operation to which they are allocated, in case of payment for intangible assets - mining claims and exploration and evaluation of assets, and the location of operations, in the case of interests in associates.

	Continuing operations			
	Hong Kong (place of domicile) HK$'000	**PRC HK$'000**	**The Philippines HK$'000**	**Total HK$'000**
2011				
Revenue from external customers	**10,419**	**—**	**—**	**10,419**
Specified non-current assets	**555**	**29**	**8,438,650**	**8,439,234**
2010				
Revenue from external customers	14,730	—	—	14,730
Specified non-current assets	1,373	51	8,435,978	8,437,402

	Discontinued operations			
	Hong Kong (place of domicile) HK$'000	**PRC HK$'000**	**The Philippines HK$'000**	**Total HK$'000**
2011				
Revenue from external customers	**—**	**—**	**—**	**—**
Specified non-current assets	**—**	**—**	**—**	**—**
2010				
Revenue from external customers	4,823	—	—	4,823
Specified non-current assets	—	—	—	—

Information about major customers

There was no single customer with whom transactions were equal to or exceeded 10% of the Group's aggregated revenue for both years.

3. TURNOVER

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

Turnover represents the sales value of goods sold to customers and is stated after deducting goods returns and trade discounts. The revenue recognised in turnover during the year is as follows:

	Continuing operations	
	2011	2010
	HK$'000	HK$'000
Sales of metals	**10,419**	14,730

4. OTHER REVENUE AND NET (LOSS)/INCOME

	Continuing operations	
	2011	2010
	HK$'000	HK$'000
Other revenue		
Interest income on financial assets not at fair value through profit or loss	**—**	2
Other net (loss)/income		
Net (loss)/gain on trading of held-for-trading investments and futures	**(392)**	1,375
Dividend income from held-for-trading investments	**25**	—
	(367)	1,375
	(367)	1,377

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging the following:

	Continuing operations	
	2011	2010
	HK$'000	HK$'000
(a) Finance costs		
Imputed interest on promissory note (note 12)	**5,247**	24,243
Imputed interest on convertible bonds (note 11)	**126,292**	246,571
Shareholder's loan interest	**196**	—
Total interest expense on financial liabilities not at fair value through profit or loss	**131,735**	270,814
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plans	**115**	89
Salaries, wages and other allowances	**8,681**	8,643
	8,796	8,732
(c) Other items		
Depreciation	**954**	1,037
Auditor's remuneration		
– audit services	**300**	500
– non-audit services	**—**	86
Cost of inventories sold	**10,406**	14,591
Operating lease charges in respect of properties	**1,874**	1,610

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	Continuing operations	
	2011	2010
	HK$'000	HK$'000
Current tax		
– Hong Kong Profits Tax	**—**	24

No Hong Kong profits tax has been provided for as no assessable profits generated by the Group or the Company for the year ended 31 March 2011. For the year ended 31 March 2010, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

The corporate income tax rate in the Philippines is 30%. No provision for the 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 for the years ended 31 March 2011 and 2010.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (the "PRC"), the PRC enterprise income tax rate is 25%. No provision for the PRC enterprise income tax has been made, as the subsidiary in the PRC did not commence its business for the current and last years.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Continuing operations	
	2011	2010
	HK$'000	HK$'000
Loss before income tax from continuing operations	**(149,713)**	(289,951)
Notional tax on loss before income tax, calculated at rates applicable to losses in the countries concerned	**(25,030)**	(47,886)
Tax effect of non-taxable income	**(46)**	(24)
Tax effect of non-deductible expenses	**22,997**	45,945
Tax effect of temporary differences not recognised	**(2)**	102
Tax effect of tax losses utilised	**—**	(4)
Tax effect of unused tax losses not recognised	**2,081**	1,891
Actual tax expense	**—**	24

7. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The (loss)/profit and weighted average number of ordinary shares used in the calculation of basic (loss)/earnings per share are as follows:

	2011	2010
	HK$'000	HK$'000
From continuing and discontinued operations		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	**(149,018)**	(263,794)
From continuing operations		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	**(149,018)**	(289,605)
From discontinued operations		
Profit for the year attributable to owners of the Company used in the basic earnings per share calculation	**—**	25,811

	2011	2010
	HK$'000	HK$'000
		(restated)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share during the year:		
Issued ordinary shares at beginning of the year	**5,474,520**	3,546,534
Effect of ordinary shares issued upon conversion of convertible bonds (note 13 (b)(i))	**—**	1,927,986
Effect of share consolidation (note 13 (a)(ii))	**(5,365,030)**	(5,365,030)
Effect of rights share issued (note 13 (b)(ii))	**81,056**	45,064
Weighted average number of ordinary shares during the year	**190,546**	154,554

The weighted average number of ordinary shares during the years ended 31 March 2011 and 2010 have been retrospectively adjusted for the fifty-to-one consolidation taken place on 10 February 2011 and the rights issue taken place on 15 March 2011.

