PAN ASIA MINING LIMITED
寰亞礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8173)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH, 2014

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

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

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

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 of Hong Kong Limited for the purpose of giving information with regard to Pan Asia Mining Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHT

For the fiscal year ended 31 March 2014, the Group recorded a turnover of approximately HK$408,784,000 and loss for the year approximately HK$175,998,000.

The directors do not recommend the payment of a dividend for the fiscal year ended 31 March 2014.

The Board of Directors (the "Board") of Pan Asia Mining Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group"), which has been reviewed by the audit committee of the Company, for the year ended 31 March 2014 together with comparative audited figures for the year ended 31 March 2013 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Turnover	3	**408,784**	274,489
Cost of sales		**(406,321)**	(272,634)
Gross profit		**2,463**	1,855
Administrative expenses		**(74,588)**	(38,885)
Other operating income/(expenses), net	4	**7,672**	3,524
Loss from operations		**(64,453)**	(33,506)
Finance costs	5	**(110,479)**	(94,465)
Share of losses of associates		**–**	–
Fair value gain on contingent consideration payable	12	**869**	–
Loss before tax		**(174,063)**	(127,971)
Income tax expense	6	**(1,935)**	–
Loss for the year	7	**(175,998)**	(127,971)
Other comprehensive income for the year, net of tax			
Items that will not be reclassified to profit or loss:			
Revaluation surplus of investment properties		**2,348**	–
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,247)**	(372)
		1,101	(372)
Total comprehensive income for the year		**(174,897)**	(128,343)
Loss for the year attributable to:			
Owners of the Company		**(175,363)**	(127,691)
Non-controlling interests		**(635)**	(280)
		(175,998)	(127,971)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(174,261)**	(127,681)
Non-controlling interests		**(636)**	(662)
		(174,897)	(128,343)
		HK$	HK$
Loss per share	8		
Basic		**0.19**	0.14
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Note	2014	2013
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**55,189**	5,162
Investment properties		**17,639**	—
Payments for mining claims		**109**	109
Exploration and evaluation assets	9	**1,104,024**	1,103,323
Goodwill		**13,595**	6,234
Intangible assets		**26,979**	—
Interests in associates		**—**	—
Loan to a third party		**—**	15,161
		1,217,535	1,129,989
Current assets			
Inventories		**19,714**	—
Trade and other receivables	10	**249,482**	76,723
Financial assets at fair value through profit or loss		**288**	9,157
Amount due from a director		**593**	109
Pledged bank deposits		**—**	3,279
Cash and bank balances		**42,058**	175,877
		312,135	265,145
Current liabilities			
Trade and other payables	11	**325,637**	205,626
Amounts due to associates		**56**	59
Amounts due to directors		**3,693**	2,058
Contingent consideration payable	12	**27,839**	—
Bank loans and bank overdrafts	13	**26,344**	2,338
Finance lease payables		**413**	186
Current tax liabilities		**2,623**	109
		386,605	210,376
Net current (liabilities)/assets		**(74,470)**	54,769
Total assets less current liabilities		**1,143,065**	1,184,758

	Note	**2014**	2013
		HK$'000	HK$'000
Non-current liabilities			
Bank loans	13	**1,172**	—
Finance lease payables		**900**	366
Convertible bonds	14	**728,341**	618,791
Deferred tax liabilities		**8,090**	—
		738,503	619,157
NET ASSETS		**404,562**	565,601
Capital and reserves			
Share capital	15	**471,450**	459,092
Reserves		**(454,853)**	(280,839)
Equity attributable to owners of the Company		**16,597**	178,253
Non-controlling interests		**387,965**	387,348
TOTAL EQUITY		**404,562**	565,601

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company									
	Share capital	Share premium	Foreign currency translation reserve	Share option reserve	Convertible bonds equity reserve	Property revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2012	456,092	3,780,032	(1,232)	320	1,263,605	–	(5,204,365)	294,452	387,913	682,365
Total comprehensive income for the year	–	–	10	–	–	–	(127,691)	(127,681)	(662)	(128,343)
Share-based payments	–	–	–	8,482	–	–	–	8,482	–	8,482
Issue of share on exercise of share option (note 15)	3,000	–	–	(551)	–	–	551	3,000	–	3,000
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	97	97
Changes in equity for the year	3,000	–	10	7,931	–	–	(127,140)	(116,199)	(565)	(116,764)
At 31 March 2013	459,092	3,780,032	(1,222)	8,251	1,263,605	–	(5,331,505)	178,253	387,348	565,601
At 1 April 2013	459,092	3,780,032	(1,222)	8,251	1,263,605	–	(5,331,505)	178,253	387,348	565,601
Total comprehensive income for the year	–	–	(1,246)	–	–	2,348	(175,363)	(174,261)	(636)	(174,897)
Issue of share on acquisition of a subsidiary (note 16(a))	12,358	247	–	–	–	–	–	12,605	–	12,605
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	1,253	1,253
Changes in equity for the year	12,358	247	(1,246)	–	–	2,348	(175,363)	(161,656)	617	(161,039)
At 31 March 2014	471,450	3,780,279	(2,468)	8,251	1,263,605	2,348	(5,506,868)	16,597	387,965	404,562

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, leasehold building and investment properties which are carried at their fair values.

