CAA Resources Limited
優庫資源有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code： 02112

* For identification only

CONTENTS

Financial and Operating Highlights

	Notes	2014 USD'000	**2015 USD'000**	% Change
Result				
Revenue		152,304	**550,168**	+261.2
Profit attributable to owners of the Company		2,206	**617**	-72.0
Financial Position				
Inventories		2,804	**21,855**	+679.4
Trade receivables		36,289	**46,075**	+27.0
Total interest-bearing bank and other borrowings		24,494	**35,559**	+45.2
Trade payables		2,925	**15,303**	+423.2
Total assets		136,101	**170,623**	+25.4
Total current assets		60,531	**112,375**	+85.6
Total current liabilities		36,792	**59,396**	+61.4
Key Financial Ratios		2014	**2015**	Difference
Performance				
Gross profit margin		10.1%	**2.7%**	-7.4%
Net profit margin	1	1.45%	**0.11%**	-1.34%
Return on assets	2	1.68%	**0.36%**	-1.32%
Operating				
Inventory turnover days	3	11	**8**	-3
Debtors' turnover days	4	58	**27**	-31
Creditors' turnover days	5	7	**6**	-1
Liquidity and Gearing				
Current ratio	6	1.6	**1.9**	+0.3
Gearing ratio	7	8.7%	**14.9%**	+6.2%
Per share data				
Net assets per share (US cents)		6.34	**6.26**	
Basic earnings per share (US cents)		0.15	**0.04**	
Proposed final dividend (HK cents)		–	**–**	

	2014	**2015**	Difference
Operating Statistics			
Number of crushing line owned and operated as at 31 December	7	**2**	-5
Number of beneficiation line owned and opearted as at 31 December	9	**5**	-4
Actual ore mining volume (Kt) for the year ended 31 December	866	**67**	-799
Actual ore crushing volume (Mt) for the year ended 31 December	0.29	**0.02**	-0.27
Actual ore beneficiation volume (Mt) for the year ended 31 December	0.21	**0.02**	-0.19
Ore production volume (Kt) for the year ended 31 December	208	**16**	-192

Note:

1. Net profit margin is calculated by dividing profit for the year by revenue.

2. Return on assets represents the net profit attributable to the owners of the Company as percentage of the average of period-beginning balance and period-ending balance of total assets.

3. Inventory turnover days for the relevant year calculated by dividing the average of the opening and closing balances of inventories for the relevant year by cost of sales and then multiplied by the number of days in the relevant year.

4. Debtors' turnover days for the relevant year are calculated by dividing the average of the opening and closing balances of trade receivables for the relevant year by revenue and then multiplied by the number of days in the relevant year.

5. Creditors' turnover days for the relevant year are calculated by dividing the average of the opening and closing balances of trade payables for the relevant year by cost of sales and then multiplied by the number of days in the relevant year.

6. Current ratio is the ratio of total currents assets to total current liabilities.

7. Gearing ratio is calculated based on the Group's net debt divided by total capital plus debt. Net debt is defined as interest-bearing bank loans and other loans and an amount due to the ultimate holding company, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the owners of the Company and non-controlling interests.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of CAA Resources Limited, I am pleased to present the 2015 annual report to the Shareholders.

Although China's economic growth slowed down in the last year and economic development has formally entered a stage of new norm, the demand for imported iron ore did not shrink accordingly. In 2015, imports of iron ore into China increased by 2.2% over the previous year to a total of 950 million tonnes and the iron ore imports reliance ratio continued to rise and reached 84%. Because bulk commodity prices around the world have fallen precipitously, the Group's business of selling self-produced iron ore products earned little profit. Although the overall situation was harsh, the Group acted fast to adjust its operating policy, leveraging on both our clients' and our own advantage to develop bulk commodity trading business, which has achieved some significant results. Looking back at 2015, our revenue recorded an increase of 261.2% to approximately USD550.2 million (2014: USD152.3 million), and the sales volume increased by 499.9% to 8,338 Kt (2014: 1,390 Kt).

Meanwhile, the equity investment projects in which the Group was involved in 2014 and 2015 have had some preliminary results already. On 16 May 2014, the Group entered into an equity transfer agreement through its indirect wholly-owned subsidiary in order to participate in the micro credit sector in China by way of equity investment. Concrete investment returns have already been made. In addition, the Group has invested in China's internet finance industry through its indirect wholly-owned subsidiary and the transaction was completed on 24 December 2015. It is expected that this would help to bring the Group long-term earnings in the future and diversify the Group's sources of income.

Considering the world economy in 2016, the United States has started its rate hike cycle based on its own needs. Although it is generally expected that the pace of this rate hike cycle will be gentle and cautious, as a large sum of USD foreign debts has been accumulated earlier in emerging markets, an increase in US interest rates may raise the scarcity of US dollars and further push up USD exchange rates and borrowing costs. In Europe, the European Central Bank has expanded its quantitative easing measures as expected by the market. Plans to purchase debts have been extended half a year to March 2017 and local government bonds have been included in the plans for the first time. This implies that quantitative easing will amount to 360 billion euros at least. "Abenomics" as implemented in Japan still has not been able to lead Japan out of its economic downturn; the PRC lowered interest rates and the reserve rate several times in the last year; there seem to be signs of coming problems in the world economy. Therefore, the Group will take a more cautious attitude in response to market change in order to stay strong.

On the other hand, the Group continues to implement its global strategy. We will actively take part in the "One Belt, One Road" project, the global strategy strongly promoted by China. We will make the best use of our advantage and be an outstanding implementer of national strategies.

Our management team and staff are committed to continue to work hard and to strictly comply with the Group's cost-controlling measures designed to increase effectiveness and optimize capacity continuously. At the same time, we will formulate our future business development plan in accordance with market environment conditions and our own needs. We will actively look for appropriate investment plans and will diversify the sources of income of the Group in order to deliver better and long-tern returns to our Shareholders. On behalf of all members of the Board, I would like to take this opportunity to convey our sincere thanks to the management and our staff for their hard work and trust. I would also like to thank our investors and business partners for their unfailing support all along.

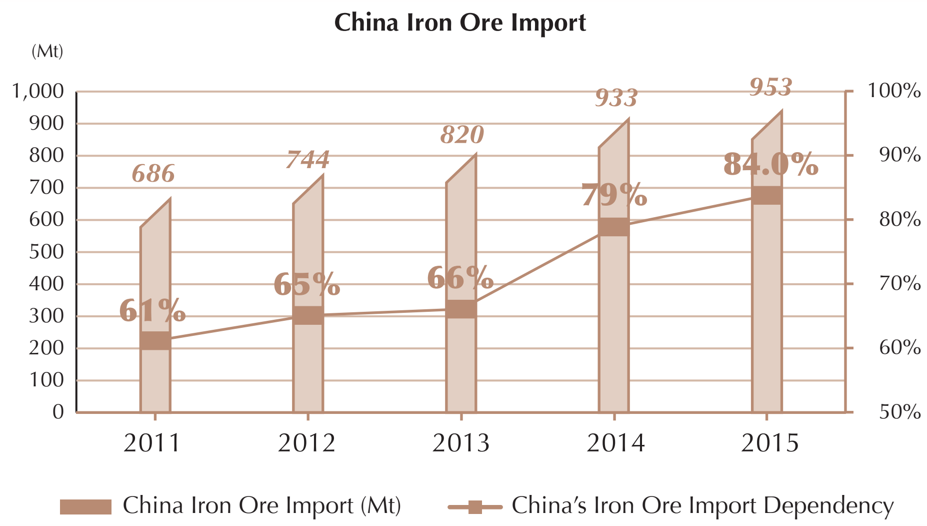
Lastly, I am firmly optimistic about the development and prospect of CAA Resources. I believe that we can become an outstanding company in the capital market. We will work together and put in every effort for the development of the Group.

Li Yang
Chairman and Chief Executive Officer

Hong Kong, 11 March 2016

MARKET OVERVIEW

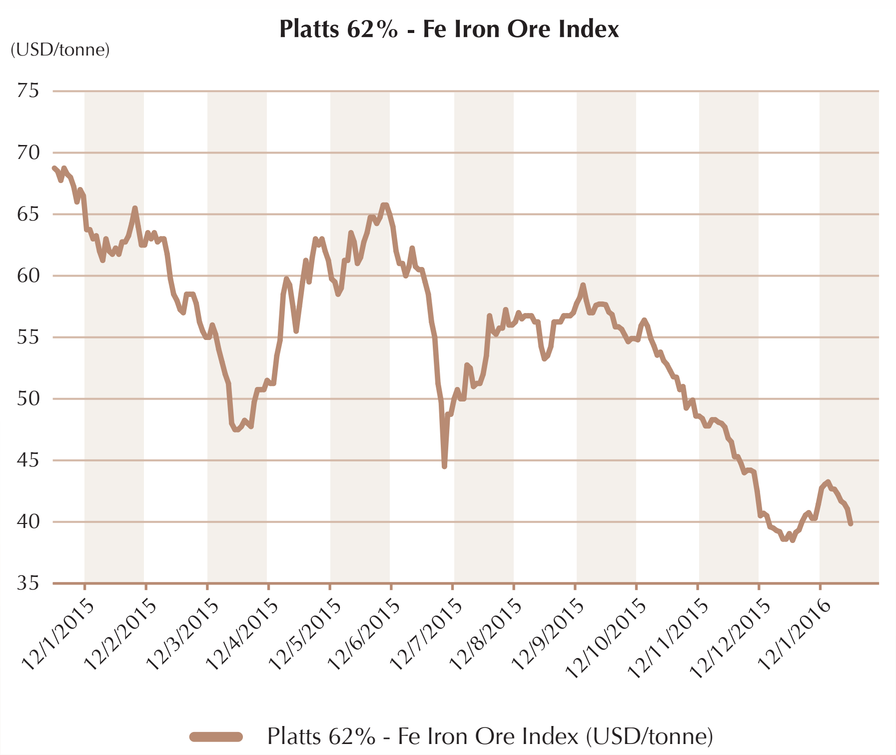
In 2015, iron ore prices generally fluctuated hitting new lows. Platts international iron ore prices fluctuated downwards from USD71.75 per tonne at the beginning of the year to the yearly low of USD38.5 per tonne and rose back to USD43.25 per tonne at the end of the year. However, during this year, when the new norm of the macro economy entered a new stage, imports of iron ore into China still increased. According to information from the Chinese Customs, imports of iron ore into China during the year increased by 2.1% to a total of 953 Mt (2014: 933 Mt), and that the iron ore imports reliance ratio reached 84.0%, which was nearly 6 percentage points higher than the figure 78.5% at the end of the previous year. Overall, we saw in 2015 a market in which sales rose but profit margin dropped.



MARKET OUTLOOK

Looking ahead into 2016, it is expected that the global economic situation and the slowdown of the economic growth of China are likely to continue to affect the sentiment in the investment market. According to some analysis, it is estimated that for some time in the future, the series of impact brought about by a prolonged depression of oil prices will continue to be felt by the various oil producing countries, and currency and metal as well as commodity markets will also be hit. The world economies as well as the market demand for iron ore are expected to remain in the state of uncertainty and volatility.

The "One Belt, One Road" policy as advocated by the PRC government still represents an important growth engine for China's demand for iron and steel and iron ore in the future. At the State Council executive meeting on 22 January 2016, it was further directed that on the basis of the elimination of over 90 Mt of backward iron and steel production capacity, crude steel production capacity be further reduced by 100 to 150 Mt per year. In the future, China's reliance on iron ore imports is expected to grow rather than shrink, as such, China is still the major market that the Group will focus its efforts to develop. In light of the uncertainties of world economies and weakening demand for iron ore, the Group has taken and will expect to continue to take a cautious and prudent approach in terms of expansion for iron ore production, and will prioritize the capital sources for diversifying the income sources.



Management Discussion and Analysis

BUSINESS AND OPERATIONS REVIEW

Major operating results

Due to the continuing downward trend of iron ore price, it has become commercially impracticable for the Company to focus on mine production activities as these would expose the Company to the risks of downward price trend after the iron ores are duly through the mining and beneficiation process. As such, the Company has switched its focus on the mine trading activities. As set out in note 4 to the audited financial statements under the heading of operating segment information, the self-production mining operation activities is suffered a loss while majority of the profits are generated by the commercial trading of iron ore and other commodities.

Although an increased demand for iron ore import from customers in China persisted and thus a considerable growth in both sale volume and revenue were recorded during the year under review, the general decline in prices of the commodity in the global market has resulted in drastic decrease in gross profit margin of the Group comparing to 2014.

For the year ended 31 December 2015, the Group's sales revenue leaped up by 261.3% to approximately USD550.2 million (2014: approximately USD152.3 million). Sales volume of iron ore products surged 499.9% to approximately 8,338 Kt on dry basis (2014: approximately 1,390 Kt). Products sold had average iron ore grades of 64.0% (2014: 61.6%), with average selling price of iron one products on dry basis at USD58.0 per tonne (2014: USD96.6 per tonne).

As a result of persisting dropping in international iron ore prices despite the increase in sales volume, the Group recorded decrease in gross profit by 3.2% in 2015 to USD14.9 million compared to USD15.4 million in 2014. The gross profit margin for 2015 dropped to 2.7% (2014: 10.1%). The Group's profit for the year decreased by 72.7% from USD2.2 million in 2014 to USD0.6 million, mainly as a result of the drop in international iron ore prices and market competition. Basic earnings per share for the year 2015 was US0.04 cents (2014: US0.15 cents).

The sales analysis for the Group is as follows:

	For the year ended 31 December 2015	For the year ended 31 December 2014	Change
Sales Revenue	**USD550,168,000**	USD152,304,000	+261.3%
– Iron Ore note 1	**USD483,494,000**	USD134,311,000	+260.0%
– Other Commodities note 2	**USD66,674,000**	USD17,993,000	+270.6%
Sales Volume (dry basis)			
– Iron Ore	**8,338,000 tonnes**	1,390,000 tonnes	+499.9%
– Other Commodities	**10,000 tonnes**	207,000 tonnes	-95.2%
Gross Profit	**USD14,902,000**	USD15,376,000	-3.2%
Gross Profit Margin	**2.7%**	10.1%	-7.4 percentage points

Note 1: At present, the major products for the Group are iron ore products, including iron ore products generated from Ibam Mine and other trading activities.

Note 2: Represents trading of nickel cathodes and copper cathodes during the year.

Project Ibam

The Group's principal mining site is Project Ibam, which is one of the most resources rich mine with high iron content in Malaysia. Based on the "Independent Technical Report" (see Appendix IV of the Prospectus of the Company for full report) there is approximately 151 Mt of ore resource at a grade higher than or equal to 35%, with an average grade of 46.5% total iron, and it has a mine life expected to be more than 26 years as of 31 December 2012. The Group uses the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low-cost process which includes ball-milling, magnetic separation process and dewatering. The method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced.

In light of the market conditions, the Group did not purchase additional beneficiation lines or crushing lines during the year under review. As at 31 December 2015, the Group had a total of 5 beneficiation lines (2014: 9), and a total of 2 crushing lines (2014: 7) after disposal of certain redundant property, plant and equipment as a result of less self-production mining activities during 2015, the annual mining volume of Project Ibam reached 67 Kt (2014: 866 Kt). Project Ibam accounted for about 0.5% of the Group's total revenue (2014: 11.7%).

The following table indicates the mining volume and production volume of iron ore products produced from Ibam Mine:

	For the year ended 31 December 2015	For the year ended 31 December 2014	Change
Mining Volume	**67.0 Kt**	866 Kt	-92.3%
Production Volume	**16.0 Kt**	208.2 Kt	-92.3%

Total mining volume and crushed of Ibam Mine for the year ended 31 December 2015 was 66,576 tonnes, as set out below:

Quarter ended	**Quarterly Ore mined and crushed (tonnes)**	**Average Fe Grade (%)**
31 March 2015	—	N.A.
30 June 2015	—	N.A.
30 September 2015	35,163	62.0
31 December 2015	31,413	62.0

Due to the downturn of the international iron ore price during 2015, the Group considered that it would be more economically cost-efficient to conduct trading of iron-ore mines instead of self-production of iron-ore mines, as the procurement costs of trading of iron-ores is relatively lower than the production plus freight costs for self-production of Project Ibam. As such, the Group made certain strategic adjustments to focus on the iron ore trading business. Primary activities in exploration, mining, crushing and beneficiation at the Ibam Mine have been largely suspended during 2015. Instead, the Group switched its focus to the trading of iron ore products in the form of iron ore concentrates and iron ore fines and other commodities on indent basis. The Group mainly sells iron ore products to steel manufacturers and/or their respective purchasing agents in China. During the year under review, no exploration activities were carried out at the Ibam Mine.

BREAKDOWN OF EXPENDITURES

The following is a breakdown disclosure in respect of the development and mining activities of Ibam Mine:

Expenditure incurred in respect of the mining activities during the year ended 31 December

	2015	2014
	USD'000	USD'000
Service fees to mining and processing contractors	**251**	3,446
Mining fee paid to mining lease holder	**154**	2,275
Others	**37**	–
Total:	**442**	5,721

The above expenditures have been included in the cost of sales and are charged to the statement of profit on loss and other comprehensive income for the corresponding years.

Capital expenditure in respect of the development activities during the year ended 31 December

	2015	2014
	USD'000	USD'000
Purchase and construction of mining properties and machinery	**–**	244
Construction in progress – mining properties and machinery	**–**	3,237
Payment in advance	**–**	35
Total:	**–**	3,516

The above expenditures have been capitalized and recorded in the statements of financial position under the line item of Property, Plant and Equipment and Payments in Advance as at 31 December of the corresponding years.

