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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8173)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The Board of Directors (the “Board”) of Pan Asia Mining Limited (the “Company”) is pleased to announce the interim results of the Company and its subsidiaries (together as the “Group”) for the six months ended 30 September 2015. This announcement, containing the full text of the Interim Report 2016 of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

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

Hong Kong, 13 November 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; two non-executive director, Mr. Liang Tong Wei and Mr. Wong Chi Man; 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 Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. 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.

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 report, 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 report 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 report misleading.

MANAGEMENT DISCUSSIONS AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition or disposal during the six months ended 30 September 2015 (the “Period”).

BUSINESS AND FINANCIAL REVIEW

For the reasons of declining international metal prices and sluggish scrap metal market in Singapore half year revenue of our metal trading business in the country reduced to approximately HK\$7,735,000 (2014: approximately HK\$15,565,000). Beverage distribution and trading also encountered various hurdles reducing the half year revenue to approximately HK\$1,057,000 (2014: approximately HK\$4,597,000).

The Group’s revenue for the Period amounted to approximately HK\$8,792,000 (2014: approximately HK\$20,944,000), decreased by approximately HK\$12,152,000 as compared to the same period in 2014. The significant decrease in revenue was mainly attributed to the decreased revenue from metals business, which amounted to approximately HK\$7,735,000 for the Period (2014: approximately HK\$15,565,000). Besides, revenue from beverage business for the Period also contracted to approximately HK\$1,057,000 (2014: approximately HK\$4,597,000).

During the Period, the Group has incurred a gross loss of approximately HK\$11,299,000 (2014: approximately HK\$81,000) mainly attributable to stock provision of approximately HK\$10,727,000 (2014: nil) for the bottled spring water inventory the validity of which are going to expire shortly. Other operating expenses, net amounted to approximately HK\$5,411,000 (2014: approximately HK\$3,703,000). Profit for the period increased to approximately HK\$157,235,000 (2014: loss for the period of approximately HK\$98,889,000) of which approximately HK\$251,146,000 (2014: Nil) was attributable to the fair value gain on redemption of convertible bonds liabilities.

CAPITAL STRUCTURE AND LIQUIDITY

Redemption of Convertible Bonds and Issuance of New Bonds

The restructuring of convertible bonds was completed on 12 May 2015. The outstanding convertible bonds in principal amount of US\$201,474,359 (equivalent to approximately HK\$1,571,500,000) due for repayment in 2018 (“Old Bonds”) were fully redeemed by issuance of convertible bonds in principal amount of US\$140,000,000 (equivalent to approximately HK\$1,092,000,000) due in 2020 (“New Bonds”). A one-off fair value gain on redemption of the convertible bonds liabilities of approximately HK\$251,146,000 (2014: Nil) was recorded (further details in note 20 to the condensed interim financial information).

As of the date of this report, the New Bonds in principal amount of US\$60,000,000 (equivalent to approximately HK\$468,000,000) were converted at HK\$0.50 per share into 936,000,000 issued shares of the Company according to terms of the deed of New Bonds.

As a result, the Company had outstanding New Bonds in the carrying value of approximately HK\$423,404,000 (31 March 2015: convertible bonds of approximately HK\$857,287,000) convertible into 1,248,000,000 ordinary shares (31 March 2015: 68,955,682 ordinary shares) of the Company of at par value of HK\$0.50 each. The New Bonds in outstanding principal amount of US\$80,000,000 (equivalent to approximately HK\$624,000,000) are due for full redemption on 12 May 2020.

Net liabilities of the Group improved to approximately HK\$206,107,000 from approximately HK\$625,023,000 as at 31 March 2015. The improvement is attributable to the conversion of New Bonds into shares by the bond holder during the period. Had all of the New Bonds been converted as at 30 September 2015, the Group net worth would be approximately HK\$162,150,000.

Proposed capital reduction of issued shares and sub-division of unissued shares

On 19 June 2015, the Company proposed to implement a reduction of the issued share capital by reducing the par value of each issued share of the Company ("Share") from HK\$0.50 to HK\$0.25 by cancelling the paid up share capital to the extent of HK\$0.25 per issued Share ("Original Capital Reduction") so that following such reduction, each issued Share with a par value of HK\$0.50 in the share capital of the Company shall become one (1) new share with par value of HK\$0.25 each ("Original New Share"). Immediately following the Original Capital Reduction, each of the authorised but unissued Shares with par value of HK\$0.50 be subdivided into two (2) Original New Shares with par value of HK\$0.25 each ("Original Sub-division").

The Original Capital Reduction and the Original Sub-division were approved by the shareholders of the Company by way of special resolution at the extraordinary general meeting of the Company held on 24 July 2015.

In light of the share price of the Company that have been trading below HK\$0.25 since 6 July 2015 and in order to give greater flexibility to the Company to raise funds in the future, on 20 August 2015, the Company proposed to extend the Original Capital Reduction and the Original Sub-division. The Company therefore proposed a reduction of the issued share capital by reducing the par value of each issued Shares from HK\$0.50 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.49 per issued Share ("Capital Reduction") so that following such reduction, each issued Share with a par value of HK\$0.50 in the share capital of the Company shall become one (1) new share with par value of HK\$0.01 ("New Share"). Immediately following the Capital Reduction, each of the authorised but unissued Shares with par value of HK\$0.50 shall be subdivided into fifty (50) New Shares with par value of HK\$0.01 each ("Sub-division").

The credit arising from the Capital Reduction shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated deficit of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

The Capital Reduction and the Sub-division were approved by the Shareholders by way of special resolution at the extraordinary general meeting of the Company on 24 September 2015. As at the date of this report, the Capital Reduction and the Sub-division have not become effective.

The Group had a current ratio of approximately 1.27 times as at 30 September 2015 (31 March 2015: approximately 1.01 times). Gearing ratio, calculated based on total non-current liabilities of approximately HK\$455,326,000 (31 March 2015: approximately HK\$859,918,000) against total deficit of approximately HK\$206,107,000 (31 March 2015: approximately HK\$625,023,000), increased from -137.58% to -220.92% as at 30 September 2015.