The accounting policies used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2014 except the changes mentioned below.

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years, except as stated below.

a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 12 “Disclosure of Interests in Other Entities”

HKFRS 12 “Disclosure of Interests in Other Entities” specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group’s subsidiaries and associates in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

c. HKFRS 13 “Fair Value Measurement”

HKFRS 13 “Fair Value Measurement” establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affected disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position. The Group does not plan to adopt these standards prior to their mandatory effective date.

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2. SEGMENT INFORMATION

The Group has five reportable segments as follows:

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

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

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

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

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

	Mining	Metals	Coals	Bunker Fuels	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2013					
Turnover from external customers	—	13,796	167,165	93,528	274,489
Segment profit/(loss)	(95,035)	334	(17,290)	273	(111,718)
Interest expense	94,290	—	—	—	94,290
Depreciation and amortisation	2	—	121	—	123
Share of losses of associates	—	—	—	—	—
Additions to segment non-current assets	3,323	—	—	—	3,323
As at 31 March 2013					
Segment assets	1,104,652	6,465	39,892	853	1,151,862
Segment liabilities	620,763	131	363	12	621,269

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

	2014	2013
	HK$'000	HK$'000
Profit or loss		
Total loss of reportable segments	**(139,488)**	(111,718)
Unallocated amounts:		
Other operating income/(expenses), net	**5,117**	3,524
Depreciation	**(2,857)**	(1,406)
Corporate administrative expenses	**(39,639)**	(18,371)
Fair value gain on contingent consideration payable	**869**	—
Consolidated loss for the year	**(175,998)**	(127,971)
Assets		
Total assets of reportable segments	**1,419,071**	1,151,862
Unallocated amounts:		
Financial assets at fair value through profit or loss	**288**	9,157
Corporate assets	**110,311**	234,115
Consolidated total assets	**1,529,670**	1,395,134
Liabilities		
Total liabilities of reportable segments	**1,063,010**	621,269
Unallocated amounts:		
Current tax liabilities	**2,623**	109
Deferred tax liabilities	**8,090**	—
Bank loans	**12,630**	2,338
Corporate liabilities	**38,755**	205,817
Consolidated total liabilities	**1,125,108**	829,533

Geographical information:

	Turnover		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**3,225**	3,811
PRC except Hong Kong	**251,857**	–	**55,424**	12
The Philippines	**–**	–	**1,104,134**	1,103,432
Indonesia	**–**	–	**6,701**	6,947
Singapore	**156,927**	274,489	**48,051**	626
Consolidated total	**408,784**	274,489	**1,217,535**	1,114,828

In presenting the geographical information, turnover is based on the locations of the customers.

Turnover from major customers:

	2014	2013
	HK$'000	HK$'000
Coals segment		
Customer a	**53,039**	148,260
Customer b (note)	**123,851**	–
Bunker fuels segment		
Customer c	**–**	31,647
Customer d	**–**	42,619
	176,890	222,526

Note: The customer also contributed to the Group's turnover of approximately HK$5,732,000 (2013: Nil), which was included in the Beverages segment.

3. TURNOVER

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

	2014	2013
	HK$'000	HK$'000
Sales of metals	16,456	13,796
Sales of coals	234,259	167,165
Sales of bunker fuels	140,471	93,528
Sales of beverages	17,598	—
	408,784	274,489

4. OTHER OPERATING INCOME/(EXPENSES), NET

	2014	2013
	HK$'000	HK$'000
Fair value gain on financial assets at fair value through profit or loss	259	1,454
Dividend income from listed investments	57	839
Gain on disposal of property, plant and equipment	52	—
Interest income from debt investments	—	281
Interest income from loan and receivables	525	708
Net interest payable on trade balances	(1,761)	—
Compensation received from suppliers for non-performance of contracts	5,093	—
Gain on bargain purchase from acquisition of a subsidiary	99	—
Sundry income	3,348	242
	7,672	3,524

5. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Finance lease charges	**61**	35
Interest on bank loans and overdrafts	**868**	140
Interest on shareholder's loan wholly repayable within five years	**–**	1,217
Interest on convertible bonds		
– Wholly repayable within five years (note 14)	**109,550**	–
– Not wholly repayable within five years (note 14)	**–**	93,073
	110,479	94,465

6. INCOME TAX EXPENSE

	2014	2013
	HK$'000	HK$'000
Current tax - Overseas		
Provision for the year	**2,526**	–
Under-provision in prior years	**7**	–
	2,533	–
Deferred tax	**(598)**	–
	1,935	–

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits for the years ended 31 March 2013 and 2014.

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

7. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2014	2013
	HK$'000	HK$'000
Amortisation of intangible assets	2,393	—
Depreciation	4,563	1,529
Operating lease charges in respect of land and buildings	4,094	4,095
Auditor's remuneration		
Audit services	750	550
Non-audit services	72	50
	822	600
Cost of inventories sold	406,321	272,634
Allowances for trade and other receivables	11,768	—
Staff costs (including directors' emoluments)		
Salaries, bonus and allowances	20,535	11,390
Retirement benefits scheme contributions	921	488
Equity-settled share-based payments	–	576
	21,456	12,454
Equity-settled consultancy fees	–	7,906

8. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$172,049,000 (2013: loss attributable to owners of the Company of approximately HK$127,691,000) and the weighted average number of ordinary shares of 938,768,628 (2013: 913,088,190) in issue during the year.

