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, 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK 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 Stock 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 year ended 31 March 2015, the Group recorded a revenue of approximately HK$42,490,000 and loss for the year of approximately HK$1,228,220,000.

The directors do not recommend the payment of a dividend for the year ended 31 March 2015.

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 2015 together with comparative audited figures for the year ended 31 March 2014 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2015

	Note	**2015** **HK$'000**	2014 HK$'000
Revenue	3	**42,490**	408,784
Cost of sales		**(40,726)**	(406,321)
Gross profit		**1,764**	2,463
Administrative expenses		**(74,524)**	(62,820)
Other operating (expenses)/income, net	4	**(29,473)**	7,672
Other losses, net	5	**(71,369)**	(11,768)
Loss from operations		**(173,602)**	(64,453)
Finance costs	6	**(130,782)**	(110,479)
Fair value gain on contingent consideration payable	14	**663**	869
Fair value gain on extinguishing financial liabilities with equity instruments	13	**14,761**	–
Impairment loss on exploration and evaluation assets	11	**(945,462)**	–
Loss before tax		**(1,234,422)**	(174,063)
Income tax credit/(expense)	7	**6,202**	(1,935)
Loss for the year	8	**(1,228,220)**	(175,998)
Other comprehensive income after tax:			
Item that will not be reclassified to profit or loss:			
Revaluation surplus of leasehold building		**5,813**	2,348
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,072)**	(1,247)
Other comprehensive income for the year, net of tax		**4,741**	1,101
Total comprehensive income for the year		**(1,223,479)**	(174,897)
Loss for the year attributable to:			
Owners of the Company		**(887,338)**	(175,363)
Non-controlling interests		**(340,882)**	(635)
		(1,228,220)	(175,998)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(882,757)**	(174,261)
Non-controlling interests		**(340,722)**	(636)
		(1,223,479)	(174,897)
		HK$	HK$ (Restated)
Loss per share			
Basic	10	**0.84**	0.15
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	2015	2014
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**52,062**	55,189
Investment properties		**18,614**	17,639
Payments for mining claims		**109**	109
Exploration and evaluation assets	11	**158,568**	1,104,024
Goodwill		**3,435**	13,595
Intangible assets		**595**	26,979
Interests in associates		**–**	–
		233,383	1,217,535
Current assets			
Inventories		**17,271**	19,714
Trade and other receivables	12	**187,763**	249,482
Financial assets at fair value through profit or loss		**295**	288
Amounts due from associates		**83**	–
Amount due from a director		**2,699**	593
Bank and cash balances		**9,817**	42,058
		217,928	312,135
Current liabilities			
Trade and other payables	13	**188,993**	325,637
Amounts due to associates		**–**	56
Amounts due to directors		**897**	3,693
Contingent consideration payable	14	**–**	27,839
Bank loans and bank overdrafts	15	**24,936**	26,344
Finance lease payables		**263**	413
Current tax liabilities		**1,327**	2,623
		216,416	386,605
Net current assets/(liabilities)		**1,512**	(74,470)
Total assets less current liabilities		**234,895**	1,143,065

	Note	2015	2014
		HK$'000	HK$'000
Capital and reserves			
Share capital	16	**796,888**	471,450
Reserves		**(1,470,002)**	(454,853)
Equity attributable to owners of the Company		**(673,114)**	16,597
Non-controlling interests		**48,091**	387,965
TOTAL EQUITY		**(625,023)**	404,562
Non-current liabilities			
Bank loans	15	**109**	1,172
Finance lease payables		**636**	900
Convertible bonds	17	**857,287**	728,341
Deferred tax liabilities		**1,886**	8,090
		859,918	738,503
		234,895	1,143,065

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company									
	Share capital	Share premium	Foreign currency translation reserve	Share option reserve	Convertible bonds equity reserve	Property revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	459,092	3,780,032	(1,222)	8,251	1,263,605	–	(5,331,505)	178,253	387,348	565,601
Total comprehensive income for the year	–	–	(1,246)	–	–	2,348	(175,363)	(174,261)	(636)	(174,897)
Issue of share on acquisition of a subsidiary (note16(b))	12,358	247	–	–	–	–	–	12,605	–	12,605
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	1,253	1,253
Changes in equity for the year	12,358	247	(1,246)	–	–	2,348	(175,363)	(161,656)	617	(161,039)
At 31 March 2014	471,450	3,780,279	(2,468)	8,251	1,263,605	2,348	(5,506,868)	16,597	387,965	404,562
At 1 April 2014	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 year	–	–	(1,232)	–	–	5,813	(887,338)	(882,757)	(340,722)	(1,223,479)
Issue of share on acquisition of a subsidiary (note 16(c))	33,142	(5,966)	–	–	–	–	–	27,176	–	27,176
Issue of rights shares (note 16(d))	151,378	–	–	–	–	–	–	151,378	–	151,378
Issue of bonus shares (note 16(d))	100,918	(100,918)	–	–	–	–	–	–	–	–
Share issue expenses	–	(4,708)	–	–	–	–	–	(4,708)	–	(4,708)
Issue of shares for extinguishing financial liabilities with equity instruments (note 16(e))	40,000	(20,800)	–	–	–	–	–	19,200	–	19,200
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	848	848
Changes in equity for the year	325,438	(132,392)	(1,232)	–	–	5,813	(887,338)	(689,711)	(339,874)	(1,029,585)
At 31 March 2015	796,888	3,647,887	(3,700)	8,251	1,263,605	8,161	(6,394,206)	(673,114)	48,091	(625,023)