As at 30 September 2015, the Group had no material contingent liability (31 March 2015: Nil) and no material capital commitment (31 March 2015: Nil).

BORROWING FACILITIES

As at 30 September 2015, the Group had obtained credit facilities from various banks and a substantial shareholder of the Company up to a maximum amount of approximately HK\$109,282,000 (31 March 2015: approximately HK\$150,410,000) and approximately HK\$51,113,000 (31 March 2015: approximately HK\$24,959,000) of the credit facilities has been utilized.

PLEDGE OF ASSETS

As at 30 September 2015, a warehouse property located in Singapore at carrying value of approximately S\$6,100,000 (equivalent to approximately HK\$33,066,000) (31 March 2015: S\$7,600,000 (equivalent to approximately HK\$43,305,000) and several investment properties located in the PRC at carrying values of approximately RMB14,759,000 (equivalent to approximately HK\$18,201,000) (31 March 2015: RMB14,759,000 (equivalent to approximately HK\$18,614,000) were pledged to secure general banking facilities granted to the Group.

As detailed in note 17 to the condensed interim financial information, the warehouse property in Singapore will be disposed subject to approval from relevant authority. The pledge of this property will be released upon repayment of the relevant secured borrowings of the Group before the completion of such disposal.

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 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group had 90 full time employees in Hong Kong, Singapore, Indonesia and the Mainland China. 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. Group contributions were grossly matched by employee contributions.

OUTLOOK

Similar to coal prices, the downward trend of international aluminum and copper prices continued over the last 5 years though with some rebounds at various points. Prices of both metals dropped by approximately 40% over the period squeezing heavily the living spaces of metal traders like us. As a result the metal trading business is not anticipated to have a prominent change in the next 2 quarters.

Distribution results of bottled spring water in PRC was disappointing. There was only minimal sales over the last 2 quarters. On the other hand, discussions in respect of the potential acquisition of the Canada bottled water manufacturer has been effectively suspended as there are still major differences in views between the negotiation parties. We shall review and reassess the business model of this operation. In the meantime the management has also been actively seeking new areas of growth.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The board of Directors (the “Board”) of Pan Asia Mining Limited (the “Company”) is pleased to report the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three and six months ended 30 September 2015 together with the comparative figures for the corresponding periods in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Revenue	7	2,861	9,813	8,792	20,944
Cost of sales		(11,694)	(9,723)	(20,091)	(21,025)
Gross profit		(8,833)	90	(11,299)	(81)
Administrative expenses		(23,736)	(18,227)	(40,688)	(33,154)
Fair value gain on redemption of convertible bonds liabilities		—	—	251,146	—
Other operating expenses, net	8	(761)	(5,084)	(5,411)	(3,703)
Profit/(Loss) from operations		(33,330)	(23,221)	193,748	(36,938)
Finance costs	9	(13,735)	(32,217)	(38,979)	(62,973)
Fair value gain on contingent consideration payable		—	663	—	663
Profit/(Loss) before tax		(47,065)	(54,775)	154,769	(99,248)
Income tax credit	10	2,466	359	2,466	359
Profit/(Loss) for the period	11	(44,599)	(54,416)	157,235	(98,889)

	For the three months ended 30 September		For the six months ended 30 September	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Other comprehensive income for the period, net of tax				
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation deficit of leasehold building	(6,987)	1,140	(6,987)	1,140
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(2,250)	(1,393)	(1,955)	92
Total comprehensive income for the period	(53,836)	(54,669)	148,293	(97,657)
Profit/(Loss) for the period attributable to:				
Owners of the Company	(44,557)	(54,265)	157,209	(98,722)
Non-controlling interests	(42)	(151)	26	(167)
	(44,599)	(54,416)	157,235	(98,889)
Total comprehensive income for the period attributable to:				
Owners of the Company	(53,794)	(54,018)	148,267	(97,479)
Non-controlling interests	(42)	(651)	26	(178)
	(53,836)	(54,669)	148,293	(97,657)

		For the three months ended 30 September		For the six months ended 30 September	
	Note	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)	2015 HK\$ (unaudited)	2014 HK\$ (unaudited)
Profit/(Loss) per share					
Basic	12	(1.87) cents	(5.38) cents	7.48 cents	(10.08) cents
Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)
Non-current assets			
Property, plant and equipment	13	6,613	52,062
Investment properties		18,201	18,614
Payments for mining claims		109	109
Exploration and evaluation assets	14	158,486	158,568
Goodwill		3,435	3,435
Intangible assets		566	595
		<u>187,410</u>	<u>233,383</u>
Current assets			
Inventories		6,963	17,271
Trade and other receivables	15	175,228	187,763
Financial assets at fair value through profit or loss		—	295
Amounts due from associates		83	83
Derivative financial instruments	16	55,147	—
Short term investments		12,500	—
Amount due from a director	21(a)	1,551	2,699
Bank and cash balances		2,277	9,817
		<u>253,749</u>	<u>217,928</u>
Asset classified as held for sale	17	33,066	—
		<u>286,815</u>	<u>217,928</u>

	Note	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)
Current liabilities			
Trade and other payables	18	201,187	188,993
Amounts due to directors	21(b)	1,471	897
Bank loans and bank overdrafts		22,040	24,936
Finance lease payables		235	263
Current tax liabilities		73	1,327
		<u>225,006</u>	<u>216,416</u>
Net current assets		<u>61,809</u>	<u>1,512</u>
Total assets less current liabilities		<u>249,219</u>	<u>234,895</u>
Capital and reserves			
Share capital	19	1,264,888	796,888
Reserves		(1,519,112)	(1,470,002)
Equity attributable to owners of the Company		(254,224)	(673,114)
Non-controlling interests		48,117	48,091
TOTAL EQUITY		<u>(206,107)</u>	<u>(625,023)</u>
Non-current liabilities			
Bank loans		557	109
Finance lease payables		323	636
Shareholder's loan		29,164	—
Convertible bonds	20	423,404	857,287
Deferred tax liabilities		1,878	1,886
		<u>455,326</u>	<u>859,918</u>
		<u>249,219</u>	<u>234,895</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