The international iron ore price has been on drastic downward trend which to rendered the mining operation of Ibam Mine commercially impracticable, as the Group would otherwise have to bear the risks of the iron ore prices continuing to decline. As such, the Group switched its focus on trading of mines instead of sale of self-produced mines.

BUSINESS STRATEGIES

Iron ore business

The ever-falling price of iron ore in the international market posed great challenges to the Group's business of self-production of iron ore products. Considering the overall global economic condition at the moment, generally speaking, the Group's attitude to the international iron ore market has changed from cautious to conservative. Therefore, the Group will put on hold the acquisition of other iron ore mines. The Group did not acquire any mines during the year under review.

On 3 October 2013, the purchaser, an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding with the vendors and the target company in relation to a proposed acquisition of the target company which is proposed to undertake mining project in Bukit Besi, Malaysia, pursuant to which it is proposed that the purchaser would acquire or subscribe for 60% of the equity interests in the target company. As the vendors failed to obtain the relevant approvals as required in the memorandum of understanding, the parties thereto entered into a termination agreement on 5 June 2015, pursuant to which the parties thereto agreed to terminate the memorandum of understanding with immediate effect. For further details, please refer to the announcement dated 5 June 2015.

Due to the downward trend of iron ore price and fierce market competition, the Group held over the replacement and substitution of the equipment at the mining area so that we were able to conserve resources and continue to conduct our sales of iron ore with relatively more competitive trading terms whilst costs were also proactively kept under control. This resulted in the sales of the Group in the last year still achieving considerable growth to assure that the Group is still profitable. Unfortunately, however, international iron ore prices continued to fall and such an operating environment caused our gross profit margin to fall further in 2015. Nevertheless, as stated in the section "Market Outlook", in the future, China's dependence on iron ore imports is expected to grow rather than shrink, so the Group will assess and operate Project Ibam based on the actual condition of the market. At present, Project Ibam has cut production on a relatively large scale, and technology upgrade to certain production lines has also been held over based on market conditions. The Group will continue to keep a close watch on market dynamics and adjust deployment at Project Ibam in a timely manner.

Other investments and business development

Apart from the existing business at Ibam Mine, the Group has already explored other sources of income and earnings based on its plans so as to maximize the interests of Shareholders. This will allow our businesses to develop in diversified directions, which is a way of reducing the risks of a single business model. One of the development strategies is to merge with and acquire a series of other businesses so that the scope of businesses becomes more diversified. This will bring opportunities to the sustainable development of the Group in the long term.

During the year, the Company has, continued to diversify the sources of income, entered into a completion memorandum with Shenzhen Wanyuntong Real Estate Development Company Limited (深圳市萬運通房地產開發有限公司) which is a shareholder of Shenzhen Gongxinying Financial Information Service Co. Ltd (深圳市共信贏金融信息服務有限公司) ("Target Company"), and the Target Company. For further details, please refer to the announcement dated 24 December 2015.

FINANCIAL REVIEW

Revenue

During the year, the Group's revenue reached approximately USD550.2 million, representing 261.3% higher than the amount of USD152.3 million recorded in the year of 2014. The increase in revenue was mainly brought by higher sales volume of the Group's iron ore products which mainly benefits from the Group's strategy to actively develop new business and clienteles and was also attributable to greater reliance of iron ore import in China. The sales volume of iron ore on dry basis for the year under review was approximately 8,338 Kt, representing 499.9% higher than 1,390 Kt in 2014. The average selling price (dry basis) of the iron ore products for the year was USD58.0 per tonne (2014: USD96.6). The reasons for the decrease were the persisting dropping of international iron ore price and the market competition.

In addition to sales of iron ore products which was approximately USD483.5 million for the year (2014: USD134.3 million), in order to meet customers' needs, the Group also conducted trading of nickel and copper cathodes during the year under review, generating a sales revenue of approximately USD66.7 million (2014: USD18.0 million).

Cost of Sales

During the year, the Group's cost of sales reached approximately USD535.3 million, about 291.0% higher than the approximately USD136.9 million recorded for the year 2014. The cost of sales primarily comprises (1) as for ore production cost, the service fee to mining contractor, mining fee paid to the registered holder of mining lease of the Ibam Mine, service fee to processing contractor and purchase costs of crude iron ore and (2) as for trading of iron ore, the acquisition costs of iron ore and other commodities for trading purpose and their freight costs to destination ports. During the year, the average unit cost of iron ore was USD56.4 per dry tonne basis, 34.3% lower than that of last year at USD85.9 per dry tonne basis. The reasons for the decrease in unit cost of iron ore were in line with the downward trend of price of international iron ore during the year.

Gross Profit and Margin

During the year, the Group's gross profit reached approximately USD14.9 million, about 3.2% lower than the approximately USD15.4 million recorded in year of 2014. The gross profit margin for the year ended 31 December 2015 was 2.7%, lower than that of last year at 10.1%. The decrease was mainly due to the dropping of international iron ore price and gross loss was recorded for sale of self-produced iron ore products while profit was recorded for trading of iron ore.

Selling and Distribution Expenses

During the year, the Group's selling and distribution expenses reached approximately USD0.1 million, about 98.7% lower than the approximately USD7.6 million recorded for 2014. The decrease was mainly due to no boarding and freight expenses occurred for self-produced products in the way of Ex Works during the year coupled with the decrease in marketing fee.

Administrative Expenses

During the year, the Group's administrative expenses reached approximately USD5.1 million, about 24.4% higher than the approximately USD4.1 million in the year of 2014. The increase was mainly due to the depreciation of property, plant and equipment was classified as administrative expenses instead of production costs during the suspension of self-production.

Other Expenses

During the year, the Group's other expenses reached approximately USD9.4 million, about 261.5% higher than the approximately USD2.6 million in the year of 2014. The increase was mainly due to the loss of USD3.3 million recorded on disposal of certain redundant property, plant and equipment which was mainly due to the downward trend of iron ore price and hence the price drop, and the increase in foreign exchange loss of USD3.8 million.

Finance Costs

During the year, the Group's finance costs reached approximately USD0.4 million, about 42.9% lower than the approximately USD0.7 million in the year of 2014. The decrease was mainly attributable to the shorter period of bank financing in trading and lower interest rate offered.

Income Tax Expenses

During the year, the Group's income tax expense reached approximately USD2.1 million, about 162.5% higher than the approximately USD0.8 million in the year of 2014. The effective tax rate was 77.4% in comparing with 25.4% of last year. The increase in effective tax rate was mainly due to deferred tax assets in relation to certain taxation loss recorded in subsidiaries in Malaysia was not recognised for taxation during the year, and the amount is higher than that of the non-taxable dividend income.

Profit for the Year

As a result of the operating activities, profit for the year ended 31 December 2015 decreased by 72.7%, from approximately USD2.2 million for the year ended 31 December 2014 to approximately USD0.6 million for the year ended 31 December 2015.

The net profit margin decreased from 1.4% for the year ended 31 December 2014 to 0.1% for the year ended 31 December 2015.

Total Comprehensive Income Attributable to Owners of the Company

Total comprehensive income attributable to owners of the Company decreased by 287.5%, from approximately USD0.8 million income for the year ended 31 December 2014 to approximately USD2.3 million loss for the year ended 31 December 2015. The decrease was greater than the percentage decrease in profit for the year, which was due to foreign exchange loss arising from translation of foreign operations of approximately USD2.9 million recorded during the year (2014: USD1.4 million) as a result of drop of RM against USD.

Final Dividend

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2015 (2014: Nil).

LIQUIDITY AND CAPITAL RESOURCES

The total equity of the Group as at 31 December 2015 was approximately USD94.0 million (31 December 2014: USD95.1 million). The Group generally finances its operation with internally generated cash flow, interest-bearing bank and other borrowings, and an amount due to the ultimate holding company as set out in the announcement dated 3 July 2015. Primary uses of funds during the year included settlement of operating expenses and payment of available-for-sale investment (the increase of available-for-sale investment in 2015 as compared to 2014 comprise of acquisition of equity interests in the Target Company (please refer to the announcement dated 24 December 2015 for details of the Target Company) for a consideration of USD5,000,000, and purchase from the shareholder of Fortune Union (please refer to the announcement dated 16 May 2014 for details of Fortune Union) at a consideration of USD3,000,000). As at 31 December 2015, current assets of approximately USD112.4 million primarily comprised USD21.9 million of inventories, USD46.1 million of trade receivables, USD11.5 million of prepayments, deposits and other receivables, and USD33.0 million of cash and cash equivalents (including pledged bank deposits). Current liabilities of approximately USD59.4 million mainly comprised USD15.3 million of trade payables, USD35.5 million of interest-bearing bank and other borrowings, and USD7.3 million of tax payable. Current ratio, being total current assets to total current liabilities was 1.9 as at 31 December 2015 (2014: 1.6). The liquidity position has improved and the Group has sufficient financial resources to finance its business and to meet its working capital requirements.

As at 31 December 2015, the Group had certain interest-bearing bank and other borrowings of USD35.6 million in total (2014: USD24.5 million). The bank and other borrowings were mainly used to finance the issuance of letter of credit.

Cash and Cash Equivalents

Cash and cash equivalents of the Group in 2015 increased by approximately USD17.3 million compared to 2014.

Detailed cash flow analysis is as follows:

	For the year ended 31 December	
	2015	2014
	USD'000	USD'000
Cash and cash equivalents in the consolidated statement of cash flow at beginning of year	**10,430**	30,748
Net cash used in operating activities	**(4,767)**	(14,010)
Net cash flow used in investing activities	**(3,668)**	(15,657)
Net cash flows from financing activities	**25,820**	9,610
Net increase/(decrease) in cash and cash equivalents	**17,385**	(20,057)
Effect of foreign exchange rate changes, net	**(151)**	(261)
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of year	**27,664**	10,430

Net Cash Flows used in Operating Activities

The Group's net cash flows used in operating activities changed from approximately USD14.0 million outflow for the year ended 31 December 2014 to approximately outflow of USD4.8 million for the year ended 31 December 2015. It primarily included the profit before tax of USD2.7 million and the outflow of cash was mainly contributed by the increase in trade receivables of approximately USD9.8 million and increase in inventories of approximately USD19.1 million.

Net Cash Flows used in Investing Activities

The Group's net cash flows used in investing activities decreased by 76.4%, from approximately USD15.7 million for the year ended 31 December 2014 to approximately USD3.7 million for the year ended 31 December 2015. It primarily included interest and dividends received of approximately USD1.3 million and USD1.8 million, respectively; and the consideration of USD6.8 million paid for the purchase of available-for-sale investments.

The Group had made interest-bearing advances to independent third parties in an aggregate amount of USD43,300,000 for the year ended 31 December 2015, comprising of (1) interest-bearing loan of USD10,000,000 to the Vendor on the condition that the Loan shall be used for the sole purpose of facilitating the business development of the Target Company (please refer to the announcements dated 3 July 2015 and 24 December 2015 for further details), while the Company is entitled to demand for repayment with 3 months' notice and has not served the said demand as at 31 December 2015; and (2) an aggregate of USD33,300,000 advances on a revolving basis (but not net basis) which have been made to independent third parties on an interest-bearing short-term basis, all of which have been repaid with pre-agreed interest as at 31 December 2015 while each separate advance does not constitute a disclosable transaction.

Net Cash Flows from Financing Activities

The Group's net cash flows from financing activities significantly increased by 168.8%, from approximately USD9.6 million for the year ended 31 December 2014 to approximately USD25.8 million for the year ended 31 December 2015. The substantial increase is primarily due to the payment of final dividend for the year ended 31 December 2013 which was declared and paid in 2014 for a total amount of approximately USD9.9 million whereas no dividend payment was made during the year. Cash inflows from financing activities mainly include the proceeds from an interest-free and unsecured borrowings from Cosmo Field (the Company's Controlling Shareholder) of approximately USD15.0 million (For further details on the said interest-free and unsecured loan, please refer to the announcements dated 3 July 2015 and 24 December 2015 respectively), and net proceeds from bank loans of USD11.7 million.

Inventories

The Group's inventories increased by 682.1%, from approximately USD2.8 million as at 31 December 2014 to approximately USD21.9 million as at 31 December 2015. It is primarily because certain sales on trading business was recorded after the year end date of 31 December 2015 while corresponding purchases were recorded during the year. High proportion of sales was conducted by trading business that shortened the inventory turnover days from 11 days last year to 8 days.

Trade Receivables

The Group's trade receivables increased by 27.0%, from approximately USD36.3 million as at 31 December 2014 to approximately USD46.1 million as at 31 December 2015. Trade receivable turnover days were approximately 27 days (2014: 58 days). The shorter trade receivable turnover days was recorded since the credit periods of certain goods are shortened in the forth quarter last year to reflect prevailing market conditions.

Major customers were granted credit on open account basis or allowed to settle by documentary letter of credit. However payment in advance may be required for new customers. Overdue balances are reviewed regularly by senior management, if any. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Prepayments, deposits and other receivables

The Group's prepayments, deposits and other receivables which are accounted for as current portion increased by 91.7% from approximately USD6.0 million as at 31 December 2014 to approximately USD11.5 million as at 31 December 2015, primarily due to the proceeds receivable from disposal of property, plant and equipment of approximately USD5.7 million.

The prepayments, deposits and other receivables which are accounted for as non-current portion mainly includes the loan of USD10,000,000 advanced for the acquisition as set out in the announcement dated 24 December 2015.

Trade Payables

The Group's trade payables increased by 427.6% from approximately USD2.9 million as at 31 December 2014 to approximately USD15.3 million as at 31 December 2015, which was mainly due to the increase in purchase of iron ore products and other commodities to cope with the increase in sale during the year under review.

Net Current Assets Position

The Group's net current assets position was improved during the year, from net current assets of approximately USD23.7 million as at 31 December 2014 to net current assets of approximately USD53.0 million as at 31 December 2015, primarily attributable to significant increase in trade receivable in line with the increase in sales and proceeds from disposal of certain property, plant and equipment during the year.

Borrowings

As at 31 December 2015, the Group's borrowings mainly included: (i) secured bank loans of approximately USD13.6 million with an annual interest rate ranging from 2.65% to 2.85%; (ii) unsecured bank loans of approximately USD21.8 million with an annual interest rate ranging from 1.30% to 1.40%; and (iii) hire purchase arrangements for motor vehicles and equipment of USD0.2 million with an annual interest rate ranging from 2.36% to 6.90%. As of 31 December 2015, the Company also owed a shareholder loan of USD15,000,000 from Cosmo Field (the Controlling Shareholder) which is interest-free and unsecured, the details of which can be referred to the announcements dated 3 July 2015 and 24 December 2015.

Contingent Liabilities

As at 31 December 2015, the Group did not have any material contingent liabilities.

Foreign Currency Risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the unit's functional currency.

The Group's businesses are located in Malaysia and its operating transactions are conducted in RM. Most of its assets and liabilities are denominated in RM, except for certain payables to professional parties and administrative expenses in the Hong Kong office that are denominated in HKD, and the bank loans obtained that are denominated in USD. The Group has not entered into any hedging transaction to manage the potential fluctuation in foreign currencies. The following table demonstrates the sensitivity at the end of each of the relevant periods to a reasonably possible change in the RM exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RM rate	Increase/ (decrease) in profit before tax USD'000
31 December 2015		
If the US dollar weakens against RM	5%	1
If the US dollar strengthens against RM	(5%)	(1)
31 December 2014		
If the US dollar weakens against RM	5%	1,444
If the US dollar strengthens against RM	(5%)	(1,444)

During the year ended 31 December 2015 exchange loss arising from translation of foreign operations between RM and USD was approximately USD2.9 million.

Pledge of Assets

Motor vehicles and machinery with an aggregate net carrying amount approximate to USD102,000 (2014: USD1,321,000) were held under hire purchase arrangements entered into by the Group at 31 December 2015. As of 31 December 2015, bank deposits of USD5,302,000 (2014: USD4,979,000) were pledged to secure bank loans for documentary letter of credit granted to the Group and trade receivables of USD17,703,000 (2014: USD18,418,000) were pledged for the banks loans for L/C.

Contractual Obligations

As at 31 December 2015, the Group had no contractual obligations (31 December 2014: USD8.7 million).

Capital Expenditure

The Group did not record any capital expenditure during the year (2014: USD4.1 million).

Gearing Ratio

The Group is currently funding its capital expenditure through internal generated funds from its operations and new bank borrowings. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other borrowings and an amount due to the ultimate holding company, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the owners of the Company.

The Group's gearing ratio as at 31 December 2015 was 14.9% (2014: 8.7%).

RESOURCE AND RESERVES OF IBAM MINE UNDER THE JORC CODE AS AT 31 DECEMBER 2015

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as of 31 December 2015 (Note):

Classification	**Quantity (Mt)**	**Fe Grade (%)**
Measured	108	46.7
Indicated	—	—
Inferred	42	46.4
Sub-total	150	46.6

Ore reserves of the Ibam Mine for ore with iron grade greater than or equal to 35% as of 31 December 2015:

Classification	**Quantity (Mt)**	**Fe Grade (%)**
Proved	—	—
Probable	102	44.7

Note: The figures were calculated by the resource and reserves as at 31 December 2013 under the JORC Code (confirmed by Geos Mining which is a specialist independent geological and mineral exploration consultant) less the accumulated mining volume since then.

All assumptions and technical parameters set out in the technical report of Geos Mining (the "Independent Technical Adviser") which is prepared under JORC Code as shown in the Prospectus of the Company dated 20 June 2013 with respect to the Ibam Mine have not been materially changed and continued to apply to the above disclosed data.

