



**寰亞礦業有限公司**  
**PAN ASIA MINING LIMITED**

*(formerly known as “Intelli-Media Group (Holdings) Limited 智庫媒體集團（控股）有限公司” )*  
*(Incorporated in the Cayman Islands with limited liability)*  
*(Stock Code: 8173)*

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2009**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors of Pan Asia Mining Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Pan Asia Mining Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

### **MATERIAL ACQUISITIONS AND DISPOSALS**

On 15 September 2009 the Company completed the disposal of Panorama Entertainment Group Limited and its subsidiaries (the “Panorama Group”) to an independent third party at a nominal cash consideration of HK\$100 (the “Disposal”). Upon the Disposal, Panorama Group had net liabilities of approximately HK\$25,204,000 and the Group recognized a gain on the Disposal of approximately the same amount.

Panorama Group is principally engaged in the business of acquiring film rights, producing Chinese films and theatrical releases, distributing home video entertainment – in both VCD and DVD formats – across popular genres to East Asian and Southeast Asian markets, and sub-licensing of distribution rights.

### **BUSINESS AND FINANCIAL REVIEW**

The Group’s turnover during the six months ended 30 September 2009 (the “Period”) of the continuing operation amounted to approximately HK\$4,275,000 (2008: Nil) which was approximately HK\$4,275,000 higher than that of the same period last year. Sales of goods for the Period was approximately HK\$4,140,000 (2008: Nil) or approximately HK\$4,140,000 higher than that of the same period last year. During the Period there was no other revenue arising from the continuing operation. Loss for the Period was approximately HK\$145,768,000 as compared to HK\$15,428,000 of the same period last year mainly attributable to the non-cash imputed interest costs of approximately HK\$153,020,000 (2008: Nil) for the convertible bonds issued by the Company and approximately HK\$12,155,000 (2008: Nil) for the promissory note issued by Black Sand Enterprises Limited (“Black Sand”), a wholly owned subsidiary of the Company, on 18 December 2008. The imputed interest costs were dealt with according to the requirements of Hong Kong Accounting Standards.

### **CAPITAL STRUCTURE AND LIQUIDITY**

The Company’s issued and fully paid ordinary share of HK\$0.01 each has increased from 3,546,534,023 as at 31 March 2009 to 5,201,534,023 as at 30 September 2009 due to conversion of convertible bonds into ordinary shares during the Period. On 30 September 2009 the Company also has outstanding zero coupon rate convertible bonds in the book value of approximately HK\$841,793,000 (31 March 2009: HK\$964,035,000) convertible into 4,645,000,000 (31 March 2009: 6,300,000,000) ordinary shares of HK\$0.01 each. The bonds are due for full redemption on 18 December 2018.

The Group has a gearing ratio of 9.97% as at 30 September 2009 (31 March 2009: 13.35%), calculated based on total non-current liabilities of approximately HK\$841,793,000 (31 March 2009: approximately HK\$1,130,843,000) against total assets of approximately HK\$8,445,952,000 (31 March 2009: approximately HK\$8,469,933,000). The reduction of gearing ratio is mainly due to the re-classification of the promissory note of approximately HK\$172,665,000 (31 March 2009: approximately HK\$160,510,000) from non-current liabilities to current liabilities as at the balance sheet date as the promissory note is due for redemption on 18 December 2009, or on 18 June 2010 should Black Sand choose to exercise the option to defer all the repayment installments to such later date.

As at 30 September 2009 the Group has net current liabilities of approximately HK\$168,765,000 (31 March 2009: approximately HK\$12,175,000) comprising primarily the promissory note. In view of the financial position, the directors of Black Sand have been in active discussions with the promissory note holder for options of re-financing, re-structuring, disposing or terminating the debt. Besides, the directors of the Company have been actively pursuing alternative funding and discussing with prospective investors to obtain new working capital to meet its financial requirements in the near future.

As at 30 September 2009 the Group has no material contingent liability (31 March 2009: HK\$2,000,000) and has no material capital commitment (31 March 2009: HK\$520,000).

## **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.

As at 30 September 2009 the Group has no asset being pledged.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2009 the Group has 12 full time employees. 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.

## **OUTLOOK**

During the Period, Mt. Mogan Resources and Development Corporation, a group company incorporated in the Philippines, has commenced exploration activities within the mining area in the Leyte Gulf in preparation of commencing mineral exploitation operations.

After completing the disposal of Panorama Group, the Group is set to turn over a new page of its history by re-directing its principal business from media production business and home video distribution to mineral exploration and exploitation and trading of precious metals and scrapped metals.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2009

The board of Directors (the “Board”) of Pan Asia Mining Limited (formerly known as “Intelli-Media Group (Holdings) Limited”) (the “Company”) is pleased to report the unaudited consolidated results of the Company and its subsidiaries (the “Group” or “Pan Asia Mining”) for the three and six months ended 30 September, 2009 together with the comparative figures for the corresponding period in 2008 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|                                                              | Note | For the three months<br>ended 30 September |                                 | For the six months<br>ended 30 September |                                 |
|--------------------------------------------------------------|------|--------------------------------------------|---------------------------------|------------------------------------------|---------------------------------|
|                                                              |      | 2009<br>HK\$'000<br>(unaudited)            | 2008<br>HK\$'000<br>(unaudited) | 2009<br>HK\$'000<br>(unaudited)          | 2008<br>HK\$'000<br>(unaudited) |
| Continuing operations                                        |      |                                            |                                 |                                          |                                 |
| Turnover                                                     | 5    | —                                          | —                               | 4,275                                    | —                               |
| Cost of sales                                                |      | —                                          | —                               | (4,140)                                  | —                               |
| Gross profit                                                 |      | —                                          | —                               | 135                                      | —                               |
| Other revenue and income                                     |      | 496                                        | 188                             | 1,429                                    | 191                             |
| Administrative expenses                                      |      | (4,307)                                    | (8,090)                         | (7,394)                                  | (13,739)                        |
| Other operating expenses                                     |      | (284)                                      | (226)                           | (538)                                    | (343)                           |
| Share of results of associates                               |      | (13)                                       | —                               | (18)                                     | —                               |
| Loss from operations                                         |      | (4,108)                                    | (8,128)                         | (6,386)                                  | (13,891)                        |
| Finance costs                                                | 7    | (75,425)                                   | —                               | (165,193)                                | —                               |
| Loss before taxation                                         |      | (79,533)                                   | (8,128)                         | (171,579)                                | (13,891)                        |
| Income tax                                                   | 8    | —                                          | —                               | —                                        | —                               |
| Loss for the period from<br>continuing operations            |      | (79,533)                                   | (8,128)                         | (171,579)                                | (13,891)                        |
| Profit/(loss) for the period from<br>discontinued operations | 9    | 24,953                                     | (2,784)                         | 25,811                                   | (1,537)                         |
| Loss for the period                                          | 6    | (54,580)                                   | (10,912)                        | (145,768)                                | (15,428)                        |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