(Unaudited)

	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 2014 (audited)	471,450	3,780,279	(2,468)	8,251	1,263,605	2,348	(5,506,868)	16,597	387,965	404,562
Total comprehensive income for the period	—	—	103	—	—	1,140	(98,722)	(97,479)	(178)	(97,657)
Issue of share on acquisition of a subsidiary	33,142	(5,966)	—	—	—	—	—	27,176	—	27,176
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	490	490
Changes in equity for the period	33,142	(5,966)	103	—	—	1,140	(98,722)	(70,303)	312	69,991
At 30 September 2014 (unaudited)	<u>504,592</u>	<u>3,774,313</u>	<u>(2,365)</u>	<u>8,251</u>	<u>1,263,605</u>	<u>3,488</u>	<u>(5,605,590)</u>	<u>(53,706)</u>	<u>388,277</u>	<u>334,571</u>
At 1 April 2015 (audited)	796,888	3,647,887	(3,700)	8,251	1,263,605	8,161	(6,394,206)	(673,114)	48,091	(625,023)
Total comprehensive income for the period	—	—	(1,955)	—	—	(6,987)	157,209	148,267	26	148,293
Conversion of convertible bonds into shares	468,000	(26,945)	—	—	(170,432)	—	—	270,623	—	270,623
Redemption of Old Bonds and issuance of New Bonds	—	—	—	—	(865,930)	—	865,930	—	—	—
Changes in equity for the period	468,000	(26,945)	(1,955)	—	(1,036,362)	(6,987)	1,023,139	418,890	26	418,916
At 30 September 2015 (unaudited)	<u>1,264,888</u>	<u>3,620,942</u>	<u>(5,655)</u>	<u>8,251</u>	<u>227,243</u>	<u>1,174</u>	<u>(5,371,067)</u>	<u>(254,224)</u>	<u>48,117</u>	<u>(206,107)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months
ended 30 September

	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Net cash used in operating activities	(31,109)	(26,079)
Net cash used in investing activities	(4,016)	(6,501)
Net cash generated from financing activities	25,887	(2,064)
Net decrease in cash and cash equivalents	(9,238)	(34,644)
Effect of changes in foreign exchange rates	1,698	309
Cash and cash equivalents at beginning of period	9,817	42,058
Cash and cash equivalents at end of period	<u>2,277</u>	<u>7,723</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. Its principal business is investment holding.

The Group is principally engaged in exploration and exploitation of mineral resources and trading of coals, metals, bunker fuel and beverages.

2. GOING CONCERN BASIS

The Group had a total deficit of approximately HK\$206,107,000 as at 30 September 2015, which indicated that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

These condensed financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of a substantial shareholder, at a level sufficient to finance the working capital requirements of the Group. The substantial shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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.

The unaudited condensed financial statements, which do not include all information and disclosures as required in the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2015.

The accounting policies and method of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2015.

4. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group and the Company.

Annual Improvements to HKFRSs 2010-2012 Cycle

Annual Improvements to HKFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the group’s results and financial position for the current or prior periods have been prepared or presented. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

5. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

a. Disclosures of level in fair value hierarchy at the end of the reporting period:

Description	Fair value measurements as at 30 September 2015 using:			
	Level 1	Level 2	Level 3	Total
	HK\$’000 (unaudited)	HK\$’000 (unaudited)	HK\$’000 (unaudited)	HK\$’000 (unaudited)
Recurring fair value measurements:				
Financial assets				
- Derivative financial instruments	—	55,147	—	55,147

Fair value measurements as at 31 March 2015 using:

Description	Level 1 HK\$' 000 (audited)	Level 2 HK\$' 000 (audited)	Level 3 HK\$' 000 (audited)	Total HK\$' 000 (audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
– Listed securities in Hong Kong	295	—	—	295

b. Reconciliation of assets measured at fair value based on level 3:

Description	Investment properties HK\$' 000	Leasehold building HK\$' 000	Total HK\$' 000
At 1 April 2015 (audited)	18,614	43,305	61,919
Additions	—	—	—
Depreciation charged to profit and loss	—	(1,144)	(1,144)
Total fair value gain or losses recognised in other comprehensive income	—	(6,987)	(6,987)
Exchange differences recognized in other comprehensive income	(413)	(2,108)	(2,521)
At 30 September 2015 (unaudited)	18,201	33,066	51,267
At 1 April 2014 (audited)	17,639	43,544	61,183
Additions	820	—	820
Depreciation charged to profit and loss	—	(2,200)	(2,200)
Total fair value gain or losses recognised in profit or loss	180	—	180
in other comprehensive income	—	5,813	5,813
Exchange differences recognized in other comprehensive income	(25)	(3,852)	(3,877)
At 31 March 2015 (unaudited)	18,614	43,305	61,919

c. Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period:

The management of the Company is responsible for the fair value measurement of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Review of valuation process and results are held at least twice a year.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 30 September 2015 HK\$'000 (unaudited)	Fair value as at 31 March 2015 HK\$'000 (audited)
Investment properties in the PRC	Market comparable approach	Price per square metre	RMB13,130 to RMB15,081	Increase	18,201	18,614
Leasehold building in Singapore	Agreed disposal price (Note) (31 March 2015: Market comparable approach)	N/A (31 March 2015: Price per square foot)	N/A (31 March 2015: SGD168 to SGD212)	N/A (31 March 2015: Increase)	33,066	43,405

Note: The leasehold building will be disposed to a third party upon meeting certain conditions, see note 17 to the condensed interim financial information for details.

There is no change in the valuation techniques used for the investment properties.