EMPLOYEES AND EMOLUMENT POLICIES

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. As at 31 December 2015, the Group had 43 employees (2014: 48). For the year ended 31 December 2015, total staff cost including Directors' emolument amounted to approximately USD1.3 million (2014: USD1.6 million).

The Group's remuneration policies are in line with prevailing market practices and are determined on the basis of the performance and experience of the individual. The Group has constantly been reviewing the staff remuneration package to ensure it is competitive in the relevant industries.

SIGNIFICANT ACQUISITIONS AND INVESTMENTS IN PROGRESS

For details of significant acquisitions and investments of the Group during 2015, please refer to the section "Other investment and business development" in "Business Strategies". The Group is also searching for suitable investment project in Laos (please refer to the announcement on 13 January 2016 for further details) and in negotiation with respect to potential acquisition of equity interests in the Target Company (a commodity trader and a company established in Singapore with limited liability) (please refer to the announcement dated 15 March 2016 and 17 March 2016). As the Company has begun to focus more and more on the trading of commodities (including, but not limited to, iron ore), the Company has completed disposals of 5 crushing lines, 4 beneficiation lines and certain mining equipment as a result of the lesser self-production of mines during the year of 2015.

The Board of Directors is committed to maintaining appropriate corporate governance practices to enhance the accountability and transparency of the Company in order to protect Shareholders' interests and to ensure that the Company complies with the latest statutory requirements and professional standards.

The Company has complied with the code provisions set out in CG Code for the year ended 31 December 2015 except for the deviation from CG Code provision A.2.1 in respect of the roles of chairman and Chief Executive Officer of the Company which is further discussed in the section of "Chairman and Chief Executive Officer" in this corporate governance report.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct for dealing in securities by the Directors. Having made specific enquiry to all the Directors, all the Directors have confirmed that they had complied with the required standards set out in the Model Code for the year ended 31 December 2015.

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its Shareholders at all times.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

As at 31 December 2015 and up to the date of this corporate governance report, the Board comprised four executive Directors and three independent non-executive Directors.

Executive Directors
Mr. Li Yang *(Chairman and Chief Executive Officer)*
Ms. Li Xiaolan
Mr. Wang Er
Mr. Dong Jie

Independent Non-Executive Directors
Mr. Kong Chi Mo
Dr. Li Zhongquan
Dr. Wang Ling

The biographical details of the Directors and the relationship among the members of the Board are set out in the section of "Profiles of Directors and Senior Management" on pages 31 to 36 of this annual report. Ms. Li Xiaolan is the younger sister of Mr. Li Yang's father.

In compliance with Rules 3.10(1) and (2) and 3.10A of the Listing Rules, the Company has appointed three independent non- executive Directors, who have represented at least one-third of the Board. Mr. Kong Chi Mo, being one of the independent non-executive Directors possesses the appropriate professional qualifications or accounting or related financial management expertise. The Board considers that all the independent non-executive Directors have appropriate and sufficient business, legal and/or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders of the Company.

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence as required under Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive Directors to be independent.

Each of the independent non-executive Directors has taken up the role as an independent non-executive Director for an initial term of 3 years and is subject to retirement and re-election in accordance with the Articles of Association.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuing professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with Model Code, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

TRAINING OF THE DIRECTORS

During the year under review, all the Directors have taken continuous professional development trainings in order to refresh their knowledge and skills and have provided their records to the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under CG Code A.2.1 under Appendix 14 to the Listing Rules, the roles of chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The positions of chairman and Chief Executive Officer of the Company are both currently carried on by Mr. Li Yang. The Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board of Directors and the management.

The Board members have considerable experience and qualities which they bring to the Company and the Board, of which Mr. Li Yang can take advantage in fulfilling his duties, and the management is not impaired. Mr. Li Yang has strong client relationships and has the full backing from the Board of Directors and senior management of the Company in fulfilling his obligations as chairman and Chief Executive Officer. The Board believes that having the same person performing the roles of both chairman and Chief Executive Officer can provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group. Further, the decisions of the Board are made collectively by way of voting and therefore the chairman of the Board should not be able to monopolize the voting result.

MEETINGS OF THE BOARD

Notices of regular Board meetings are given to all the Directors in accordance with the Articles of Association. Schedules and agenda of each meeting are made available to the Directors in advance. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. For other Board and committee meetings, notices are given within reasonable times in advance. Minutes of all Board meetings and committee meetings are kept by the company secretary and open for the Directors' inspection. Draft and final version of minutes are circulated to the Directors for their comment and record within a reasonable time after the Board meeting is held.

The attendances at the Board, respective Board committees meetings and the AGM held either in person or through other electronic means of communication for the year ended 31 December 2015 are as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	AGM
Executive Directors					
Mr. Li Yang	5/5	N.A.	2/2	N.A.	1/1
Ms. Li Xiaolan	5/5	N.A.	N.A.	2/2	0/1
Mr. Wang Er	5/5	N.A.	N.A.	N.A.	0/1
Mr. Dong Jie	5/5	N.A.	N.A.	N.A.	0/1
Independent non-executive Directors					
Mr. Kong Chi Mo	4/5	2/2	N.A.	N.A.	1/1
Dr. Li Zhongquan	5/5	2/2	2/2	2/2	0/1
Dr. Wang Ling	5/5	2/2	2/2	2/2	0/1

Note: number of meeting attended is shown as nominator and total number of meetings held is shown as denominator.

In addition to the disclosure made above, the Board held a meeting on 11 March 2016 to approve the annual results and other relevant matters of the Group. All Directors were present in the meeting.

COMMITTEES OF THE BOARD

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee to oversee particular aspects of the affairs of the Company. Each of these committees is set up with specific written terms of reference in compliance with the CG Code. Each committee is delegated with authorities and duties within its terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 120.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

Audit Committee

The Company established an audit committee pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing. The primary duties of the Audit Committee include ensuring that an effective financial reporting and internal control system is in place and compliance of the Listing Rules, controlling the completeness of the Company's financial statements, selecting external auditors and assessing their independence and qualifications, and ensuring the effective communication between our external auditors. The Audit Committee comprises three Independent non-executive Directors, namely, Mr. Kong Chi Mo (chairman of the Audit Committee), Dr. Wang Ling and Dr. Li Zhongquan.

The Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial process, internal control and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities assigned by the Board. The Audit Committee held two meetings during the year and up to the date of this report to review interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors.

The Audit Committee also met the external auditors twice without the presence of the executive Directors during the year and up to the date of this report.

The terms of reference for the Audit Committee have been revised in accordance with the Listing Rules and published on the Stock Exchange website on 31 December 2015.

The Company's and the Group's audited financial statements for the year ended 31 December 2015 have been reviewed by the Audit Committee, who was of the opinion that these statements complied with the applicable accounting standards, the Listing Rules and the legal requirements, and that adequate disclosures had been made. For the year ended 31 December 2015, two committee meetings were held and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Kong Chi Mo	2/2
Dr. Wang Ling	2/2
Dr. Li Zhongquan	2/2

Remuneration Committee

The Company established a remuneration committee pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing. The Remuneration Committee comprises two independent non-executive Directors, namely, Dr. Wang Ling (chairman of the Remuneration Committee), Dr. Li Zhongquan and one executive Director, namely Ms. Li Xiaolan.

The duties of the Remuneration Committee mainly include making recommendations on and approving the remuneration policy and structure and remuneration packages of all Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee would make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

For the year ended 31 December 2015, two committee meeting was held and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Dr. Wang Ling	2/2
Dr. Li Zhongquan	2/2
Ms. Li Xiaolan	2/2

During the year under review, there is no new Director appointed. It is the Company's policy that the remuneration package of each Director and senior management shall be determined by reference to, inter alia, their duties, responsibilities, experience and qualifications.

Details of remuneration payable to the Directors and senior management by band are set out in note 8 to the financial statements of this annual report.

Nomination Committee

The Company established a nomination committee pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing. The Nomination Committee comprises one executive Director, namely, Mr. Li Yang (chairman of the Nomination Committee), and two independent non-executive Directors, namely Dr. Wang Ling and Dr. Li Zhongquan. The primary duties of the Nomination Committee include identifying suitable candidates for the Directors and making recommendations to the Board, assessing the structure and composition of the Board, preparing, making recommendations to and supervising the execution of the nominating policy of the Company.

For the year ended 31 December 2015, two committee meeting was held and the attendance records of individual members are set out below:

Name of Directors	Number of meetings attended/held
Mr. Li Yang	2/2
Dr. Wang Ling	2/2
Dr. Li Zhongquan	2/2

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence required under Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive Directors to be independent. Besides, the Nomination Committee reviewed the appointment of each Director prior to that Director seeking re-election at the forthcoming AGM and was pleased to recommend the re-election of three eligible Directors to the Board.

EXTERNAL AUDITORS AND AUDITORS REMUNERATION

The Group appointed Ernst & Young as the Group's auditors. The acknowledgement of their responsibilities on the financial statements are set out in the section of "Independent Auditors' Report" on pages 48 to 49 of this annual report.

For the year ended 31 December 2015, the fee paid and payable to Ernst & Young in respect of audit and audited related services amounted to approximately USD0.3 million.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows for the Group for the year ended 31 December 2015.

In preparing the consolidated financial statements, supported by the finance department of the Group, the Directors have:

(i) reviewed the adoption of all applicable IFRSs;

(ii) selected suitable accounting policies and applied them on a consistent basis;

(iii) made judgments and estimates that are prudent, fair and reasonable; and

(iv) prepared the consolidated financial statements on a going concern basis.

In preparing the consolidated financial statements for the year ended 31 December 2015, the Board has received sufficient explanation and information from the management, which enabled the Board to make an informed assessment of the consolidated financial statements and other information before approval. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Board recognizes its responsibility for maintaining an adequate and sound internal control system and through the Audit Committee and, if necessary, an external firm of qualified accountants to provide internal control services, conducts reviews on the effectiveness of these systems at least annually, covering material controls, including financial, operational and compliance controls, and risk management functions.

During the year under review, a Malaysian legal adviser was appointed to provide advice to the Board and the designated compliance officers on an ongoing basis in respect of all relevant Malaysian laws and regulations, including changes to such laws and regulations, which may affect the Group's operations in Malaysia.

The Board has considered the effectiveness of its internal control system and is of the view that the internal control system adopted for the year ended 31 December 2015 was effective and the Company has complied with the CG Code.

During the year under review, the Board has reviewed the effectiveness of certain material internal control systems of the Group, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget. The Board has reviewed and enquired with the top management as to whether sufficient or proper internal control practice has been in force. Based on the controls in place, the Board is satisfied that there are adequate internal controls in the Group.

COMPANY SECRETARY

Mr. Chu Lok Fung Barry, who has been appointed as the company secretary of the Company since 12 April 2013, has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

SHAREHOLDERS' RIGHTS

The Board and the management of the Group endeavored to ensure all the Shareholders are treated equally and have their deserved rights. The Board has established the Shareholders' communication policy to maintain an open and effective communication with the Shareholders and to update the Shareholders on relevant information on the Group's business in a timely manner.

To safeguard Shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholder meetings, including the re-election of individual directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholder meeting.

Any Shareholder may appoint a proxy or representative to attend the general meeting, and they are entitled to exercise the same voting rights in the meeting.

The notice of AGM is distributed to all Shareholders at least 21 clear days and 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his power under the Company's Articles of Association to put each proposed resolution to the vote by way of a poll.

Procedures for convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by Shareholders.

Pursuant to Article 58 of the Company's Articles of Association, an extraordinary general meeting shall be called by the Board on the written requisition of any one or more Shareholders of the Company, provided that such Shareholder(s) held at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be called for the transaction of any business specified in the written requisition to the Board or the Secretary of the Company; and shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no statutory provisions granting the right to Shareholders to put forward or move new resolutions at general meetings under the Companies Law or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

COMMUNICATION WITH SHAREHOLDERS

To embrace best corporate governance principles and practice, the Group, as a listed company, emphasizes the importance of maintaining good communication with the Shareholders and investors, so as to increase the Company's transparency and undertaking by the Shareholders. The AGM provides a useful forum for Shareholders to exchange views with the Board, external auditors and the chairman of each of the Board committees attend the general meeting and are pleased to answer Shareholders' enquiries. Furthermore, to foster two-way communication amongst the Company, its Shareholders and potential investors, and to update them abreast of the latest industry updates, corporate communications and the Group's announcements and business development in a timely manner, the Company has appointed an investor relation advisor and a formal channel to respond to enquiries from Shareholders and the public. In the event that a Shareholder wishes to put forward a proposal to the Board, he/she may put forth his/her enquiry in writing to the Hong Kong office of the Company at Suite 5602, 56/F., The Center, 99 Queen's Road Central, Hong Kong and the Company will act on the subject matter accordingly. In addition, the Company is committed to maximizing the use of its website at www.caa-resources.com and the website of the Stock Exchange at www.hkexnews.hk as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Hong Kong office of the Company whose contact details are as follows:

Suite 5602, 56/F., The Center, 99 Queen's Road Central, Hong Kong

CHANGES TO CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents for the year ended 31 December 2015.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Li Yang, aged 28, was appointed as Director on 25 April 2012 and was redesignated as an executive Director, the chairman and Chief Executive Officer of the Company on 12 April 2013 and was re-elected as executive Director on 19 June 2015. Mr. Li is the director of Capture Bukit Besi since September 2013, the director of Keen Wise Asia Investment Limited since 27 July 2015, the director of Shenzhen Shihua Information Technology Limited since 25 November 2015 and currently the Group's resident key management executive in Malaysia, responsible for the day-to-day business management and supervision of mining production. He is also the chairman of the Nomination Committee.

Mr. Li first joined our Group in December 2009 as our resident representative for our mines in Malaysia. In February 2010, he was appointed as the director of Capture Advance, our principal operating entity in Malaysia, and also the director of Capture Advantage and director of Best Sparkle Development Ltd. since June 2011. He had since represented our Group in the liaisons with clients and various Malaysian governmental authorities. Apart from managing our business operation in Malaysia, Mr. Li also played a vital role in the Group's business development in the PRC, and was a key figure in procuring our Group's entering into the framework agreement with one of our major customers. Mr. Li was closely involved in our daily mining operation and convened regular meetings to discuss with our resident Directors and the senior management teams, who would provide their professional technical advice. Mr. Li is also responsible for the strategic planning of the Group's ongoing business expansions. Mr. Li is the sole director of Cosmo Field which is the beneficial owner of 843,750,000 Shares of the Company, representing 56.25% of the issued share capital of the Company.

Mr. Li graduated from the College of Business of Eastern New Mexico University in the United States in 2009 with a major degree in business administration. He is the son of Mr. Li Dongming, the founder of the Group, and nephew of Ms. Li Xiaolan.

Ms. Li Xiaolan, aged 51, was appointed as an executive Director and the deputy general manager of the Company on 12 April 2013. She joined our Group in March 2008 and had been appointed as the director of Capture Advantage, Best Sparkle Development Ltd. and 3W Development Limited since August 2010, November 2010 and February 2014 respectively. Ms. Li is currently responsible for the financial management of the Group, and her duty includes enhancing internal control of our financial system, supervising the daily operation of our finance department and controlling the allocation of internal resources. In addition, she is also responsible for reviewing and approving the financials and feasibility of new projects.

Ms. Li has approximately 17 years of experience in accounting. Previously she had been the finance director of Tongxing Group Mining Company (同興集團礦業公司) between January 1997 and October 2003, and the finance director of Chengdu Hande between November 2003 and August 2007.

Ms. Li obtained a diploma in industrial enterprises operation and management from Sichuan Radio and Television University (四川廣播電視大學) in the PRC in 1986, and her bachelor's degree in accounting from Sichuan University (四川大學) in the PRC in 1992. Ms. Li is the younger sister of Mr. Li Dongming, the founder of the Group, and aunt of Mr. Li Yang.

Mr. Wang Er, aged 59, was appointed as an executive Director and the production supervisor of our Company on 12 April 2013 and was re-elected as an executive Director on 19 June 2015. He had also been appointed as the director of Capture Advance, Pacific Mining and Capture Advantage Besi since February 2010, May 2011 and June 2011 respectively. Mr. Wang has approximately 32 years of experience in the mining industry. Mainly responsible for the daily operation and production of the Group's mines, he is the key on-site person-in-charge of Project Ibam as well as the resident supervisor at the mine site for overall production management and testing of iron ore grading.

Mr. Wang first joined our Group in March 2008 as the resident representative in Malaysia and took part in a number of field trips in search for suitable mining projects in Malaysia. He was also actively involved in the establishment of the Group's warehouse in Kuantan.

Prior to joining the Group, Mr. Wang served as the general manager of Chengdu Hande between November 2003 and December 2006, and was mainly responsible for the preliminary screening of potential investment opportunities in the mining sector. Between March 1998 and October 2003, Mr. Wang was the general manager of Sichuan Guandi Mine (四川官地鐵礦), serving as the key on-site person-in-charge of the mining project, and responsible for the construction of mining production lines and arranging staff for the mining operation. Before that, Mr. Wang had also successively served the positions of technician, engineer and deputy manager in the non-ferrous metal department at Sichuan Enterprises Mining Company (四川鄉鎮企業礦業公司).

Mr. Wang graduated from Henan Jiaozuo Mining Institute (河南焦作礦業學院) in the PRC with a major degree in mineral processing in 1998.