|                                                                                               | For the three months<br>ended 30 September |                 | For the six months<br>ended 30 September |                 |
|-----------------------------------------------------------------------------------------------|--------------------------------------------|-----------------|------------------------------------------|-----------------|
|                                                                                               | 2009                                       | 2008            | 2009                                     | 2008            |
| Note                                                                                          | HK\$'000                                   | HK\$'000        | HK\$'000                                 | HK\$'000        |
|                                                                                               | (unaudited)                                | (unaudited)     | (unaudited)                              | (unaudited)     |
| <b>Other comprehensive income</b>                                                             |                                            |                 |                                          |                 |
| Exchange differences on<br>translation of financial<br>statements of overseas<br>subsidiaries | 5                                          | 80              | (3)                                      | 65              |
| Disposal of subsidiaries                                                                      | 112                                        | —               | (118)                                    | —               |
|                                                                                               | <u>117</u>                                 | <u>80</u>       | <u>(121)</u>                             | <u>65</u>       |
| Other comprehensive<br>income for the period<br>(net of tax)                                  | 117                                        | 80              | (121)                                    | 65              |
|                                                                                               | <u>117</u>                                 | <u>80</u>       | <u>(121)</u>                             | <u>65</u>       |
| <b>Total comprehensive<br/>income for the period</b>                                          | <u>(54,463)</u>                            | <u>(10,832)</u> | <u>(145,889)</u>                         | <u>(15,363)</u> |
| <b>Loss for the period<br/>attributable to:</b>                                               |                                            |                 |                                          |                 |
| Equity holders of<br>the Company                                                              | (54,502)                                   | (10,912)        | (145,590)                                | (15,428)        |
| Minority interest                                                                             | (78)                                       | —               | (178)                                    | —               |
|                                                                                               | <u>(54,580)</u>                            | <u>(10,912)</u> | <u>(145,768)</u>                         | <u>(15,428)</u> |
| <b>Total comprehensive<br/>income attributable to:</b>                                        |                                            |                 |                                          |                 |
| Equity holders of<br>the Company                                                              | (54,385)                                   | (10,832)        | (145,711)                                | (15,363)        |
| Minority interest                                                                             | (78)                                       | —               | (178)                                    | —               |
|                                                                                               | <u>(54,463)</u>                            | <u>(10,832)</u> | <u>(145,889)</u>                         | <u>(15,363)</u> |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

|                                                                                                    |    | For the three months<br>ended 30 September |                    | For the six months<br>ended 30 September |                    |
|----------------------------------------------------------------------------------------------------|----|--------------------------------------------|--------------------|------------------------------------------|--------------------|
|                                                                                                    |    | 2009                                       | 2008               | 2009                                     | 2008               |
| Note                                                                                               |    | HK\$'000                                   | HK\$'000           | HK\$'000                                 | HK\$'000           |
|                                                                                                    |    | (unaudited)                                | (unaudited)        | (unaudited)                              | (unaudited)        |
| Loss per share for loss<br>attributable to equity<br>holders of the Company<br>(basic and diluted) | 10 |                                            |                    |                                          |                    |
| From continuing operations                                                                         |    | (1.60) cents                               | (0.40) cent        | (3.87) cents                             | (0.68) cent        |
| From discontinued operations                                                                       |    | <u>0.50 cent</u>                           | <u>(0.13) cent</u> | <u>0.58 cent</u>                         | <u>(0.07) cent</u> |
| From continuing and<br>discontinued operations                                                     |    | <u>(1.10) cents</u>                        | <u>(0.53) cent</u> | <u>(3.29) cents</u>                      | <u>(0.75) cent</u> |

## CONDENSED CONSOLIDATED BALANCE SHEET

|                                                          |              | As at<br>30 September<br>2009<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2009<br>HK\$'000<br>(audited) |
|----------------------------------------------------------|--------------|----------------------------------------------------------|----------------------------------------------------|
|                                                          | <i>Notes</i> |                                                          |                                                    |
| <b>Non-current assets</b>                                |              |                                                          |                                                    |
| Property, plant and equipment                            | 12           | 1,565                                                    | 2,981                                              |
| Intangible assets                                        |              |                                                          |                                                    |
| – mining claims                                          | 13           | 8,433,783                                                | 8,429,879                                          |
| Other intangible assets                                  |              | —                                                        | 5,016                                              |
| Interests in associates                                  | 14(a)        | 244                                                      | 262                                                |
| Films in progress                                        |              | —                                                        | 385                                                |
| Deposits for acquisition of film rights                  |              | —                                                        | 156                                                |
|                                                          |              | <u>8,435,592</u>                                         | <u>8,438,679</u>                                   |
| <b>Current assets</b>                                    |              |                                                          |                                                    |
| Financial assets at fair value through<br>profit or loss |              | 1,726                                                    | —                                                  |
| Inventories                                              |              | —                                                        | 2,360                                              |
| Trade receivables                                        |              | —                                                        | 4,511                                              |
| Prepayments, deposits other receivables                  |              | 751                                                      | 956                                                |
| Amount due from a related party                          |              | —                                                        | 84                                                 |
| Amount due from a related company                        |              | —                                                        | 10                                                 |
| Pledged bank deposits                                    |              | —                                                        | 2,183                                              |
| Cash and bank balances                                   |              | 7,883                                                    | 21,150                                             |
|                                                          |              | <u>10,360</u>                                            | <u>31,254</u>                                      |

## CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

|                                                                 |       | As at<br>30 September<br>2009<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2009<br>HK\$'000<br>(audited) |
|-----------------------------------------------------------------|-------|----------------------------------------------------------|----------------------------------------------------|
|                                                                 | Notes |                                                          |                                                    |
| <b>Current liabilities</b>                                      |       |                                                          |                                                    |
| Trade payables                                                  |       | —                                                        | 8,427                                              |
| Accrued liabilities and other payables                          |       | 6,336                                                    | 24,026                                             |
| Amount due to a related company                                 |       | —                                                        | 2,600                                              |
| Amounts due to related parties                                  |       | —                                                        | 3,063                                              |
| Amounts due to associates                                       | 14(b) | 52                                                       | 73                                                 |
| Obligations under finance leases                                |       | —                                                        | 424                                                |
| Bank overdrafts and borrowings                                  |       | —                                                        | 4,520                                              |
| Taxation payable                                                |       | 72                                                       | 296                                                |
| Promissory note                                                 | 16    | 172,665                                                  | —                                                  |
|                                                                 |       | <u>179,125</u>                                           | <u>43,429</u>                                      |
| <b>Net current liabilities</b>                                  |       | <u>(168,765)</u>                                         | <u>(12,175)</u>                                    |
| <b>Total assets less current liabilities</b>                    |       | <u>8,266,827</u>                                         | <u>8,426,504</u>                                   |
| <b>Non-current liabilities</b>                                  |       |                                                          |                                                    |
| Convertible bonds                                               | 15    | 841,793                                                  | 964,035                                            |
| Promissory note                                                 | 16    | —                                                        | 160,510                                            |
| Obligations under finance leases                                |       | —                                                        | 302                                                |
| Bank overdrafts and borrowings                                  |       | —                                                        | 1,819                                              |
| Deferred tax liabilities                                        |       | —                                                        | 4,177                                              |
|                                                                 |       | <u>841,793</u>                                           | <u>1,130,843</u>                                   |
| <b>Net assets</b>                                               |       | <u>7,425,034</u>                                         | <u>7,295,661</u>                                   |
| <b>Capital and reserves</b>                                     |       |                                                          |                                                    |
| Share capital                                                   | 17    | 52,015                                                   | 35,465                                             |
| Reserves                                                        |       | 4,339,776                                                | 4,226,813                                          |
| <b>Equity attributable to equity holders<br/>of the Company</b> |       | <u>4,391,791</u>                                         | <u>4,262,278</u>                                   |
| Minority interests                                              |       | 3,033,243                                                | 3,033,383                                          |
| <b>Total equity</b>                                             |       | <u>7,425,034</u>                                         | <u>7,295,661</u>                                   |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

|                                                                                                   | Attributable to equity holders of the Company |                              |                                |                                 |                                        |                                                               |                                   |                                   |                             |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------------|---------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------|
|                                                                                                   | Share<br>capital<br>HK\$'000                  | Share<br>premium<br>HK\$'000 | Special<br>reserve<br>HK\$'000 | Exchange<br>reserve<br>HK\$'000 | Share<br>option<br>reserve<br>HK\$'000 | Equity<br>component<br>of<br>convertible<br>bonds<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 | Minority<br>interests<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| At 1 April 2009                                                                                   | 35,465                                        | 917,391                      | 10,440                         | 156                             | 320                                    | 3,545,975                                                     | (247,469 )                        | 3,033,383                         | 7,295,661                   |
| Exchange difference<br>on translation of<br>the financial<br>statement of<br>foreign subsidiaries | —                                             | —                            | —                              | (3 )                            | —                                      | —                                                             | —                                 | —                                 | (3 )                        |
| Disposal of subsidiaries                                                                          | —                                             | —                            | —                              | (156 )                          | —                                      | —                                                             | —                                 | 38                                | (118 )                      |
| Loss for the period                                                                               | —                                             | —                            | —                              | —                               | —                                      | —                                                             | (145,590 )                        | (178 )                            | (145,768 )                  |
| Total comprehensive<br>income for the six-<br>months period ended<br>30 September 2009            | —                                             | —                            | —                              | (159 )                          | —                                      | —                                                             | (145,590 )                        | (140 )                            | (145,889 )                  |
| Issue of new shares<br>upon conversion<br>of convertible bonds                                    | 16,550                                        | 1,190,234                    | —                              | —                               | —                                      | (931,522 )                                                    | —                                 | —                                 | 275,262                     |
| At 30 September 2009                                                                              | 52,015                                        | 2,107,625                    | 10,440                         | (3 )                            | 320                                    | 2,614,453                                                     | (393,059 )                        | 3,033,243                         | 7,425,034                   |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

|                                                                                                   | Attributable to equity holders of the Company |                              |                                |                                 |                                        |                                                               |                                   |                                   |                             |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------------------|---------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------|
|                                                                                                   | Share<br>capital<br>HK\$'000                  | Share<br>premium<br>HK\$'000 | Special<br>reserve<br>HK\$'000 | Exchange<br>reserve<br>HK\$'000 | Share<br>option<br>reserve<br>HK\$'000 | Equity<br>component<br>of<br>convertible<br>bonds<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 | Minority<br>interests<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| At 1 April 2008                                                                                   | 19,325                                        | 105,173                      | 10,440                         | 83                              | 320                                    | —                                                             | (84,609 )                         | 5,192                             | 55,924                      |
| Exchange difference<br>on translation of<br>the financial<br>statement of<br>foreign subsidiaries | —                                             | —                            | —                              | 65                              | —                                      | —                                                             | —                                 | —                                 | 65                          |
| Loss for the period                                                                               | —                                             | —                            | —                              | —                               | —                                      | —                                                             | (15,428 )                         | —                                 | (15,428 )                   |
| Total comprehensive<br>income for the six-<br>months period ended<br>30 September 2008            | —                                             | —                            | —                              | 65                              | —                                      | —                                                             | (15,428 )                         | —                                 | (15,363 )                   |
| Issue of share under<br>placement                                                                 | 1,140                                         | 48,111                       | —                              | —                               | —                                      | —                                                             | —                                 | —                                 | 49,251                      |
| At 30 September 2008                                                                              | 20,465                                        | 153,284                      | 10,440                         | 148                             | 320                                    | —                                                             | (100,037 )                        | 5,192                             | 89,812                      |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|                                                        | For the six months<br>ended 30 September |                 |
|--------------------------------------------------------|------------------------------------------|-----------------|
|                                                        | 2009                                     | 2008            |
|                                                        | <i>HK\$'000</i>                          | <i>HK\$'000</i> |
|                                                        | (unaudited)                              | (unaudited)     |
| Net cash used in operating activities                  | (8,231)                                  | (9,815)         |
| Net cash used in investing activities                  | (3,905)                                  | (43,588)        |
| Net cash generated from financing activities           | 1,304                                    | 45,016          |
| Net (decrease)/increase in cash and cash equivalents   | (10,832)                                 | (8,387)         |
| Cash and cash equivalents at the beginning of period   | 18,718                                   | 49,842          |
| Effect of foreign exchange rates change                | (3)                                      | 65              |
| Cash and cash equivalents at end of period             | 7,883                                    | 41,520          |
| Analysis of the balances of cash and cash equivalents: |                                          |                 |
| Bank balances and cash                                 | 7,883                                    | 44,704          |
| Bank overdrafts                                        | —                                        | (3,184)         |
|                                                        | 7,883                                    | 41,520          |

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Pan Asia Mining Limited (formerly known as Intelli-Media Group (Holdings) Limited) (the “Company”) is an exempt company with limited liability incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. Its principal business is investment holding.