Diluted loss per share

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

9. EXPLORATION AND EVALUATION ASSETS

	Exploration rights	Evaluation expenditure	Total
	HK$'000	HK$'000	HK$'000
Cost			
At 1 April 2012	8,429,879	12,538	8,442,417
Additions	—	3,323	3,323
At 31 March 2013 and 1 April 2013	8,429,879	15,861	8,445,740
Additions	—	701	701
At 31 March 2014	8,429,879	16,562	8,446,441
Accumulated impairment			
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	7,342,417	—	7,342,417
Carrying amount			
At 31 March 2014	1,087,462	16,562	1,104,024
At 31 March 2013	1,087,462	15,861	1,103,323

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

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

The acceptance of the application of the MPSA involve various phases, including but not limited to, the evaluation of feasibility studies, environmental work plan and financial capability of Mogan; the obtaining of area status and clearance; and public consultation by regional and central offices of the MGB and the DENR. As of the approval date of these financial statements, the MPSA was yet to be awarded to Mogan. To the best knowledge of the directors, the Group should have no major difficulties in fulfilling the technical and other requirements for the acceptance of the MPSA application by the MGB.

Impairment test

In accordance with the Group's accounting policy, the Group reviews the facts and circumstances relating to the exploration and evaluation assets to determine whether there is any indication that the exploration and evaluation assets have suffered impairment losses.

The directors considered that the mining operations have not reached a stage for reliable estimation of the future production volume and operation costs. Accordingly, in assessing whether there is indication of impairment, the directors considered whether there are fact and circumstances that suggest the extraction of mineral resources from the Exploration Area being not technically feasible or commercial viable. The key factors include the progress of the exploration and MPSA application, the remaining terms of the exploration rights, the prices of iron ore, the estimated expenditure to develop the mining area and the sources of funding, etc. To the best of their knowledge, the directors were not aware of any facts and circumstances that would trigger the assessment of impairment. Accordingly, no impairment losses were recognised for the year ended 31 March 2014.

As set out in the above paragraphs, the recoverable amount of the exploration and evaluation assets as at 31 March 2014 is determined on the basis that the MPSA would be awarded to Mogan. If the application of the MPSA is unsuccessful, the Group might incur a significant amount of impairment loss on the corresponding exploration and evaluation assets, which might have a significant effect on the consolidated financial statements of the Group. However, the directors are of the opinion that Mogan would be able to obtain the MPSA and they do not foresee any circumstances that would trigger their application for MPSA being unsuccessful.

10. TRADE AND OTHER RECEIVABLES

The carrying amounts of trade and other receivables is analysed as follows:

	2014	2013
	HK$'000	HK$'000
Trade receivables	**117,956**	4,421
Rental and other deposits	**1,507**	20,256
Prepayments and other receivables	**130,019**	52,046
	249,482	76,723

As at 31 March 2014, allowances were made for estimated irrecoverable trade and other receivables of approximately HK$11,777,000 (2013: Nil).

Reconciliation of allowance for trade and other receivables:

	2014
	HK$'000
At 1 April 2012, 31 March 2013 and 1 April 2013	–
Allowance for the year	11,768
Exchange differences	9
At 31 March 2014	11,777

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. The credit terms generally range from 1 to 180 days (2013: 1 to 120 days). Overdue balances are reviewed regularly by management.

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

	2014	2013
	HK$'000	HK$'000
0 to 90 days	50,747	3,521
91 to 180 days	3,872	900
Over 180 days	63,337	–
	117,956	4,421

As at 31 March 2014, trade receivables of HK$109,786,000 (2013: HK$2,506,000) were past due but not impaired. These mainly relates to a customer, which is the Group's strategic partner in the distribution/procument of coals in the PRC and the South East Asia region, with overdue balances of HK$91,897,000 as at 31 March 2014 (2013:Nil). The directors considered the payment history of the customer during the year, subsequent to the year end and the related trade payables to the customer, and are of the opinion that the amount due would be recoverable in full. The rest of past due balances relate to a number of independent customers for whom there is no recent history of default. The Group did not hold any collaterals in respect of the trade receivables from customers.

The ageing analysis of these trade receivables, based on due dates, is as follows:

	2014	2013
	HK$'000	HK$'000
0 to 90 days	**46,297**	2,506
91 to 180 days	**4,532**	—
Over 180 days	**58,957**	—
	109,786	2,506

11. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	HK$'000
Trade and bills payables	**57,490**	13
Payable to China Shipbuilding Industrial Complete Equipment and Logistics Company Limited (note)	**247,836**	197,955
Accruals	**5,607**	4,986
Other payables	**14,704**	2,672
	325,637	205,626

Note: As at 31 March 2014, the amount included a deposit of US$17,700,000 (equivalent to approximiately HK$137,312,000) (2013: US$25,500,000 (equivalent to HK$197,955,000) received from China Shipbuilding Industrial Complete Equipment and Logistics Company Limited ("CSICEL") pursuant to the cooperation agreement entered into with CSICEL relating to the supply of bunker fuel to CSICEL. The performance of the cooperation agreement was secured by the interests of Kesterion Investments Limited ("Kesterion") in the Company's shares and convertible bonds of Kesterion. Kesterion is a shareholder of the Company and is controlled by Ms. Eva Wong, being the spouse of the Chairman, Mr. Michael Koh Tat Lee, the sister-in-law of the non-executive director of the Company, Mr. Yin Mark Teh-min and the sister of the former chairman of the Company , Mr. Wong Chung Yu, Denny.

