

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8173)

DISCLOSEABLE TRANSACTION OPTION AGREEMENT RELATING TO A DISPOSAL OF A LEASEHOLD PROPERTY

THE OPTION AGREEMENT

On 29 July 2015, the Vendor, a wholly-owned subsidiary of the Company, entered into the Option Agreement with the Purchaser with an option money of S\$61,800 (equivalent to approximately HK\$351,000) received, pursuant to which the Vendor granted the Option to the Purchaser in relation to the Disposal. On 30 July 2015, the Purchaser delivered a notice to the Vendor of its acceptance to exercise the Option together with a payment of S\$247,200 (equivalent to approximately HK\$1,405,000) plus GST, which shall be treated as part payment for the consideration to the Disposal.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios in relation to the Disposal contemplated thereunder the Option Agreement exceeds 5% but is less than 25%, the entering of the Option Agreement and the Disposal contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

BACKGROUND

On 29 July 2015, the Vendor, a wholly-owned subsidiary of the Company, entered into the Option Agreement with the Purchaser, pursuant to which the Vendor granted the Option to the Purchaser in relation to the Disposal.

Set forth below the principal terms of the Option Agreement:

THE OPTION AGREEMENT

Date

29 July 2015

Parties

Purchaser: Hock Seng Hoe Metal Company Pte Ltd; and

Vendor: Evotech (Asia) Pte Ltd, a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons (as defined in the GEM Listing Rules).

Nature of the transaction

Pursuant to the Option Agreement, the Vendor conditionally agreed to grant the Option to the Purchaser, pursuant to which the Purchaser may, during the two-day period after the signing of the Option Agreement, exercise the Option to conditionally acquire the Property at a total consideration of S\$6.18 million (equivalent to approximately HK\$35.13 million) plus GST. The Option may be exercised by the Purchaser upon the Purchaser's delivery of an amount equivalent to 5% of the total consideration for the Disposal, and the remaining balance of the consideration for the Disposal shall be payable by the Purchaser to the Vendor upon Completion.

Upon the Option being exercised by the Purchaser pursuant to the terms of the Option Agreement, the Option Agreement and the transaction contemplated thereunder constitute a binding contract for the sale and purchase of the Property. On 30 July 2015, the Purchaser delivered a notice to the Vendor of its acceptance to exercise the Option together with a payment of S\$247,200 (equivalent to approximately HK\$1,405,000) plus GST, which shall be treated as part payment for the consideration to the Disposal.

Consideration for the Disposal

The total consideration of the Disposal is S\$6.18 million (equivalent to approximately HK\$ 35.13 million) plus GST, which shall be payable by the Purchaser in the following manner:

- (i) an amount of S\$61,800 (equivalent to approximately HK\$351,000), representing an option money for the Option Agreement, shall be payable and was paid by the Purchaser upon the entering of the Option Agreement;
- (ii) an amount of S\$247,200 (equivalent to approximately HK\$1,405,000) plus GST, representing the balance of 5% of the total consideration for the Disposal, shall be payable and was paid by the Purchaser upon the exercise of the Option by the Purchaser; and
- (ii) an amount of S\$5,871,000 (equivalent to approximately HK\$33,374,000) plus GST, representing the remaining balance of the total consideration for the Disposal, shall be payable by the Purchaser upon the Completion of the sale and purchase of the Property.

The total consideration for the Disposal was determined upon arm's length negotiation between the Vendor and the Purchaser, having regard to prevailing market value and market sentiment of similar properties at the time when the Option Agreement was entered into.

Conditions precedent to the Disposal

The Completion of the Disposal shall be conditional upon and subject to the fulfillment and satisfaction of the following conditions precedent:

- (i) the Vendor and the Purchaser obtaining in-principle written approval from JTC for the sale and purchase of the Property;
- (ii) the Purchaser obtaining the final approvals of all other relevant authorities including the National Environmental Agency in respect of the Property; and
- (iii) the Purchaser obtaining JTC's approval for the change of use of the Property for cutting, fabrication and storage of steel and metal and office use.

In the event that the application for JTC's in-principle approval is rejected by JTC, or JTC's in-principle approval is not obtained within 16 weeks from the exercise date of the Option by the Purchaser (i.e. 30 July 2015) or such other date as the parties may otherwise mutually agree, the Option and the Disposal shall be automatically terminated and the Vendor shall refund all monies paid by the Purchaser to the Purchaser without interest.

As at the date of this announcement, none of the above conditions to the Disposal has been fulfilled.

