CAA Resources Limited
優庫資源有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 2112

2013 INTERIM REPORT

* For identification only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Yang (Chairman and Chief Executive Officer)
Ms. Li Xiaolan
Mr. Wang Er
Mr. Gong Maoqing
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*

AUDITORS

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

COMPLIANCE ADVISER

China Everbright Capital Limited

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No. A629, Second Floor
Jalan Beserah
25300 Kuantan
Pahang Darul Makmur
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

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKER

China Merchants Bank
Off-Shore Banking Department
China Merchants Bank Tower
No. 7088 Shennan Boulevard
Shenzhen 518040
PR China

COMPANY WEBSITE

www.caa-resources.com

STOCK CODE

2112

Management Discussion and Analysis

CAA Resources Limited ("CAA Resources" or the "Company", and together with its subsidiaries, the "Group"), a newly-established iron ore product supplier in Malaysia, is primarily engaged in iron ore exploration, mining, crushing and beneficiation, as well as the sale of iron ore products in the form of iron ore concentrates and iron ore fines. The Group sells its iron ore products primarily to steel manufacturers and/or their respective purchase agents in China.

Its primary business operations are at Project Ibam, which comprises a mine (the "Ibam Mine") at the Malaysian state of Pahang. The mine has combined measured and inferred mineral resource of 152 million tonnes, dominantly hematite, at an average grade of 46.5% total Fe. The Ibam Mine is an open-pit mine with expected mine life exceeding 27 years. The Ibam Mine's annual iron ore mining volume is expected to reach 5.01 million tonnes in 2013 and will further increase to 13.22 million tonnes in 2015.

Benefiting from the strong demand for iron ore products in the PRC, its low-cost open-pit operations and high-grade iron ore products, CAA Resources's capacity and profit are entering a phase of accelerated growth. According to the Group's three-phase expansion plan, it will build 12 additional crushing lines and 12 additional beneficiation lines by early 2015. By the end of 2013, 2014 and 2015, the annual beneficiation volume will increase to 1.2 million tonnes, 2.5 million tonnes and 3.18 million tonnes respectively, while the crushing volume will increase to 1.69 million tonnes, 3.49 million tonnes and 4.45 million tonnes respectively.

While focusing on the development of Project Ibam, the Group also intends to expand its ore reserves through acquisition of other mines in Malaysia which will present opportunities for the Group's expansion and long-term sustainable growth.

MARKET REVIEW

In the first half of 2013 (the "Period"), the world economy continued to see signs of improvement. The Chinese GDP grew steadily at around 7.5% year-on-year and industrial production grew around 9% in the year to date, in keeping with the policy objective of growth stabilization and rebalancing under the new Chinese leadership.

Steel consumption in China, which accounts for almost half of global steel consumption, proved resilient in the first half of 2013. According to the World Steel Association, global crude steel production in the first half rose 2% year-on-year, largely led by higher Chinese output which reached 390 million tonnes, a year-on-year increase of 7.4%.

Backed by the restocking of raw materials among Chinese steel mills with low stock levels coming into 2013 to accommodate buoyant crude steel production, the first half saw a rally of iron ore demand from Chinese mills. The strengthening Chinese Yuan and dependence on imports for higher-grade iron ore fines also contributed to the rally in demand. In the first half of 2013, China imported 380 million tonnes of iron ore, an increase of 5.1% compared with the first half of 2012. On the supply side, lured by elevated iron ore prices in the first quarter, large mines increased production, most notably in Australia. Second-quarter iron ore production data from the leading producers showed healthy gains, rising from 7% to 40% year-on-year. Further, many small and medium-sized mines which were invested in around 2008 started shipping out iron ores, adding to ample supplies.

The prices of iron ore reached elevated levels in the first quarter before falling in the second quarter in 2013. In the first quarter, the high prices were supported, among others, by weather-related supply disruption in Australia and restocking at Chinese mills. However, weaker steel prices, arising from output spikes in February through April in China, triggered a pullback in iron ore purchasing throughout the second quarter. Prices in late May fell around 30% from the February peak and traded in the lower band through June and July, but still well above the lowest price recorded last year.

Management Discussion and Analysis

BUSINESS REVIEW

(1) Major operating results

In the first half of 2013, the Group achieved sales revenue of USD 47.1 million, up 81.2% over the same period last year. The higher sales revenue was mainly due to the rising demand of the Group's iron ore products from its PRC customers. In the first half of 2013, the Group sold 405,000 tonnes iron ore products on dry basis, with an average iron ore grades of 59.9%, as compared to 190,000 tonne iron ore products in the same period last year, representing an increase of 113.2%. The average selling price of iron ore products sold on dry basis was USD114.26 per tonne in the first half of 2013.