The remaining balances were trade and related payables to CSICEL arising from trading of coals, which was unsecured, bear interests at 18.3% per annum and no fixed terms of repayment.

The ageing analysis of the trade payables, based on the date of receipt of goods, is as follows:

	2014	2013
	HK$'000	HK$'000
0 to 90 days	**22,420**	13
91 to 180 days	**55**	—
Over 180 days	**35,015**	—
	57,490	13

12. CONTINGENT CONSIDERATION PAYABLE

	2014	2013
	HK$'000	HK$'000
As at 1 April 2012, 31 March 2013 and 1 April 2013	**–**	–
Arising from acquisition of Brighton Asia Pacific Investment Holdings Limited ("Brighton") (note 16(a))	**28,708**	–
Changes in fair value during the year	**(869)**	–
At 31 March 2014	**27,839**	–

The contingent consideration payable as at year end date represented the present value of the contingent consideration for the acquisition of a subsidiary, which was carried at fair value estimated based on level 2 measurement. Details of the above are set out in note 16(a) of this announcement.

13. BANK LOANS AND BANK OVERDRAFTS

	2014	2013
	HK$'000	HK$'000
Bank loans	**17,945**	2,338
Bank overdrafts	**9,571**	–
	27,516	2,338

The borrowings are repayable as follows:

	2014	2013
	HK$'000	HK$'000
On demand or within one year	**26,344**	2,338
In the second year	**1,080**	–
In the third to fifth years, inclusive	**92**	–
	27,516	2,338
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(26,344)**	(2,338)
	1,172	–

The average interest rates at 31 March were as follows:

	2014	2013
Bank loans	**6.6%**	3.3%
Bank overdrafts	**Prime rate +0.5%**	N/A

Bank loans and bank overdrafts of HK$5,315,000 (2013: Nil) and HK$9,571,000 (2013: Nil) respectively are secured by a charge over the Group's leasehold building classified as property, plant and equipment amounted to approximately HK$43,544,000 as at year end date and guarantee executed by the director of the Company.

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

14. CONVERTIBLE BONDS

On 18 December 2008, the Company entered into a subscription agreement with Kesterion for the issue of convertible bonds with an aggregate principal amount of USD655,128,205 (equivalent to approximately HK$5,110,000,000) (the "Convertible Bonds") in connection with the acquisition of 64% equity interest in Mogan. The Convertible Bonds are convertible, at any time between the issue date and maturity date, and at the option of the holders, into ordinary shares of the Company at a fixed conversion price of HK$0.70 per conversion share, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issued. In 2011, the conversion price of the Convertible Bonds were adjusted to HK$22.79 per share upon the completion of the capital reorganisation, share consolidation and rights issue.

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

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

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

	Liability component HK$'000	Equity conversion component HK$'000	Principal amount HK$'000
At 1 April 2012	525,718	1,263,605	1,571,500
Imputed interest charged for the year (note 5)	93,073	—	—
At 31 March 2013 and 1 April 2013	618,791	1,263,605	1,571,500
Imputed interest charged for the year (note 5)	109,550	—	—
At 31 March 2014	728,341	1,263,605	1,571,500

The imputed interest charged for the year is calculated by applying an effective interest rate of 17.7% (2013: 17.7%) per annum to the liability component.

15. SHARE CAPITAL

	Note	No. of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
Ordinary shares of HK$0.5 (2013: HK$0.5) each			
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014		2,000,000,000	1,000,000
Issued and fully paid:			
Ordinary shares of HK$0.5 (2013: HK$0.5) each			
At 1 April 2012		912,184,080	456,092
Issue of share on exercise of share options	(a)	6,000,000	3,000
At 31 March 2013 and 1 April 2013		918,184,080	459,092
Issue of share on acquisition of a subsidiary	(b)	24,715,000	12,358
At 31 March 2014		942,899,080	471,450

Notes:

(a) During the year ended 31 March 2013, an option holder exercises 6,000,000 share options to subscribe for 6,000,000 ordinary shares of HK$0.5 each at a consideration of HK$3,000,000.

(b) On 31 May 2013, the Company issued 24,715,000 ordinary shares as consideration for the acquisition of a subsidiary, details of which are set out in note 16(a) of this announcement.

16. ACQUISITIONS OF SUBSIDIARIES

(a) On 31 May 2013 ("Completion Date"), the Group acquired 100% of the issued share capital of Brighton. Brighton holds the entire equity interest in a PRC company, Xiamen Yaozhong Asia-Pacific Trading Co., Ltd ("廈門耀中亞太貿易有限公司") (collectively "Brighton Group") which is principally engaged in trading of coal and has commenced trading of beverages during the period.