6. SEGMENT INFORMATION

The Group has five reportable segments as follows:

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

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

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

(a) Segment revenue, results and assets

Information regarding the Group's reportable segments as provided to the Group's chief operating decision-makers is set out below:

	Mineral Resources HK\$' 000 (unaudited)	Metals HK\$' 000 (unaudited)	Beverages HK\$' 000 (unaudited)	Coals HK\$' 000 (unaudited)	Bunker Fuels HK\$' 000 (unaudited)	Total HK\$' 000 (unaudited)
Six months ended 30 September 2015						
Revenue from external customers	—	7,735	1,057	—	—	8,792
Segment loss before tax	<u>(37,687)</u>	<u>(2,437)</u>	<u>(17,780)</u>	<u>(8,915)</u>	<u>(1,506)</u>	<u>(68,325)</u>
As at 30 September 2015	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)
Segment assets	<u>214,989</u>	<u>48,373</u>	<u>48,674</u>	<u>106,010</u>	<u>262</u>	<u>418,308</u>

	Mineral Resources	Metals	Beverages	Coals	Bunker Fuels	Total
Six months ended 30 September 2014	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)
Revenue from external customers	—	15,565	4,597	782	—	20,944
Segment loss before tax	<u>(62,316)</u>	<u>(2,163)</u>	<u>(2,186)</u>	<u>(8,399)</u>	<u>(284)</u>	<u>(75,348)</u>
As at 30 September 2014	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)	HK\$' 000 (unaudited)
Segment assets	<u>1,105,296</u>	<u>66,194</u>	<u>38,832</u>	<u>215,669</u>	<u>311</u>	<u>1,426,302</u>

(b) Reconciliation of reportable segment profit or loss

	For the six months ended 30 September	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Reportable segment loss	(68,325)	(75,348)
Fair value gain on redemption of convertible bonds liabilities	251,146	—
Unallocated depreciation	(3,006)	(3,278)
Unallocated other operating income/(expenses), net	2,721	(375)
Unallocated corporate expenses	<u>(25,301)</u>	<u>(19,888)</u>
Consolidated profit/(loss) for the period	<u>157,235</u>	<u>(98,889)</u>

7. REVENUE

Revenue represents the net amounts received and receivable for sales of goods to customers, net of good returns and trade discounts. Revenue recognized during the period is as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Sales of metals	2,205	7,475	7,735	15,565
Sales of beverages	656	2,332	1,057	4,597
Sales of coals	—	6	—	782
	<u>2,861</u>	<u>9,813</u>	<u>8,792</u>	<u>20,944</u>

There was no sales of tea drinks and juice drinks to USA during the Period (2014: approximately HK\$4,436,000) while sales of bottled water in China was approximately HK\$1,057,000 (2014: approximately HK\$161,000).

8. OTHER OPERATING EXPENSES, NET

	For the three months ended 30 September		For the six months ended 30 September	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Fair value gain/(loss) on financial assets at fair value through profit or loss	—	(6)	37	(40)
Dividend income from listed investments	—	2	—	4
Net interest payable on trade balances	(3,266)	(5,634)	(8,133)	(4,231)
Gain on disposal of property, plant and equipment	—	—	7	—
Sundry income	<u>2,505</u>	<u>554</u>	<u>2,678</u>	<u>564</u>
	<u>(761)</u>	<u>(5,084)</u>	<u>(5,411)</u>	<u>(3,703)</u>

9. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Finance lease charges	8	14	17	29
Interest on convertible bonds	12,791	31,815	37,559	62,024
Interest on bank loans and overdrafts	936	388	1,403	920
	<u>13,735</u>	<u>32,217</u>	<u>38,979</u>	<u>62,973</u>

10. INCOME TAX CREDIT

	For the three months ended 30 September		For the six months ended 30 September	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Current tax				
Over-provision in prior years	2,466	—	2,466	—
Deferred tax	—	359	—	359
	<u>2,466</u>	<u>359</u>	<u>2,466</u>	<u>359</u>

No provision for Hong Kong Profits Tax has been made as the Group has not generated any assessable profits that are subject to Hong Kong profits tax during the period (2014: Nil).

Entities incorporated in other countries are subject to income tax rates of 17% to 30% (2014: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

11. PROFIT/(LOSS) FOR THE PERIOD

Profit/(Loss) for the period is stated after charging the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Amortisation of intangible assets	—	718	—	1,436
Depreciation	1,590	1,732	3,239	3,407
Directors' remuneration	1,307	1,390	2,613	2,603
Operating lease charges in respect of land and building	1,294	1,664	2,457	2,816
	<u>1,294</u>	<u>1,664</u>	<u>2,457</u>	<u>2,816</u>

12. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share

The calculation of basic profit/(loss) per share is based on the loss attributable to owners of the Company for the three months period ended 30 September 2015 of approximately HK\$44,557,000 (2014: approximately HK\$54,265,000) and the profit attributable to owners of the Company for the six months period ended 30 September 2015 of approximately HK\$157,209,000 (2014: loss for the period of approximately HK\$98,722,000), and the weighted average number of ordinary shares of 2,382,254,381 shares (2014: 1,009,184,080 shares) and 2,102,694,153 shares (2014: 978,758,178 shares) in issue during the two respective periods.

Diluted profit/(loss) per share

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

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired property, plant and equipment of approximately HK\$62,000.

14. EXPLORATION AND EVALUATION ASSETS

	Exploration rights HK\$' 000	Evaluation expenditure HK\$' 000	Total HK\$' 000
At 1 April 2015 (audited)	142,000	16,568	158,568
Addition	—	13	13
Exchange differences	—	(95)	(95)
At 30 September 2015 (unaudited)	142,000	16,486	158,486

As at 30 September 2015, Mt. Mogan Resources and Development Corporation (“Mogan”), a subsidiary of the Company, owned two exploration permits (“EPs”) to explore iron ore and other associated mineral in specified offshore area with 24,042 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines (the “Exploration Area”). The EPs issued by the Mines and Geosciences Bureau of Philippines (the “MGB”) is valid for two years from its first renewal date on 22 June 2012 and is renewable for a further term of 2 years. Mogan had applied for the second renewal of the EPs.

On the other hand, Mogan had 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. An 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 involves 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 Department of Environmental and Natural Resources of the Philippines.