NOTES

1. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The Group continues to adopt the going concern basis in preparing its consolidated financial statements. The current economic conditions continue to create uncertainty particularly over the level of demand and the unfavourable trend in the market price for the Group's products for the foreseeable future. The Group meets its day-to-day working capital requirements through the financial support of its substantial shareholder. On 19 December 2014, the Company entered into an unconditional financial support agreement for a loan facility of HK$80,000,000 with a substantial shareholder of the Company for the period from 1 March 2015 to 31 January 2016 (the "Drawdown Period"). During the Drawdown Period, the Company is entitled to obtain one or more loan facilities from this substantial shareholder, at any time and in any amount which in aggregate should not exceed HK$80,000,000. The loans are interest-bearing at a rate to be determined at each drawdown date, unsecured and repayable in 3 years from each drawdown date. Subsequent to the year end date, HK$9,000,000 of the facility has been drawn down.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance; the unconditional financial support agreement from the substantial shareholder to provide adequate funds for the Group to meet its working capital requirements, and the improved debt-to equity ratio after the reporting period show that the Group should be able to operate within the level of its current facilities and resources. After taken into consideration the existing financial conditions and the arrangement in place, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months period subsequent to the end of the reporting period.

a. Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2014:

Amendment to HKAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments only affect the presentation and disclosure of information in the consolidated financial statements.

Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment clarifies the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment, applicable prospectively to business combinations for which the acquisition date is on or after 1 July 2014, requires any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective that are relevant to the Group operation

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 1	Disclosure Initative[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

5 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

(c) Amendments to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange

The Stock Exchange in April 2015 released revised Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has early adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

2. SEGMENT INFORMATION

The Group has five reportable segments as follows:

Mineral Resources	—	Exploration and exploitation of magnetic sand (The commercial operations have not yet been commenced during the year)
Metals	—	Trading of scrap metals including, aluminum, copper, stainless steel and other ferrous/non-ferrous metals
Beverages	—	Trading of bottled mineral water and tea products
Coals	—	Trading of coals
Bunker Fuels	—	Trading of vessel fuels

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include corporate administration costs, other operating loss and income tax expense. Segment assets do not include financial assets at fair value through profit or loss and unallocated corporate assets which are jointly used by reportable segments. Segment liabilities do not include current tax liabilities, deferred tax liabilities and unallocated corporate liabilities which are jointly liable by reportable segments.

Information about reportable segment profit or loss, assets and liabilities:

	Mineral Resources	**Metals**	**Beverages**	**Coals**	**Bunker Fuels**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Year ended 31 March 2015						
Revenue from external customers	**–**	**31,052**	**10,661**	**777**	**–**	**42,490**
Segment loss	**(1,075,357)**	**(7,582)**	**(3,752)**	**(89,954)**	**(3,787)**	**(1,180,432)**
Interest expense	**128,960**	**–**	**–**	**–**	**–**	**128,960**
Depreciation and amortisation	**1**	**2,832**	**263**	**3,094**	**–**	**6,190**
Impairment loss	**945,462**	**–**	**–**	**33,618**	**–**	**979,080**
Additions to segment non-current assets	**6**	**3,994**	**783**	**–**	**–**	**4,783**
As at 31 March 2015						
Segment assets	**160,014**	**65,469**	**52,091**	**106,387**	**221**	**384,182**
Segment liabilities	**857,659**	**14,492**	**1,531**	**156,471**	**15,728**	**1,045,881**

	Mineral Resources	Metals	Beverages	Coals	Bunker Fuels	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2014						
Revenue from external customers	–	16,456	17,598	234,259	140,471	408,784
Segment profit/(loss)	(110,088)	(4,599)	4,868	(14,630)	(15,039)	(139,488)
Interest expense	109,550	–	–	–	–	109,550
Depreciation and amortisation	1	1,459	–	2,639	–	4,099
Additions to segment non-current assets	701	45,441	3,435	30,256	–	79,833
As at 31 March 2014						
Segment assets	1,105,249	60,822	37,568	212,023	3,409	1,419,071
Segment liabilities	729,821	17,976	1,235	164,892	149,086	1,063,010

Reconciliations of reportable segment profit or loss, assets and liabilities:

	2015 HK$'000	2014 HK$'000
Profit or loss		
Total loss of reportable segments	**(1,180,432)**	(139,488)
Unallocated amounts:		
Other operating income, net	**1,073**	5,117
Depreciation	**(3,369)**	(2,857)
Corporate administrative expenses	**(46,155)**	(39,639)
Fair value gain on contingent consideration payable	**663**	869
Consolidated loss for the year	**(1,228,220)**	(175,998)
Assets		
Total assets of reportable segments	**384,182**	1,419,071
Unallocated amounts:		
Financial assets at fair value through profit or loss	**295**	288
Corporate assets	**66,834**	110,311
Consolidated total assets	**451,311**	1,529,670
Liabilities		
Total liabilities of reportable segments	**1,045,881**	1,063,010
Unallocated amounts:		
Current tax liabilities	**1,327**	2,623
Deferred tax liabilities	**1,886**	8,090
Bank loans	**12,612**	12,630
Corporate liabilities	**14,628**	38,755
Consolidated total liabilities	**1,076,334**	1,125,108

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**1,788**	3,225
PRC except Hong Kong	**4,414**	242,377	**25,896**	55,424
United States	**7,024**	9,480	**–**	–
The Philippines	**–**	–	**158,677**	1,104,134
Indonesia	**–**	–	**245**	6,701
Singapore	**7,501**	5,770	**46,777**	48,051
Malaysia	**10,262**	2,482	**–**	–
Others	**13,289**	148,675	**–**	–
Consolidated total	**42,490**	408,784	**233,383**	1,217,535

Revenue from major customers:

	2015	2014
	HK$'000	HK$'000
Coals segment		
Customer a	**–**	53,039
Customer b	**–**	123,851
Beverages segment		
Customer b	**–**	5,732
Customer c	**7,024**	–
Metals segment		
Customer d	**7,309**	2,482