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for (i) continuing and discontinued operations, (ii) continuing operations and (iii) discontinued operations for the years ended 31 March 2011 and 2010 were same as their respective basic (loss)/earnings per share as the exercise price of the outstanding share options and convertible bonds were higher than the average market price per share for both years.

8. EXPLORATION AND EVALUATION ASSETS

	Exploration rights HK$'000	Evaluation expenditure HK$'000	Total HK$'000
At 1 April 2009	—	—	—
Transfer from payment for intangible assets - mining claims	8,429,879	—	8,429,879
Additions	—	5,791	5,791
At 31 March 2010 and 1 April 2010	8,429,879	5,791	8,435,670
Additions	—	2,690	2,690
At 31 March 2011	8,429,879	8,481	8,438,360

Mt. Mogan Resources and Development Corporation (the "Mogan"), a subsidiary in which the Group held indirectly 64% equity interests, has obtained 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"), for an initial period of 2 years for conducting the exploration activities in the specified mining area and the 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).

On 15 June 2010, the Mines and Geosciences Bureau (the "MGB") of the Department of Environment and Natural Resources (the "DENR") of the Philippines has acknowledged Mogan's submission for application on the conversion of approximately 5,000 hectares of these two exploration permits over the Mining Area into a mineral production sharing agreement 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 31 March 2011 and up to the approval date of the consolidated financial statements, the mineral production sharing agreement has not 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

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 25 years (2010: 25 years) were discounted at the rate of 20.40% (2010: 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 at 31 March 2011. The directors of the Company are of the opinion that there is no impairment on the exploration and evaluation assets.

9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2011	2010
	HK$'000	HK$'000
Deposits	**527**	444
Prepayments	**78**	195
Other receivables	**480**	472
	1,085	1,111

All of the deposits, prepayments and other receivables are expected to be recovered or recognised as expense within one year.

10. OTHER PAYABLES AND ACCRUALS

	2011	2010
	HK$'000	HK$'000
Other payables	**5,427**	6,814
Accruals	**2,392**	2,520
	7,819	9,334

All of the other payables and accruals are expected to be settled within one year.

11. CONVERTIBLE BONDS

On 18 December 2008, the Company entered into a subscription agreement with Kesterion 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, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issued and any time after the issue date. The Convertible Bonds are unsecured, non-interest bearing and matures 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 HKAS 32 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 as at the date when the convertible bond were issued (i.e. 18 December 2008). 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.

During the year ended 31 March 2010, total principal amount of US$363,910,256 (equivalent to HK$2,838,500,000 at the agreed fixed exchange rate of US$1 = HK$7.8) were converted into 4,055,000,000 new ordinary shares of the Company of HK$0.01 each as referred to note 13 (b)(i). There was no conversion on the Convertible Bonds during the year ended 31 March 2011. Outstanding principal amount of the Convertible Bonds as at 31 March 2011 and 2010 were US$201,474,359 (equivalent to approximately HK$1,571,500,000).

The movements of the liability component, equity component and principal amount of the Convertible Bonds for the both years are as follows:

	Liability component HK$'000	Equity conversion component HK$'000	Principal amount HK$'000
At 1 April 2009	964,035	3,545,975	4,410,000
Effective interest recognised (note 5(a))	246,571	—	—
Converted during the year (note 13 (b)(i))	(740,782)	(2,282,370)	(2,838,500)
At 31 March 2010 and 1 April 2010	469,824	1,263,605	1,571,500
Effective interest recognised (note 5(a))	126,292	—	—
At 31 March 2011	**596,116**	**1,263,605**	**1,571,500**

The interest charged for the year is calculated by applying an effective interest rate of 17.7% (2010: 17.7%) per annum to the liability component.