According to the sale and purchase agreement dated 27 March 2013 and a related supplemental agreement dated 10 May 2013 entered into between a subsidiary of the Company, Black Sand Enterprises Limited, and Brighton Asia Pacific Investment Limited, the consideration of the acquisition of Brighton Group will be settled by way of:

(i) allotting and issuing 24,715,000 ordinary shares of the Company upon Completion Date;

(ii) allotting and issuing up to a further of 66,285,000 contingent ordinary shares of the Company, depending on the upcoming financial performance of Brighton Group for the period from 1 April 2013 to 31 March 2014 ("Guaranteed Period"). The number of contingent ordinary shares to be issued ("Contingent Shares") is subject to the adjustments below:

Scenario 1: in the event that the profit of the Brighton Group for the Guaranteed Period is not less than HK$3,700,000, the Contingent Shares shall be 66,285,000;

Scenario 2: in the event that the profit of Brighton Group for the Guaranteed Period is more than HK$1,000,000 but less than HK$3,700,000, the Contingent Shares shall be reduced by 2,455,000 per HK$100,000, shortfall from HK$3,700,000. Any shortfall less than HK$100,000 will be rounded up to HK$100,000; and

Scenario 3: in the event that the profit of Brighton Group for the Guaranteed Period is HK$1,000,000 or less, the Contingent Shares shall be adjusted to zero;

Details of this acquisition were set out in the Company's announcements and circular dated 27 March 2013 and 10 May 2013 respectively.

The purchase consideration has been allocated to the identifiable assets and liabilities acquired with reference to the fair value determined by an independent valuer appointed by the directors, as follows:

	HK$'000
Property, plant and equipment	4,485
Investment properties	13,925
Intangible assets	28,724
Inventories	528
Trade receivables	47,826
Prepayments, deposits and other receivables	10,384
Cash and bank balances	1,198
Trade and other payables	(64,412)
Deferred tax liabilities	(8,706)
Net assets acquired	33,952
Goodwill	7,361
Total purchase consideration	41,313
Satisfied by:	
Ordinary shares of the Company issued upon completion of the acquisition, at fair value	12,605
Contingent consideration payable at fair value	28,708
	41,313
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	1,198

The goodwill arising from the acquisition of the Brighton Group is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the business combination.

The fair value of 24,715,000 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares on the Completion Date.

The fair value of contingent consideration payable at the Completion Date represented the present value of the Contingent Shares expected to be issued at the end of the Guaranteed Period, which was estimated based on the expected net profit of the Brighton Group for the Guaranteed Period. The valuation was prepared by an independent valuer, Ascent Partners Valuation Service Limited.

Key inputs used in the fair value measurement are as follows:

Unobservable input	As at Completion Date
Expected net profit (Note i)	HK$1,000,000 – HK$9,412,000
Discount rate applied (Note ii)	0.13677%
Average simulated share price under Monte Carlo Method (Note iii)	HK$0.30 to HK$0.57

Note i: Expected net profit for Contingent Shares is based on the Directors' best estimate and weighted probability analysis for Brighton Group.

Note ii: Discount rate applied represents the estimated cost of debt of similar credit-rating companies by applying a credit risk premium to the risk-free interest rate.

Note iii: Average simulated share price are estimated based on the historical volatility of the share price of the Company's ordinary shares listed on the Stock Exchange.

Subsequent to the year end, the net profit of the Brighton Group for the Guaranteed Period was determined to be more than HK$3,700,000. Accordingly, 66,285,000 ordinary shares of the Company are to be issued in satisfying the contingent consideration. The directors estimated the present value of these contingent shares amounted to HK$24,525,000 as at 31 March 2014 based on the quoted market price at the latest practical date, being 18 June 2014. The resulting fair value gain on contingent consideration payables of HK$869,000 was recognised in profit or loss for the year.

(b) On 13 September 2013, the Group acquired 100% of the issued share capital of Evotech (Asia) Pte Ltd ("Evotech") at a consideration of S$3,600,000 (equivalent to approximately HK$22,057,200). Evotech was engaged in the scrap metal trading business during the period.

The fair value of the identifiable assets and liabilities of Evotech acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

	HK$'000
Property, plant and equipment	42,361
Intangible assets	640
Inventories	6,567
Trade receivables	1,402
Prepayments, deposits and other receivables	4,243
Cash and bank balances	1,684
Trade and other payables	(19,727)
Bank loans and overdrafts	(15,014)
Net assets acquired	22,156
Gain on bargain purchase	(99)
Total consideration satisfied by cash in prior periods	22,057
Net cash inflow arising on acquisition:	
Cash and bank balances	1,684
Bank overdrafts	(9,289)
Cash and cash equivalents acquired	(7,605)

The Group recognised a gain on bargain purchase of HK$99,000 in the business combination. The business combination resulted in a gain on bargain purchase which is mainly attributable to the change in fair value of the leasehold building between the contract signing date and complete date of the acquisition.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

MATERIAL UNCERTAINTY RELATING TO THE EXPLORATION AND EVALUATION ASSETS

Without qualifying our opinion, we draw attention to note 21 to the financial statements. On 15 June 2010, Mogan submitted an application to the Mines and Geosciences Bureau (the "MGB") of the Department of Environment and Natural Resources of the Philippines for the conversion of the exploration rights into a mineral production sharing agreement (the "MPSA") in respect of 5,000 hectares within the exploration area of 28,157 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines covered by two exploration permits issued by the MGB. A MPSA is an agreement between a contractor and MGB, acting on behalf of the Government of the Philippines, whereby the Government of the Philippines grants the contractor exclusive rights to conduct mining operations to extract and exploit the pre-agreed upon mineral resources in the specified area within a specified time frame. As of the approval date of these financial statements, the MPSA was yet to be awarded to Mogan.