3. REVENUE

The Group's revenue which represents sales of goods to customers, net of trade discounts, is as follows:

	2015	2014
	HK$'000	HK$'000
Sales of metals	**31,052**	16,456
Sales of coals	**777**	234,259
Sales of bunker fuels	**–**	140,471
Sales of beverages	**10,661**	17,598
	42,490	408,784

4. OTHER OPERATING (EXPENSES)/INCOME, NET

	2015	2014
	HK$'000	HK$'000
Fair value gain on financial assets at fair value through profit or loss	**8**	259
Dividend income from listed investments	**6**	57
Gain on disposal of property, plant and equipment	**3**	52
Interest income from loan and receivables	**33**	525
Net interest payable on trade balances	**(30,552)**	(1,761)
Compensation received from suppliers for non-performance of contracts	**–**	5,093
Gain on a bargain purchase from acquisition of a subsidiary	**–**	99
Government grants towards employees' salary and training costs (note)	**485**	485
Sundry income	**544**	2,863
	(29,473)	7,672

Note: Government grants for the years end 31 March 2015 and 2014 represented the subsidies for raising wages costs in the form of Productivity & Innovation Credit Scheme, Wage Credit Scheme, Special Employment Credit Scheme and cash subsidy for small and medium enterprise in Singapore. There are no unfulfilled conditions or contingencies attaching to these government grants. There is no assurance that the Group will continue to receive such grants in the future.

5. OTHER LOSSES, NET

	2015	2014
	HK$'000	HK$'000
Fair value gain on investment properties	**180**	—
Allowance for trade and other receivables	**(37,931)**	(11,768)
Impairment loss on goodwill	**(10,160)**	—
Impairment loss on intangible assets	**(23,458)**	—
	(71,369)	(11,768)

6. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Finance lease charges	**54**	61
Interest on bank loans and overdrafts	**1,762**	868
Interest on other borrowings	**20**	—
Interest on convertible bonds (note 17)	**128,946**	109,550
	130,782	110,479

7. INCOME TAX (CREDIT)/EXPENSE

	2015	2014
	HK$'000	HK$'000
Current tax - Overseas		
Provision for the year	**–**	2,526
Under-provision in prior year	**–**	7
	–	2,533
Deferred tax	**(6,202)**	(598)
	(6,202)	1,935

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits for the years ended 31 March 2014 and 2015.

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.

The reconciliation between the income tax (credit)/expense and the product of loss before tax multiplied by the weighted average tax rate of the consolidated companies and a reconciliation of the weighted average rate to the effective tax rate, are as follows:

	2015		2014	
	HK$'000	**%**	HK$'000	%
Loss before income tax	**(1,234,422)**		(174,063)	
Tax at the weighted average tax rate	**(214,932)**	**17.4**	(29,092)	16.7
Tax effect of income that is not taxable	**(3,379)**	**0.3**	(727)	0.4
Tax effect of expenses that are not deductible	**195,156**	**(15.9)**	22,461	(12.8)
Tax effect of temporary differences not recognised	**731**	**(0.1)**	211	(0.1)
Tax effect of utilisation of tax losses not previously recognised	**(95)**	**0.1**	(939)	0.5
Under-provision in prior year	**–**	**–**	7	(0.1)
Tax effect of tax losses not recognised	**16,317**	**(1.3)**	10,014	(5.7)
Income tax (credit)/expense at effective tax rate	**(6,202)**	**0.5**	1,935	(1.1)

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2015	2014
	HK$'000	HK$'000
Amortisation of intangible assets	2,873	2,393
Depreciation	6,686	4,563
Fair value gain on investment properties	(180)	—
Operating lease charges in respect of land and buildings	6,085	4,094
Auditor's remuneration		
Audit services	750	750
Non-audit services	592	72
	1,342	822
Cost of inventories sold	40,726	406,321
Allowances for trade and other receivables	37,931	11,768
Impairment loss on goodwill	10,160	—
Impairment loss on intangible assets	23,458	—
Impairment loss on exploration and evaluation asset	945,462	—
Fair value gain on extinguishing financial liabilities with equity instruments (note 13(a))	(14,761)	–

9. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2015 (2014: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$887,338,000 (2014: HK$175,363,000) and the weighted average number of ordinary shares of 1,056,970,000 (2014: 1,144,736,000, as adjusted to reflect the effect of the bonus shares issued in February 2015) in issue during the year.

Diluted loss per share

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

11. EXPLORATION AND EVALUATION ASSETS

	Exploration rights	Evaluation expenditure	Total
	HK$'000	HK$'000	HK$'000
Cost			
At 1 April 2013	8,429,879	15,861	8,445,740
Additions	—	701	701
At 31 March 2014 and 1 April 2014	8,429,879	16,562	8,446,441
Additions	—	6	6
At 31 March 2015	8,429,879	16,568	8,446,447
Accumulated impairment			
At 1 April 2013, 31 March 2014 and 1 April 2014	7,342,417	—	7,342,417
Impairment loss	945,462	—	945,462
At 31 March 2015	8,287,879	—	8,287,879
Carrying amount			
At 31 March 2015	142,000	16,568	158,568
At 31 March 2014	1,087,462	16,562	1,104,024

As at 31 March 2015, Mogan owned two exploration permits ("EPs") to explore iron ore and other associated mineral in specified offshore area with 24,042 (2014: 28,157) hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines (the "Exploration Area"). The EPs issued by the Mines and Geosciences Bureau of Philippines (the "MGB") of the Department of Environment and National Resources of the Philippines ("DENR") is valid for two years from its first renewal date on 22 June 2012 and is renewable for a further term of 2 years. During the year, Mogan applied for the second renewal of its EPs.