The Group is engaged in mining exploration and exploitation and business of trading precious metal and scrapped metals.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and with Hong Kong Accounting Standard 34, Interim Financial Reporting.

The unaudited condensed interim financial statements, which do not include all information and disclosures required by the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2009.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities that are measured at revalued amounts or fair values, as appropriate.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 March 2009.

***HKFRS 8 Operating Segments*** (effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure standard that has resulted in redesignation of the Group's reportable segments (see note 4), but has had no impact on the reported results or financial position of the Group.

***HKAS 1 (revised 2007) Presentation of Financial Statements*** (effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

*HKAS 27 (revised 2008) Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 July 2009)

HKAS 27 (revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognizes all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

The revised Standard is expected to affect the accounting for changes in ownership interests in future accounting periods, but the impact will only be determined once the detail of future transactions is known.

### 4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Turnover and contribution to operating results and assets and liabilities by business segment has not been prepared as the Group has only one business segment which is trading business of precious metal and scrapped metals. As the Group's turnover for the six months ended 30 September, 2009 were substantially traded in Hong Kong and the operations of the Group were substantially located in Hong Kong, no analysis for the geographical segment information is provided accordingly.

## 5. TURNOVER

Turnover represents the net amounts received and receivable for sales of goods by the Group to outside customers, less goods returns and trade discounts, and revenue received and receivable from sub-licensing of film rights, sales of metal, and is analysed as follows:

|                                 | Continuing operations<br>for the six months<br>ended 30 September |             | Discontinued operation<br>for the six months<br>ended 30 September |               | Consolidated<br>for the six months<br>ended 30 September |               |
|---------------------------------|-------------------------------------------------------------------|-------------|--------------------------------------------------------------------|---------------|----------------------------------------------------------|---------------|
|                                 | 2009                                                              | 2008        | 2009                                                               | 2008          | 2009                                                     | 2008          |
|                                 | HK\$'000                                                          | HK\$'000    | HK\$'000                                                           | HK\$'000      | HK\$'000                                                 | HK\$'000      |
|                                 | (unaudited)                                                       | (unaudited) | (unaudited)                                                        | (unaudited)   | (unaudited)                                              | (unaudited)   |
| Revenue                         |                                                                   |             |                                                                    |               |                                                          |               |
| Sales of video products         | —                                                                 | —           | 3,017                                                              | 6,175         | 3,017                                                    | 6,175         |
| Sub-licensing<br>of film rights | —                                                                 | —           | 1,806                                                              | 7,221         | 1,806                                                    | 7,221         |
| Sales of metals                 | 4,275                                                             | —           | —                                                                  | —             | 4,275                                                    | —             |
|                                 | <u>4,275</u>                                                      | <u>—</u>    | <u>—</u>                                                           | <u>—</u>      | <u>4,275</u>                                             | <u>—</u>      |
| Turnover                        | <u>4,275</u>                                                      | <u>—</u>    | <u>4,823</u>                                                       | <u>13,396</u> | <u>9,098</u>                                             | <u>13,396</u> |

## 6. LOSS FOR THE PERIOD

Loss for the period is stated after charging the following:

|                                                  | For the three months<br>ended 30 September |             | For the six months<br>ended 30 September |             |
|--------------------------------------------------|--------------------------------------------|-------------|------------------------------------------|-------------|
|                                                  | 2009                                       | 2008        | 2009                                     | 2008        |
|                                                  | HK\$'000                                   | HK\$'000    | HK\$'000                                 | HK\$'000    |
|                                                  | (unaudited)                                | (unaudited) | (unaudited)                              | (unaudited) |
| Continuing operations                            |                                            |             |                                          |             |
| Depreciation of property, plant<br>and equipment | 255                                        | 195         | 510                                      | 313         |
| Discontinued operations                          |                                            |             |                                          |             |
| Depreciation of property, plant<br>and equipment | 13                                         | 55          | 131                                      | 338         |
|                                                  | <u>13</u>                                  | <u>55</u>   | <u>131</u>                               | <u>338</u>  |

## 7. FINANCE COSTS

|                                                | For the three months<br>ended 30 September |                                 | For the six months<br>ended 30 September |                                 |
|------------------------------------------------|--------------------------------------------|---------------------------------|------------------------------------------|---------------------------------|
|                                                | 2009<br>HK\$'000<br>(unaudited)            | 2008<br>HK\$'000<br>(unaudited) | 2009<br>HK\$'000<br>(unaudited)          | 2008<br>HK\$'000<br>(unaudited) |
| <b>Continuing operations</b>                   |                                            |                                 |                                          |                                 |
| Interest expense on bank overdrafts            | 13                                         | —                               | 18                                       | —                               |
| Imputed interest on promissory note            | 6,111                                      | —                               | 12,155                                   | —                               |
| Imputed interest on convertible bonds          | 69,301                                     | —                               | 153,020                                  | —                               |
|                                                | <u>75,425</u>                              | <u>—</u>                        | <u>165,193</u>                           | <u>—</u>                        |
| <b>Discontinued operations</b>                 |                                            |                                 |                                          |                                 |
| Interest expenses on bank and other borrowings | <u>25</u>                                  | <u>60</u>                       | <u>205</u>                               | <u>167</u>                      |

## 8. INCOME TAX

No provision for Hong Kong Profits Tax has been made, as the Group had no assessable profits subject to Hong Kong profits tax during the period (2008: Nil).

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

The corporate income tax rate in the Philippines changed from 35% to 30% with effect on 1 January 2009. No provision for Philippines corporation income tax has been made as the subsidiaries in the Philippines did not have assessable profits subject to corporation income tax in the Philippines.

## 9. DISCONTINUED OPEATIONS

On 29 June 2009, the Company completed the disposal of Datewell Group & CPE Program to an independent third party for a nominal cash consideration of HK\$100.

On 15 September 2009, the Company completed the disposal of Panorama Group to another independent third party for a nominal cash consideration of HK\$100. The disposal of Panorama Group constituted a major transaction of the Company and the transaction was approved in the Extraordinary General Meeting held on 4 September 2009.