If the application of the MPSA is unsuccessful, the Group might incur a significant amount of impairment loss on the corresponding exploration and evaluation assets, which might have a significant effect on the consolidated financial statements of the Group. However, the directors are of the opinion that Mogan would be able to obtain the MPSA and they do not foresee any circumstances that would trigger their application for MPSA being unsuccessful.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2014 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 2.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: Nil).

BUSINESS REVIEW

COAL

The China government has been pushing hard promoting environmental protection and emission reduction. It also promotes substitution of traditional fuel by green energy for power generation. Further, given the fact of retarded economic growth in 2013 the China coal market demonstrated production excess and declination of market price and demand due to decline in electricity growth.

According to a report published by China National Coal Association in January 2014, China produced approximately 3.7 billion tons of coal in 2013 but national consumption was approximately 3.6 billion tons. Consumption growth reduced to 2.6% from 9% 10 years ago. At the same time, imported coal reached a historical record of 330 million ton.

On the other hand, Indonesia government has been hitting hard illegal coal minings in 2013. A lot of coal jetties and coal mines were closed by the government in South Kalimantan which caused significant short of coal supply and coal handling capacities. Indonesia coal prices rose to the level close to the coal produced locally in China.

Besides, as Indonesia government resolved to stop export of Nickel ore since January 2014, many Indonesian exporters had to rush for exporting their stock on hand to China in Q4 2013. Seaborne freight charges were pushed up significantly during the period.

Under the various unfavourable conditions coal price dropped and many PRC coal importers were operating under difficulties or were even closed. The Group decided to pass the cold season by actively shrinking business volume. As a result, both total sales and gross profit margin for the year were below expectation.

BEVERAGE

Water is one of the important resources on earth. Apart from being used in various industrial production processes water is also needed by human beings as food and drinks. The Group recognised the large potential of beverage business opportunities. We commenced importing bottled spring water from Canada into China and increased our efforts in the trading of tea drinks from South Korea to United States of America. During the year total turnover of beverage business amounted to approximately HK$17.6 million contributed by bottled water and tea drinks in roughly equal shares.

The spring water business was not started spontaneously. To test the water, importing the well-known branded spring water from Canada was carried out by the newly acquired PRC subsidiary located in Xiamen city, Fujian province. Fujian province has a unique culture of tea brewing. Citizens brew teas when they meet and greet no matter for private gatherings or business discussions. The Canada spring water has been tested to be uniquely fit for promoting tastes and flavour of certain teas which are popular in the province. This encouraging trial result enticed the Group to look deeper into the business potential of importing spring water.

On the other side of the Globe, USA families were used to have carbonated drinks after meal. Following a large number of studies disclosing unhealthy outcome of heavy consumption of soft drinks, people are increasingly aware of the health impacts and actively looking for a more healthy drink to substitute soft drinks. In view of the new market potential we started to import Korea made tea-based drinks with abundant genuine aloe vera fruit content. The tea drinks have the goodness of both tea and aloe vera. They were launched with a number of fruity flavours and have undergone long and careful taste tests and market developments in 2 major cities in USA. They were proven welcomed by the local consumers.

METAL TRADING

During the year Evotech (Asia) Pte Ltd ("Evotech"), a scrap metal trading company in Singapore, became a wholly owned subsidiary of the Group. Evotech owns a warehouse property which is essential for the processing and preparation of scrap metals for trading. The Group expects the acquisition will facilitate our expansion into the scrap metal business based in the country.

During the year, local scrap market was a somewhat quiet and sluggish due to slow down of the re-development process undergone by the local government. The Group is actively seeking for alternative supplies and demands in other countries to sustain growth of the business.

MINERALS EXPLORATION & EXPLOITATION

There was no drilling exercise done in the year. The Group has been converging its focus in the MPSA application which is slower than expected mainly due to the severe damage caused by the hit of a super typhoon in the country last year. After submission of the revised Environmental Impact Assessment Report in January 2014 the Group is preparing for securing the Environmental Compliance Certificate to be granted by DENR.

BUNKER FUEL

In March last year the Group entered into bunker fuel trading contracts with China Shipbuilding Industrial Complete Equipment and Logistics Company Limited ("CSICEL"). The Group agreed to supply bunker fuel to CSICEL and received purchase deposits of US$25.5 million. The Group resumed fuel trading operation in Singapore since October 2013. After a few months the Group considered necessary to suspend the operation again because of the disappointed operation results. Accordingly the Group is liable for a penalty of US$1.5 million payable to CSICEL according to contract.

As at 31 March 2014 the Group has refunded approximately US$7.8 million deposits to CSICEL. Total payable to CSICEL amounts to approximately US$19.2 million including the penalty. The Group is considering a fund raising exercise to fulfill the payment obligation.