On 15 June 2010, Mogan submitted an application to MGB for a mineral production sharing agreement (the "MPSA") in respect of 5,000 hectares within the Exploration Area (the "Mining Area"). A MPSA is an agreement between a contractor and MGB, acting on behalf of the Government of the Philippines, whereby the Government of the Philippines grants the contractor exclusive rights to conduct mining operations to extract and exploit the pre-agreed upon mineral resources in the specified area for a term of 25 years starting from the execution date and is renewable for another term not exceeding 25 years.

The acceptance of the application of the MPSA involve various phases, including but not limited to, the evaluation of feasibility studies, environmental work plan and financial capability of Mogan; the obtaining of area status and clearance; and public consultation by regional and central offices of the MGB and the DENR.

As of the approval date of these consolidated financial statements, the renewal of EPs and MPSA were yet to be awarded to Mogan. To the best knowledge of the directors, the Group had fulfilled all the requirements of the EPs renewal and should have no major difficulties in fulfilling the technical and other requirements for acceptance of the MPSA application by the MGB.

Impairment test

The Group reviews the facts and circumstances relating to the exploration and evaluation assets to determine whether there is any indication that the exploration and evaluation assets have suffered impairment losses.

The directors considered that the exploration activities have not reached a stage for reliable estimation of the future production volume and operation costs. Accordingly, in assessing whether there is indication of impairment, the directors considered whether there are fact and circumstances that suggest the extraction of mineral resources from the Exploration Area are not technically feasible or commercial viable. The key factors include the progress of the exploration, the EPs renewal and MPSA application, the remaining terms of the exploration rights, the iron ore prices, the estimated expenditure to develop the mining area and the sources of funding, etc. In view of the prolonged decline in the iron ore market price, the Group estimated the recoverable amount based on fair value less cost to sales. The fair value of exploration and evaluation assets was determined based on the valuation performed by Roma Appraisals Limited using the market approach (level 3 measurement) on the basis that the renewal of EPs would be approved by the MGB and the MPSA would be accepted. The key inputs used in the valuation is the estimated mineral resource based on latest available technical report prepared by an independent specialist Roma Oil and Mining Associates Limited and the consideration to resource multiple. Based on the valuation report, the impairment loss of HK$945,462,000 (2014: Nil) was recognised for the year ended 31 March 2015.

As set out in the above paragraphs, the recoverable amount of the exploration and evaluation assets as at 31 March 2015 is determined on the basis that the EPs would be granted to Mogan and the MPSA would be awarded to Mogan. If either of these are unsuccessful, the Group might further incur a significant amount of impairment loss on the corresponding exploration and evaluation assets, which might have a significant effect on the consolidated financial statements of the Group. However, the directors are of the opinion that Mogan would be able to obtain the EPs renewal and the MPSA. They do not foresee any circumstances that would trigger their renewal nor application being unsuccessful.

12 TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	HK$'000
Trade receivables	84,748	117,956
Advance payment to a substantial shareholder	10,313	—
Deposits paid to suppliers	15,959	29,239
Interest receivables on trade balances	28,681	18,176
Rental and other deposits	2,421	1,507
Prepayments and other receivables	45,641	82,604
	187,763	249,482

	2015	2014
	HK$'000	HK$'000
Trade receivables	105,957	118,025
Allowance for trade receivables	(21,209)	(69)
	84,748	117,956

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. The credit terms generally range from 1 to 180 days (2014: 1 to 180 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2015	2014
	HK$'000	HK$'000
0 to 90 days	4,064	50,747
91 to 180 days	1,696	3,872
Over 180 days	78,988	63,337
	84,748	117,956

As at 31 March 2015, an allowance was made for estimated irrecoverable trade receivables of approximately HK$21,209,000 (2014: HK$69,000).

Reconciliation of allowance for trade receivables:

	2015	2014
	HK$'000	HK$'000
At 1 April	69	—
Allowance for the year	21,146	68
Exchange differences	(6)	1
At 31 March	21,209	69

As at 31 March 2015, trade receivables of HK24,048,000 (2014: HK$109,786,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015	2014
	HK$'000	HK$'000
Up to 3 months	5,236	46,297
3 to 6 months	3,343	4,532
Over 6 months	15,469	58,957
	24,048	109,786

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
Renminbi ("RMB")	65,958	105,575
USD	18,359	12,249
SGD	431	132
	84,748	117,956

13. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	HK$'000
Trade and bills payables	**53,427**	57,490
Payable to China Shipbuilding Industrial Complete Equipment and Logistics Company Limited (note (a))	**–**	247,836
Payable to Magic Stone Fund (China) (note (a))	**82,179**	–
Accruals	**14,070**	5,607
Other payables (note (b))	**39,317**	14,704
	188,993	325,637

Note:

(a) As at 31 March 2014, the Group had deposit of US$17,700,000 (equivalent to approximately HK$137,312,000) received from the China Shipbuilding Industrial Complete Equipment and Logistics Company Limited ("CSICEL") pursuant to the cooperation agreement entered into with CSICEL relating to the supply of bunker fuel to CSICEL. The performance of the cooperation agreement was secured by the interests of Kesterion in the Company's shares and convertible bonds (the "Kesterion Charge"). The remaining balances were trade and related payables to CSICEL arising from trading of coals, unsecured, bearing interests at 18.3% per annum and have credit terms ranging from 1 to 60 days.

On 7 November 2014, CSICEL has assigned all its rights with respect to the Kesterion Charge and the payables mentioned above amounted to HK$230,350,000 as of that day to Magic Stone Fund (China) ("Magic Stone").

As of 21 November 2014, the amount owing to Magic Stone plus interest thereon amounted to HK$231,232,000. On the same date, the Company and Magic Stone entered into a settlement agreement (the "Settlement Agreement"), pursuant to which the Group agreed to:

– pay Magic Stone RMB51,884,000 (equivalent to approximately HK$65,436,000) in cash before 28 February 2015;

– pay Magic Stone US$17,000,000 (equivalent to approximately HK$131,835,000) in cash before 28 February 2015; and

– issue and allot 80,000,000 ordinary shares each fully paid at an issue price of HK$0.5 per share to Magic Stone after the completion of the rights issue and before 28 February 2015.