Mr. Dong Jie, aged 61, was appointed as an executive Director of the Company on 12 April 2013. Mr. Dong is mainly responsible for the Group's processing technology study and provides technical advice. Mr. Dong has approximately 32 years of experience in the mining industry. He joined our Group as a chief engineer in March 2008 and since then had taken part in a number of field trips to Malaysia in search for suitable mining projects. As a key technical advisor, Mr. Dong was responsible for collection of samples, conducting analysis and issuance of internal analysis reports during the early stage of Project Ibam. Mr. Dong is currently a technical adviser of the Group in respect of raw ore analysis and perfection of iron ore beneficiation technology.

Prior to joining the Group, Mr. Dong served as a mining investment technical advisor for Chengdu Hande between September 2005 and August 2007, mainly responsible for certification of jade pieces and provision of technical advice and assessment of mining projects. Between January 1997 and August 2005, Mr. Dong worked at Sichuan Guandi Mine (四川官地鐵礦) as chief engineer, and was mainly responsible for the mining of an iron ore mine located in Huili County of Sichuan Province. As a key technical adviser and engineer of the said iron ore project, he was responsible for the analysis of processing technology, technical advisory, management, and on-site mining operations. Mr. Dong also directed the crushing, drying and ball mill pulverizing operations of iron ore. During his term of office, the said mine achieved an average annual production of 1 Mt of iron ore. And before that, Mr. Dong was a teaching staff at Chengdu Geology College focusing on the minerals study and analysis.

Mr. Dong graduated from Chengdu University of Technology (成都理工大學) in the PRC (formerly known as Chengdu Geology College (成都地質學院)), with a major degree in rock and mineral analysis in 1982.

Independent Non-executive Directors

Mr. Kong Chi Mo (江智武), *FCCA, FCIS, FCS (PE) & MHKIoD*, aged 40, is our independent non-executive Director. Mr. Kong has over 18 years of experience in accounting, internal control, corporate governance and capital market. Mr. Kong currently holds various positions in the following companies listed on the main board of the Stock Exchange:

Name of listed company	Stock code	Position held	Period
China Vanadium Titano–Magnetite Mining Co., Ltd.	00893	Company secretary and authorised representative	September 2009 – Present
Hengshi Mining Investments Limited	01370	Independent non-executive director	June 2013 – Present
Huazhang Technology Holding Limited	01673	Independent non-executive director	May 2013 – Present

Mr. Kong was the executive director and chief financial officer of China Vanadium Titano-Magnetite Mining Co., Ltd. from October 2013 to May 2015 and from May 2008 to May 2015, respectively. Mr. Kong worked at KPMG from October 1999 and was a senior manager before he left in December 2007. Prior to joining KPMG, Mr. Kong worked as a finance trainee in Hutchison Telecommunications (Hong Kong) Limited from June 1997 to March 1998, and as a tax associate in PricewaterhouseCoopers from March 1998 to October 1999.

Mr. Kong has been a fellow member of the Association of Chartered Certified Accountants since February 2008, a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators since February 2012, and a member of the Hong Kong Institute of Directors ("HKIoD") since May 2010. Mr. Kong received silver certificates of merit in continuing professional development in 2012 and 2013 and gold certificate of merit in continuing professional development in 2014 from the HKIoD. Mr. Kong graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration in May 1997.

Dr. Li Zhongquan, aged 51, was appointed as an independent non-executive Director of the Company on 12 April 2013, mainly responsible for independent supervision and management of the Company. He was the leader in a variety of scientific research projects, including but not limited to the National "Eleventh Five-year" Key Scientific Research Project (國家「十一五」科技重大專項), the National "Ninth Five-year" Projects (國家「九五」項目), "Tenth Five-year" Technology Projects (國家「十五」項目).

Dr. Li obtained his bachelor's degree in science from the department of geology of Nanjing University (南京大學) in 1986 and his master's degree in science from the department of geology of Chengdu University of Technology (成都理工大學) (formerly known as Chengdu Geology College (成都地質學院)) in 1989, and working with Chengdu ever since. Dr. Li then obtained his doctor's degree in engineering from Chengdu University of Technology (成都理工大學) in June 1999, conducted research work subsequently for three years as a post doctorate in Peking University and completed post-doctoral research in Saint Louis University of United States from May 2005 to November 2006.

Dr. Wang Ling, aged 57, was appointed as an independent non-executive Director on 12 April 2013 and was re-elected as independent non-executive Director on 19 June 2015, mainly responsible for the independent supervision of the Company. He is also the chairman of the Remuneration Committee From October 2001 to May 2008, Dr. Wang served as the independent director of Xiwang Foodstuffs Co., Ltd. (西王食品股份有限公司) (stock code: SZ000639, formerly known as Zhuzhou Qingyun Development Co., Ltd. (株洲慶雲發展股份有限公司) and Hunan Ginde Development Co., Ltd. (湖南金德發展股份有限公司)), a company listed on the Shenzhen Stock Exchange. Save as disclosed herein, Dr. Wang is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Before that, Dr. Wang worked with Changsha Institute of Geotectonics, Chinese Academy of Sciences (中國科學院長沙大地構造研究所) as an associate researcher, researcher and tutor for doctoral candidates successively. Dr. Wang has been a professor and tutor for doctoral candidates of Chengdu University of Technology (成都理工大學) since January 2002. He received the Government Special Allowance awarded by the State Council of China (國務院政府特殊津貼) in 1999 and was recognized as the Leader of Academy and Technology (學術和技術帶頭人) in Sichuan in 2003.

Dr. Wang graduated from Southwest University of Science and Technology (西南科技大學) in the PRC (formerly known as Sichuan Institute of Building Materials (四川建築材料工業學院)) with a bachelor's degree in non-metallic mineral geology and exploration in 1982, and obtained a doctoral degree from Changsha Institute of Geotectonics, Chinese Academy of Sciences (中國科學院長沙大地構造研究所) in 1994. Dr. Wang was a visiting scholar at the department of earth sciences in University of Cambridge from December 1999 to December 2000.

SENIOR MANAGEMENT

Mr. Yan Xiaodong, aged 56, was appointed as the Company's chief engineer on 12 April 2013, mainly responsible for on- site geological exploration and mining operations of the Group. Mr. Yan has approximately 31 years of experience in the mining industry. He joined our Group in March 2008 and since then had taken part in a number of field trips to Malaysia in search for suitable mining projects. In particular, as a chief engineer, Mr. Yan was responsible for prospecting, collection of samples and preparing internal analysis reports during the early development stage of the Ibam Mine. Mr. Yan is currently responsible for ore beneficiation of the Ibam Mine and geological prospecting.

And his working experience includes:

Between January 2003 and February 2007, Mr. Yan served as a deputy general manager of Sichuan Licheng Mining Appraisal Limited Company (四川立誠礦業評估有限公司), a company qualified to conduct mineral asset appraisal, where he was mainly responsible for appraisal of exploration rights and mining rights, providing geological and mining advice and advising on the feasibility of mining investment projects, etc., in various kinds of minerals including covered coal, iron, vanadium titanium magnetite, ferrochrome, gold, etc. As a key member of the technical team, Mr. Yan spent substantial time in fields to collect specimens and prepared appraisal reports.

Before that, Mr. Yan worked with the Sichuan Metallurgy and Geology Exploration Bureau of the Ministry of Metallurgical Industry (四川省冶金地質勘查局) where he successively served as technician, assistant engineer and engineer, where he focused on geological prospecting, special study on gold mines and polymetallic mines.

Mr. Yan graduated from Kunming Institute of Technology (昆明工學院) in the PRC majoring in mineral surveying and prospecting in 1983.

Mr. Wang Zeping, aged 58, was appointed a vice deputy manager and mine manager of the Company on 12 April 2013 as resident representative in Malaysia, mainly responsible for the supervision and management of the on-site production of Ibam Mine. Mr. Wang has approximately 34 years of experience in the mining industry. He joined our Group since March 2008 and appointed as director of Capture Bukit Besi in September 2013 where he mainly supervises the daily operation of beneficiation line of Ibam Mine.

Before joining the Group, Mr. Wang worked with Haikou Yiming Industry and Trade Company (海口怡明工貿公司) from January 1993 to November 2007 as deputy general manager and general manager, mainly responsible for the overall supervision of upgrading iron ore to higher grade iron concentrate and other iron products. Furthermore, Mr. Wang also stationed at the mining sites for preparing the mining project map and assisting clients with installation of production lines. Before that, Mr. Wang had worked with Standard Unit Factory of Haikou Machinery Bureau (海口機械局標準件廠) as a technician, director and deputy director successively, mainly responsible for overall supervision on the mining equipment manufacturing (e.g. ball mill and grinder), assisting clients on mining sites for mining equipment and providing assembly and production guidance.

Mr. Wang graduated from Haikou Technician School (海口市技工學校) in the PRC in 1980.

Ms. Xu Mijia, aged 31, was appointed as the director of China Bright Industries Limited (formerly known as China Bright Mining Limited) since 10 April 2012. Ms. Xu joined the Group since December 2007 as Trading Manager Assistant. Ms. Xu is responsible for the implementation and management of marketing strategies and trading business of the Group. Ms. Xu has over 8 years of experience in bulk commodity especially in mineral industries.

Ms. Xu holds a bachelor's degree in economics from Sichuan University in China and a bachelor's degree in business administration from Montpellier Business School in France.

Mr. Chu Lok Fung Barry, aged 45, was appointed as the company secretary and financial controller of the Company on 12 April 2013. Mr. Chu is responsible for accounting, financial reporting and internal control procedures of the Company. Prior to joining the Group, Mr. Chu worked with a number of listed companies and was responsible for various finance and management control duties. Mr. Chu has over 12 years of experience of auditing, financial and accounting gained from international accounting firms and listed companies, and has served as the auditors of two audit firms in Hong Kong for more than six years. He is a Fellow Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of the CPA Australia.

Mr. Chu holds a master of economics from the University of Hong Kong, a master of arts in philosophy from the Chinese University of Hong Kong, a master of science in accountancy from the Hong Kong Polytechnic University and a bachelor's degree in business from Monash University in Australia.

COMPANY SECRETARY

Mr. Chu Lok Fung Barry is the company secretary of the Company. Please refer to the sub-section headed "Senior Management" above in this section for details of his biography.

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are iron ore exploration, mining, crushing and beneficiation as well as sale of iron ore products in the form of iron ore concentrates and iron ore fines. There were no significant changes in the nature of the Group's principal activities during the year while the Company has switched its focus on trading of iron ore and has undertaken financing related businesses during the year under review. Details of the Company's subsidiaries as at 31 December 2015 are set out in note 1 to the financial statements of this annual report.

Details of the business review of the Company are set out in the Management Discussion and Analysis section of this annual report which forms part of the directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes the importance of proper adoption of environmental policies is essential to the attainability of corporate growth. The Group uses the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low-cost process which includes ball-milling, magnetic separation process and dewatering. The method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced.

COMPLIANCE WITH LAWS AND REGULATIONS

As at 31 December 2015 and up to the date of this report, the Board was unaware of any non-compliance with the relevant laws and regulations that have a significant impact on the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

As set out in the Management Discussion and Analysis section of this report, the Board identifies that the exposure to the foreign exchange fluctuation between RM and USD imposed the principal risks and uncertainties to the Group as a loss of USD2,870,000 has been recognized for the purpose of calculating the other comprehensive income during the year of 2015. Further, another principal risk and uncertainty is the general global economy slowdown which might lead to the PRC market's lesser demand for iron ore import.

SIGNIFICANT EVENTS SINCE THE END OF FINANCIAL YEAR UNDER REVIEW

Since 2016, the Group continues to diversify the income sources and is searching for suitable investment project in Laos (please refer to the announcement on 13 January 2016 for further details) and is in negotiation with respect to potential acquisition of equity interests in the Target Company (a commodity trader and a company established in Singapore with limited liability) (please refer to the announcement dated 15 March 2016 and 17 March 2016).

FUTURE PLAN

In light of the difficult market conditions for the self-production of mine segment, the Group will switch focus more and more on the trading of commodities (including, but not limited to, iron ore), and also strive to diversify the income sources.

FINANCIAL KEY PERFORMANCE INDICATOR

Please refer to the section headed "Financial Review" in the Management Discussion and Analysis in this annual report for details.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 50.

No interim dividend was paid during the year (2014: Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 3 July 2013. Net proceeds from the Global Offering have been and will continue to be used by the Group for the operations in Malaysia, such as expanding the mining and beneficiation capacity of Project Ibam, constructing the new berth at Kuantan Port, acquiring companies with existing exploration rights or mining assets in Malaysia and replenishment of working capital. Reference is made to the section headed "Future Plans and Use of Proceeds" in the Prospectus. In light of the current difficult market conditions, the Group has been and will remain cautious for utilizing the proceeds on mining projects.

According to the intended usages as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the application of such proceeds during the year under review was as follow:

	Net Proceeds (USD'000)		
Particulars	**Available**	**Utilized**	**Unutilized**
Expansion of mining and beneficiation capacity of Project Ibam	14,830	–	14,830
Construction of the new berth at Kuantan Port	10,488	–	10,488
Total	25,318	–	25,318

CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company is scheduled on Thursday, 12 May 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 10 May 2016 to Thursday, 12 May 2016, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 9 May 2016.

SUMMARY OF FINANCIAL INFORMATION

A five year summary of the consolidated results, assets and liabilities of the Group, as extracted from the audited consolidated financial statements of the Group and the Prospectus, is set out on page 114 in this annual report. This summary does not form part of the audited financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2015 are set out in note 22 to the financial statements. For further details on the interest-free and security-free loan of USD15,000,000 by Cosmo Field Holdings Limited (our controlling shareholder to the Company, please refer to the announcements dated 3 July 2015).

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment of the Group for the year ended 31 December 2015 was zero (2014: USD4.1 million). Details of the movements during the year in the Group's property, plant and equipment are set out in note 11 to the financial statements of this annual report.

SHARE CAPITAL

Details of the movements during the year in the issued share capital of the Company are set out in note 25 to the financial statements of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 53 of this annual report. As at 31 December 2015, the Company's reserves available for distribution to the Shareholders in accordance with the Articles of Association was USD47.5 million (2014: USD47.5 million). Under the Companies Law, subject to the provision of its Articles of Association, the share premium account may be applied by the Company in paying distributions or dividends to its members or in paying up unissued shares to be issued to its members as fully paid bonus shares provided that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. The reserves of the Company available for distribution depend on the dividend distributable by the Company's subsidiaries.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totaling USD5,156 (2014: nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for 92.0% of the Group's total sales for the year ended 31 December 2015 (2014: 100.0%), and sales to its largest customer accounted for 37.0% of the Group's total sales for the year ended 31 December 2015 (2014: 59.6%). Purchases from the Group's five largest suppliers accounted for approximately 90.3% of the total purchases for the year ended 31 December 2015 (2014: 92.0%) and purchases from the largest supplier accounted for approximately 50.2% of total purchases for the year ended 31 December 2015 (2014: 78.4%).

None of the Directors, their associates or any Shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the year.

The Board is of the view that the Group has maintained a harmonious business relationship with its major customers and suppliers during the year under review.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executives Directors

Mr. Li Yang
Ms. Li Xiaolan
Mr. Wang Er
Mr. Dong Jie

Independent Non-Executive Directors

Mr. Kong Chi Mo
Dr. Li Zhongquan
Dr. Wang Ling

In accordance with the Company's Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring director shall be eligible for re-election. A director appointed to fill a vacancy or as an additional director shall retire at the next following general meeting and shall then be eligible for re-election. In compliance with the provisions of the Articles, Mr. Kong Chi Mo, Mr. Dong Jie, and Dr. Li Zhongquan shall retire from office by rotation, and, being eligible, offer themselves for re-election at the forthcoming AGM. All other remaining Directors continue in office.

The Company has received annual confirmation of independence from each of the three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the above Directors and senior management are set out in the section headed "Profiles of Directors and Senior Management" on pages 31 to 36 of this annual report.

The Board is of the view that the Group has maintained a harmonious employment relationship with its board members and senior management during the year under review.

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party for the year the year ended 31 December 2015.

Cosmo Field Holdings Limited, our controlling shareholder wholly-owned by Mr. Li Yang who is the executive Director, has provided a security-free and interest-free loan of USD15,000,000 to the Company, the details of which is set out in our announcement dated 3 July 2015 and 24 December 2015.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors of the Company had engaged in any business or had any interest in business which competes or may constitutes competition directly or indirectly (within the meaning of the Listing Rules) with the business of the Group for the year ended 31 December 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of Shares of the Company granted to any Director or their respective spouse or minor children; or were any such rights exercised by them or was the Company, or any of its subsidiaries a party to any arrangement to enable those persons to acquire such rights in any other body corporate.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors and independent non-executive Directors has entered into a service contract with the Company for a term of three years commencing from 3 July 2013.

None of the Directors has entered into any service agreement with the Company which is not determinable within one year without payment of compensation, other than the statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, the Directors and the Chief Executive Officer of the Company had the following interests and short positions in the Shares, underlying Shares or the debentures of the Company or any of its associated corporations within the meaning of part XV of the SFO, which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(i) Long positions in Shares of the Company:

Name of Director	Nature of Interest	Number of Ordinary Shares	Approximate percentage of the Company's issued share capital
Li Yang (notes 2, 3 & 4)	Interest in controlled corporation	843,750,000 (L)	56.25%
		59,090,909 (S)	3.94%

Note:

1. The letter "L" denotes the Shareholder's long position in the share capital while the letter "S" denotes the Shareholder's short position.

2. Mr. Li beneficially owns the entire issued share capital of Cosmo Field Holdings Limited ("Cosmo Field"). Therefore, Mr. Li is deemed, or taken to be, interested in all the shares of the Company held by Cosmo Field for the purpose of the SFO. Mr. Li is the sole director of Cosmo Field.