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

Impairment test

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

Management considered that there has been no material change to the conditions and situations surrounding the explorations and evaluation assets during the Period and that no facts and circumstances indicate that the exploration and evaluation assets are impaired. Accordingly, no impairment on its carrying amount is recognised during the Period.

15. TRADE AND OTHER RECEIVABLES

	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)
Trade receivables	81,654	84,748
Advance payment to a substantial shareholder	5,492	10,313
Deposits paid to supplier	14,962	15,959
Interest receivables on trade balances	37,951	28,681
Rental and other deposits	1,621	2,421
Prepayments and other receivables	33,548	45,641
	<u>175,228</u>	<u>187,763</u>

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

	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)
0 to 90 days	110	4,064
91 to 180 days	928	1,696
Over 180 days	80,616	78,988
	<u>81,654</u>	<u>84,748</u>

16. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)
Early redemption option	<u>55,147</u>	<u>—</u>

The early redemption option is the fair value of the derivative component of the convertible bonds issued by the Company. It entitles the Company the right, at its options, to redeem any portion of or the entire amount of the outstanding principal amount of the convertible bonds issued by the Company at a predetermined redemption price. Details of the convertible bonds are set out in note 20 to the condensed interim financial information.

17. ASSET CLASSIFIED AS HELD FOR SALE

On 30 July 2015, the Group has received an acceptance, from a third party, of an Option To Purchase (“OTP”) issued by the Group on 29 July 2015, which offered an option to purchase the Group’s leasehold building in Singapore at a price of SGD6,180,000. Completion of the leasehold building disposal is subject to the approval by the Jurong Town Corporation (“JTC”) of the Singapore government and the whole process will take 4-6 months to complete.

As of the approval date of these financial statements, such approval is not yet granted by JTC. In accordance with HKFRS 5, the leasehold building has been presented as asset classified as held for sale and carried at fair value less costs to sell in the unaudited condensed statement of financial position as at 30 September 2015.

	As at 30 September 2015 HK\$’000 (unaudited)	As at 31 March 2015 HK\$’000 (audited)
Leasehold building	33,066	—

Despite the disposal of leasehold property of the metal trading business the Group has no intention to discontinue the business, and therefore the disposal did not constitute a discontinued operation in accordance with HKFRS 5. The Group will seek for another suitable warehouse to resume the business after completion of the disposal.

18. TRADE AND OTHER PAYABLES

	As at 30 September 2015 HK\$’000 (unaudited)	As at 31 March 2015 HK\$’000 (audited)
Trade and bills payables	54,595	53,427
Payable to Magic Stone Fund (China) (Note)	76,373	82,179
Accruals	7,872	14,070
Other payables	62,347	39,317
	<u>201,187</u>	<u>188,993</u>

Note:

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

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

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

- pay Magic Stone RMB51,884,000 (equivalent to approximately HK\$65,436,000) in cash before 28 February 2015;
- pay Magic Stone US\$17,000,000 (equivalent to approximately HK\$131,835,000) in cash before 28 February 2015; and
- issue and allot 80,000,000 ordinary shares each fully paid at an issue price of HK\$0.5 per share to Magic Stone after the completion of the rights issue and before 28 February 2015.

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

The Settlement Agreement constitutes a significant modification of the terms of an existing financial liability and therefore has been accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The gain of HK\$6,761,000 between the carrying amount of the original financial liability extinguished and the fair value of the consideration paid, including any non-cash assets transferred or liability amounted to HK\$224,471,000 on 21 November 2014, is recognised in profit or loss for the year ended 31 March 2015.

On 27 February 2015, the Company issued and allotted 80,000,000 ordinary shares at par to Magic Stone pursuant to the Settlement Agreement. The gain of HK\$8,000,000 between the nominal value and fair value of the settlement shares at the issuance date is recognised in the profit or loss for the year ended 31 March 2015.

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

As set out in note 20 to the condensed interim financial information, on 12 May 2015, the Company completed the restructuring of the old convertible bonds and the issue of new convertible bonds. Accordingly, the charge over the old convertible bonds was transferred to the new convertible bond on the same date.

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

During the Period, the Group has made repayments to Magic Stone and as at 30 September 2015 the outstanding payable amounted to approximately HK\$76,373,000. Overdue interests have been accrued at 18.3% per annum as according to the terms of Settlement Agreement and amounted to approximately HK\$6,660,000 as at 30 September 2015.

The ageing analysis of trade and bills payable, based on the date of receipt of goods, is as follow:

	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)
0 to 90 days	413	1,034
91 to 180 days	33	503
Over 180 days	54,149	51,890
	<u>54,595</u>	<u>53,427</u>

19. SHARE CAPITAL

	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)
Authorised: 5,000,000,000 ordinary shares of HK\$0.5 each	<u>2,500,000</u>	<u>2,500,000</u>
Issued and fully paid: 2,529,776,120 ordinary shares (At 31 March 2015: 1,593,776,120 ordinary shares) of HK\$0.5 each	<u>1,264,888</u>	<u>796,888</u>

A summary of the movements in the issued share capital of the Company is as follows:

	Note	Number of shares issued	Nominal value of shares issued HK\$' 000
1 April 2014 (audited)		942,899,080	471,450
Issue of shares on acquisition of a subsidiary	(a)	66,285,000	33,142
Issue of rights shares	(b)	302,755,224	151,378
Issue of bonus shares	(b)	201,836,816	100,918
Issue of shares in accordance with settlement agreement with Magic Stone	(c)	<u>80,000,000</u>	<u>40,000</u>
At 31 March 2015 and 1 April 2015 (audited)		1,593,776,120	796,888
Conversion from convertible bonds	(d)	<u>936,000,000</u>	<u>468,000</u>
At 30 September 2015 (unaudited)		<u>2,529,776,120</u>	<u>1,264,888</u>

Notes:

- (a) On 24 June 2014, the Company issued remaining 66,285,000 new ordinary shares in satisfying the contingent consideration for the acquisition of a subsidiary. The contingent consideration payable was derecognised accordingly.
- (b) Pursuant to an ordinary resolution passed at the extraordinary general meeting on 9 January 2015, the Company announced the proposed rights issue (the "Rights Issue") by way of issue of rights on the basis of three rights shares of HK\$0.5 each (the "Rights Share") for every ten shares in issue and held on the record date at the subscription price of HK\$0.5 per Rights Share with bonus issue (the "Bonus Issue") for the proposed issue of bonus shares of HK\$0.5 each (the "Bonus Share") on the basis of two Bonus Shares for every three Rights Shares taken up under the Rights Issue.
- The Rights Issue and Bonus Issue were completed on 11 February 2015, the Company allotted and issued 302,755,224 Rights Shares and 201,836,816 Bonus Shares. Accordingly, the Company increased its issued share capital by the nominal values of approximately HK\$151,378,000 and HK\$100,918,000 respectively.
- (c) On 27 February 2015, the Company issued 80,000,000 new ordinary shares in satisfying the settlement clauses as stated in the Settlement Agreement entered with Magic Stone.
- (d) On 15 May 2015, 9 June 2015, 15 June 2015, 6 August 2015 and 21 August 2015 respectively, the Company issued a total of 936,000,000 shares at HK\$0.5 per share for the conversion of New Bonds in principal amount of US\$60,000,000 (equivalent to approximately HK\$468,000,000).

20. CONVERTIBLE BONDS

	Note	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)
Liability component of convertible bonds			
Zero coupon due on 18 December 2018	(a)	—	857,287
2% coupon due on 12 May 2020	(b)	428,225	—
		<u>428,225</u>	<u>857,287</u>

The liability component is presented in the condensed statement of financial position as follows:

	As at 30 September 2015 HK\$'000 (unaudited)	As at 31 March 2015 HK\$'000 (audited)
Current portion of liability component (included in trade and other payables)	4,821	—
Convertible bonds	423,404	857,287
	<u>428,225</u>	<u>857,287</u>

(a) Zero coupon due on 18 December 2018

On 18 December 2008, the Company entered into a subscription agreement with Kesterion Investments Limited ("Kesterion") for the issue of unsecured zero coupon convertible bonds with an aggregate principal amount of USD655,128,205 (equivalent to approximately HK\$5,110,000,000) (the "Old Bonds") in connection with the acquisition of 64% equity interest in Mogan. The Old 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 Old Bonds was adjusted to HK\$22.79 per share upon the completion of the capital reorganisation, share consolidation and rights issue.

The Old Bonds are 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 Old 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 Old Bonds were split between the liability component and equity component in accordance with HKFRS. 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 Old Bonds for the Period are as follows:

	Liability component HK\$'000	Equity component HK\$'000	Principal amount HK\$'000
At 1 April 2014 (audited)	857,287	1,263,605	1,571,500
Interest charged for the Period	16,187	—	—
Redemption during the Period	(873,474)	(1,263,605)	(1,571,500)
	<u>—</u>	<u>—</u>	<u>—</u>
At 30 September 2015 (unaudited)	<u>—</u>	<u>—</u>	<u>—</u>

The Old Bonds were fully redeemed under a restructuring exercise during the Period, details of which are set out in note (b) below.

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

(b) 2% coupon due on 12 May 2020

On 22 September 2014, the Company and Kesterion entered into a bond restructuring agreement, which was amended by a supplementary agreement on 1 November 2014 (collectively referred to as the “Bond Restructuring Agreements”). Pursuant to the Bond Restructuring Agreements, the Company and Kesterion conditionally agreed that:

- (i) the terms of Old Bonds will be amended to grant the Company a right to redeem all the outstanding Old Bonds at a redemption price of US\$140,000,000 (equivalent to approximately HK\$1,092,000,000);
- (ii) the Company will exercise such redemption right; and
- (iii) in satisfaction and cancellation of the redemption amount payable under the amended Old Bonds following such redemption, the Company will issue to Kesterion all unsecured five-year 2.0% convertible bonds in principal amount of US\$140,000,000 (the “New Bonds”). The coupon is payable in arrear semi-annually from the issue date.

The holder of the New Bonds has the right to convert the New Bonds into the ordinary shares of the Company at a fixed conversion price of HK\$0.5, at any time before the maturity date.

The Company shall have the right, at its options, to redeem any portion of or the entire outstanding principal amount of all of the New Bonds held by Kesterion at 110% of the principal amount at any time before the maturity date.

On maturity date, the New Bonds will be redeemed at par, using a fixed exchange rate of USD1:HK\$7.8.

The Bond Restructuring Agreements became unconditional pursuant to an ordinary resolution passed at the extraordinary general meeting on 9 January 2015.

On 12 May 2015, with all the condition precedents to the Bond Restructuring Agreement has been fulfilled. Accordingly the Company has fully redeemed the Old Bonds and issued the New Bonds in accordance with the terms of the Bond Restructuring Agreement.

Details of the Bond Restructuring Agreements and the issuance of New Bonds were set out in the announcements of the Company dated on 23 November 2014 and 12 May 2015 and the circular of the Company dated 19 December 2014.

The fair value of the New Bonds at the issue date has been split between the liability component, the derivative component and the equity component as follows:

	HK\$' 000
Liability component at issue date	718,835
Derivative component at issue date	(96,507)
Equity component at issue date	<u>397,675</u>
Fair value of New Bonds at issue date	1,020,003
Carrying amount of Old Bonds at redemption date	
– Liability component	(873,474)
– Equity component	<u>(1,263,605)</u>
Gain on redemption of Old Bonds and issuance of New Bonds	<u><u>1,117,076</u></u>
Attributable to:	
Liability component recognised in profit or loss	251,146
Equity component transferred to accumulated losses	<u>865,930</u>
	<u><u>1,117,076</u></u>

The fair value of derivative and equity components of the New Bonds at issue date are estimated using the Black-Scholes model with Trinomial Tree Method (level 2 fair value measurement). The key assumptions used are as follows:

The Company's share price	HK\$0.375
Conversion price	HK\$0.5
Risk-free rate	1.6535%
Volatility	51.4604%
Expected dividend yield	Nil
Expected life	5 years

The movements of each components and principal amount of the convertible bonds for the Period are as follows:

	Liability component HK\$' 000	Derivative component HK\$' 000	Equity component HK\$' 000	Principal amount HK\$' 000
Issuance of New Bonds	718,835	(96,507)	397,675	1,092,000
Conversion into shares	(311,982)	41,360	(170,432)	(468,000)
Interest charged for the period	<u>21,372</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 30 September 2015 (unaudited)	<u><u>428,225</u></u>	<u><u>55,147</u></u>	<u><u>227,243</u></u>	<u><u>624,000</u></u>

During the Period, the New Bonds in principal amount of US\$60,000,000 (equivalent to approximately HK\$468,000,000) were converted at HK\$0.5 per share into 936,000,000 issued shares of the Company according to terms of the deed of New Bonds.

The interest charged for the Period is calculated by applying an effective interest rate of 11.38% per annum to the liability component.

21. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following transactions with its related parties during the period and balances with related parties as at 30 September 2015:

(a) Amount due from a director

Amount due from a director pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Name	Terms	As at 30 September 2015 HK\$' 000 (unaudited)	As at 31 March 2015 HK\$' 000 (audited)	Maximum amount outstanding during the period HK\$' 000 (unaudited)
Mr. Michael Koh Tat Lee	Unsecured, interest-free and no fixed repayment terms	1,551	2,699	1,551

(b) Amounts due to directors

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

(c) Key management personnel remuneration

Remuneration paid/payable to key management personnel of the Group, including the emoluments of the Company's directors and the highest paid individuals, is as follows:

	For the six months ended 30 September	
	2015 HK\$' 000 (unaudited)	2014 HK\$' 000 (unaudited)
Salaries, bonus and allowances	3,622	3,395
Retirement benefits scheme contributions	57	34
	<u>3,679</u>	<u>3,429</u>

(d) Security provided by a shareholder

Pursuant to the security document dated 13 March 2013 and a supplemental and amendment deed dated 11 October 2013 entered into between Kesterion and CSICEL, Kesterion granted security over its interest in the shares of the Company and the Convertible Bonds as a continuing security to CSICEL to guarantee the due and punctual performance and observance of certain contractual obligations and liabilities by the Group under the trade contracts entered into between the Group and CSICEL in relation to trading of bunker fuel oil and coal.

On 7 November 2014, CSICEL has assigned all its rights with respect to the Kesterion Charge to Magic Stone. Details of the above are set out in note 18 to the condensed interim financial information.

22. LEASE COMMITMENTS

At 30 September 2015 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 September 2015 HK\$'000 (unaudited)	As at 31 March 2015 HK\$'000 (audited)
Within one year	6,028	6,552
In the second to fifth years inclusive	416	3,275
	<u>6,444</u>	<u>9,827</u>

Operating lease payments represent rentals payable by the Group for certain of its offices and living quarters for employees. Leases are negotiated for terms ranging from one to five years.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 November 2015.

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the Period (2014: Nil).

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

As at 30 September 2015, the interests of each Director and chief executive 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 and short positions in shares

Name of directors/ chief executive	Number of Shares	Approximate percentage of shareholding	Capacity
Michael Koh Tat Lee	521,159,060 (L)	20.60	Interest of spouse (<i>Note</i>)
Liang Tong Wei	100,000,000 (L)	3.95	Beneficial owner
Cheung Hung Man	44,235,000 (L)	1.75	Beneficial owner
Tan Chong Gin	5,575,000 (L)	0.22	Beneficial owner

(L) — Long position

Long and short positions in the underlying shares

Name of shareholder	Number of underlying Shares in respect of equity derivatives of the Company	Approximate percentage of the issued share capital of the Company	Capacity
Michael Koh Tat Lee	1,248,000,000(L)	49.33	Interest of spouse (<i>Note</i>)
	1,248,000,000(S)	49.33	Interest of spouse (<i>Note</i>)

(L) — Long position; (S) — Short position

Notes: Ms. Wong, Eva (“Ms. Wong”), being the wife of Mr. Michael Koh Tat Lee (“Mr. Koh”), is interested in 521,159,060 Shares and 1,248,000,000 underlying shares under New Bonds. Therefore, Mr. Koh is deemed to be interested in 1,769,159,060 Shares.

Save as disclosed above, there are no long and 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 2015, 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 and short positions in shares

Name of shareholder	Number of Shares of the Company	Approximate percentage of shareholding	Capacity
Kesterion Investments Limited	520,887,860 (L)	20.59	Beneficial owner (<i>Note 1</i>)
Wong, Eva	521,159,060 (L)	20.60	
	520,887,860 (L)	20.59	Interest of controlled corporation (<i>Note 1</i>)
	271,200 (L)	0.01	Beneficial owner
Magic Stone Fund (China)	80,000,000 (L)	3.16	Beneficial owner (<i>Note 2</i>)
Yang Dongjun	80,000,000 (L)	3.16	Interest of controlled corporation (<i>Note 3</i>)

(L) — Long position

Long and short positions in the underlying shares

Name of shareholder	Number of underlying Shares in respect of equity derivatives of the Company	Approximate percentage of the issued share capital of the Company	Capacity
Kesterion Investments Limited	1,248,000,000(L)	49.33	Beneficial owner (<i>Note 1</i>)
	1,248,000,000(S)	49.33	Beneficial owner (<i>Note 2</i>)
Wong, Eva	1,248,000,000(L)	49.33	Interest of controlled corporation (<i>Note 1</i>)
	1,248,000,000(S)	49.33	Interest of controlled corporation (<i>Note 2</i>)
Magic Stone Fund (China)	1,248,000,000(L)	49.33	Security Interest (<i>Note 2</i>)
Yang Dongjun	1,248,000,000(L)	49.33	Interest of controlled corporation (<i>Note 3</i>)

(L) — Long position; (S) — Short position

Notes:

1. Ms. Wong is the sole beneficial owner of Kesterion Investments Limited (“Kesterion”) and she has the interest of controlled corporation of 520,887,860 Shares and 1,248,000,000 underlying shares under New Bonds.