PROSPECTS

COAL

The China government has directed to close all local coal mines having annual production of less than 100,000 tons within the first half of 2014. The directive covers more than 2,000 coal mines. Market generally expects that total coal production in 2014 will be stabilized or will even decline. We consider the mine closure a positive measure for coal importers like us.

Besides, India and other South East Asia countries are experiencing high economic growths in recent years. Their electricity demands also rise continuously. However, India's coal production is only 500 million tons a year. The Group sees the alternative demands and will actively explore relevant new markets. Besides, we are also investigating and considering to acquiring equity interests in Indonesia coal resources for securing stable sources of coal at competitive costs.

BEVERAGE BUSINESS

China is home to one-fifth of the world's population but has only 7 percent of its freshwater. Water is essential to human survival and social economic development.

Government figures show that more than half of the country's largest lakes and rivers were so polluted that their water was unfit for human consumption in 2011. According to the Environmental Protection Ministry statements published in 2013, toxic and hazardous chemical pollution has caused many environmental disasters, cutting of drinking water supplies, and leading to severe health and social problems in recent years.

Despite China's water being significantly more polluted than developed countries, 98 percent of water treatment plants in China were using conventional older technologies, which cannot remove many of the pollutants, to treat its water according to 2009 statistics.

China's per capita consumption of bottled water still lags behind developed countries by a very significant margin. In 2010, the average annual per capita expenditure on bottled water was only US$5.7 in China, compared to US$120.6 in United States, US$153.7 in Germany and a worldwide average of US$23.8, according to Euromonitor. This implies significant growth potential of demand for bottled water in China in the years ahead.

The spring water imported to China is bottled in Canada which gives the essential edge for its premium market positioning and safety assurance to the China top-notch consumers. The Group is in the process to secure the distribution rights for the products and is looking to carry out an official product launch to selected markets in later half of 2014.

The Group also expects a high growth in tea drinks business in USA. Consumer acceptance of the tea drinks products has been proven. The local importer in USA has just successfully entered the products into a famous chain store, Walgreen, in the 2 states where it is operating. Distribution network will be expanded quickly following the first chain store engagement and the Group expects the sales volume to soar shortly.

FINANCIAL REVIEW

The Group's turnover in 2014 amounted to approximately HK$408,784,000 (2013: approximately HK$274,489,000), increased by approximately HK$134,295,000 as compared to 2013. The significant increase in turnover was mainly attributable to higher turnover of coal and marine fuel businesses. During the year, turnover from coal business rose to approximately HK$234,259,000 (2013: approximately HK$167,165,000) and turnover from marine fuel business rose to approximately HK$140,471,000 (2013: approximately HK$93,528,000). Gross profit amounted to approximately HK$2,463,000 (2013: approximately HK$1,855,000). Other operating income/(expenses), net amounted to approximately HK$7,672,000 (2013: approximately HK$3,524,000) in which a trade compensation received of approximately HK$5,093,000 (2013: Nil) was recorded. Loss for the year increased to approximately HK$175,998,000 as compared to approximately HK$127,971,000 in last year.

CAPITAL STRUCTURE AND LIQUIDITY

As at 31 March 2014, the Company has outstanding zero coupon rate convertible bonds with a carrying value of approximately HK$728,341,000 (31 March 2013: approximately HK$618,791,000) convertible into 68,955,682 ordinary shares (31 March 2013: 68,955,682 ordinary shares) of the Company of HK$0.50 each. The convertible bonds with outstanding principal amount totalling US$201,474,359 (equivalent to approximately HK$1,571,500,000) are due for full redemption on 18 December 2018.

As at 31 March 2014, the Group has a current ratio of approximately 0.81 time (31 March 2013: approximately 1.26 times). Gearing ratio, calculated based on non-current liabilities of approximately HK$738,503,000 (31 March 2013: approximately HK$619,157,000) against total equity of approximately HK$404,562,000 (31 March 2013: total equity of approximately HK$565,601,000) increased from 109.47% for 2013 to 182.54% for 2014.

As at 31 March 2014, the Group did not have any material contingent liability (31 March 2013: Nil).

As at 31 March 2014, the Group did not have any material capital commitment (31 March 2013: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

On 31 May 2013, a wholly owned subsidiary of the Company, Black Sand Enterprises Limited, completed the acquisition from Brighton Asia Pacific Investment Limited, a company incorporated in British Virgin Islands and wholly owned by Mr. Cheung Hung Man who is an executive director and the chief executive officer of the Company, of all issued share of Brighton Asia Pacific Investment Holdings Limited ("Brighton"), a company incorporated in Hong Kong. Brighton holds the entire equity interests in a PRC company, Xiamen Yaozhong Asia-Pacific Trading Company Limited (together "Brighton Group"), a wholly foreign-owned enterprise established in the PRC, which is principally engaged in trading of coal and has been granted the license to operate coal business in the PRC under which it is allowed to import coal into the PRC. Total purchase consideration was HK$50,050,000 to be fully satisfied by issuing of 91,000,000 Consideration Shares at HK$0.55 each on the condition that profit of the Brighton Group for the period from 1 April 2013 to 31 March 2014 amounted to HK$3,700,000 or above. As at the date of this announcement, Brighton Group's profit for the period exceeded HK$3,700,000 as reported by Company's auditors. On 31 May 2013, 24,715,000 Consideration Shares were issued and alloted according to acquisition terms. The balance of 66,285,000 Consideration Shares will be issued to fully satisfy the total purchase consideration. The Management believes that integrating business of the Group with that of Brighton Group will strengthen the coal trading network and process flow of the Group. Besides, the integration will also allow the Group to better position itself in the PRC for further expansion and to grasp business opportunities in future in coal business.