The number of ordinary shares to be converted and the conversion price of the Convertible Bonds were adjusted to 68,955,682 ordinary shares and HK$22.79 per share upon the completion of the capital reorganisation and share consolidation and rights issue as referred to notes 13(a)(ii) and 13(b)(ii), respectively.

12. PROMISSORY NOTE

On 18 December 2008, Black Sand Enterprises Limited ("BSEL"), 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 was repayable in 4 instalments over 1 year from the date of issue, with the first instalment falling due on 3 months after the date of issue. On 22 December 2008, the Company repaid the promissory note with principal amount of HK$10,000,000. BSEL had 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 which was due on 18 June 2010. The promissory note was carried at amortised cost, using the effective interest method and at the rate of 15.20% per annum, until extinguishment or redemption. The promissory note with the principal of HK$190,000,000 has matured and has been repayable on demand and interest-free since 18 June 2010.

Movements of the carrying amount of the promissory note, carried at amortised cost, during the years ended 31 March 2011 and 2010 were set out below.

	2011	2010
	HK$'000	HK$'000
At beginning of the year	**184,753**	160,510
Imputed interest charged (note 5(a))	**5,247**	24,243
Repayment	**(130,000)**	—
Reclassification to two-year term loan under Debt Restructuring Agreement	**(60,000)**	—
At end of the year	**—**	184,753

13. SHARE CAPITAL

	Note	**No. of ordinary shares**	**Nominal value of ordinary shares**
			HK$'000
Authorised:			
At 1 April 2009 and 31 March 2010		20,000,000,000	200,000
Increase during the year	(a)(i)	10,000,000,000	100,000
Share consolidation	(a)(ii)	(29,400,000,000)	—
Increase under capital reorganisation	(a)(ii)	1,400,000,000	700,000
31 March 2011		2,000,000,000	1,000,000
Issued and fully paid:			
At 1 April 2009		3,546,534,023	35,465
Issue of new ordinary shares - conversion of convertible bonds	(b)(i)	4,055,000,000	40,550
At 31 March 2010 and 1 April 2010		7,601,534,023	76,015
Share consolidation	(a)(ii)	(7,449,503,343)	—
Issue of new ordinary shares - rights issue	(b)(ii)	760,153,400	380,077
At 31 March 2011		912,184,080	456,092

(a) Authorised share capital

(i) Pursuant to the approval of the Cayman Islands Court on 8 September 2010, the authorised share capital of the Company was increased from HK$200,000,000, which was divided into 20,000,000,000 ordinary shares, to HK$300,000,000, which was divided into 30,000,000,000 ordinary shares, by the creation of additional 10,000,000,000 unissued ordinary shares of HK$0.01 each.

(ii) Capital reorganisation

On 23 February 2011, the Cayman Islands Court approved the capital reorganisation of the Company. The capital reorganisation was completed and became effective on 10 February 2011.

— Every fifty authorised ordinary shares of HK$0.01 each were consolidated into one authorised ordinary share of HK$0.50 each by cancelling 29,400,000,000 authorised ordinary shares.

— Every fifty issued ordinary shares of HK$0.01 each were consolidated into one issued ordinary share of HK$0.50 each by cancelling 7,449,503,343 issued ordinary shares.

— The authorised ordinary share capital was increased from HK$300,000,000, which was divided into 600,000,000 ordinary shares, to HK$1,000,000,000, which is divided into 2,000,000,000 ordinary shares, by the creation of 1,400,000,000 new authorised ordinary shares.

(b) Issued and fully paid ordinary capital

(i) Issue of new ordinary shares under conversion of convertible bonds

During the year ended 31 March 2010, 4,055,000,000 ordinary shares with a par value of HK$0.01 each, were issued at HK$0.70 per share as a result of the conversion of convertible bonds of US$363,910,256 (equivalent to HK$2,838,500,000) at the fixed exchange rate of US$1 = HK$7.8) by the convertible bond holders as referred to note 11. HK$40,550,000 and HK$2,982,602,000 were recorded in share capital and share premium, respectively. Liabilities component of HK$740,782,000 and equity conversion component of HK$2,282,370,000 were derecognised upon conversion of these convertible bonds as referred to note 11.