The performance of the above settlement arrangement is secured by the Kesterion Charge. Any balance remains outstanding after 28 February 2015 shall bear interest of 18.3% per annum.

The Settlement Agreement constitutes a significant modification of the terms of an existing financial liability and therefore has been accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The gain of HK$6,761,000 between the carrying amount of the original financial liability extinguished and the fair value of the consideration paid, including any non-cash assets transferred or liability amounted to HK$224,471,000 on 21 November 2014, is recognised in profit or loss for the year.

On 27 February 2015, the Company issued and allotted 80,000,000 ordinary shares at par to Magic Stone pursuant to the Settlement Agreement. The gain of HK$8,000,000 between the nominal value and fair value of the settlement shares at the issuance date is recognised in the profit or loss for the year.

On 10 February 2015, the charge over Kesterion's ownership on the shares of the Company was released accordingly.

As set out in note 18 to this announcement, on 12 May 2015, Magic Stone completed the restructuring of the old convertible bonds and the issue of new convertible bonds. Accordingly, the charge over the old convertible bonds was transferred to the new convertible bond on the same date.

On 14 May 2015, Magic Stone agreed to release the charge over the new convertible bonds with the principal amount of USD60,000,000 held by Kesterion.

(b) As at 31 March 2015, included in the Other Payables were two short term loans from an independent third party amounting to RMB1,100,000. The loans are unsecured, bearing interest at the rate of 6% per annum and are repayable on or within one year from the end of reporting period. The carrying amounts of the balances approximate to their fair values.

As at 31 March 2015, the age of the trade payables, based on the date of receipt of goods, is as follows:

	2015	2014
	HK$'000	HK$'000
0 to 90 days	**1,034**	22,420
91 to 180 days	**503**	55
Over 180 days	**51,890**	35,015
	53,427	57,490

The carrying amounts of the trade payables are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
RMB	**610**	2,849
USD	**51,870**	54,283
SGD	**947**	358
	53,427	57,490

14. CONTINGENT CONSIDERATION PAYABLE

	2015	2014
	HK$'000	HK$'000
As at 1 April	**27,839**	–
Arising from acquisition of a subsidiary	**–**	28,708
Changes in fair value during the year	**(663)**	(869)
Derecognisation of contingent liabilities upon issue of shares	**(27,176)**	–
As at 31 March	**–**	27,839

On 24 June 2014, the Company issued 66,285,000 new ordinary shares in satisfying the contingent consideration for the acquisition of a subsidiary.

15. BANK LOANS AND BANK OVERDRAFTS

	2015	2014
	HK$'000	HK$'000
Bank loans	**16,621**	17,945
Bank overdrafts	**8,424**	9,571
	25,045	27,516

The borrowings are repayable as follows:

	2015	2014
	HK$'000	HK$'000
Within one year	**24,936**	26,344
More than one year, but not exceeding two years	**109**	1,080
More than two years, but not more than five years	**–**	92
	25,045	27,516
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(24,936)**	(26,344)
Amount due for settlement after 12 months	**109**	1,172

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Renminbi	Singapore dollars	Total
	HK$'000	HK$'000	HK$'000
2015			
Bank loans	**12,612**	**4,009**	**16,621**
Bank overdrafts	**–**	**8,424**	**8,424**
	12,612	**12,433**	**25,045**
2014			
Bank loans	12,630	5,315	17,945
Bank overdrafts	–	9,571	9,571
	12,630	14,886	27,516

The average interest rates at 31 March were as follows:

	2015	2014
Bank loans	**6.7%**	6.6%
Bank overdrafts	**Prime rate+0.5%**	Prime rate+0.5%

Bank loans and bank overdrafts are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Bank loans and bank overdrafts of HK$4,009,000 (2014: HK$5,315,000) and HK$8,424,000 (2014: HK$9,571,000) respectively are secured by a charge over the Group's leasehold building classified as property, plant and equipment amounted to approximately HK$43,305,000 (2014: HK$43,544,000) as at year end date and guarantee executed by the director of the Company.

Bank loans of HK$12,612,000 (2014: HK$12,630,000) are secured by a charge over the Group's investment properties amounted to approximately HK$18,614,000 (2014: HK$17,639,000) as at year end date and guarantee executed by the director of the Company and an individual company.

At 31 March 2015, the Group had HK$125,451,000 (2014: HK$19,291,000) of available undrawn borrowing facilities, including HK$80,000,000 borrowing facilities from a substantial shareholder.

16. SHARE CAPITAL

	Note	No. of ordinary shares	Nominal value of ordinary shares
			HK$'000
Authorised:			
Ordinary shares of HK$0.5 (2014: HK$0.5) each			
At 1 April 2013, 31 March 2014 and 1 April 2014		2,000,000,000	1,000,000
Increase	(a)	3,000,000,000	1,500,000
At 31 March 2015		5,000,000,000	2,500,000
Issued and fully paid:			
Ordinary shares of HK$0.5 (2014: HK$0.5) each			
At 1 April 2013		918,184,080	459,092
Issue of share on acquisition of a subsidiary	(b)	24,715,000	12,358
At 31 March 2014 and 1 April 2014		942,899,080	471,450
Issue of share on acquisition of a subsidiary	(c)	66,285,000	33,142
Issue of rights shares	(d)	302,755,224	151,378
Issue of bonus shares	(d)	201,836,816	100,918
Issue of share in accordance with settlement agreement with Magic Stone	(e)	80,000,000	40,000
At 31 March 2015		1,593,776,120	796,888

Notes:

(a) Pursuant to an ordinary resolution passed at the extraordinary general meeting on 9 January 2015, the authorised share capital of the Company was increased from HK$1,000,000,000 to HK$2,500,000,000 by the creation of 3,000,000,000 ordinary shares of par value of HK$0.5 each in the capital of the Company and such shares rank pari passu with other existing shares of the Company.