In the first half of 2013, the Group adhered to its high-margin and low-inventory business strategies. With growing demand for iron ore in China and a lower average cost of production as a result of economies of scale achieved in the Group's Ibam project during the first half of 2013, the Group's overall gross profit margin for the Period increased to 59.3% from 42.2% for the same period last year.

Benefiting from the higher sales volume, lower production costs and high inventory turnover, the Group's profit attributable to shareholders reached approximately USD17.6 million for the six months ended 30 June 2013, representing a significant year-on-year growth of 225.9% from USD5.4 million recorded in the same period last year.

(2) Production capacity expansion

To capitalise on the rising demand for iron ore products in the PRC, the Group has devised a three-phased production expansion plan to gradually increase mining and production capacities in Project Ibam.

As at 30 June 2013, the Group owned and operated six beneficiation lines and two crushing lines. Among which, two beneficiation lines are in the course of relocation to the Ibam Mine and is expected to be completed in or around September 2013. The annual mining, crushing and beneficiation volume of Project Ibam as at 30 June 2013 was 2.40 million tonnes, 0.81 million tonnes and 0.58 million tonnes respectively. As at the date of this interim report, the Group is in the midst of installing the seventh and eighth beneficiation lines and the third crushing lines at Ibam Mine. There are three additional beneficiation lines and four additional crushing lines to be constructed in phase one expansion plan and which is scheduled to be completed in the second half of 2013.

During the Period, 138,000 tonnes of iron ore products were mined and extracted from the Ibam Mine. Some of the iron ore products of the Group were produced from Esperance Mine pursuant to the Cooperation Agreement. However, a termination agreement was entered into between the mining lease holder of the Esperance Mine and us on 10 April 2013 to terminate the Cooperation Agreement with immediate effect. The remaining iron ore products are produced iron ores obtained from trading activities.

OUTLOOK AND PROSPECT

Looking into the second half of 2013, the Chinese government will continue to shift growth from export-driven to consumption-driven with an immediate focus on growth stabilization. The construction sector, which accounts for 70% of steel demand, is likely to fare well, underpinned by an incipient recovery in the housing market and a number of new starts in the pipeline. The outlook for the manufacturing sector, which accounts for the remaining 30% of Chinese steel consumption, remains subdued due to falling export orders and reduced investment. Overall, end-user steel demand may see some modest growth in the second half of 2013. The rally in the steel market starting in June 2013 has incentivized steel mills to replenish their iron ore stocks. With an inventory level of iron ore in port storage down to 76 million tonnes at the end of June 2013, there is much room for inventory buildup. However, a likely slowdown in Chinese steel output in the second half of 2013, may put a negative spin on the outlook for iron ore price. This arises from the ongoing consolidation in the industry, as well as the continued addition to supply from new mines around the world.

Management Discussion and Analysis

In the second half of 2013, the Group will continue to benefit first-hand from the growth of the Chinese economy. As part of its strategy to capitalize on the strong Chinese demand for iron ore products generated from China's continued urbanization and industrialization, the Group will continue to implement its three-phased expansion plan to build beneficiation and crushing facilities at the Ibam Mine, its principal mining asset, and to expand our Group's ore reserves by looking for acquisition opportunities of new mining assets throughout Malaysia. With the completion of phase one expansion plan at the Ibam Mine in the second half of 2013, the Group will be better equipped to meet the demand for iron ores of superior grade from its Chinese clients. It is also expected to finalize the investment terms for constructing a dedicated berth at Kuantan Port by the end of this year. Going forward, the Group will continue to reinforce its positioning as an integrated one-stop producer of iron ore products, with businesses spanning, mining, crushing and beneficiation and easy access to and strong relationships with the Chinese market.

REVENUE AND COST OF GOODS SOLD

Revenue

During the six months ended 30 June 2013, the Group's revenue reached approximately USD47.1 million, about 81.2% higher than the USD26.0 million recorded in the same period in 2012. The increase in revenue was mainly due to higher sales volume of the Group's iron ore products which was mainly attributable to growing demand in the China iron ore market.