The Company has entered into a bond restructuring agreement with Kesterion on 22 September 2014 (as amended by a supplemental agreement dated 21 November 2014) (the “Bond Restructuring Agreement”) to restructure the terms of the converting bonds of the Company (the “Convertible Bonds”) issued on 18 December 2008. On 12 May 2015, the Company has redeemed the Convertible Bonds and issued a five-year 2.0% convertible bonds in principal amount of US\$140,000,000 (“New Bonds”) in accordance with the Bond Restructuring Agreement.

On 15 May 2015, 9 June 2015, 15 June 2015, 6 August 2015 and 21 August 2015, Kesterion exercised its rights by converting a total of 936,000,000 conversion shares under the New Bonds into the ordinary shares of the Company. As a result, the outstanding principal amount of New Bonds was reduced to US\$80,000,000 (equivalent to approximately HK\$624,000,000), which upon conversion in full would result in the allotment and issue of 1,248,000,000 shares.

2. The Company has entered into a settlement agreement with Magic Stone Fund (China) (“Magic Stone”) on 21 November 2014 (the “Settlement Agreement”) regarding the assignment of a security over the 252,153,400 Shares and the Convertible Bonds held by Kesterion (“Kesterion Charges”) created in favour of China Shipbuilding Industrial Complete Equipment and Logistics Company Limited on 7 November 2014. The Company has issued 80,000,000 new shares to Magic Stone under the Settlement Agreement on 27 February 2015 as part of settlement payment. On 12 May 2015, Magic Stone agreed to release the Kesterion Charges in exchange for a security over the New Bonds issued to Kesterion in amount of US\$80,000,000 (equivalent to approximately HK\$624,000,000), which upon conversion in full would result in the allotment and issue of 1,248,000,000 shares.
3. Magic Stone is an investment holding company incorporated in the Cayman Islands and is owned as to 80.25% by Mr. Yang Dongjun.

SHARE OPTION SCHEME

OLD SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the shareholders of the Company on 25 April 2002 (the “Old Share Option Scheme”), the Old Share Option Scheme became effective on 25 April 2002 and terminated on 24 April 2012. However, all share options granted prior to the termination of the Old Share Option Scheme will remain in full force and effect. As at 30 September 2015, the number of share options outstanding under the Old Share Option Scheme was 262,800 shares.

NEW SHARE OPTION SCHEME

On 30 July 2012, the Company adopted a new share option scheme (the “New Share Option Scheme”). The New Share Option Scheme was for the primary purpose of providing incentives and to recognise the contribution of the eligible participants to the growth of the Group and will expire on 29 July 2022. Under the New Share Option Scheme, the Board 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 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 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 ceased as employee of the Group for reason specified in the New Share Option Scheme.

Details of the options granted, lapsed or exercised under the Old Share Option Scheme and the New Share Option Scheme are 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 30 September 2015
				Outstanding as at 1 April 2015	Granted during the period	Exercised during the period	Lapsed during the period	
<i>Old Share Option Scheme:</i>								
Consultants	6 Mar 2007	6 Mar 2007 to 5 Mar 2017	3.58	262,800	—	—	—	262,800
<i>New Share Option Scheme:</i>								
Consultants	21 Aug 2012	21 Aug 2012 to 20 Aug 2015	0.50	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)	—
Total				84,012,800	—	—	83,750,000	262,800
Weighted average exercise price				HK\$0.51	N/A	N/A	HK\$0.50	HK\$3.58

The weighted average share price at the date of exercise for share options exercised during the Period was HK\$3.58. The options outstanding at the end of the Period have a weighted average remaining contractual life of 1.43 year (2014: 0.90 years) and the exercise price is HK\$3.58 (2014: HK\$0.5 to HK\$3.58).

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 Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, no time during the Period was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

Throughout the Period, 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 GEM Listing Rules except for the deviation described below.

Under code provision A.6.7 of the CG code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some directors of the Company were unable to present at the annual general meeting held on 24 July 2015 and the extraordinary general meetings held on 24 July 2015 and 24 September 2015 due to their other important engagement at the relevant time.

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 24 July 2015 as he was away on a business trip.

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 issues notices to its Directors 4 times a year 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.

During the period from 20 July 2015 to 11 August 2015, Kesterion, a company wholly-owned by Ms. Wong, the spouse of Mr. Koh, being a director and the chairman of the board of directors of the Company, acquired and disposed of in aggregate 3,800,000 and 165,790,000 shares of the Company respectively.

The above transactions were entered into by Kesterion during the period between 15 July 2015 to 14 August 2015, being the blackout period of 30 days immediately preceding the publication date of the quarterly results of the Company for the three months ended 30 June 2015, during which dealings by a director or a director's spouse or by or on behalf of any minor child are restricted. Further, no notification was given to the board of directors or the Company by Ms. Wong or Mr. Koh prior to the above share dealings were made. Accordingly, the above share dealings made by Kesterion constituted as non-compliance of Rules 5.56(a) (ii) and 5.61 of the GEM Listing Rules.

To rectify the above non-compliance, the Company has reminded and will continue to remind the directors of the Company to observe the dealing restrictions and notification requirements as set forth under Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company will also seek an additional training session for the directors of the Company on the requirements under Rules 5.48 to 5.67 of the GEM Listing Rules.

Save aforesaid, the Company confirms that, having made specific enquiry of all other Directors, all other Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the Period.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of the Directors since the date of the Annual Report 2015 are set out below:

Mr. Wong Chi Man was appointed as a non-executive director with effect from 13 October 2015.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three members of independent non-executive Directors, namely Mr. Chu Hung Lin, Victor, Mr. Tong Wan Sze and Mr. Fung Kwok Leung. The chairman of the Audit Committee is Mr. Tong Wan Sze. The 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
Michael Koh Tat Lee
Chairman

Hong Kong, 13 November 2015

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