(b) On 31 May 2013, the Company issued 24,715,000 ordinary shares as consideration for the acquisition of a subsidiary.

(c) On 24 June 2014, the Company issued remaining 66,285,000 new ordinary shares in satisfying the contingent consideration for the acquisition of a subsidiary. The contingent consideration payable was derecognised accordingly.

(d) Pursuant to an ordinary resolution passed at the extraordinary general meeting on 9 January 2015, the Company announced the proposed rights issue (the "Rights Issue") by way of issue of rights on the basis of three rights shares of HK$0.5 each (the "Rights Share") for every ten shares in issue and held on the record date at the subscription price of HK$0.5 per Rights Share with bonus issue (the "Bonus Issue") for the proposed issue of bonus shares of HK$0.5 each (the "Bonus Share") on the basis of two Bonus Shares for every three Rights Shares taken up under the Rights Issue.

    The Rights Issue and Bonus Issue were completed on 11 February 2015, the Company allotted and issued 302,755,224 Rights Shares and 201,836,816 Bonus Shares. Accordingly, the Company increased its issued share capital by the nominal values of approximately HK$151,378,000 and HK$100,918,000 respectively.

(e) On 27 February 2015, the Company issued 80,000,000 new ordinary shares in satisfying the settlement clauses as stated in the Settlement Agreement entered with Magic Stone.

17. CONVERTIBLE BONDS

On 18 December 2008, the Company entered into a subscription agreement with Kesterion Investments Limited ("Kesterion") for the issue of convertible bonds with an aggregate principal amount of USD655,128,205 (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 are convertible, at any time between the issue date and maturity date, and 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. In 2011, the conversion price of the Convertible Bonds was adjusted to HK$22.79 per share upon the completion of the capital reorganisation, share consolidation and rights issue.

The Convertible Bonds are unsecured, non-interest bearing and redeemable in part(s) or in full by the Company, using an agreed fixed exchange rate of USD1 = HK$7.8, at any time before the maturity date on 18 December 2018. On the maturity date, the Convertible Bonds will be redeemed at par, using an agreed fixed exchange rate of USD1 = HK$7.8.

The net proceeds received from the issue of the Convertible Bonds were split between the liability component and equity component. The liability component is treated as a liability at amortised cost using the effective interest rate method until extinguished on conversion or redemption.

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

	Liability component	Equity conversion component	Principal amount
	HK$'000	HK$'000	HK$'000
At 1 April 2013	618,791	1,263,605	1,571,500
Imputed interest charged for the year (note 6)	109,550	—	—
At 31 March 2014 and 1 April 2014	728,341	1,263,605	1,571,500
Imputed interest charged for the year (note 6)	128,946	—	—
At 31 March 2015	857,287	1,263,605	1,571,500

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

The fair value of the liability component as at 31 March 2015 was estimated at HK$1,084,145,000 using level 3 measurement.

The Convertible Bonds were fully redeemed under a restructuring exercise after the reporting period, details of which are set out in note 18 to this announcement.

18. EVENTS AFTER THE REPORTING PERIOD

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 Convertible Bonds will be amended to grant the Company a right to redeem all the outstanding Convertible 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 Convertible Bonds following such redemption, the Company will issue the new bonds (the "New Bonds") to Kesterion. The New Bonds is a five-year 2.0% convertible bonds in principal amount of US$140,000,000. The coupon is payable in arrear semi-annually from the issue date.

The conversion price of the New Bonds is HK$0.5 per conversion share. 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 any time before the maturity date, which is five years from the issue date.

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, the Company has fully redeemed the Convertible Bonds and issued the New Bonds in accordance with the terms of the Bond Restructuring Agreement.

On 15 May 2015, 9 June 2015 and 15 June 2015, Kesterion exercised its rights by converted a total of 624,000,000 conversion shares under the New Bonds into the ordinary shares of the Company. As a result, the outstanding principal amount of the New Bonds was reduced to USD100,000,000 (equivalent to approximately HK$780,000,000).

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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

MATERIAL UNCERTAINTY RELATING TO THE EXPLORATION AND EVALUATION ASSETS

Without qualifying our opinion, we draw attention to note 11 to the this announcement.

The Group, through its subsidiary - Mt. Mogan Resources and Development Corporation ("Mogan"), owned two exploration permits to explore iron ore and other associated mineral in specified offshore area in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines ("EPs"). The EPs, which are renewable for a further term of 2 years, are expired on 22 June 2014. During the year, the Group applied for the renewal of EPs for the period of two years from the award date.

On 15 June 2010, Mogan submitted an application to the Mines and Geosciences Bureau (the "MGB") of the Department of Environment and Natural Resources of the Philippines for the conversion of the exploration rights into a mineral production sharing agreement (the "MPSA") in respect of 5,000 hectares within the exploration area in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines covered by two EPs issued by the MGB. A MPSA is an agreement between a contractor and MGB, acting on behalf of the Government of the Philippines, whereby the Government of the Philippines grants the contractor exclusive rights to conduct mining operations to extract and exploit the pre-agreed upon mineral resources in the specified area within a specified time frame.

As of the approval date of these financial statements, the renewed EPs and MPSA were yet to be awarded to Mogan.

If the application of either of these are not successful, the Group might incur a significant amount of impairment loss on the corresponding exploration and evaluation assets, which might have a significant effect on the consolidated financial statements of the Group. However, the directors are of the opinion that Mogan would be able to obtain the EPs renewal and the MPSA. They do not foresee any circumstances that would trigger their renewal nor application being unsuccessful.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 2.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2015 (2014: Nil).