Cost of Sales

During the six months ended 30 June 2013, the Group's cost of sales reached approximately USD19.2 million, about 28.0% higher than the approximately USD15.0 million recorded in the same period in 2012. The cost of sales comprises ore production cost, service fee to mining contractor, mining fee and service fee to processing contractor. The Group recorded a lower unit cost from its shift from trading to selling of self-produced iron ore products. The unit cost of self-production is substantially lower than the unit cost of trade purchase.

The Group also undertook part of the crushing works after installing new crushing lines. Most of the crushing works were previously outsourced to contractors.

Finally, the mining capacity of the Ibam Mine has been enhanced to match the capacity of the crushing and beneficiation lines. This resulted in a lower unit production cost from better coordination in production planning and economies of scale in production.

Gross profit

During the six months ended 30 June 2013, the Group's gross profit reached approximately USD27.9 million, about 153.6% higher than the approximately USD11.0 million recorded in the same period in 2012. The increase was mainly due to the Group's shift in focus on the sale of self-produced iron ore products, which contributed to higher gross profit. At the same time, the gross profit ratio of iron ore produced from Ibam Mine also rose during the first half of 2013.

SELLING AND DISTRIBUTION EXPENSE

During the six months ended 30 June 2013, the Group's selling and distribution expenses reached approximately USD1.4 million, about 39.1% lower than the approximately USD2.3 million recorded in the same period in 2012. The decrease was mainly due to the fact that the majority of sales were concluded under FOB terms during the period, under which the Group was not responsible for freight costs. Other than the freight costs, the selling expense also included boarding expense, consulting fee and other miscellaneous expenses.

Management Discussion and Analysis

ADMINISTRATIVE EXPENSE

During the six months ended 30 June 2013, the Group's administrative expenses reached approximately USD1.9 million, about 90.0% higher than the approximately USD1.0 million in the same period in 2012. The increase was mainly due to higher staff costs, professional fees and listing expenses.

PROPERTY, PLANT AND EQUIPMENT ("PPE")

Our PPE mainly consisted of machinery, mines properties and vehicles. As at 30 June 2013, the Group's PPE reached approximately USD12.7 million, representing about 24.5% increase from USD10.2 million as at 31 December 2012. The increase was mainly due to the purchase and installation of two new beneficiation lines and one new crushing line during the first half of 2013 in accordance with our expansion plan.

OTHER INTANGIBLE ASSETS

As at 30 June 2013, the Group's other intangible assets amounted to approximately USD16.5 million, representing a 4.1% decrease from approximately USD17.2 million as at 31 December 2012. The decrease was mainly due to the amortization expenses and foreign exchange alignment recorded during the first half of 2013. Other intangible assets comprised the mining rights and reserves of Ibam Mine.

INVENTORIES

Our inventory included raw materials, work in progress and finished goods. As at 30 June 2013, the Group's inventories amounted to approximately USD2.1 million, about 61.5% higher than the approximately USD1.3 million as at 31 December 2012. The increase was mainly due to the Company's increased production capacity and accumulation of products to be delivered to our customers.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2013, the Group's prepayments, deposits and other receivables amounted to approximately USD24.6 million (31 December 2012: approximately USD1.8 million). The increase was mainly due to the prepaid listing expenses in the preparation of the listing ("Listing") of the Company in the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which was completed on 3 July 2013 (the "Listing Date"). Finally, a downpayment was made to an independent third party as part of the negotiation requirements for sourcing new mines available for sale. The downpayment is refundable unconditionally upon the request of the Company. As at the date of this interim report, since the Company had not identified any acquisition targets, full refund of such downpayment was demanded and received by the Company.

OTHER PAYABLES AND ACCRUALS

As at 30 June 2013, the Group's other payables and accruals amounted to approximately USD4.0 million, about 150% higher than the approximately USD1.6 million as at 31 December 2012. The increase was mainly due to the accrued listing fee for the preparation of the Listing and an amount due to an independent third party which was repaid in full subsequently prior to the Listing.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The total equity of the Company as at 30 June 2013 was approximately USD43.5 million (31 December 2012: USD26.6 million). The Group generally finances its operation with internally generated cash flow and interest-bearing loans and borrowings. Primary uses of funds during the Period included settlement of listing expenses, operating expenses, and purchase of property, plant and equipment. As at 30 June 2013, current assets of approximately USD27.2 million comprised USD2.1 million in inventory, USD25.0 million in trade and other receivables, and USD0.2 million in cash and cash equivalents. Current liabilities of approximately USD17.2 million mainly comprised USD5.2 million in trade and other payables, USD0.5 million in interest-bearing bank and other borrowing, USD11.5 million in tax payables. Current ratio, being total current assets to total current liabilities was 1.6 as at 30 June 2013 (31 December 2012: 0.52). Following the Listing of the Company on the Listing Date, and with the net proceeds received from the Listing, the Group's liquidity position will be further improved and it has sufficient financial resources to finance its expansion plan of Project Ibam and to meet its working capital requirements.