3. On 4 September 2014, the Company has been notified that 404,000,000 shares in the share capital of the Company held by Cosmo Field, the Company's Controlling Shareholder which is wholly owned by Mr. Li Yang who is a director and Controlling Shareholder of the Company (and also its chairman and Chief Executive Officer), were charged in favour of Cheer Hope Holdings Limited ("Subscriber") which is an indirect wholly-owned subsidiary of CCB International (Holdings) Limited, as security for Cosmo Field's obligations in relation to a loan note issued by Cosmo Field to the Subscriber on 4 September 2014. For further details, please refer to the announcement of the Company dated 4 September 2014.

4. Further on 3 July 2015, the Company has been notified that another 348,000,000 shares in the share capital of the Company held by Cosmo Field were charged in favour of the Subscriber as security for Cosmo Field's obligations in relation to a loan note issued by Cosmo Field to the Subscriber on 3 July 2015. On the same date, Cosmo Field entered into a shareholder loan agreement ("Shareholder Loan Agreement") with the Company and agreed to use the proceeds from issuing the Notes to provide the Company with an interest-free and security-free loan of USD 15,000,000 ("Shareholder Loan"), as the whole or part of payment for the Proposed Acquisition as defined in the announcement of 27 January 2015. Pursuant to the Shareholder Loan Agreement, the principal of the Shareholder Loan shall be repaid on or before 3 July 2017, provided that if the Acquisition cannot be completed on or before 31 October 2015 ("Completion Date"), the Company shall repay the principal of the Shareholder Loan within 5 business days after the Completion Date. The Company has also been informed that, on 3 July 2015, Cosmo Field granted share warrants to the Subscriber, pursuant to which the Subscriber is entitled to, subject to certain adjustment on the exercise price of the said share warrants, purchase up to 59,090,909 shares of the Company (representing approximately 3.94% issued share capital of the Company) from Cosmo Field within the exercise period of 24 months from the date of this announcement. For further details, please refer to the announcements of the Company dated 3 July 2015 and 24 December 2015.

(ii) Long position in shares of the associated corporation:

Name of Director	Nature of associated corporation	Nature of Interest	Approximate percentage of interest in the share capital of the associated corporation
Li Yang (notes 2, 3 & 4)	Cosmo Field	Beneficial owner	100.00%

Save as disclosed above, as at 31 December 2015, none of the Directors nor the Chief Executive Officers of the Company had any interests or short positions in any Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2015, so far as it is known to the Directors, the persons (other than the Directors or Chief Executive Officer of the Company) with interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group were as follows:

Substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholdings
Cosmo Field (notes 2, 3, 4)	Beneficial owner	843,750,000 (L)	56.25 (L)
		59,090,909 (S)	3.94%
Central Huijin Investment Ltd.	Person having a security interest in shares	752,000,000 (L)	50.13%
	Interest of controlled corporation	59,090,909 (L)	3.94%
China Construction Bank Corporation	Person having a security interest in shares	752,000,000 (L)	50.13%
	Interest of controlled corporation	59,090,909 (L)	3.94%
Hua Heng (note 5)	Beneficial owner	100,575,000 (L)	6.71 (L)
Yang Jun (note 5)	Interest in controlled corporation	100,575,000 (L)	6.71 (L)
Tang Lingyan (note 5)	Interest of a Substantial Shareholder's child under 18 or spouse	100,575,000 (L)	6.71 (L)
Legendary Hope Investment Holdings Corporation (note 6)	Interest of controlled corporation	88,494,000	5.89 (L)
Venus Investment Fund (note 6)	Beneficial owner	88,494,000	5.89 (L)

Note:

1. The letter "L" denotes the Shareholder's long position in the share capital while the letter "S" denotes the Shareholder's short position.

2. Mr. Li beneficially owns the entire issued share capital of Cosmo Field Holdings Limited ("Cosmo Field"). Therefore, Mr. Li is deemed, or taken to be, interested in all the shares of the Company held by Cosmo Field for the purpose of the SFO. Mr. Li is the sole director of Cosmo Field.

3. On 4 September 2014, the Company has been notified that 404,000,000 shares in the share capital of the Company held by Cosmo Field, the Company's Controlling Shareholder which is wholly owned by Mr. Li Yang who is a director and Controlling Shareholder of the Company (and also its chairman and Chief Executive Officer), were charged in favour of Cheer Hope Holdings Limited ("Subscriber") which is an indirect wholly-owned subsidiary of CCB International (Holdings) Limited, as security for Cosmo Field's obligations in relation to a loan note issued by Cosmo Field to the Subscriber on 4 September 2014. For further details, please refer to the announcement of the Company dated 4 September 2014.

4. Further on 3 July 2015, the Company has been notified that another 348,000,000 shares in the share capital of the Company held by Cosmo Field were charged in favour of the Subscriber as security for Cosmo Field's obligations in relation to a loan note issued by Cosmo Field to the Subscriber on 3 July 2015. On the same date, Cosmo Field entered into a shareholder loan agreement ("Shareholder Loan Agreement") with the Company and agreed to use the proceeds from issuing the Notes to provide the Company with an interest-free and security-free loan of USD 15,000,000 ("Shareholder Loan"), as the whole or part of payment for the Proposed Acquisition as defined in the announcement of 27 January 2015. Pursuant to the Shareholder Loan Agreement, the principal of the Shareholder Loan shall be repaid on or before 3 July 2017, provided that if the Acquisition cannot be completed on or before 31 October 2015 ("Completion Date"), the Company shall repay the principal of the Shareholder Loan within 5 business days after the Completion Date. The Company has also been informed that, on 3 July 2015, Cosmo Field granted share warrants to the Subscriber, pursuant to which the Subscriber is entitled to, subject to certain adjustment on the exercise price of the said share warrants, purchase up to 59,090,909 shares of the Company (representing approximately 3.94% issued share capital of the Company) from Cosmo Field within the exercise period of 24 months from the date of this announcement. For further details, please refer to the announcements of the Company dated 3 July 2015 and 24 December 2015.

5. Tang Lingyan is the spouse of Mr. Yang Jun. Mr. Yang Jun beneficially owns the entire issued share capital of Hua Heng. Therefore, Tang Lingyan is deemed, or taken to be, interested in all the Shares of the Company held by Hua Heng for the purpose of the SFO. Mr. Yang Jun is the sole director of Hua Heng.

6. Venus Investment Fund is the controlled corporation of Legendary Hope Investment Holdings Corporation. Legendary Hope Investment Holdings Corporation is deemed to be interested in all the shares of the Company held by Venus Investment Fund for the purpose of SFO.

Save as disclosed above, as at 31 December 2015, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

REMUNERATION OF THE DIRECTORS

The remuneration of the Directors is determined with reference to the Directors' duties and responsibilities under their employment or service contracts as approved by the Company's Shareholders resolutions in writing on 12 April 2013 before the Listing and the Board under the authority of the shareholders' resolutions passed on 30 April 2014, with the operating results of the Group and performance of the individual taken into account and aligning with market statistics. Details of the remuneration of the Directors are set out in note 8 to the financial statements of this annual report.

RELATED PARTY TRANSACTIONS

Details of the related party transaction are stated in note 31 to the financial statements of this annual report, which comprise of (1) the interest-free and security-free shareholder loan of USD15,000,000 by Cosmo Field (the controlling shareholder of the Company) to the Company on 3 July 2015 (as set out in the announcements dated 3 July 2015 and 24 December 2015), which is a fully exempt connected transaction under Rule 14A.90 of the Listing Rules; (2) one-off social security payment of USD10,000 made for the benefit of employees of Chengdu Hande (in which Mr. Li Yang, Ms. Li Xiaolan and Mr. Wang Er, all being executive directors hold equity interests) on 31 December 2015 which has been fully settled as at the date of this annual report and is fully exempt connected transaction under Rule 14A.76(1) of the Listing Rules; and (3) remuneration payable to the Directors and other key management personnel of the Group.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in notes 2.4 and 7 to the financial statements.

SHARE OPTION SCHEME

The Share Option Scheme adopted by the Shareholders by way of written resolution was passed on 12 April 2013 for the purpose of attracting and retaining the best available personnel; providing additional incentive to employees (full-time and part- time), Directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group; and to promoting the success of the business of our Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

As at the date of this annual report, the Company may grant options in respect of up to 150,000,000 Shares under the Share Option Scheme. No option has been granted or exercised under the Share Option Scheme for the year ended 31 December 2015. Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at 31 December 2015. For details of the terms of the Share Option Scheme, please refer to the paragraph headed "Share Option Scheme" in Appendix VI to the Prospectus.

NON-COMPETITION UNDERTAKING

Each of the executive Directors (collectively the "Covenantors") have entered into a Deed of Non-Competition in favour of the Company (on behalf of itself and the Group) dated 9 June 2013 (the "Deed"). Pursuant to the Deed, each of the Covenantors shall procure that their respective associates shall not directly or indirectly engage in any business in competition with the existing business activity of the Group. Relevant information on the Deed was disclosed in the Prospectus in the section headed "Relationship with Controlling Shareholders".

The Company has received confirmations from the Covenantors of their compliance with the terms of the Deed. The Covenantors declared that they have fully complied with the Deed for the year ended 31 December 2015. The independent non- executive Directors have reviewed on the confirmations from the Covenantors and concluded that the Deed has been complied with and has been effectively enforced.

SUFFICIENCY OF PUBLIC FLOATING

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained at least 25% of public float as for the year ended 31 December 2015 and up to the date of this annual report..

AUDITOR

The Company has appointed Ernst & Young as auditors of the Company for the year ended 31 December 2015. A resolution will be proposed for approval by the Shareholders at the 2016 AGM to re-appoint Ernst & Young as auditors of the Company.

On Behalf of the Board of Directors

LI Yang
Chairman and Chief Executive Officer

11 March 2016

Independent Auditors' Report

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道 1 號
中信大廈 22 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of CAA Resources Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CAA Resources Limited (the "Company") and its subsidiaries set out on pages 50 to 113, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

11 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015

	Notes	2015 USD'000	2014 USD'000
REVENUE	5	**550,168**	152,304
Cost of sales		**(535,266)**	(136,928)
Gross profit		**14,902**	15,376
Other income and gains		**2,735**	2,576
Selling and distribution expenses		**(120)**	(7,605)
Administrative expenses		**(5,072)**	(4,136)
Other expenses		**(9,361)**	(2,574)
Finance costs	6	**(355)**	(678)
PROFIT BEFORE TAX	7	**2,729**	2,959
Income tax expense	9	**(2,112)**	(753)
PROFIT FOR THE YEAR		**617**	2,206
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,870)**	(1,409)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(2,253)**	797
Earnings per share attributable to ordinary equity holders of the Company:			
Basic and diluted (US cents)	10	**0.04**	0.15

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 USD'000	2014 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**5,936**	27,335
Mining rights and reserves	12	**12,308**	14,994
Prepayments, deposits and other receivables	13	**15,335**	–
Payments in advance	14	**–**	15,165
Available-for-sale investments	15	**18,000**	10,000
Goodwill	16	**6,427**	7,779
Deferred tax assets	23	**242**	297
Total non-current assets		**58,248**	75,570
CURRENT ASSETS			
Inventories	17	**21,855**	2,804
Trade receivables	18	**46,075**	36,289
Prepayments, deposits and other receivables	13	**11,479**	6,029
Pledged deposits	19	**5,302**	4,979
Cash and cash equivalents	19	**27,664**	10,430
Total current assets		**112,375**	60,531
CURRENT LIABILITIES			
Trade payables	20	**15,303**	2,925
Other payables and accruals	21	**1,314**	3,283
Interest-bearing bank and other borrowings	22	**35,485**	24,210
Tax payable		**7,294**	6,374
Total current liabilities		**59,396**	36,792
NET CURRENT ASSETS		**52,979**	23,739
Total assets less current liabilities		**111,227**	99,309

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 USD'000	2014 USD'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	22	**74**	284
Other payables and accruals	21	**13,887**	–
Deferred tax liabilities	23	**2,968**	3,629
Provision for rehabilitation	24	**327**	303
Total non-current liabilities		**17,256**	4,216
Net assets		**93,971**	95,093
EQUITY			
Equity attributable to owners of the Company			
Issued capital	25	**1,934**	1,934
Reserves	26	**92,037**	93,159
Total equity		**93,971**	95,093

Li Yang
Director

Li Xiaolan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the Company						
	Issued capital USD'000 (note 25)	Share premium USD'000 (note 26(a))	Capital reserve USD'000 (note 26(b))	Contributed surplus USD'000 (note 26(c))	Exchange fluctuation reserve USD'000	Retained earnings USD'000	Total USD'000
At 1 January 2014	1,934	47,541	13,825	50	(1,509)	42,313	104,154
Profit for the year	–	–	–	–	–	2,206	2,206
Other comprehensive income for the year							
Exchange differences on translation of foreign operations	–	–	–	–	(1,409)	–	(1,409)
Total comprehensive income for the year	–	–	–	–	(1,409)	2,206	797
Final 2013 dividend declared	–	–	–	–	–	(9,858)	(9,858)
At 31 December 2014	1,934	47,541*	13,825*	50*	(2,918)*	34,661*	95,093
At 1 January 2015	**1,934**	**47,541**	**13,825**	**50**	**(2,918)**	**34,661**	**95,093**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**617**	**617**
Other comprehensive income for the year							
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(2,870)**	**–**	**(2,870)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(2,870)**	**617**	**(2,253)**
Equity contribution from the ultimately holding company (note 31(c)(ii))	**–**	**–**	**1,131**	**–**	**–**	**–**	**1,131**
At 31 December 2015	**1,934**	**47,541***	**14,956***	**50***	**(5,788)***	**35,278***	**93,971**

* These reserve accounts comprise the consolidated reserves of USD92,037,000 (2014: USD93,159,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 USD'000	2014 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,729**	2,959
Adjustments for:			
Finance costs	6	**355**	678
Unrealised foreign exchange losses		**5,321**	1,520
Interest income		**(1,371)**	(752)
Dividend income from unlisted investments		**(1,200)**	(1,800)
Loss/(gain) on disposal of items of property, plant and equipment	7	**3,309**	(16)
Write-off of payments in advance		**35**	–
Depreciation	11	**1,989**	2,119
Amortisation of intangible assets	12	**11**	34
		11,178	4,742
Increase in trade receivables		**(9,786)**	(23,903)
Decrease/(increase) in inventories		**(19,088)**	2,779
Decrease in prepayments, deposits and other receivables		**3,610**	4,804
Increase in trade payables		**12,378**	271
Increase/(decrease) in other payables and accruals		**(1,866)**	1,972
Increase in amount due from a related party		**(10)**	–
Cash generated used in operations		**(3,584)**	(9,335)
Interest received		**1**	2
Income tax paid		**(1,184)**	(4,677)
Net cash flows used in operating activities		**(4,767)**	(14,010)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,303**	750
Dividend received from unlisted investments		**1,800**	–
Purchase of items of property, plant and equipment		**–**	(2,444)
Proceeds from disposal of items of property, plant and equipment		**352**	27
Receipt of payment in advance previous made in respect of the acquisition of a company		**10,000**	–
Increase in pledged deposits		**(323)**	(3,990)
Advance of loans to third parties		**(43,300)**	(10,000)
Collection of loans previously advanced to third parties		**33,300**	10,000
Purchase of available-for-sale investments		**(6,800)**	(10,000)
Net cash flows used in investing activities		**(3,668)**	(15,657)

	Note	2015 USD'000	2014 USD'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in an amount due to the ultimate holding company		**15,000**	–
Capital element of hire purchase arrangements payments		**(477)**	(352)
New bank loans		**82,230**	99,119
Repayment of bank loans		**(70,517)**	(78,760)
Dividends paid		**–**	(9,858)
Interest paid		**(416)**	(539)
Net cash flows from financing activities		**25,820**	9,610
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**17,385**	(20,057)
Cash and cash equivalents at beginning of year		**10,430**	30,748
Effect of foreign exchange rate changes, net		**(151)**	(261)
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	**27,664**	10,430

Major non-cash transaction:

1. During the year ended 31 December 2015, the Group disposed of some of its machinery in Malaysia to Independent Third Parties at an aggregate consideration of RM52,300,000 (equivalent to approximately USD12,181,000). The aggregate consideration will be settled by instalments in the next two years (note 13(a)).

2. During the year ended 31 December 2015, partial consideration for the acquisition of additional investments in the equity of Fortune Union Financial Holdings (Asia Pacific) Limited ("Fortune Union") was settled by the dividend receivable of USD1,200,000 from Fortune Union.

1. CORPORATE AND GROUP INFORMATION

CAA Resources Limited was incorporated as an exempted company with limited liability in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Suite 5602, 56th Floor, The Center, 99 Queen's Road Central, Hong Kong.

During the year ended 31 December 2015, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the business of mining, ore processing, sales of iron ore products and other commodities to steel manufacturers and/or their respective purchase agents in Mainland China and other commodity trading companies, as well as investment holding.