BUSINESS REVIEW

MINERALS EXPLORATION & EXPLOITATION

On 22 June 2014 the two exploration permits ("EP(s)") covering approximately 28,068.124 hectares area in the Leyte Gulf, Philippines, expired. Despite the Group commenced renewal process well before the expiry date and all renewal requirements were completely fulfilled, the renewed EPs have not yet been awarded. However, based on information available to the Group it is contemplated that the renewed EPs will soon be awarded.

During the year ended 31 March 2015 the Group had not carried out any exploration activity in the area covered by the two EPs because the Group wishes to focus the resources of the Group in the application of converting part of the EP into a mineral production sharing agreement ("MPSA"). The last step before meeting all major application requirement is to obtain an Environmental Compliance Certificate ("ECC") from Department of Environment and Natural Resources ("DENR"). However, the Group was informed that the guidelines for offshore mining for processing ECC issuance have yet to be finalized by DENR within this year.

International iron ore price dropped by approximately 55% and 65% during last year and over the last 3 year respectively. In light of the recent fall of iron ore price the Group engaged an independent valuer to assess current fair value of the exploration and evaluation assets in The Philippines. According to the valuation result the Group recorded a HK$945,462,000 impairment to the assets for the year ended 31 March 2015.

BEVERAGE

In 2012 the Group commenced trading of tea and juice drinks by purchasing from a South Korea manufacturer and selling to an importer/distributor in the United States of America. The business scale was small but both trading volume and profitability have been largely stable.

In late 2013 the Group commenced trading of bottled mineral water by purchasing indirectly from two manufacturers in Canada and selling to distributors and retail chains in the PRC. The Group did not start the business in a hasty manner. Rather we tested the water at the early stage and gained valuable operation experiences. Given the encouraging trial run results the Group decided to configure a more serious business plan for a well-planned entrance into the exploding market of clean and worry-free drinking water.

Among the two manufacturers in Canada the Group selected one of them to be our long term supplier and strategic partner. We have secured ourselves as the preferred distributor of certain drinking water products of the supplier since mid of 2014. At the same time the Group commenced detail market research and analysis and formulation of marketing plan for promoting the products which we have sole distribution rights.

The Group also reckons the importance of securing inventory supply in a successful business model. Since last year the Group has been conducting discussions and negotiations with the major shareholder of a renowned manufacturer to acquire a controlling stake of the manufacturer. We believe a final agreement can be reached in the near future.

Trading results of the 2 beverage businesses were reported as other income in the statement of profit or loss for all yearly and quarterly periods up to 31 December 2013. Since then the Group noted the growing trend of this business segment and decided to include the business in the segment report starting from the annual report for the year ended 31 March 2014.

OTHERS

Performance of scrap metal trading was not satisfactory. The business is unable to breakeven at the current operation level. Management has been exploring ways to expand both the product portfolio and business volume.

Coal business has been suspended since late 2014 as the result of the declining market price and disappointing operation results. The Group has been seeking a viable business model to resume the operation.

PROSPECTS

MINERALS EXPLORATION & EXPLOITATION

Despite the processes of EP renewal and MPSA application takes more time than expected, we do not see any major hindrance preventing the award of the MPSA & renewed EP to the Group. We believe the unfavourable market conditions resulting the recent market price movements will be over in the near future. The Group will then enjoy the economic benefits brought by the MPSA to be awarded.

BEVERAGE

The Management believes the market of clean and worry-free drinking water in PRC has enormous potential at least in a decade from now. We also believe we have promptly grasp this opportunity to secure a promising growth of the Group. Meanwhile we shall focus most of our resources to complete the negotiations with the seller of the bottled mineral water manufacturer for turning a new page of the Group.

OTHERS

Scrap metal processing has been subject to a lot of stringent environmental protection requirements in Singapore which lead to a low gross profit margin. The Group will continue to monitor the operation and review the business model regularly.

Always in our mind is the need of securing a quality coal source at reasonable cost. The Group has been finding and discussing with various coal mine owners. Once a reliable coal source is secured no matter through uptake agreement or acquisition of controlling stake of a coal mine the Group will resume coal business in a different model.

FINANCIAL REVIEW

The Group's revenue in 2015 amounted to approximately HK$42,490,000 (2014: approximately HK$408,784,000), decreased by approximately HK$366,294,000 as compared to 2014. The significant decrease in revenue was mainly attributable to the temporary suspension of coal and bunker fuel business. Gross profit amounted to approximately HK$1,764,000 (2014: approximately HK$2,463,000). Other operating expenses, net amounted to approximately HK$29,473,000 (2014: other operating income of approximately HK$7,672,000). Loss for the year increased to approximately HK$1,228,220,000 as compared to approximately HK$175,998,000 in last year.

The significant increase in loss for the year was mainly attributable to the recording an impairment of HK$945,462,000 of the fair value of the exploration and evaluation assets as at 31 March 2015 (2014: Nil). Full details of the impairment are reported in note 11 to this announcement.

CAPITAL STRUCTURE AND LIQUIDITY

As at 31 March 2015, the Company has outstanding zero coupon rate convertible bonds with a carrying value of approximately HK$857,287,000 (31 March 2014: approximately HK$728,341,000) convertible into 68,955,682 ordinary shares (31 March 2014: 68,955,682 ordinary shares) of the Company of HK$0.50 each. The convertible bonds with outstanding principal amount totalling US$201,474,359 (equivalent to approximately HK$1,571,500,000) are due for full redemption on 18 December 2018. The bonds were redeemed on 12 May 2015 by issuing another convertible bonds with outstanding principal amount totalling US$140,000,000 (equivalent to approximately HK$1,092,000,000) which are due for full redemption on 12 May 2020.