(ii) Issue of new ordinary shares under rights issue

Pursuant to the extraordinary general meeting held on 9 February 2011, the Company issued 760,153,400 new ordinary shares under a rights issue at an issue price of HK$0.50 per share on the basis of five shares for every one ordinary share.

The rights issue completed on 15 March 2011 and the Company raised gross proceeds of HK$380,077,000 before deduction of incidental share issuance expenses.

All of the shares issued during the years ended 31 March 2010 and 2011 rank pari passu with then existing shares in all respects.

14. COMMITMENTS

(a) Operating lease commitments

At 31 March 2011, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises are payable as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	**1,263**	1,263
After one year but within five years	**947**	2,210
	2,210	3,473

(b) Capital commitments

Capital commitments outstanding of the Group at 31 March 2011 not provided for in the consolidated financial statements are as follows:

	2011	2010
	HK$'000	HK$'000
Contracted for but not provided for in the consolidated financial statements – Exploration and evaluation assets	**552**	1,463

(c) Contingencies

The Group had no material contingent liabilities as at 31 March 2011 (2010: Nil).

15. EVENT AFTER THE REPORTING PERIOD

On 29 April 2011, BSEL, a wholly-owned subsidiary of the Company, and an independent third party, Chinaway Capital Limited, entered into a non-legally binding memorandum of understanding, for the proposed acquisition of 70% equity interest in懷集樂居礦業有限公司(「懷集樂居礦業」), a sino-foreign equity joint venture established in the PRC.懷集樂居礦業is engaged in the exploitation and exploration of two iron ore mines in Guangdong Province , PRC, with a total mining area of about 0.3858 square kilometers. The terms of this proposed acquisition are subject to on-going negotiations and have not yet been confirmed and finalised up to the date of approval of the consolidated financial statements.

Further details of this proposed acquisition were set out in the Company's announcement dated 29 April 2011.

EXTRACT OF REPORT FROM INDEPENDENT AUDITOR

Basis for disclaimer of opinion – Material uncertainty relating to the exploitation rights for mining operations in the Philippines

At 31 March 2011, the Company indirectly owns 64% equity interest in Mt. Mogan Resources and Development Corporation ("Mogan") incorporated in the Philippines. Mogan has obtained two exploration permits to explore magnetite sand and other associated mineral deposits located in specific offshore area with 41,094 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines ("Mining Area") as further disclosed in the note 8. During the year ended 31 March 2011, Mogan has submitted an application for the conversion of approximately 5,000 hectares of the existing two exploration permits over specific offshore area with 41,094 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines into a mineral production sharing agreement. At 31 March 2011, the exploration and evaluation assets under these two exploration permits, as stated in the consolidated statement of financial position, amounted to HK$8,438,360,000.

Pursuant to the Mining Act 1995 (Republic Act No. 7942) of the Philippines, an exploration permit grants its holder the right to conduct exploration for the specified mineral(s) in the specific area(s) within a specified timeframe; whilst a mineral production sharing agreement, when made with and granted by the Department of Environment and Natural Resources/Mines and Geosciences Bureau ("DENR/MGB") on behalf of the Government of the Philippines, shall provide the applicant with the exclusive rights to conduct the mining operations to extract and exploit the pre-agreed mineral(s) in the specific area(s) for a term not exceeding 25 years starting from the date of execution and renewable for a further term not exceeding 25 years.

At 31 March 2011 and up to the date of this report, the application of the mineral production sharing agreement has not yet been approved or granted by the DENR/MGB. The directors of the Company believe that a mineral production sharing agreement will be awarded by DENR/MGB of the Philippines to Mogan.

The consolidated financial statements do not include any adjustments that would be necessary if the mineral production sharing agreement for the Mining Area would not be awarded by the Government of the Philippines. We consider that adequate disclosures have been made. However, the uncertain outcome of obtaining the mineral production sharing agreement raises significant doubt on the Group's mining rights to the Mining Area in the Philippines, which in turn creates a material uncertainty as to whether or not impairment should be recognised on the exploration and evaluation assets of the Group and interests in subsidiaries of the Company at the end of the reporting period.

In view of the extent and potential impact of the material uncertainty described above, we disclaimed our opinion in this respect.

MANAGEMENT DISCUSSION & ANALYSIS

RESULTS AND DIVIDENDS

During the year, the Group recorded a loss of approximately HK$149,713,000 (2010: approximately HK$264,164,000).