- a) The profit/(loss) for the period from the discontinued operations is analysed as follows:

|                                     | For the three months<br>ended 30 September |                                 | For the six months<br>ended 30 September |                                 |
|-------------------------------------|--------------------------------------------|---------------------------------|------------------------------------------|---------------------------------|
|                                     | 2009<br>HK\$'000<br>(unaudited)            | 2008<br>HK\$'000<br>(unaudited) | 2009<br>HK\$'000<br>(unaudited)          | 2008<br>HK\$'000<br>(unaudited) |
| Revenue                             | 471                                        | 8,942                           | 4,823                                    | 13,396                          |
| Expenses                            | (722)                                      | (11,726)                        | (9,549)                                  | (14,933)                        |
|                                     | <u>          </u>                          | <u>          </u>               | <u>          </u>                        | <u>          </u>               |
| Loss for the period                 | (251)                                      | (2,784)                         | (4,726)                                  | (1,537)                         |
| Gain on disposal<br>of subsidiaries | 25,204                                     | —                               | 30,537                                   | —                               |
|                                     | <u>          </u>                          | <u>          </u>               | <u>          </u>                        | <u>          </u>               |
|                                     | <u>24,953</u>                              | <u>(2,784)</u>                  | <u>25,811</u>                            | <u>(1,537)</u>                  |

- b) The net assets of Datewell Group and CPE Program and Panorama Group at the date of disposal were as follows:

|                                                               | Datewell<br>Group &<br>CPE Program<br>HK\$'000 | Panorama<br>Group<br>HK\$'000 | Total<br>HK\$'000 |
|---------------------------------------------------------------|------------------------------------------------|-------------------------------|-------------------|
| Net liabilities disposed of                                   | (5,334)                                        | (25,204)                      | (30,537)          |
| Profit on disposal                                            | 5,334                                          | 25,204                        | 30,537            |
|                                                               | <u>          </u>                              | <u>          </u>             | <u>          </u> |
| Total consideration                                           | <u>—</u>                                       | <u>—</u>                      | <u>—</u>          |
|                                                               | <u>          </u>                              | <u>          </u>             | <u>          </u> |
| Satisfied by cash, and net cash inflow<br>arising on disposal | <u>—</u>                                       | <u>—</u>                      | <u>—</u>          |

# 10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company for the six months ended 30 September 2009 and 2008 and the weighted average number of ordinary shares in issue during these periods.

There were no dilutive events in the six months ended 30 September 2009 and 2008 and therefore, the diluted earnings per share is same as basic earnings per share for both periods.

The calculation of basic loss per share is based on the following data:

|                                                                                                                          | For the three months<br>ended 30 September |                                          | For the six months<br>ended 30 September   |                                          |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|------------------------------------------|
|                                                                                                                          | 2009                                       | 2008                                     | 2009                                       | 2008                                     |
|                                                                                                                          | <i>HK\$'000</i>                            | <i>HK\$'000</i>                          | <i>HK\$'000</i>                            | <i>HK\$'000</i>                          |
|                                                                                                                          | (unaudited)                                | (unaudited)                              | (unaudited)                                | (unaudited)                              |
| <b>From continuing and<br/>discontinued operations</b>                                                                   |                                            |                                          |                                            |                                          |
| Loss for the period attributable<br>to owners of the Company<br>used in the basic loss per<br>share calculation          | <u>(54,502)</u>                            | <u>(10,912)</u>                          | <u>(145,590)</u>                           | <u>(15,428)</u>                          |
| <b>From continuing operations</b>                                                                                        |                                            |                                          |                                            |                                          |
| Loss for the period attributable<br>to owners of the Company<br>used in the basic loss per<br>share calculation          | <u>(79,455)</u>                            | <u>(8,128)</u>                           | <u>(171,401)</u>                           | <u>(13,891)</u>                          |
| <b>From discontinued operation</b>                                                                                       |                                            |                                          |                                            |                                          |
| Profit/(loss) for the period<br>attributable to owners of the<br>Company used in the basic<br>loss per share calculation | <u>24,953</u>                              | <u>(2,784)</u>                           | <u>25,811</u>                              | <u>(1,537)</u>                           |
|                                                                                                                          | For the three months<br>ended 30 September | For the six months<br>ended 30 September | For the three months<br>ended 30 September | For the six months<br>ended 30 September |
|                                                                                                                          | 2009                                       | 2008                                     | 2009                                       | 2008                                     |
| <b>Number of shares:</b>                                                                                                 |                                            |                                          |                                            |                                          |
| Weighted average number of<br>ordinary shares in issue<br>during the period                                              | <u>4,966,153,588</u>                       | <u>2,044,029,000</u>                     | <u>4,430,167,903</u>                       | <u>2,045,288,000</u>                     |

## 11. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments. The Group organises its business into two segments:

- Sales of metals
- Mining exploration and exploitation

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

|                                                                                       | Revenue                                  |               | Segment result                           |                 |
|---------------------------------------------------------------------------------------|------------------------------------------|---------------|------------------------------------------|-----------------|
|                                                                                       | For the six months ended<br>30 September |               | For the six months ended<br>30 September |                 |
|                                                                                       | 2009                                     | 2008          | 2009                                     | 2008            |
|                                                                                       | HK\$'000                                 | HK\$'000      | HK\$'000                                 | HK\$'000        |
|                                                                                       | (unaudited)                              | (unaudited)   | (unaudited)                              | (unaudited)     |
| <b>Continuing operations</b>                                                          |                                          |               |                                          |                 |
| Sales of metals                                                                       | 4,275                                    | —             | (470)                                    | —               |
| Mining exploration and exploitation                                                   | —                                        | —             | (5,633)                                  | (12,380)        |
| Other                                                                                 | —                                        | —             | (265)                                    | (1,510)         |
|                                                                                       | <u>4,275</u>                             | <u>—</u>      | <u>(6,368)</u>                           | <u>(13,890)</u> |
| Total for continuing operations                                                       | <u>4,275</u>                             | <u>—</u>      | <u>(6,368)</u>                           | <u>(13,890)</u> |
| Share of results of associates                                                        |                                          |               | (18)                                     | —               |
| Finance costs                                                                         |                                          |               | <u>(165,193)</u>                         | <u>—</u>        |
| Profit before tax (continuing operations)                                             |                                          |               | (171,579)                                | (13,890)        |
| <b>Discontinued operations</b>                                                        |                                          |               |                                          |                 |
| Sales of video products and sub-licensing of film rights                              | 4,823                                    | 13,396        | (4,522)                                  | (1,370)         |
| Gain on disposal of subsidiaries                                                      |                                          |               | 30,538                                   | —               |
| Finance cost                                                                          |                                          |               | <u>(205)</u>                             | <u>(167)</u>    |
| Profit before tax (discontinued operations)                                           |                                          |               | 25,811                                   | (1,537)         |
| Profit before tax (continuing and discontinued operations)                            |                                          |               | <u>(145,768)</u>                         | <u>(15,428)</u> |
| Tax                                                                                   |                                          |               | <u>—</u>                                 | <u>—</u>        |
| Consolidated revenue and loss for the period (continuing and discontinued operations) | <u>9,098</u>                             | <u>13,396</u> | <u>(145,768)</u>                         | <u>(15,428)</u> |

11. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by operating segment:

|                                     | As at<br>30 September<br>2009<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2009<br>HK\$'000<br>(audited) |
|-------------------------------------|----------------------------------------------------------|----------------------------------------------------|
| <b>Continuing operations</b>        |                                                          |                                                    |
| Sales of metals                     | 8                                                        | —                                                  |
| Mining exploration and exploitation | 8,445,807                                                | 8,451,258                                          |
| Other                               | 137                                                      | 1,229                                              |
|                                     | <hr/>                                                    | <hr/>                                              |
| Total for continuing operations     | 8,445,952                                                | 8,452,487                                          |
|                                     | <hr/>                                                    | <hr/>                                              |
| <b>Discontinued operations</b>      |                                                          |                                                    |
| Sales of video products             | —                                                        | 17,446                                             |
|                                     | <hr/>                                                    | <hr/>                                              |
| Total for discontinued operations   | —                                                        | 17,446                                             |
|                                     | <hr/>                                                    | <hr/>                                              |
| Total segment assets                | <u>8,445,952</u>                                         | <u>8,469,933</u>                                   |

## 12. PROPERTY, PLANT AND EQUIPMENT

|                                      | Leasehold<br>improvements<br><i>HK\$'000</i> | Furniture<br>and<br>fixtures<br><i>HK\$'000</i> | Office<br>equipment<br><i>HK\$'000</i> | Motor<br>vehicles<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--------------------------------------|----------------------------------------------|-------------------------------------------------|----------------------------------------|--------------------------------------|--------------------------|
| <b>Cost</b>                          |                                              |                                                 |                                        |                                      |                          |
| At 1 April 2009 (audited)            | 142                                          | 1,090                                           | 1,086                                  | 4,718                                | 7,036                    |
| Additions (unaudited)                | —                                            | 30                                              | 20                                     | —                                    | 50                       |
| Disposal (unaudited)                 | —                                            | (197)                                           | —                                      | —                                    | (197)                    |
| Disposal of subsidiaries (unaudited) | (142)                                        | (186)                                           | (672)                                  | (2,968)                              | (3,968)                  |
|                                      | <u>          </u>                            | <u>          </u>                               | <u>          </u>                      | <u>          </u>                    | <u>          </u>        |
| At 30 September 2009 (unaudited)     | <u>—</u>                                     | <u>737</u>                                      | <u>434</u>                             | <u>1,750</u>                         | <u>2,921</u>             |
| <b>Accumulated depreciation</b>      |                                              |                                                 |                                        |                                      |                          |
| At 1 April 2009 (audited)            | 70                                           | 541                                             | 432                                    | 3,012                                | 4,055                    |
| Charge for the period (unaudited)    | 13                                           | 201                                             | 100                                    | 327                                  | 641                      |
| Written back on disposal (unaudited) | —                                            | (35)                                            | —                                      | —                                    | (35)                     |
| Disposal of subsidiaries (unaudited) | (83)                                         | (209)                                           | (407)                                  | (2,606)                              | (3,305)                  |
|                                      | <u>          </u>                            | <u>          </u>                               | <u>          </u>                      | <u>          </u>                    | <u>          </u>        |
| At 30 September 2009 (unaudited)     | <u>—</u>                                     | <u>498</u>                                      | <u>125</u>                             | <u>733</u>                           | <u>1,356</u>             |
| <b>Net book values</b>               |                                              |                                                 |                                        |                                      |                          |
| At 30 September 2009 (unaudited)     | <u>—</u>                                     | <u>239</u>                                      | <u>309</u>                             | <u>1,017</u>                         | <u>1,565</u>             |
| At 31 March 2009 (audited)           | <u>72</u>                                    | <u>549</u>                                      | <u>654</u>                             | <u>1,706</u>                         | <u>2,981</u>             |

### 13. INTANGIBLE ASSETS – MINING CLAIMS

|                                               | As at<br>30 September<br>2009<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2009<br>HK\$'000<br>(audited) |
|-----------------------------------------------|----------------------------------------------------------|----------------------------------------------------|
| Balance at the beginning of the period        | 8,429,879                                                | —                                                  |
| Additions through acquisition of subsidiaries | —                                                        | 8,427,515                                          |
| Additions                                     | 3,904                                                    | 2,364                                              |
|                                               | <u>8,433,783</u>                                         | <u>8,429,879</u>                                   |

On 2 May 2008, the Group entered into an acquisition agreement with Kesterion Investments Limited, which is wholly owned by Ms Eva Wong, who is the sister of Mr. Wong Chung Yu, Denny and sister-in-law of Mr. Yin Mark Teh-min, being an executive director and a non-executive director of the Company respectively.

Pursuant to the agreement Kesterion Investments Limited agreed to sell and the Group agreed to purchase the entire equity interest in First Pine Enterprises Limited which, at acquisition date on 18 December 2008, holds an indirect 64% equity interest in Mt. Mogan Resources and Development Corporation (“Mogan”), a company incorporated in the Philippines, Mogan holds certain offshore exploration permit applications for mining claims which represent the rights to explore, develop, operate and exploit magnetite sand and other minerals located in certain specified offshore areas of approximately 41,094 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines (“Mining Area”) subject to the issuance in favour of Mogan of an Exploration Permit and a Mineral Agreement in accordance with the Philippine Mining Act 1995 (Republic Act No. 7942), at a consideration of HK\$5,700,000,000 satisfied by issuing to Kesterion Investments Limited (i) 500,000,000 consideration shares of the Company; (ii) HK\$200,000,000 promissory note with zero coupon rate with a maturity of 1.5 years; (iii) HK\$5,110,000,000 convertible bonds with zero coupon rate with a maturity of 10 years of the issue date and (iv) cash paid of HK\$40,000,000. The acquisition was completed on 18 December 2008.

#### Impairment test

The Company has engaged an independent professional valuer, Asset Appraisal Limited, to determine the value in use of the mining claims as a cash-generation unit (“CGU”) as at 31 March 2009 on the basis that the Exploration Permit(s) and Mineral Agreement would be granted by the relevant authorities of the Philippines.