The Property

The Property was granted by Jurong Town Corporation, a statutory body in Singapore, which is involved in the development and management of industrial estates and their related facilities in Singapore, in 2003 and was renewed on 1 December 2010 for another 22 years. It has been used by the Vendor as workshop and warehouse for the scrap metal business. The carrying amount of the Property as at 31 July 2015 was approximately S\$7,459,000 (equivalent to approximately HK\$ 49,112,000). The Property is located at 42 Gul Circle, Singapore 629577. It has a land area and a floor area of approximately 4,554.1 square meters and approximately 3,669.4 square meters, respectively. As stipulated in the existing lease, the subject real property can be used for the purpose of re-engineering and packing of ferrous and non-ferrous metal and insulated wires only and for no other purpose whatsoever except with the prior written consent of JTC.

Completion

The Disposal shall be completed, among other things:

- (a) within 12 weeks from the date of JTC's in-principle approval; or
- (b) within one month after JTC has accepted in writing and by its satisfaction of any environmental assessment it requires.

At the Completion, the Vendor shall deliver a duly executed transfer of title in respect of the Property, in exchange for the Purchaser's payment of the balance in the consideration for the Disposal.

REASONS FOR AND BENEFIT OF THE TRANSACTION

The Group engages in exploration and exploitation of mineral resources and trading of metals. Taking into consideration of the recent downturn of industrial property market in Singapore, the Disposal was entered into by the Company with a view to retain more cash resources on hand for other business purpose and development. Despite the disposal of the Property, the Group has no intention to discontinue its metal trading business. The Group will seek another suitable warehouse to continue the business after the completion of the Disposal.

In view of the above, the Directors are of the view that the Disposal provides a good opportunity for the Company to realise the Property into cash for the Group and the terms of the Option Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

A loss on disposal in the amount of approximately S\$1,341,000 (equivalent to approximately HK\$8,830,000) in respect of the Disposal is expected to be arisen upon the completion of the Disposal. The loss was calculated with reference to the net disposal proceeds of S\$6,118,200 (equivalent to approximately HK\$ 40,284,000, after deducting sales commission) and the carrying amount of the Property as at 31 July 2015 .

USE OF PROCEEDS

The Company intends to apply the proceeds of the Disposal as general working capital of the Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios in relation to the Disposal contemplated thereunder the Option Agreement exceeds 5% but is less than 25%, the entering of the Option Agreement and the Disposal contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Disclosure on the Option Agreement has been made on 14 August 2015 through the Company's first quarterly result announcement for the three months ended 30 June 2015. Due to an inadvertent oversight, the Company mistakenly believed that the Option Agreement did not constitute a notifiable transaction under the GEM Listing Rules. Upon further consideration and inquiry being made by the Company, the Company became aware that the Option Agreement constituted a notifiable transaction and was subject to reporting and announcement requirements under the GEM Listing Rules.

GENERAL

The Company was incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM Board of the Stock Exchange, it principally engages in investment holding. The Company's subsidiaries engage in exploration and exploitation of minerals and trading of coal, metals and beverages.

The Vendor, a wholly-owned subsidiary of the Company, is a company incorporated under the laws of Singapore with limited liability, principally engaged in scrap metal trading business and the owner of the Property.

The Purchaser is a company incorporated under the laws of Singapore with limited liability, principally engaged in scrap metal business in Singapore.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Pan Asia Mining Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM Board of the Stock Exchange
“Completion”	the completion of the sale and purchase of the Property
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor pursuant to the terms of the Option Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“GST”	Goods and services tax in Singapore
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JTC”	Jurong Town Corporation, a statutory body in Singapore, which is involved in the development and management of industrial estates and their related facilities in Singapore
“Option”	the option granted by the Vendor to the Purchaser for the sale and purchase of the Property
“Option Agreement”	the agreement entered into between the Vendor and the Purchaser on 29 July 2015 pursuant to which the Vendor agreed to grant Option to the Purchaser
“Property”	the leasehold interest in the real property located at 42 Gul Circle, Singapore 629577
“Purchaser”	Hock Seng Hoe Metal Company Pte Ltd, a company incorporated under the laws of Singapore with limited liability
“Singapore Dollar” or “S\$”	a lawful currency of Singapore

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Evotech (Asia) Pte Ltd, a company incorporated under the laws of Singapore with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

This announcement contains translations between Singapore dollar and Hong Kong dollar amounts at S\$1.00=HK\$5.6843, being the exchange rate prevailing on 29 July 2015. The translations should not be taken as a representation that the Singapore dollars could actually be converted into Hong Kong dollar at such rates or at all.

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

Hong Kong, 25 August 2015

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

This announcement, for which the Directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. 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 document misleading.

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.