On 21 July 2011, the Group agreed to acquire the leasehold interest in a warehouse property located in Singapore. On 13 September 2013, after an internal restructuring by the Vendor, the Group entered into a supplemental agreement with the Vendor to acquire all issued shares of Evotech (Asia) Pte Ltd ("Evotech"), a private company incorporated in Singapore, and the acquisition was completed on the same date. Evotech owns the property and is engaged in the scrap metal trading business in Singapore. The Management believes that it will facilitate the Company's initiatives to expand into scrap metal trading business based in Singapore.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group has 63 full time employees (31 March 2013: 30) in Hong Kong, Singapore, Indonesia and Mainland China. During the year ended 31 March 2014, the Group incurred staff costs (including Directors' emoluments) of approximately HK$21,456,000 (2013: approximately HK$12,454,000).

Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund Scheme (the "Scheme"), medical schemes and performance-lined discretionary bonuses.

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

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

SHARE OPTION SCHEME

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

The Company adopted a share option scheme on 30 July 2012 (the "New Share Option Scheme") for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group. Under the New Share Option Scheme, the directors may grant options to eligible full-time or part-time employees, including any executive, non-executive and independent non-executive directors, and consultants or advisers of the Company and/or any of its subsidiaries. The New Share Option Scheme as valid and effective for a period of ten years from the adoption date.

The total number of shares in respect of which options may be granted under the New Share Option Scheme, and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued share capital of the Company without prior approval from the Company's shareholders.

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

Options granted must be taken up within thirty days of the date of grant, upon payment of HK$1 per grant.

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

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

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

Movement of the outstanding share options and their weighted average exercise prices for the year ended 31 March 2014 were as follows:

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

BORROWING FACILITIES

As at 31st March 2014, the Group has obtained credit facilities from various banks up to a maximum amount of approximately HK$46,807,000 (2013: approximately HK$15,526,000) and approximately HK$27,516,000 (2013: approximately HK$2,338,000) of the credit facilities has been utilized.

PLEDGE OF ASSETS

At 31 March 2014, a warehouse property located in Singapore at carrying value of S$7,000,000 (equivalent to approximately HK$43,544,000) (31 March 2013: Nil) and investment properties located in the PRC at carrying values of approximately RMB13,966,000 (equivalent to approximately HK$17,639,000) (31 March 2013: Nil) were pledged to secure general banking facilities granted to the Group.

At 31 March 2013, certain bank deposits and held-for-trading investments of the Group with carrying value of approximately HK$3,279,000 and HK$9,157,000, respectively were pledged to secure general bank facilities granted to the Group. No equity investment and bank deposit was pledged as at current year end date.

TREASURY POLICIES

The transactions of the Company and its subsidiaries are mainly denominated in United States Dollar and the majority of the Group's tangible assets are denominated in Hong Kong Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK$7.8 to US$1.0. As a result, the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risk and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation.

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2014.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or any of their associates (as defined in the GEM Listing Rules), is or was interested in any business apart from the Group's business, that of the Company competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 March 2014 and up to and including the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain and ensure high standards of corporate governance practices. Except for the deviations as disclosed in this announcement, the Company has adopted and complied with the code provisions set out in Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM Listing Rules**") throughout the year ended 31 March 2014.

Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the Company was unable to present at the annual general meeting held on 25 July 2013 as he was away on a business trip. Also, under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some directors of the Company were unable to present at the extraordinary general meeting held on 28 May 2013 and the annual general meeting held on 25 July 2013 due to their other important engagement at the relevant time.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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

The Company confirms that, having made specific enquiry from all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the year ended 31 March 2014.

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

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises four members of which one is a non-executive Director, Mr. Yin Mark Teh-min and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Chu Hung Lin, Victor and Mr. Tong Wan Sze. The chairman of the Audit Committee is Mr. Tong Wan Sze.

The role and functions of the Audit Committee are set out in the written terms of reference of the Audit Committee which includes to oversee the relationship with auditor, to review and supervise the financial reporting system and internal controls procedures of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board. The terms of reference can be obtained from the website of the Company and the Stock Exchange.

The Audit Committee has reviewed the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2014 and also reviewed the system of internal control of the Group in accordance with provision C.2.1 of the CG Code. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group.

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

20 June 2014, Hong Kong

As at the date of this announcement, the Board comprises three executive Directors, Mr. Michael Koh Tat Lee, Mr. Eng Wee Meng and Mr. Cheung Hung Man, two non-executive Directors, Mr. Yin Mark Teh-min and Mr. Liang Tong Wei, and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Chu Hung Lin ,Victor and Mr. Tong Wan Sze.

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