The recoverable amount of the “Intangible assets - mining claims” is determined based on the estimate of the value in use of the Mining Claims on the basis that the Exploration Permits and Mineral Agreement were granted to Mogan. The estimated cash flows of 20 years are discounted at 16% to calculate the present value. Key assumptions for the value in use are on magnetic sand quantities, prices and operating costs after considering the magnetic content that can be extracted. Based on these evaluations, management is of the view that the recoverable amount of the “Intangible assets – mining claims” exceeds its carrying amount.

Management considered that the carrying amount of the “Intangible assets - mining claims” can be fully recoverable and no impairment on its carrying amount is necessary at 30 September 2009.

#### 14. INTERESTS IN ASSOCIATES

##### a) Share of net assets

|                                              | As at<br>30 September<br>2009<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2009<br>HK\$'000<br>(audited) |
|----------------------------------------------|----------------------------------------------------------|----------------------------------------------------|
| Net carrying value at 1 April                | 262                                                      | —                                                  |
| Addition through acquisition of subsidiaries | —                                                        | 283                                                |
| Share of post-acquisition loss               | (18)                                                     | (21)                                               |
|                                              | <hr/>                                                    | <hr/>                                              |
| Share of net assets                          | <u>244</u>                                               | <u>262</u>                                         |

##### b) Amounts due to associates

The amounts due are unsecured, interest-free and repayable on demand.

#### 15. CONVERTIBLE BONDS

On 18 December 2008, the Company entered into subscription agreement with Kesterion Investments Limited, which is beneficially owned by Ms. Eva Wong, a sister of Mr. Wong Chung Yu, Denny and sister-in-law of Mr. Yin Mark Teh-min, being an executive director and non-executive director of the Company respectively, 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 "Bonds") in connection with the acquisition of 64% equity interest in Mogan. The Bonds, denominated in US\$ which is the functional currency of the Company, are convertible into ordinary shares of the Company at an initial conversion price of HK\$0.70 per conversion share, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, right issue and other equity or equity derivative issued. The Bonds are unsecured, non-interest bearing and matures on 18 December 2018 and can be redeemed at par by the Company at anytime before the maturity date. If the Bonds were not converted, they will be redeemed on 18 December 2018. The total number of shares to be issued on conversion of the Bonds will be determined by dividing the principal amount of bonds to be converted (using an agreed fixed exchange rate of US\$1.0 = HK\$7.8) by the conversion price HK\$0.70 in effect at the conversion date.

The fair value of the liability component was determined as of the date of issue by an independent professional valuer, BMI Appraisals Limited. The residual amount represents the value of the equity conversion component. The effective interest rate of the liability component is 17.7% per annum.

During the financial year ended 31 March 2009, a total principal amount of US\$89,743,590 (equivalent to HK\$700,000,000 at the agreed fixed exchange rate of US\$1.0 = HK\$7.8) was converted into 1,000,000,000 new ordinary shares of the Company of HK\$0.01 each.

## 15. CONVERTIBLE BONDS *(Continued)*

During the Period, a total principal amount of US\$148,525,641 (equivalent to HK\$1,158,500,000) was converted into 1,655,000,000 new ordinary shares of the Company of HK\$0.01 each.

The net proceeds received from the issue of the Convertible Bonds have been split between the liability component and equity component, representing the fair value of the embedded option to convert the liability to equity of the Company, as follows:

|                                               | Liability<br>component<br><i>HK\$'000</i> | Equity<br>conversion<br>component<br><i>HK\$'000</i> |
|-----------------------------------------------|-------------------------------------------|------------------------------------------------------|
| At 1 April 2009 (audited)                     | 964,035                                   | 3,545,975                                            |
| Imputed interest costs recognised (unaudited) | 153,020                                   | —                                                    |
| Conversion during the year (unaudited)        | (275,262)                                 | (931,522)                                            |
|                                               | <hr/>                                     | <hr/>                                                |
| At 30 September 2009 (unaudited)              | <b>841,793</b>                            | <b>2,614,453</b>                                     |
|                                               | <hr/>                                     | <hr/>                                                |

The imputed interest costs charged for the period is calculated by applying an effective interest rate of 17.7% to the liability component for the period since the bonds were issued.

## 16. PROMISSORY NOTE

On 18 December 2008, Black Sand Enterprises Limited ("Black Sand"), 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 is repayable in 4 instalments over 1 year of the date of issue with the first instalment falling due on 3 months after the date of issue. Black Sand has 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 i.e. on 18 June 2010. Black Sand has the unconditional right to redeem the promissory note prior to the maturity date by serving a written notice to the note-holder.

The promissory note has been accounted for at amortised cost, using the effective interest method. The fair value of promissory note is determined at HK\$161,756,183, as at the issue date, based on the independent valuation performed by an independent valuer, BMI Appraisals Limited. The effective interest rate of the promissory note is determined to be 15.20% per annum. The promissory note is classified under current liabilities and carried on the amortised cost basis until extinguishment or redemption. On 22 December 2008, Black Sand has redeemed HK\$10,000,000 of the promissory note.

The amortised and imputed effective interest expenses of promissory notes amounting to HK\$12,155,000 was charged to the income statement for the six months ended 30 September 2009 (2008: Nil).

## 17. SHARE CAPITAL

|                                                                                     | Number of shares | Nominal value<br>HK\$'000 |
|-------------------------------------------------------------------------------------|------------------|---------------------------|
| Authorised:                                                                         |                  |                           |
| Ordinary shares of HK\$0.01 each at<br>1 April 2009 and 30 September 2009 (audited) | 20,000,000,000   | 200,000                   |
| Issued and fully paid:                                                              |                  |                           |
| At 1 April 2009                                                                     | 3,546,534,023    | 35,465                    |
| Issue of shares upon conversion of convertible bonds                                | 1,655,000,000    | 16,550                    |
| At 30 September 2009 (unaudited)                                                    | 5,201,534,023    | 52,015                    |

## 18. OPERATING LEASE ARRANGEMENTS

As at 30 September 2009, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

|                                        | As at<br>30 September<br>2009<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2009<br>HK\$'000<br>(audited) |
|----------------------------------------|----------------------------------------------------------|----------------------------------------------------|
| <b>Premises</b>                        |                                                          |                                                    |
| Within one year                        | 448                                                      | 1,221                                              |
| In the second to fifth years inclusive | —                                                        | 55                                                 |
|                                        | 448                                                      | 1,276                                              |

## 19. POST BALANCE SHEET EVENT

- (a) On 2 October 2009, Black Sand paid a refundable earnest deposit of HK\$3,500,000 to Mr. Chu To, Jonathan ("Mr. Chu") according to the memorandum of understanding ("MOU") signed between Black Sand and Mr. Chu on 28 September 2009. Details of the MOU are in the Company's announcement dated 28 September 2009.
- (b) On 5 October 2009, the 3-year Euro 200 million Convertible Loan Agreement dated 30 September 2008 entered into between Black Sand and Fortress World Limited, an independent third party, has been terminated.

## INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2009 (2008: Nil)

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

As at 30 September 2009, the interests and short positions of each Directors and chief executives of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### The Company

#### Long positions in Shares of the Company

| Name of directors/<br>chief executive | Number of Shares | Approximate<br>percentage of<br>shareholding | Capacity         |
|---------------------------------------|------------------|----------------------------------------------|------------------|
| Kwong Wai Ho, Richard                 | 20,000,000       | 0.38                                         | Beneficial owner |
| Yin Mark Teh-min                      | 2,500,000        | 0.05                                         | Family interests |
|                                       | 380,000          | 0.01                                         | Beneficial owner |
| Sub-total:                            | 2,880,000        | 0.06                                         | (Note 1)         |
| Chu Hung Lin, Victor                  | 3,000,000        | 0.06                                         | Family interests |
|                                       | 1,200,000        | 0.02                                         | Beneficial owner |
| Sub-total:                            | 4,200,000        | 0.08                                         | (Note 2)         |

#### Notes:

1. Ms. Wong Shu Wah, Ceci, being the wife of Mr. Yin Mark Teh-min ("Mr. Yin"), is interested in 2,500,000 Shares. Accordingly, Mr. Yin is deemed to be interested in such 2,500,000 Shares. Mr. Yin also holds 380,000 Shares as beneficial owner. Therefore, Mr. Yin is interested and deemed to be interested in 2,880,000 Shares in total.
2. Ms. Chan Lai Shan, Lisa, being the wife of Mr. Chu Hung Lin, Victor ("Mr. Chu"), is interested in 3,000,000 Shares. Accordingly, Mr. Chu is deemed to be interested in such 3,000,000 Shares. Mr. Chu also holds 1,200,000 Shares as beneficial owner. Therefore, Mr. Chu is interested and deemed to be interested in 4,200,000 Shares in total.

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

There are no short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations that (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 September, 2009, the following persons (other than Directors and chief executives of the Company) had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

### Long positions in Shares of the Company

| Name of shareholder           | Number of Shares<br>of the Company | Approximate<br>percentage of<br>shareholding | Capacity                              |
|-------------------------------|------------------------------------|----------------------------------------------|---------------------------------------|
| Kesterion Investments Limited | 1,012,700,000                      | 19.47                                        | Beneficial owner                      |
| Wong, Eva                     | 1,012,700,000                      | 19.47                                        | Interest of controlled<br>corporation |
|                               | 2,260,000                          | 0.04                                         | Beneficial owner                      |
| Sub-total:                    | 1,014,960,000                      | 19.51                                        |                                       |
| Koh Tat Lee, Michael          | 1,014,960,000                      | 19.51                                        | Family interest ( <i>Note 1</i> )     |
| Singson Ryan Luis V.          | 321,890,000                        | 6.19                                         | Beneficial owner                      |
| Kwok Sau Ping                 | 400,000,000                        | 7.69                                         | Beneficial owner                      |

#### Notes:

1. Mr. Koh Tat Lee, Michael, being the husband of Ms. Eva Wong, is deemed to be interested in such 1,014,960,000 shares.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO *(Continued)*

Long positions in the underlying Shares of the Company

| Name of shareholder           | Number of<br>underlying Shares<br>in respect of<br>equity derivatives<br>of the Company | Approximate<br>percentage<br>of the issued<br>share capital<br>of the Company | Capacity                                       |
|-------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------|
| Kesterion Investments Limited | 3,045,000,000                                                                           | 58.54                                                                         | Beneficial owner<br>(Note 1)                   |
| Wong, Eva                     | 3,045,000,000                                                                           | 58.54                                                                         | Interest of controlled<br>corporation (Note 1) |
| Koh Tat Lee, Michael          | 3,045,000,000                                                                           | 58.54                                                                         | Family interest (Note 1)                       |
| Singson Ryan Luis V.          | 1,600,000,000                                                                           | 30.76                                                                         | Beneficial owner<br>(Note 2)                   |

Notes:

1. This represents the principal amount of approximately US\$273,269,231 of convertible bonds which upon conversion in full will result in the allotment and issue of 3,045,000,000 Shares, which have been issued to Kesterion Investments Limited on 18 Decemeber 2008 as part of considerations for the acquisition of First Pine Enterprises Limited. The entire issued share capital of Kesterion Investments Limited is beneficially owned by Ms. Eva Wong ("Ms. Wong"). Ms. Wong, is the sister of the chairman of the Company, Mr. Wong Chung Yu, Denny and the sister-in-law of a non-executive Director of the Company Mr. Yin Mark Teh-min. Mr. Koh Tat Lee, Michael, being the husband of Ms. Wong, is deemed to be interested in such 3,045,000,000 Shares.
2. This represents the principal amount of approximately US\$143,589,744 of convertible bonds which upon conversion in full will result in the allotment and issue of 1,600,000,000 Shares, which have been issued to Kesterion Investments Limited on 18 Decemeber 2008 as part of considerations for the acquisition of First Pine Enterprises Limited, and have been transferred to Mr. Singson, Ryan Luis V. on the same date.

## COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group during the six months ended 30 September 2009.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company has not redeemed any of its listed securities during the six months ended 30 September, 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September, 2009.

Throughout the Period, the Company has adopted and complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results. The Company confirms that, having made specific enquiry from all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the six months ended 30 September, 2009.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") currently comprises four members of which one is non-executive Director namely Mr. Yin Mark Teh-min and three independent non-executive Directors, namely, Mr. Lai Kai Jin, Michael, Mr. Chan Siu Wing, Raymond and Mr. Chu Hung Lin, Victor. The chairman of the Audit Committee is Mr. Chan Siu Wing, Raymond. The written terms of reference of the Audit Committee sets out the duties of the Audit Committee which includes reviewing and supervising the financial reporting and internal controls procedures of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board. The Audit Committee has reviewed this interim report in accordance with the GEM Listing Rules.

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

Hong Kong, 4 November, 2009

As at the date of this announcement, the Board comprises two executive Directors, Mr. Wong Chung Yu, Denny and Mr. Kwong Wai Ho, Richard, 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.