The Directors do not recommend the payment of a dividend for the year ended 31 March 2011.

BUSINESS REVIEW

On 9 April 2010, the Company signed an Investment Agreement with the Investor, China Raybo International Corp. Limited, for the subscription of the Consideration Shares and Convertible Bonds of the company for an aggregate consideration of HK$3,000 million. The Long Stop Date of the Agreement was 30 September 2010 and was extended to 31 December 2010 on the condition that the Investor would place a Deposit of HK$150 million to the Company on or before 31 October 2010. However, as at 1 November 2011 the Company did not receive the Deposit, the Investment Agreement was terminated according to terms. The Company is in the process of claiming the agreed sum of HK$30 million which is payable by the Investor to the Company had the Deposit been not paid on time.

During the year, the Group has been undergoing the application for the conversion of an area of about 5,000 hectares under the Exploration Permits into Mineral Production Sharing Agreement ("MPSA"). As at the date of this report, the Group has the following outstanding requirements not yet fulfilled:

1. Presentation of work programs to the affected local government units; and

2. Filing of the environmental impact assessment for obtaining the Environmental Compliance Certificate ("ECC").

The Group has already started the presentations which are scheduled to be completed in August 2011. Afterwards the environmental impact assessment will be completed and filed accordingly. After the ECC is obtained, the Company expects that there will be no more major additional requirements and the MPSA will be granted within a few months after the review and approval by the Department of Environment and Natural Resources of the Government of The Philippines ("DENR").

In April 2010, the Group submitted an application for the third exploration permit covering an offshore area of approximately 3,022 hectares in Dulag, Leyte of the Philippines adjacent to the areas covered by the existing two Exploration Permits. As at the date of this report the Group has fulfilled all requirements for the application. The application is now pending review and approval by the Mines and Geosciences Bureau of the DENR.

The capital reorganisation was completed in February 2011, under which:

— Every fifty authorised ordinary shares of HK$0.01 each were consolidated into one authorised ordinary share of HK$0.50 each by cancelling the 29,400,000,000 authorised ordinary shares.

— Every fifty issued ordinary shares of HK$0.01 each were consolidated into one issued ordinary share of HK$0.50 each by cancelling the 7,449,503,343 issued ordinary shares.

— The authorised ordinary share capital was increased from HK$300,000,000, which was divided into 600,000,000 ordinary shares, to HK$1,000,000,000, which is divided into 2,000,000,000 ordinary shares, by the creation of 1,400,000,000 new authorised ordinary shares.

The rights issue of 5 shares at issue price of HK$0.50 per share for each shares held was completed in March 2011. The Company has raised approximately HK$380 million new equity before deducting incidental expenses. After offsetting proceeds of HK$130 million against part of the overdue promissory notes payable to a substantial shareholder according to terms of the Debt Restructuring Agreement dated 22 December 2010, the Group's net current asset position improved to approximately HK$220 million from net current liabilities of approximately HK$195 million in last year.

After completion of the capital reorganisation and rights issue there were adjustments made to the conversion/exercise price and number of shares convertible/exercisable of the outstanding convertible bonds and share options. Full details are disclosed in note 27 and note 30 to the consolidated financial statements.

PROSPECTS

China, the world's largest iron ore importer and home to the world's largest steel industry, are being forced to adopt spot pricing on iron ore purchase since Vale SA, Rio Tinto PLC and BHP Billiton Ltd, the top three global suppliers account for about two-thirds of the global supply of the resource, scrapped a decades-old annual pricing system in favor of a more flexible quarterly regime in 2010.

In 2010, China's iron ore imports dipped 1.4 percent to 619 million tons with the ratio of dependence on imported iron ore dropped to 62.5 percent, but the import price rose 61 percent to $145 a ton while the costs of the imported ore surged $29.3 billion to $79.4 billion, as a result of the new pricing system. Domestic demand for iron ore has increased sharply over the past few years, triggered by the nation's rapid economic development. Nonetheless, the country's iron ore supply has not kept pace, resulting in dependence on imports, mostly from the big three iron ore miners.

According to industry forecast, China's crude steel demand is expected to increase by 40 million to 50 million tons in 2011. With the big three iron ore miners monopolizing the iron ore market, spot iron ore prices will remain high this year as supply. The current situation will likely to remain in short to medium term until newer production capacity comes online to reverse China's dependency on the big three.