In the opinion of the Directors, the parent company and the ultimate parent company of the Company is Cosmo Field, which is incorporated in the BVI.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company %	Principal activities
Directly held:				
Capture Advantage	BVI	USD50,000	100	Investment holding
Indirectly held:				
Best Sparkle Development Ltd.	BVI	USD50,000	100	Investment holding
Capture Advance	Malaysia	RM15,000,000	100	Iron ore mining and iron ore beneficiation
Pacific Mining	Malaysia	RM100	100	Iron ore mining and iron ore beneficiation
China Bright Industries Limited (formerly known as China Bright Mining Limited)	Hong Kong	HKD100	100	Purchase and sale of iron ore products and trading of commodities

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company %	Principal activities
Indirectly held: (continued)				
Capture Bukit Besi	Malaysia	RM2	100	Investment holding
3W Development	Hong Kong	HKD10,000	100	Investment holding
Keen Wise Asia Investment Limited	Hong Kong	HKD1	100	Investment holding
Shenzhen Shihua Information Technology Limited	PRC	RMB5,000,000	100	Investment holding

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinace. They have been prepared under the historical cost convention, expect for certain available-for-sale equity investments, which have been measured at fair value. These financial statements are presented in USD and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle
Annual Improvements 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
IFRS 16	*Leases*[4]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 7	*Disclosure Initiative*[2]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] Effective for annual periods beginning on or after 1 January 2019
[5] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
[6] No mandatory effective date yet determined

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. During 2015, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows:

Classification and measurement

The Group expects that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to measure equity investments at fair value. All equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Classification and measurement (continued)

In January 2016, the IASB issued IFRS 16 which requires lessees to recognise assets and liabilities for most leases. Under the new standard, a lease is a contract, or part of a contract, that conveys the right to use an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset if, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset and direct the use of the identified asset. Lessees are required to initially recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the identified asset for the lease term. Subsequently, lessees accrete the lease liability to reflect interest and reduce the liability to reflect lease payments made. The related right-of-use asset is depreciated in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment. For lessors, there is little change to the existing accounting in IAS 17 Leases. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption.

Amendments to IAS 1 include narrow-focus improvement in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that the entities have flexibility as to the order in which they present the notes to the financial statements; and

(iv) that the share of other comprehensive income of associate and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those item that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the (a) consideration transferred, (b) the amount recognised for non-controlling interests; and (c) any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

Certain available-for-sale investments of the Group are measured at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Mine properties	10 years
Machinery	3-10 years
Motor vehicles	3 years
Others	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Mining rights and reserves

Mining rights and reserves are stated at cost less accumulated amortisation and any impairment losses. Mining rights and reserves include the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights and reserves are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the Units of Production ("UOP") method. Mining rights are written off to profit or loss if the mining property is abandoned.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Other income" in profit or loss. The loss arising from impairment is recognised in profit or loss in "Finance costs" for loans and in "Other expenses" for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss and other comprehensive income in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss and other comprehensive income as other income in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance amount. If a write-off is later recovered, the recovery is credited to "Other expenses" in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amount due to the ultimate parent company and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the effective interest rate. The effective interest rate amortisation is included in "Finance costs" in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of fixed and variable overhead costs, including depreciation and amortisation incurred in converting materials into finished goods, based on the normal production capacity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in “Finance costs” in profit or loss.

Provisions for the Group’s obligations for rehabilitation are based on estimates of required expenditure at the mines in accordance with the rules and regulations of Malaysia. The obligation generally arises when the asset is installed or the ground environment is disturbed at the production location. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining infrastructure.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

Over time, the discounted liability is increased for the change in the present value based on the appropriate discount rate. The periodic unwinding of the discount is recognised within "Finance costs" in profit or loss. The asset is depreciated using the straight-line method over its expected life and the liability is accreted to the projected expenditure date. Additional disturbances or changes in estimates (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities) will be recognised as additions or charges to the corresponding assets and rehabilitation liabilities when they occur at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(c) dividend income, when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension schemes

Mainland China

The employees in Mainland China are required to participate in a central defined pension scheme managed by the local municipal government of the areas in Mainland China in which they are operate. These subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of their employees to the central pension scheme. The Group has no obligation for the payment of retirement benefits beyond the annual contributions. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Hong Kong

The Group participates in a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independent administered fund.

Malaysia

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to this scheme are recognised as an expense in the period in which related service is performed.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the Directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in USD, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries are currencies other than USD. As at the end of the reporting period, the assets and liabilities of these entities are translated into USD at the exchange rates prevailing at the end of the reporting period and their profit or loss is translated into USD at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements require management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these significant assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(a) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was USD6,427,000 (2014: USD7,779 000). There was no impairment provision for goodwill during the two years ended 31 December 2015 and 2014. Further details are given in note 16.

(b) *Impairment of receivables*

Impairment of receivables is estimated based on an assessment of the recoverability of receivables. The assessment of impairment of receivables involves the use of estimates and judgements. An estimate for doubtful debts is made when collection of the full amount under the invoice is no longer probable, as supported by objective evidence using available contemporary and historical information to evaluate the exposure. Bad debts are written off as incurred. Where the actual outcome or expectation in the future is different from the original estimates, such differences will affect the carrying amount of receivables and thus the impairment loss in the period in which such estimate is changed. There was no impairment provision for receivables during the two years ended 31 December 2015 and 2014.

(c) *Useful lives of property, plant and equipment*

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and actions of its competitors. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will record an impairment provision for technically obsolete assets that have been abandoned. The carrying amount of property, plant and equipment as at 31 December 2015 was USD5,936,000 (2014: USD27,335,000).

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

(d) Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as "proved" and "probable". Proved and probable mine reserve estimates are updated at regular intervals taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mine reserves also changes. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis in both depreciation and amortisation rates calculated on the UOP method and the time period for discounting the rehabilitation provision. Changes in the estimate of mine reserves are also taken into account in impairment assessments of non-current assets.

(e) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in downstream industries that consume the Group's products. Management reassesses these estimates at the end of each reporting period. The carrying amount of inventories as at 31 December 2015 was USD21,855,000 (2014: USD2,804,000).

(f) Provision for rehabilitation

The Group recognises the provision for the rehabilitation of each site. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of rehabilitation provision. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges. For closed sites, changes to estimated future costs are recognised immediately in profit or loss. The carrying amount of provision for rehabilitation as at 31 December 2015 was USD327,000 (2014: USD303,000).

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

(g) Income tax

Significant judgement is involved in determining the group-wide tax provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome for these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(h) Deferred tax assets

Deferred tax assets are recognised when it is probable that taxable profits will be available against which the deferred tax assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets at 31 December 2015 was USD242,000 (2014: USD297,000). Further details are contained in note 23 to the financial statements.

(i) Impairment of non-current assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Definite life non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the mine operation segment comprises mining and ore processing and sales of ore products to steel manufacturers and/or their respective purchase agents in Mainland China;

(b) the commercial trade segment comprises purchases and sales of iron ore products and other commodities to steel manufacturers and/or their respective purchasing agents in Mainland China and other commodity trading companies; and

(c) the financing operation segment comprises the investment in unlisted enterprises principally engaging in financing related businesses, and the provision of loans to third parties.

In previous years, the board of directors concluded that there was no separate reporting segment apart from the mine operation and trading of commodities segment. In 2015, due to the development of commercial trade and financing operation businesses, the board of directors monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Following a change in the composition of the Group's reportable segments, the Group has restated the corresponding items of segment information for the year ended 31 December 2014.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income on bank deposits, foreign currency losses as well as head office, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2015

	Mine operation USD'000	Commercial trade USD'000	Financing operation USD'000	Total USD'000
SEGMENT REVENUE	2,497	547,671	–	550,168
SEGMENT RESULTS	(3,930)	13,035	2,528	11,633
Reconciliation:				
Interest income on bank deposit				18
Foreign currency losses, net				(5,463)
Corporate and other unallocated expenses				(3,459)
Profit before tax				2,729
SEGMENT ASSETS	41,024	73,070	28,050	142,144
Reconciliation:				
Cash and cash equivalents				27,664
Deferred tax assets				242
Corporate and other unallocated assets				573
Total assets				170,623
SEGMENT LIABILITIES	1,555	50,423	13,887	65,865
Reconciliation:				
Tax payable				7,294
Deferred tax liabilities				2,968
Corporate and other unallocated liabilities				525
Total liabilities				76,652
OTHER SEGEMENT INFORMATION				
Interest income	–	–	1,353	1,353
Finance costs	43	294	18	355
Depreciation and amortisation	1,857	–	–	1,857

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2014

	Mine operation USD'000	Commercial trade USD'000	Financing operation USD'000	Total USD'000
SEGMENT REVENUE	27,613	124,691	–	152,304
SEGMENT RESULTS	783	4,332	2,523	7,638
Reconciliation:				
Interest income on bank deposit				2
Foreign currency losses, net				(1,669)
Corporate and other unallocated expenses				(3,012)
Profit before tax				2,959
SEGMENT ASSETS	81,070	31,725	11,800	124,595
Reconciliation:				
Cash and cash equivalents				10,430
Deferred tax assets				297
Corporate and other unallocated assets				779
Total assets				136,101
SEGMENT LIABILITES	4,993	23,563	15	28,571
Reconciliation:				
Tax payable				6,374
Deferred tax liabilities				3,629
Corporate and other unallocated liabilities				2,434
Total liabilities				41,008
OTHER SEGEMENT INFORMATION				
Interest income	–	–	750	750
Finance costs	179	499	–	678
Capital expenditure*	3,536	–	–	3,536
Depreciation and amortisation	2,014	–	–	2,014

* Capital expenditure comprises additions to property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

Entity-wide disclosures

Geographical information

The following table sets out information about the geographical locations of the Group's revenue from external customers during the year. The geographical locations of customers are determined based on the locations designated by the customers at which the goods were delivered or services were rendered.

	2015 USD'000	2014 USD'000
Domestic – Malaysia	**2,497**	–
Overseas – The People's Republic of China	**547,671**	152,304
	550,168	152,304

At the end of the reporting period, except for certain motor vehicles and office furniture located in Hong Kong and Mainland China with respective net carrying amounts of USD73,000 (2014: USD173,000) and USD367,000 (2014: USD464,000), all of the Group's non-current assets excluding financial instruments were located in Malaysia, place of domicile of the Group's principal subsidiary, Capture Advance.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2015 USD'000	2014 USD'000
Customer A	**203,677**	90,722
Customer B	**139,560**	61,582
Customer C	**92,873**	–

5. REVENUE

Revenue represents the net invoiced value of goods sold. An analysis of revenue from sales of goods is as follows:

	2015 USD'000	2014 USD'000
Iron ore products	**483,494**	134,311
Copper cathodes	**40,047**	2,883
Nickel cathodes	**26,627**	–
Steam coal	**–**	15,110
	550,168	152,304

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 USD'000	2014 USD'000
Interest on bank loans	**293**	598
Interest on hire purchase arrangements	**20**	58
Notional interest on loan from the ultimate holding company	**18**	–
Unwinding of discount on provision (note 24)	**24**	22
	355	678

7. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging/(crediting):

	Notes	2015 USD'000	2014 USD'000
Cost of inventories sold		**535,266**	136,928
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**1,215**	1,523
Pension scheme contributions			
– Defined contribution scheme		**4**	32
Welfare and other benefits		**88**	72
Total employee benefit expense		**1,307**	1,627
Depreciation	11	**1,989**	2,119
Amortisation of intangible assets	12	**11**	34
Depreciation and amortisation expenses		**2,000**	2,153
Minimum lease payments in respect of:			
Land		**–**	43
Machinery		**–**	150
Office		**226**	230
Auditors' remuneration		**315**	426
Dividend income from available-for-sale Investments*		**(1,200)**	(1,800)
Interest income*		**(1,371)**	(752)
Write-off of payment in advance**		**35**	–
Loss/(gain) on disposal of items of property, plant and equipment**		**3,309**	(16)
Foreign currency losses, net**		**5,463**	1,669
Tax surcharges**		**120**	634

* These are included in "Other income and gains" in the consolidated statement of profit or loss and other comprehensive income.

** These are included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and chief executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015	2014
	USD'000	USD'000
Fees	**104**	116
Other emoluments:		
Salaries, allowances and benefits in kind	**250**	216
Pension scheme contributions		
– Defined contribution fund	**6**	6
	256	222
	360	338

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015	2014
	USD'000	USD'000
Mr. Kong Chi Mo	**29**	29
Dr. Li Zhongquan	**13**	13
Dr. Wang Ling	**13**	13
	55	55

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Executive directors and the chief executive

	Fees USD'000	Salaries, allowances and benefits in kinds USD'000	Pension Scheme contributions USD'000	Total USD'000
2015				
Mr. Li Yang[(i)]	**13**	**118**	**2**	**133**
Mr. Dong Jie	**10**	**–**	**–**	**10**
Mr. Wang Er	**13**	**40**	**2**	**55**
Ms. Li Xiaolan	**13**	**92**	**2**	**107**
	49	**250**	**6**	**305**

	Fees USD'000	Salaries, allowances and benefits in kinds USD'000	Pension Scheme contributions USD'000	Total USD'000
2014				
Mr. Li Yang[(i)]	13	98	2	113
Mr. Dong Jie	10	–	–	10
Mr. Gong Maoqing	3	–	–	3
Mr. Diao Dalin	9	7	–	16
Mr. Wang Er	13	35	2	50
Ms. Li Xiaolan	13	76	2	91
	61	216	6	283

(i) Mr. Li Yang who acts as an executive director of the Company is also the chief executive officer of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

(c) Five highest paid employees

The five highest paid employees during the year included three (2014: three) directors (including the chief executive officer who is also executive director of the Company), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2014: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015	2014
	USD'000	USD'000
Salaries, allowances and benefits in kind	**142**	263
Pension scheme contributions	**4**	2
	146	265

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
Nil to HK dollar ("HKD")1,000,000	**2**	1
HKD1,000,001 to HKD1,500,000	**–**	1
	2	2

9. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group was not subject to any income tax in the Cayman Islands and BVI.

No provision for PRC profit tax has been provided as the Company's subsidiary located in Mainland China had no assessable profit derived or earned in the PRC during the year.

Pursuant to the income tax rules and regulations in Malaysia, the subsidiaries located in Malaysia are liable to Malaysia corporate income tax at a rate of 25% (2014: 25%) on the assessable profits generated during the year.

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the assessable profits arising in Hong Kong during the year.

9. INCOME TAX (continued)

The major components of income tax expense are as follows:

	2015 USD'000	2014 USD'000
Current – Hong Kong		
Charge for the year	**2,103**	712
Overprovision in prior years	**–**	(28)
Deferred (note 23)	**9**	69
Total tax charge for the year	**2,112**	753

A reconciliation of income tax expense applicable to profit before taxation at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2015 USD'000	2014 USD'000
Profit before tax	**2,729**	2,959
Tax at the statutory tax rate of 16.5%	**2,290**	499
Tax at the statutory tax rate of 25%	**(2,787)**	(16)
Benefit of tax losses not recognised (note 23)	**1,960**	409
Income not subject to tax	**(324)**	(297)
Over provision in prior years	**–**	(28)
Expenses not deductible for tax	**963**	186
Others	**10**	–
Tax charge at the Group's effective tax rate	**2,112**	753

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 1,500,000,000 (2014: 1,500,000,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

11. PROPERTY, PLANT AND EQUIPMENT

	Mine properties USD'000	Machinery USD'000	Motor vehicles USD'000	Others USD'000	Construction in progress ("CIP") USD'000	Total USD'000
31 December 2015						
Cost:						
At 1 January 2015	**2,784**	**16,743**	**1,078**	**580**	**10,099**	**31,284**
Disposals	**(145)**	**(7,921)**	**(182)**	**–**	**(8,225)**	**(16,473)**
Exchange realignment	**(521)**	**(3,217)**	**(103)**	**(83)**	**(1,874)**	**(5,798)**
At 31 December 2015	**2,118**	**5,605**	**793**	**497**	**–**	**9,013**
Accumulated depreciation:						
At 1 January 2015	**373**	**3,210**	**295**	**71**	**–**	**3,949**
Provided for the year	**281**	**1,474**	**186**	**48**	**–**	**1,989**
Disposals	**(43)**	**(1,841)**	**(123)**	**–**	**–**	**(2,007)**
Exchange realignment	**(88)**	**(681)**	**(75)**	**(10)**	**–**	**(854)**
At 31 December 2015	**523**	**2,162**	**283**	**109**	**–**	**3,077**
Net carrying amount:						
At 1 January 2015	**2,411**	**13,533**	**783**	**509**	**10,099**	**27,335**
At 31 December 2015	**1,595**	**3,443**	**510**	**388**	**–**	**5,936**
31 December 2014						
Cost:						
At 1 January 2014	1,645	15,787	686	603	10,408	29,129
Additions	244	55	521	7	3,237	4,064
Transferred from/(to) CIP	1,000	1,951	–	–	(2,951)	–
Disposals	–	(6)	(87)	–	–	(93)
Exchange realignment	(105)	(1,044)	(42)	(30)	(595)	(1,816)
At 31 December 2014	2,784	16,743	1,078	580	10,099	31,284
Accumulated depreciation:						
At 1 January 2014	127	1,832	251	23	–	2,233
Provided for the year	271	1,643	154	51	–	2,119
Disposals	–	–	(82)	–	–	(82)
Exchange realignment	(25)	(265)	(28)	(3)	–	(321)
At 31 December 2014	373	3,210	295	71	–	3,949
Net carrying amount:						
At 1 January 2014	1,518	13,955	435	580	10,408	26,896
At 31 December 2014	2,411	13,533	783	509	10,099	27,335

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(a) Motor vehicles and machinery with an aggregate net carrying amount amounting to USD102,000 (2014: USD1,321,000) were held under hire purchase arrangements entered into by the Group (note 22) at 31 December 2015.

(b) A motor vehicle with net carrying amount of USD367,000 (2014: USD464,000) was held under custody of Chengdu Hande as at 31 December 2015. The largest shareholder of Chengdu Hande is the father of Mr. Li Yang, the controlling shareholder of the Group.

(c) As at 31 December 2015, the gross carrying amount of fully depreciated assets that are still in use totaled USD962,000 (2014: USD323,000).