As at 30 June 2013, the Group had certain interest-bearing bank and other borrowings of USD1.2 million in total (31 December 2012: USD0.6 million). The bank borrowings were used to purchase vehicles and machinery and secured by the pledge of vehicle registration cards.

CAPITAL STRUCTURE

The Group's gearing ratio is calculated as total debts divided by total assets. Total debts included both current and non-current interest-bearing bank and other borrowings. As at 30 June 2013, the Group's gearing ratio was 1.8% (31 December 2012: 1.5%).

The Group conducted its continuing operational business transactions mainly in US dollars. The Group did not arrange any forward currency contracts for hedging purposes.

CAPITAL COMMITMENTS AND OTHER COMMITMENTS

Please refer to note 16 to the unaudited financial statements for details of the Group's capital commitments and other commitments,

CONTINGENT LIABILITIES

Please refer to note 14 to the unaudited financial statement for details of the Group's contingent liabilities.

INTEREST RATE RISK

The Group's income and operating cash flows were not substantially affected by changes in market interest rates. The Group has no significant interest-bearing assets, except for cash and cash equivalents. The Group had no significant interest rate exposure arising from all of its interest-bearing loans since the amount was immaterial. In addition, the Group has not used any interest rate swap to hedge against interest rate risk.

CHARGE ON ASSETS

Save for the vehicle registrations cards pledged for bank loans as disclosed in note 11 to the unaudited condensed consolidated/combined financial statements, the Group did not have any pledges on its assets as at 30 June 2013.

EMPLOYEES AND REMUNERATION POLICIES

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. As at 30 June 2013, the Group had 52 employees (30 June 2012: 30). For the six months ended 30 June 2013, total staff cost including directors' emolument amounted to approximately USD0.4 million (six months ended 30 June 2012: USD0.4 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.

Other Information

INFORMATION ON IBAM MINE

Mineral resources for ore with iron grade greater than or equal to 35% as at 30 June 2013

Classification	Quantity (million tonnes)	Fe Grade (%)
Measured	110	46.7
Indicated	—	—
Inferred	42	46.4
Total	152	46.5

Ore reserves for ore with iron grade greater than or equal to 35% as at 30 June 2013

Classification	Quantity (million tonnes)	Fe Grade (%)
Probable	104	44.7
Total	104	44.7

Source: Ibam Updated Resource and Reserves as at 30 June 2013 by Geos Mining Minerals Consultants, Australia.

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

During the six months ended 30 June 2013, no exploration activities were carried out. As part of the Group's expansion plan, a total of two new beneficiation lines and one new crushing line were purchased during the first half of 2013, which amounted to approximately USD4.3 million. The mining volume and production volume of iron ore products produced from Ibam Mine during the six months ended 30 June 2013 are respectively 272,000 tonnes and 138,000 tonnes (2012: 252,000 tonnes and 128,000 tonnes).

CAPITAL EXPENDITURE

During the six months ended 30 June 2013, the Company incurred a total of USD4.3 million of capital expenditure primarily for the purchase or upgrade of property, plant and equipment.

INITIAL PUBLIC OFFERING AND USE OF PROCEEDS

Pursuant to the Global Offering, the Company issued 375,000,000 ordinary new shares of HK$0.01 each at a subscription price of HK$1.30 per share. The Company's shares including these newly issued shares were listed on the Main Board of the Stock Exchange on the Listing Date. Net proceeds received by the Company amounted to approximately HK$438 million, which are intended to be applied in accordance with the disclosure set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 20 June 2013.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of any interim dividend for the Period.

Other Information

OTHER INFORMATION

Purchase, sale or redemption of the company's listed securities

Subsequent to the Listing Date and up to the date of this interim report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the company's listed securities.

Corporate Governance

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange (the "CG Code") during the six months ended 30 June 2013 except the code provision A.2.1 of the CG Code as disclosed below:

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Li Yang has been both the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "Chief Executive Officer"), therefore, the Group does not at present separate the roles of the Chairman and the Chief Executive Officer.