While the Company has been striving to realise the full potential of the existing mining tenements, it is actively pursuing other business opportunities within the resources industry. In April 2011, Black Sand Enterprises Limited, a wholly owned subsidiary, has signed a non-legally binding MOU with an independent third party, Chinaway Capital Limited, for the proposed acquisition of 70% equity interests in a sino-foreign equity joint venture (JV) established in PRC. The JV engages in the exploration and exploitation of two iron ore mines with a total area of 0.3858 square kilometers in the Guangdong Province, PRC. Terms of the proposed acquisition are subject to on-going negotiations and certain relevant due diligences are being conducted.

TURNOVER AND NET LOSS

For the year ended 31 March 2011, the principal business, exploration and exploitation of mineral resources, has not yet generated any income. Turnover of trading and sales of metals was approximately HK$10,419,000 (2010: approximately HK$14,730,000), down by 29.27% as compared to the same period in 2010. Gross profit was approximately HK$13,000 (2010: gross profit of approximately HK$139,000). Loss for the year amounted to approximately HK$149,713,000 (2010: Loss approximately HK$264,164,000), representing a 43.32% decrease compared with that of last year. The loss decrease was mainly due to the reduction of imputed finance costs from approximately HK$246,571,000 in 2010 to approximately HK$126,292,000 in 2011 mainly attributable to the conversion of convertible bonds in principal amounts of approximately US$363,910,256 during the year ended 31 March 2010. As at 31 March 2011, outstanding convertible bonds amount to approximately US$201,474,359.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2011, the Group's current ratio improves to approximately 28.08 (2010: approximately 0.03) as a result of the new equity funds raised by the rights issue completed in March 2011. Gearing ratio, calculated based on non-current liabilities of approximately HK$666,116,000 (2010: approximately HK$469,824,000) and total equity of approximately HK$7,993,694,000 (2010: total equity approximately HK$7,772,179,000) increased from 6.04% for 2010 to 8.33% for 2011. The increase in gearing ratio was primarily due to the increase of the liability component of convertible bond from approximately HK$469,824,000 in 2010 to approximately HK$596,116,000 in 2011 as the result of recognition of the effect interest during the year (full details in note 27 to the consolidated financial statements).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2011, the Group has 12 full time employees (2010: 20). 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.

The Company's policy concerning remuneration of the executive Directors is as follows:

(i) the executive Directors' remuneration is determined on the basis of his or her experience, responsibility, workload and the time devoted to the Group; and

(ii) at the discretion of the Board or a committee thereof, the executive Directors may be granted options pursuant to the Share Option Scheme and/or any other such schemes of the Company as part of their remuneration package.

BORROWING FACILITIES

As at 31 March 2011, the Group has no borrowing facilities.

EVENT AFTER THE REPORTING PERIOD

Details of significant event after the reporting period of the Group is set out in note 36 to the Consolidated Financial Statements.

PLEDGE OF ASSETS

At 31 March 2010, the Group has no asset being pledged.

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.

CORPORATE GOVERNANCE PRACTICES

The Company recognises that establishment and implementation of good corporate governance standards helps the Group to achieve its corporate objectives and fulfill the expectation of shareholders effectively. The Board of Directors (the "**Board**") of the Company, has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "**CG Code**") of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 March 2011. The current practices will be reviewed regularly so as to follow the latest practices in corporate governance.

DIRECTOR'S SECURITIES TRANSACTIONS

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 the 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 confirmed that they complied with the required standards of dealing as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises four members of which one is a non-executive Director, Mr. Yin Mark Teh-min and three independent non-executive Directors, 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 held 5 meetings during the financial year ended 31 March 2011. The attendance record of each member of the Committee is set out at **Details of the attendance of each member of the Board and Committees**.

The Audit Committee has reviewed the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2011 and also reviewed the system of internal control of the Group in accordance with provision C.2.1 of the CG Code. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group.

BOARD PRACTICES AND PROCEDURES

For the year ended 31 March, 2011, the Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 to 5.45 of the GEM Listing Rules.

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

27 June 2011, Hong Kong

As at the date of this announcement, the Board comprises three executive Directors Mr. Wong Chung Yu, Denny, Mr. Liu Junqing and Eng Wee Meng; 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.