12. MINING RIGHTS AND RESERVES

	2015 **USD'000**	2014 USD'000
Cost:		
At 1 January	**15,146**	16,118
Exchange realignment	**(2,675)**	(972)
At 31 December	**12,471**	15,146
Accumulated amortisation:		
At 1 January	**152**	118
Provided for the year	**11**	34
At 31 December	**163**	152
Net carrying amount:		
At 1 January	**14,994**	16,000
At 31 December	**12,308**	14,994

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2015 USD'000	2014 USD'000
Current portion:			
Prepayments to a mining contractor		**292**	3,477
Other receivables in respect of:			
– disposal of property, plant and equipment	(a)	**5,700**	–
– termination of acquisition of 60% equity interest in a company	(b)	**5,100**	–
– dividend receivable		**–**	1,800
– due from a related party (note 31(c)(i))		**10**	–
Other prepayments and receivables		**377**	752
		11,479	6,029
Non-current portion:			
Other receivables in respect of:			
– interest-bearing loan to a company	(c)	**10,000**	–
– disposal of property, plant and equipment	(a)	**5,335**	–
		15,335	–
		26,814	6,029

Notes:

(a) During the year, the Group disposed of some of its machineries in Malaysia ("Disposed Machinery") to Independent Third Parties (the "Buyers") at an aggregate consideration of RM52,300,000 (equivalent to approximately USD12,181,000). According to the agreement entered into between the Group and the Buyers, the aggregate consideration will be settled by installments before the end of 31 December 2016 and 31 December 2017, respectively. This receivable is non-interest bearing and is secured by the pledge of the Disposed Machinery from the Buyers.

As these receivables will be collected by instalments in the next two years, the Group calculated its discounted value using an imputed rate of interest of 6.85% per annum. As at 31 December 2015, the discounted value of the receivable from the Buyers are USD11,035,000, of which USD5,700,000 and USD5,335,000 is expected to be collected in 2016 and 2017, respectively.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(b) On 3 October 2013, Capture Bukit Besi entered into a MOU with two Independent Third Parties (the "Vendors") in relation to the proposed acquisition of 60% equity interests in Red Sun Resources. As at 31 December 2014, the Group has prepaid USD15,100,000 regarding the proposed acquisition (note 14). As the Vendors failed to obtain the relevant approvals as required in the MOU, Capture Bukit Besi and the Vendors entered into a termination agreement on 5 June 2015, pursuant to which the MOU was terminated with immediate effect. Further details regarding the termination of the MOU are included in the Company's announcement dated 5 June 2015. In addition, the Vendors agreed to refund the prepayments of USD15,100,000 with an interest compensation of USD180,000. As at 31 December 2015, USD10,000,000 of the prepayments and interest income of USD180,000 has been collected by the Group. The remaining balance of USD5,100,000 is guaranteed by Red Sun Resources who would provide certain quantity of iron ore products at the average market price prevailing at the date of default with an aggregate value of the iron ore products equivalent to USD5,100,000. The receivable is non-interest-bearing and is due to be collected before 31 December 2016.

(c) The balance represented an interest-bearing loan with a principal of USD10,000,000 granted to Shenzhen Wanyuntong Real Estate Development Company Limited ("Shenzhen Wanyuntong") in relation to the acquisition of an equity interest in Shenzhen Gongxinying Financial Information Service Co., Ltd. ("Shenzhen Gongxinying") for USD5,000,000 (note 15). Pursuant to the loan contract entered into between the Group and Shenzhen Wanyuntong dated 24 December 2015, the loan shall be used for the sole purpose of facilitating the business development of Shenzhen Gongxinying, and is due for repayment upon 3 months' notice by the Group. The loan is guaranteed by the ultimate controlling shareholder of Shenzhen Gongxinying, an Independent Third Party, who bears unlimited joint liability secured by all his personal assets. The loan bears interest at a fixed rate of 20% per annum, which should be paid quarterly. In the opinion of the Directors, the loan is not expected to be collected within one year from 31 December 2015. Further details regarding the acquisition of the equity interest in Shenzhen Gongxingying and the provision of an interest-bearing loan are included in the Company's announcement dated 24 December 2015.

None of the above asset is ether past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

14. PAYMENTS IN ADVANCE

	2015 USD'000	2014 USD'000
Prepayments for acquisition of 60% equity interests in a company (note 13(b))	**–**	15,100
Prepayments for purchase of property, plant and equipment	**–**	65
	–	15,165

15. AVAILABLE-FOR-SALE INVESTMENTS

	2015 USD'000	2014 USD'000
Unlisted equity investments, at fair value	13,000	–
Unlisted equity investments, at cost	5,000	10,000
	18,000	10,000

As at 31 December 2015, the balance represented the Group's investments in the equity of Fortune Union of USD13,000,000 (31 December 2014: USD10,000,000) and Shenzhen Gongxinying of USD5,000,000 (31 December 2014: not applicable).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

Unlisted equity investment in Shenzhen Gongxinying is stated at cost less impairment because the ranges of reasonable fair value estimates are so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of the investments in the near future.

16. GOODWILL

	USD'000
Cost and net carrying amount at 1 January 2014	8,271
Exchange realignment	(492)
Cost and net carrying amount at 31 December 2014 and 1 January 2015	7,779
Exchange realignment	(1,352)
Cost and net carrying amount at 31 December 2015	6,427

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the iron ore cash-generating unit, i.e., Ibam Mine cash-generating unit for impairment testing.

The recoverable amount of Ibam Mine cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 20% (2014: 19%). The growth rate used to extrapolate the cash flows of the iron ore cash-generating unit beyond the five-year period is 0% (2014: 0%) and the inflation rate is 3% (2014:3%).

16. GOODWILL (continued)

Impairment testing of goodwill (continued)

Assumptions were used in the value in use calculation of the iron ore cash-generating unit for 31 December 2015 and 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Production and sales volumes – production and sales volumes are expected to increase from approximately 0.06 million tonnes in 2015 to approximately 1.28 million tonnes in 2018 as production is expanded up to existing capacity. During the year, production at Ibam Mine has been suspended periodically, but is expected to restart from 2016. Estimated production volumes are based on detailed life-of-mine plans and take into account development plans for the mines agreed by management as part of the long-term planning process. Sales volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; and the selling price of the iron ore. The production profiles used were consistent with the reserves and resource volumes approved as part of the Group's process for the estimation of proved and probable reserves and resource estimates. These are then assessed to ensure they are consistent with what a market participant would estimate.

Iron ore price – Future iron ore prices in the valuation model are estimated by management based on their industry experience, historic price trends and independent expert reports and commentaries.

Budgeted gross margins – Based on the average production costs in the year immediately before the budget year and estimated market prices.

Discount rate – The discount rate used is pre-tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions are consistent with external information sources.

The Directors believe that the estimates and assumptions used in the impairment assessment are reasonable, however, the estimates and assumptions are subject to uncertainties and judgements.

In the opinion of the Directors, it is estimated that a decrease in the selling price by 15% per tonne in the average price of iron ore, would cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately USD1,534,000. Any reasonably possible change in other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

17. INVENTORIES

	2015 USD'000	2014 USD'000
Raw materials	**160**	197
Finished goods	**21,695**	2,607
	21,855	2,804

18. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 USD'000	2014 USD'000
Within 3 months	**46,075**	24,113
3 to 4 months	**–**	12,176
	46,075	36,289

The Group normally accepts settlement by way of irrevocable letter of credit or telegraphic transfer. The Group may sometimes request customers, including its trading customers, to pay in advance upon signing sales contracts with the Group. During the year, the Group granted credit periods of three to four months to its major customers. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

At the end of the reporting period, all trade receivables were neither past due nor impaired.

Trade receivables of USD17,703,000 (2014: USD18,418,000) were pledged to banks to secure bank loans.

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2015 USD'000	2014 USD'000
Cash and bank balances	**32,966**	15,409
Less: pledged deposits *	**(5,302)**	(4,979)
Cash and cash equivalents	**27,664**	10,430

* As at the end of the reporting period, (i) bank deposits of USD2,042,000 (2014: USD4,979,000) were pledged to secure short-term bank loans granted to the Group (note 22); and (ii) bank deposits of USD3,260,000 (2014: Nil) was pledged for the issuance of irrevocable letter of credit to the Group's suppliers.

The Group's cash and bank balances at the end of each reporting period can be further analysed as follows:

	2015 USD'000	2014 USD'000
Cash and bank balances denominated in:		
HKD	**9,460**	10,329
USD	**23,504**	5,066
Other currencies – RM and RMB	**2**	14
	32,966	15,409

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

An aged analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 **USD'000**	2014 USD'000
Within 3 months	**15,044**	2,739
3 to 6 months	**–**	9
6 months to 12 months	**–**	167
Over 1 year	**259**	10
	15,303	2,925

Trade payables are non-interest-bearing and are normally settled within 2 to 3 months.

21. OTHER PAYABLES AND ACCRUALS

	2015 **USD'000**	2014 USD'000
Current portion:		
Other payables	**807**	2,222
Accruals	**500**	958
Payroll and welfare payable	**7**	103
	1,314	3,283
Non-current portion:		
Due to the ultimate holding company (note 31(c)(ii))	**13,887**	–
	15,201	3,283

All other payables of the Group are non-interest-bearing and unsecured.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	**Maturity**	**USD'000**	Effective interest rate (%)	Maturity	USD'000
Current						
Bank loans – secured (note (a))	**2.65-2.85**	**2016**	**13,611**	2.32-3.73	2015	17,931
Bank loans -unsecured (note (d))	**1.30-1.40**	**2016**	**21,775**	2.49-5.22	2015	5,742
Hire purchase arrangements – secured (note (b))	**2.36-6.90**	**2016**	**66**	2.36-6.90	2015	537
Hire purchase arrangements – unsecured (note (c))	**0.00**	**2016**	**33**	2.36-6.90	2015	–
			35,485			24,210
Non-current						
Hire purchase arrangements – secured (note (b))	**2.36-2.47**	**2017-2020**	**60**	2.36-6.90	2017-2020	284
Hire purchase arrangements – unsecured (note (c))	**0.00**	**2017**	**14**			–
			74			284
			35,559			24,494

22. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Analysed into:

	2015 USD'000	2014 USD'000
Bank loans repayable:		
Within one year	**35,386**	23,673
Hire purchase arrangements repayable:		
Within one year	**99**	537
In the second year	**44**	173
In the third to fifth years, inclusive	**30**	100
In the sixth year	**–**	11
	173	821
	35,559	24,494

Notes:

(a) As at 31 December 2015, the bank loans of China Bright Industries Limited, an indirect wholly-owned subsidiary of the Company, were secured by the pledged bank balances of USD2,042,000 (2014: USD4,979,000) (note 19) and by certain trade receivables of USD17,703,000 (2014: USD18,418,000) (note 18), and were guaranteed by the Company at nil consideration.

(b) The Group acquired certain of its motor vehicles and machinery through hire purchase arrangements, which are classified as finance leases and have remaining lease terms ranging from one to five years. As at 31 December 2015, payables relating to the hire purchase arrangements were secured by the corresponding motor vehicles and machinery acquired with an aggregate carrying amount of USD102,000 (2014: USD1,321,000) (note 11).

(c) During the year, the Group disposed certain of its machinery through hire purchase arrangements with remaining lease terms ranging from one to two years. As at 31 December 2015, remaining payables relating to the hire purchase arrangements was unsecured and interest-free to be paid according to the payment schedule stated in the supplementary contracts of the hire purchase arrangements (2014: not applicable).

(d) As at 31 December 2015, the balance represented (i) interest-bearing bank loans of USD USD6,842,000 (2014: USD5,742,000) of China Bright Industries Limited, an indirect wholly-owned subsidiary of the Company, were guaranteed by the Company at nil consideration; and (ii) interest-bearing bank loans of USD14,933,000 (2014: Nil) of China Bright Industries Limited which were unsecured.

(e) Except for the hire purchase arrangements which were denominated in RM, all borrowings are in USD.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

At 31 December 2015, the total future minimum lease payments under hire purchase arrangements and their present values were as follows:

	Minimum lease payments 2015 USD'000	Minimum lease payments 2014 USD'000	**Present value of minimum lease payments 2015 USD'000**	Present value of minimum lease payments 2014 USD'000
Amounts payable:				
Within one year	**103**	563	**66**	537
In the second year	**46**	182	**30**	173
In the third to fifth years, inclusive	**31**	104	**30**	100
In the sixth year	**–**	12	**–**	11
Total minimum hire purchase payments	**180**	861	**126**	821
Future finance charges	**(7)**	(40)		
Total net hire purchase payables	**173**	821		
Portion classified as current liabilities	**(99)**	(537)		
Non-current portion	**74**	284		

23. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Fair value adjustments arising from acquisition of subsidiaries USD'000	**Tax losses and unabsorbed capital allowances** USD'000	**Total** USD'000
At 1 January 2014	40	301	341
Deferred tax charged to profit or loss during the year (note 9)	(22)	–	(22)
Exchange differences	(3)	(19)	(22)
At 31 December 2014 and 1 January 2015	15	282	297
Exchange differences	(3)	(52)	(55)
At 31 December 2015	12	230	242

The Group has tax losses arising in Malaysia of USD9,653,000 (2014: USD1,825,000) (note 9) that are available indefinitely for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

23. DEFERRED TAX (continued)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries USD'000	Depreciation allowance in excess of related depreciation USD'000	Total USD'000
At 1 January 2014	3,825	–	3,825
Deferred tax charged/(credited) to profit or loss during the year (note 9)	(3)	50	47
Exchange differences	(243)	–	(243)
At 31 December 2014 and 1 January 2015	3,579	50	3,629
Deferred tax charged to profit or loss during the year (note 9)	3	5	8
Exchange differences	(669)	–	(669)
At 31 December 2015	2,913	55	2,968

24. PROVISION FOR REHABILITATION

	2015 USD'000	2014 USD'000
At the beginning of year	**303**	281
Unwinding of discount (note 6)	**24**	22
At the end of year	**327**	303

The provision is related to mine site rehabilitation, and is based on the best estimate for future expenditure to be made by the Group, discounted to its net present value at a rate of 6.4% (2014: 6.4%). The discount rate adopted reflects the current market assessments of the time value of money and the risks specific to the provision. Subsequently, the provision for rehabilitation will be increased each year by the accretion of interest due to the passage of time which is recognised as interest expense.

25. SHARE CAPITAL

Shares

	2015 USD'000	2014 USD'000
Authorised:		
3,000,000,000 (2014: 3,000,000,000) ordinary shares of HK$0.01 each	**3,867**	3,867
Issued and fully paid:		
1,500,000,000 (2014: 1,500,000,000) ordinary shares of HK$0.01 each	**1,934**	1,934

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity in the financial statements.

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(b) Capital reserve

Capital reserve represented (i) differences arising from acquisition of non-controlling interests and reserve arising from the waiver of debts by the former shareholders of the Company in prior years; and (ii) difference between the nominal amount and the fair value of the interest-free loan granted by the ultimate holding company (note 31(c)(ii)) at the grant date in current year.

(c) Contributed surplus

Contributed surplus represented the difference between the nominal value of shares of the subsidiary acquired pursuant to the Group's reorganization in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited and the previous nominal value of the Company's shares issued in exchange therefor.

27. DIVIDENDS

At a meeting of the directors held on 11 March 2016, the directors do not recommend a final dividend for the year ended 31 December 2015 (2014 final dividend: Nil).

28. CONTINGENT LIABILITIES

At the end of the reporting period, neither the Group nor the Company had any significant contingent liabilities.

29. OPERATING LEASE ARRANGEMENTS –The Group as lessee

The Group leases certain of its office under operating lease arrangements, with leases negotiated for terms ranging from two to five years.

At the end of each of reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 USD'000	2014 USD'000
Within one year	**180**	252
In the second to fifth years, inclusive	**184**	162
	364	414

30. COMMITMENTS

In addition to the operating lease commitments detailed in note 29 above, the Group had the following commitments at the end of the reporting period:

(a) Capital commitments

	2015 USD'000	2014 USD'000
Contracted, but not provided for	**–**	8,710

(b) Other commitments – mining fee

The Group has agreed to pay Gema Impak a mining fee of RM40 per tonne of iron ore products extracted from Ibam Mine and sold by Capture Advance.

(c) Other commitments – service fee

Pursuant to the mining sub-contract in relation to Ibam Mine entered into between the Group and the mining contractor, a third party, which has been renewed on 22 December 2015 and continues to be effective until the expiry of the mining lease or any renewal thereof, whichever is later unless otherwise determined by mutual consent of the parties to the mining sub-contract, the mining contractor shall mine and produce iron ore products at Ibam Mine using the machinery or equipment provided by the Group. If the production volume is less than 30 thousand tonnes, the service fee for the mining contractor is RM55 per tonne of iron ore produced, for production volume exceeds 30 thousand tonnes per month, the service fee should be re-negotiated and agreed between the Group and the mining contractor.

30. COMMITMENTS (continued)

(d) Other commitments – monthly payable to original shareholders of Gema Impak

On 20 March 2013, Norhayati Binti Talib, Bazira Binti Bakar and Mohd. Norhisham Bin Mohamed Hashim (the "Original Shareholders") of Gema Impak and the Company's subsidiary, Pacific Mining, have agreed to an arrangement (the "Protection Enhancement Arrangement") which took effect from 20 March 2013, according to which Pacific Mining became the nominee holder of the 50% shareholding interest in Gema Impak and was entitled to exercise the voting rights in relation to matters related solely to Ibam Mine according to its own wish and shall not be bound to take instructions or take into account the views and interests of the Original Shareholders in exercising the voting rights.