As at 31 March 2015, the Group has a current ratio of approximately 1.01 times (31 March 2014: approximately 0.81 time). Gearing ratio, calculated based on non-current liabilities of approximately HK$859,918,000 (31 March 2014: approximately HK$738,503,000) against total deficit of approximately HK$625,023,000 (31 March 2014: total equity of approximately HK$404,562,000) decreased from 182.54% for 2014 to -137.58% for 2015.

As at 31 March 2015, the Group did not have any material contingent liability (31 March 2014: Nil).

As at 31 March 2015, the Group did not have any material capital commitment (31 March 2014: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and associated companies during the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group has 91 full time employees (31 March 2014: 63) in Hong Kong, Singapore, Indonesia and the Mainland China. During the year ended 31 March 2015, the Group incurred staff costs (including Directors' emoluments) of approximately HK$24,755,000 (2014: approximately HK$21,456,000).

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 Scheme (the "Scheme"), medical schemes and performance-lined discretionary bonuses.

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

The emoluments of the executive Directors are recommended by the remuneration committee, and approved by the Board as authorized by the shareholders of the Company in the annual general meeting of the Company, having regard to the respective Directors' experience, responsibility, workload and time devoted to the Group; and the executive Directors may be granted options pursuant to the Share Option Scheme as defined in the section "Share Option Scheme" in this announcement and/or any other such schemes of the Company as part of their remuneration packages.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 25 April 2001 (the "Old Share Option Scheme") for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group. Under the Old Share Option Scheme, the directors 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 Old Share Option Scheme was valid and effective for a period of ten years from the adoption date. On 24 April 2012, the Old Share Option Scheme was expired, after which no further share options shall be granted, but the Share Option previously granted under the Share Option Scheme shall remain in full force and effect in all other respects.

The Company adopted a share option scheme on 30 July 2012 (the "New Share Option Scheme") for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group. Under the New Share Option Scheme, the directors 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 New Share Option Scheme as valid and effective for a period of ten years from the adoption date.

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

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

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

Movement of the outstanding share options and their weighted average exercise prices for the year ended 31 March 2015 were as follows:

				Number of share options					
Category of grantee	Date of grant of the options	Exercise period	Exercise price of the options (HK$)	Outstanding as at 1 April 2014	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding as at 31 March 2015	Exercisable as at 31 March 2015
Old Share Option Scheme:									
Consultants	6 Mar 2007	6 Mar 2007 to 5 Mar 2017	3.58	262,800	–	–	–	262,800	262,800
New Share Option Scheme:									
Consultants	21 Aug 2012	21 Aug 2012 to 20 Aug 2015	0.50	80,150,000	–	–	–	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	3,600,000
Director	27 Mar 2013	27 Mar 2013 to 26 Mar 2016	0.55	1,400,000	–	–	(1,400,000)	–	–
Total				85,412,800	–	–	(1,400,000)	84,012,800	84,012,800
Weighted average exercise price				HK$0.51	N/A	N/A	HK$0.55	HK$0.51	HK$0.51

BORROWING FACILITIES

As at 31 March 2015, the Group has obtained credit facilities from various banks up to a maximum amount of approximately HK$150,410,000 (2014: approximately HK$46,807,000) and approximately HK$24,959,000 (2014: approximately HK$27,516,000) of the credit facilities has been utilized.

PLEDGE OF ASSETS

At 31 March 2015, a warehouse property located in Singapore at carrying value of S$7,600,000 (equivalent to approximately HK$43,305,000) (31 March 2014: S$7,000,000 (equivalent to approximately HK$43,544,000)) and investment properties located in the PRC at carrying values of approximately RMB14,759,000 (equivalent to approximately HK$18,614,000) (31 March 2014: approximately RMB13,966,000 (equivalent to approximately HK$17,639,000)) were pledged to secure general banking facilities granted to the Group.

At 31 March 2015, no equity investment or bank deposit was pledged (2014: Nil).

TREASURY POLICIES

The transactions of the Company and its subsidiaries are 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 risk 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or any of their associates (as defined in the GEM Listing Rules), is or was interested in any business apart from the Group's business, that of the Company competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 March 2015 and up to and including the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain and ensure high standards of corporate governance practices. Except for the deviations as disclosed in this announcement, 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 Rules Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM Listing Rules**") throughout the year ended 31 March 2015.

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 of the Company were unable to present at the annual general meeting held on 23 July 2014 and the extraordinary general meeting held on 9 January 2015 due to their other important engagement at the relevant time.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results.

The Company confirms that, having made specific enquiry from all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the year ended 31 March 2015.

The Company has adopted the same code of conduct for securities transactions by relevant employees to regulate certain employees of the Group who are deemed to be in possession of unpublished price sensitive information of the Company when dealing in the securities of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three members of which all are independent non-executive Directors, Mr. Chu Hung Lin, Victor, Mr. Tong Wan Sze and Mr. Fung Kwok Leung. The chairman of the Audit Committee is Mr. Tong Wan Sze.

The role and functions of the Audit Committee are set out in the written terms of reference of the Audit Committee which includes to oversee the relationship with auditor, to review and supervise the financial reporting system 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 terms of reference can be obtained from the website of the Company and the Stock Exchange.

The Audit Committee has reviewed the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2015 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.

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

19 June 2015, Hong Kong

As at the date of this announcement, the Board comprises three executive Directors, Mr. Michael Koh Tat Lee, Mr. Cheung Hung Man and Mr. Tan Chong Gin, one non-executive Director, Mr. Liang Tong Wei, and three independent non-executive Directors, Mr. Chu Hung Lin,Victor, Mr. Tong Wan Sze and Mr. Fung Kwok Leung.

This announcement will remain on the page of "Latest Company Announcement" on the GEM website for at least 7 days from the date of its posting.