During 2014, the Original Shareholders disposed of the interests in Gema Impak to Impian Sri Bintang Sdn. Bhd. (the "Transferee"), an Independent Third Party of the Company. On 7 November 2014, the Company entered into a deed of adherence with the Original Shareholders and the Transferee, the principal terms of which are as follows: (i) upon completion of the disposal, Pacific Mining shall remain as the registered legal owner of 50% shareholding interest in Gema Impak and was entitled to exercise the voting rights in relation to matters related solely to Ibam Mine according to its own wish and shall not be bound to take instructions or take into account the views and interests of the Transferee in exercising the voting rights; and (ii) upon completion of the disposal, the Transferee shall make best endeavours in providing assistance and cooperation in respect of Gema Impak's renewal of the mining lease and the relevant licences and dealing with the governmental authority, which are related to Ibam Mine.

Pacific Mining made a monthly payment, being RM50,000 in total per month (the "Monthly Payment"), to the Transferee since then until the expiry of the term of the Protection Enhancement Arrangement, which shall mirror the term of the mining agreement entered into between Pacific Mining and Gema Impak dated 26 October 2009 or any extension thereof. The amount of the Monthly Payment shall not be revised without consent from each of the Transferee and Pacific Mining.

31. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2015	2014
	USD'000	USD'000
Interest-bearing loans provided by:		
– Ultimate holding company	**15,000**	–

The interest-free loan provided by the ultimate holding company is unsecured and is not expected to be repaid within the next one year from 31 December 2015.

31. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group:

	2015 USD'000	2014 USD'000
Short term employee benefits	**580**	433
Total compensation paid to key management personnel	**580**	433

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

(c) Outstanding balances with related parties:

(i) The Group had an outstanding balance due from a related party, Chengdu Hande of USD10,000 (2014: Nil) (note 13) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed term of repayment.

(ii) The Group had an interest-free loan from the ultimate holding company, Cosmo Field of USD13,887,000 (2014: Nil) (note 21) as at the end of the reporting period. Cosmo Field granted an unsecured interest-free loan of USD15,000,000 to the Group pursuant to the shareholder loan agreement entered between the Group and Cosmo Field dated 3 July 2015, which was due for payment on 3 July 2017. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and the present value of USD1,131,000 is treated as equity contribution from the ultimate holding company and credited to the capital reserve account.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial assets of the Group mainly include cash and cash equivalents, an amount due from a related party, trade and other receivables, interest-bearing loan to a company and available-for-sale investments which arise directly from its operations. Financial liabilities of the Group mainly include interest-bearing bank and other borrowings, trade payables and other payables.

Risk management is carried out by the finance department which is led by the Group's executive directors. The Group's finance department identifies and evaluates financial risks in close co-operation with the Group's operating units. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The board of directors regularly reviews these risks and they are summarised below.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, an amount due from a related party and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As disclosed in note 4, the Group sells all of the products to a small number of customers. As a result, it faces a high level of concentration of credit risk. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty. In addition, the Group's exposure to credit risk is also influenced by the individual characteristics of each customer and default risk of the industry in which customers operate. During the year, the Group generated its revenue mainly from the sales of iron ore products and other commodities to the steel and nonferrous metal manufacturers and/or their respective purchase agents in China. In this regard, the Group is exposed to the concentration of credit risk in the steel and nonferrous metal industry.

At 31 December 2015, the Group had a concentration of credit risk as all of the Group's trade receivables were due from the Group's top five customers.

The Group maintains strict control over its outstanding receivables and senior management regularly reviews the overdue balances.

Liquidity risk

The Group monitors its exposure to a shortage of funds by considering the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans and hire purchase arrangements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities at the end of each of the reporting period, based on the contractual undiscounted payments, is as follows:

	2015					
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Beyond 5 years**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Interest-bearing bank and other borrowings	**49**	**35,422**	**38**	**77**	**–**	**35,586**
Trade payables	**263**	**15,040**	**–**	**–**	**–**	**15,303**
Other payables	**1,294**	**–**	**–**	**15,000**	**–**	**16,294**
	1,606	**50,462**	**38**	**15,077**	**–**	**67,183**

	2014					
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Beyond 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Interest-bearing bank and other borrowings	–	23,592	771	286	12	24,661
Trade payables	177	2,748	–	–	–	2,925
Other payables	2,644	–	–	–	–	2,644
	2,821	26,340	771	286	12	30,230

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the reporting period to a reasonably possible change in the RM exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RM rate %	**Increase/ (decrease) in profit before tax** USD'000
2015		
If the US dollar weakens against RM	**5**	**1**
If the US dollar strengthens against RM	**(5)**	**(1)**
2014		
If the US dollar weakens against RM	5	1,444
If the US dollar strengthens against RM	(5)	(1,444)

Fair values

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values due to the short term to maturity, are as follows:

	Carrying amounts		**Fair values**	
	2015 USD'000	2014 USD'000	**2015 USD'000**	2014 USD'000
Financial assets				
Available-for-sale investments				
– unlisted equity investments, at fair value	**13,000**	–	**13,000**	–
Other receivables in respect of:				
– interest-bearing loan to a third party	**10,000**	–	**10,000**	–
– disposal of property, plant and equipment	**11,035**	–	**11,035**	–
	34,035	–	**34,035**	–
Financial liabilities				
Other payables and accruals:				
– due to the ultimate holding company	**13,887**	–	**13,887**	–

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, current portion of financial assets included in prepayments, deposits and other receivables, trade payables, current portion financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of other receivables and the amount due to the ultimate holding company have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, adjusted by the Group's or the subsidiaries' own non-performance risk where appropriate. The fair value measurement hierarchy of the above non-current other receivables, the amount due to the ultimate holding company and unlisted available-for-sale equity, investment, requires significant observable inputs (Level 2).

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or raise new capital from its investors.

No changes were made in the objectives, policies or processes for managing capital during the year.

The Group is currently funding its capital expenditure through internal generated funds from its operations and new bank borrowings and loans from related parties. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 20% and 50% over the long term. Net debt is defined as interest-bearing bank loans and other loans and an amount due to the ultimate holding company, net of cash and cash equivalents and it excludes liabilities incurred for working capital purposes.

As at 31 December 2015, the gearing ratio was 14.9% (31 December 2014: 8.7%).

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 USD'000	2014 USD'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**55,908**	45,997
CURRENT ASSETS		
Cash and cash equivalents	**3**	3
Total current assets/net current assets	**3**	3
Net assets	**55,911**	46,000
EQUITY		
Issued capital	**1,934**	1,934
Reserves	**53,977**	44,066
Total equity	**55,911**	46,000

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account USD'000	Retained earnings/ (accumulated losses) USD'000	Exchange fluctuation reserve USD'000	Total USD'000
At 1 January 2014	47,541	(3,477)	31	44,095
Total comprehensive income/(loss) for the year	–	2	(31)	(29)
At 31 December 2014 and 1 January 2015	**47,541**	**(3,475)**	**–**	**44,066**
Total comprehensive income for the year	**–**	**9,911**	**–**	**9,911**
At 31 December 2015	**47,541**	**6,436**	**–**	**53,977**

34. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with current year's presentation.

35. EVENT AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group has no event after the reporting period that needs to be disclosed.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on 11 March 2016.

Five Year Summary of Financial Information

Financial results		**For the year ended 31 December**			
(USD'000)	**2015**	2014	2013	2012	2011
Continuing operations					
REVENUE	**550,168**	152,304	110,372	54,323	27,220
Cost of sales	**(535,266)**	(136,928)	(69,263)	(32,247)	(19,570)
Gross profit	**14,902**	15,376	41,109	22,076	7,650
Other income	**2,735**	2,576	52	4	169
Selling and distribution expenses	**(120)**	(7,605)	(8,500)	(4,641)	(3,888)
Administrative expenses	**(5,072)**	(4,136)	(6,052)	(2,862)	(1,955)
Other expenses	**(9,361)**	(2,574)	(1,314)	(169)	(92)
Finance costs	**(355)**	(678)	(91)	(51)	(33)
Profit/(loss) before tax from continuing operations	**2,729**	2,959	25,204	14,357	1,851
Income tax expense	**(2,112)**	(753)	(5,459)	(3,953)	(651)
Profit/(loss) for the year/period from continuing operations	**617**	2,206	19,745	10,404	1,200
Discontinued operations					
Profit for the year/period from discontinued operations	**–**	–	–	–	1,120
Profit/(loss) for the year/period	**617**	2,206	19,745	10,404	2,320
Other comprehensive income					
Exchange differences on translation of foreign operations	**(2,870)**	(1,409)	(1,532)	858	(833)
Other comprehensive income for the year/period	**(2,870)**	(1,409)	(1,532)	858	(833)
Total comprehensive income for the year/period, net of tax	**(2,253)**	797	18,213	11,262	1,487
Profit/(loss) for the year/period attributable to:					
Owners of the Company	**(2,253)**	2,206	19,745	10,419	2,407
Non-controlling interests	**–**	–	–	(15)	(87)
	(2,253)	2,206	19,745	10,404	2,320
Total comprehensive income for the year/period attributable to:					
Owners of the Company	**(2,253)**	797	18,213	11,279	1,570
Non-controlling interests	**–**	–	–	(17)	(83)
	(2,253)	797	18,213	11,262	1,487

Assets and Liabilities		**As at 31 December**			
(USD'000)	**2015**	2014	2013	2012	2011
Non-current Assets	**58,248**	75,570	68,221	36,660	30,320
Current Assets	**112,375**	60,531	58,739	5,736	990
Total Assets	**170,623**	136,101	126,960	42,396	31,310
Non-current Liabilities	**(17,256)**	(4,216)	(4,798)	(4,811)	(4,483)
Current Liabilities	**(59,396)**	(36,792)	(18,008)	(10,977)	(25,536)
Total Liabilities	**(76,652)**	(41,008)	(22,806)	(15,788)	(30,019)
Non-controlling interests	**–**	–	–	–	(138)
Equity attributable to owners of the Company	**93,971**	95,093	104,154	26,608	1,429

In this annual report, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"AGM"	the annual general meeting of the Company
"Articles of Association" or "Articles"	the articles of association of the Company which is effective form time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors of the Company
"business day"	any day (other than Saturday, Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAA Resources", "Company", "we", "us" or "our"	CAA Resources Limited (優庫資源有限公司), a company incorporated in the Cayman Islands on 25 April 2012 under the Companies Law CAP. 22 and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it
"Capture Advance"	Capture Advance Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares on 15 November 2007 and which is wholly owned by Best Sparkle, and an indirect wholly-owned subsidiary of the Company
"Capture Advantage"	Capture Advantage Co., Ltd. a company incorporated in the BVI with limited liability on 23 August 2010, and which is a directly wholly-owned subsidiary of the Company
"Capture Bukit Besi"	Capture Bukit Besi Sdn Bhd., a company incorporated in Malaysia as a private company limited by shares on 30 September 2013 and which is wholly owned by Best Sparkle Development Limited, and an indirect wholly-owned subsidiary of the Company

Glossary

"CG Code"	Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules
"Chengdu Hande"	成都漢德投資管理有限公司(Chengdu Hande Investment Management Co., Ltd.), a limited liability company established in the PRC on 19 November 2003, which is owned by Mr. Li Dongming, Mr. Li Yang, Mr. Wang Er and Ms. Li Xiaolan and is deemed as a connected person of our Company under the Listing Rules
"Chief Executive Officer"	the chief executive (as defined in the SFO) of the Company
"China" or "PRC"	the People's Republic of China. For the purpose of this report and for geographical reference only and except where the context requires, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended and supplemented from time to time
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected transaction(s)"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules, and in the context of this annual report means the controlling shareholders of our Company, namely Cosmo Field and Mr. Li Yang, and Controlling Shareholder means any one of them
"Cosmo Field"	Cosmo Field Holdings Limited (宇田控股有限公司), a company incorporated in the BVI with limited liability on 26 March 2012, and which is wholly owned by Mr. Li Yang
"Deed of Non-Competition"	a deed of non-competition entered into on 9 June 2013 between the Company and each of Mr. Li Yang and Cosmo Field, as covenantors, each of Mr. Li Yang and Cosmo Field in favour of the Company (for ourselves and for the benefit of each member of our Group) that he/it shall not, and shall procure his/its associates (other than members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group
"Director(s)"	the director(s) of the Company

"Ex Works"	An Incoterms trade rules, means that the seller delivers when it places the goods at the disposal of the buyer at the seller's premises or at another named place (ie, works, factory, warehouse, etc.), the seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for exports, where such clearance is applicable
"Gema Impak"	Gema Impak Sdn. Bhd., a company incorporated in Malaysia on 4 December 2006 with Pacific Mining holding 50% shareholding interest in Gema Impak as nominee, the details of which is set out in our announcement dated 7 November 2014
"Group", "we" or "us"	Our Company and our subsidiaries at the relevant time, or where the context refers to any time prior to our Company becoming the holding company of our current subsidiaries, our current subsidiaries and the business carried on by such subsidiaries or (as the case may be) our predecessors, and "our" shall be construed accordingly
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hua Heng"	Hua Heng Investments Limited (華恆投資有限公司), a company incorporated in the BVI with limited liability on 23 March 2012, and which is wholly owned by Mr. Yang Jun, our Shareholder
"Ibam Mine"	the mining site in respect of which the Mining Lease is granted and is located in Lot 27887 (PA 143236), Sungai Cipai, Mukim Keratong, Daerah Rompin, Pahang, Malaysia
"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"Independent Technical Advisor" or "Geos Mining"	Geos Mining, an Independent Third Party and the Competent Person (which has the meaning ascribed to it under Chapter 18 of the Listing Rules) appointed by our Company in respect of the Listing, and a specialist independent geological and mineral exploration consultants based in Sydney, Australia and operating in accordance with Australian laws and professional codes of ethics
"Independent Third Party(ies)"	persons or companies which are independent of and not connected with (within the meaning of the Listing Rules) any of the Directors, Chief Executive Officers, Substantial Shareholders of the Company or any of its subsidiaries and their respective associates, and "Independent Third Party" means any of them

Glossary

"inferred resource"	part of the iron ore resource for which tonnage, grade and mineral content can be estimated with a low level of confidence as defined by the JORC Code
"iron ore products"	the products produced from our iron ore crushing and beneficiation facilities in the form of iron ore concentrates and iron ore fines
"JORC"	the Australasian Joint Ore Reserves Committee
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"Kt"	thousand tonnes, which is weight unit of measure for iron ore either on dry basis or on wet basis
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on 3 July 2013
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Main Board"	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Malaysian Companies Act 1965"	the Companies Act 1965 of Malaysia and any subsequent amendment(s) thereof
"mining volume"	the aggregate volume of produced ore volume excluding stripping rock volume
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MOU"	memorandum of understanding
"Mt"	million tonnes, which is weight unit of measure for iron ore either on dry basis or on wet basis
"Nomination Committee"	the nomination committee of the Board
"Pacific Mining"	Pacific Mining Resources Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares on 31 August 2007, and which is wholly owned by Best Sparkle Development Ltd., and an indirect wholly-owned subsidiary of our Company

"probable reserves"	the economically mineable part of an indicated resource, and in some circumstances, a measured resource, as defined by the JORC Code, which includes diluting materials and allowances for losses which may occur when the material is mined
"Project Ibam"	the mining project carried out at the Ibam Mine pursuant to the Mining Agreement
"Prospectus"	the prospectus dated 30 June 2013 issued by the Company in connection with the Global Offering and the Listing
"Red Sun Resources"	Red Sun Resources Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares which the interest on a parcel of land located at Bukit Besi, Terengganu, Malaysia would be transferred
"Remuneration Committee"	the remuneration committee of the Board
"RM"	Malaysian Ringgit, the lawful currency of Malaysia
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a nominal value of HKD0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 12 April 2013
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under section 2 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD", "US dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent
"3W Development"	3W Development Limited, a company incorporated in Hong Kong as a private company Limited by shares on 25 February 2014 and which is an indirect wholly-owned subsidiary of the Company

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Yang
(Chairman and Chief Executive Officer)
Ms. Li Xiaolan
Mr. Wang Er
Mr. Dong Jie

Independent Non-Executive Directors

Mr. Kong Chi Mo
Dr. Li Zhongquan
Dr. Wang Ling

AUDIT COMMITTEE

Mr. Kong Chi Mo *(Chairman)*
Dr. Wang Ling
Dr. Li Zhongquan

REMUNERATION COMMITTEE

Dr. Wang Ling *(Chairman)*
Dr. Li Zhongquan
Ms. Li Xiaolan

NOMINATION COMMITTEE

Mr. Li Yang *(Chairman)*
Dr. Wang Ling
Dr. Li Zhongquan

AUTHORISED REPRESENTATIVES

Mr. Li Yang
Mr. Chu Lok Fung Barry

COMPANY SECRETARY

Mr. Chu Lok Fung Barry, CPA (Aust.), FCPA

LEGAL ADVISER TO THE COMPANY

As to Malaysian law:
Ben & Partners
7-2, Level 2, Block D2 Dataran Prima
Jalan PJU 1/39
47301 Petaling Jaya
Selangor Darul
Ehsan Malaysia

AUDITORS

Ernst & Young
22/F., CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Lot 22, D&E
Level 22, Menara Zenith
Putra Square
MSC Kuantan, 25200
Kuantan, Pahang
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 5602, 56th Floor
The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKER

OCBC Bank Hong Kong Branch
9th Floor
9 Queen's Road Central
Hong Kong

COMPANY WEBITE

www.caa-resources.com

STOCK CODE

02112