The Board considered 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. The Board believed 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 allow for more effective and efficient overall strategic planning of the Group.

Model Code for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific queries to the Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code from the Listing Date to the date of this interim report.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Company has also complied with Rule 3.10(1) and 3.10(2) of the Listing Rules that three independent non-executive Directors including one with financial management expertise have been appointed. The primary duties of the Audit Committee are to review the financial reporting process and internal control system of the Group, and to make proposals to the Board as to the appointment, renewal and resignation of the Company's independent auditors and the related remuneration and appointment terms. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including the review of the unaudited interim results for the six months ended 30 June 2013.

Other Information

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

As at the date of this interim report, so far as it is known to the Directors, the Directors and the chief executive 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 position in shares of the Company:

Name of Director	Nature of Interest	Number of Ordinary Shares	Approximate percentage of the Company's issued share capital
Mr. Li Yang (note 2)	Interest in controlled corporation	843,750,000 (L)	56.25%

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.

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

Name of Director	Name of associated corporation	Nature of Interest	Approximate percentage of interest in the share capital of the associated corporation
Mr. Li Yang	Cosmo Field Holdings Limited	Beneficial owner	100%

Save as disclosed above, as at the date of this interim report, none of the Directors nor the chief executives 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.

Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this interim report, so far as it is known to the Directors, the persons (other than the Directors or chief executive 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 10% 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:

Name	Nature of Interest/ Capacity	Number of Ordinary Shares	Percentage of Shareholding
Cosmo Field	Beneficial owner	843,750,000 (L)	56.25%
Hua Heng Investments Limited	Beneficial owner	100,575,000 (L)	6.71%
Yang Jun (note 2)	Interest in controlled corporation	100,575,000 (L)	6.71%
Tang Lingyan (note 2)	Interests of a substantial shareholder's child under 18 or spouse	100,575,000 (L)	6.71%
Asia Equity Value Ltd	Beneficial owner	89,300,000 (L)	5.95%
	Beneficial owner	89,300,000 (S)	5.95%

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. 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

As at the date of this interim report, there was no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

Other Information

SHARE OPTION SCHEME

The share option scheme of the Company (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.

There is no option outstanding, granted, exercised, cancelled and lapsed during the six months ended 30 June 2013.

By order of the Board
CAA Resources Limited
Li Yang
Chairman and Chief Executive Officer

Hong Kong, 30 August 2013

FINANCIAL INFORMATION

Condensed Consolidated/Combined Statements of Comprehensive Income

For the six months ended 30 June 2013

	Notes	For the six months ended June 30 2013 USD'000 (Unaudited)	2012 USD'000 (Unaudited)
REVENUE	4	**47,130**	25,999
Cost of sales		**(19,199)**	(15,040)
Gross profit		**27,931**	10,959
Other income		**83**	—
Selling and distribution expenses		**(1,431)**	(2,303)
Administrative expenses		**(1,878)**	(1,014)
Other expenses		**(652)**	(326)
Finance costs	6	**(18)**	(12)
Profit before tax	5	**24,035**	7,304
Income tax expense	7	**(6,390)**	(1,879)
Profit for the period		**17,645**	5,425
Other comprehensive income			
Exchange differences on translation of foreign operations		**(801)**	(285)
Other comprehensive income for the period		**(801)**	(285)
Total comprehensive income for the period, net of tax		**16,844**	5,140
Profit for the period attributable to:			
Owners of the parent		**17,645**	5,434
Non-controlling interests		—	(9)
		17,645	5,425
Total comprehensive income for the period attributable to:			
Owners of the parent		**16,844**	5,147
Non-controlling interests		—	(7)
		16,844	5,140
Earnings per share			
Basic earnings per share (US cent)	8	**1.57**	0.48
Diluted earnings per share (US cent)	8	**1.57**	0.48

FINANCIAL INFORMATION (CONTINUED)

Condensed Consolidated/Combined Statements of Financial Position

As at 30 June 2013

	Notes	As at 30 June 2013 USD'000 (Unaudited)	As at 31 December 2012 USD'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**12,710**	10,203
Other intangible assets		**16,527**	17,223
Deferred tax assets		**580**	396
Goodwill		**8,526**	8,838
Total non-current assets		**38,343**	36,660
CURRENT ASSETS			
Inventories		**2,103**	1,282
Trade receivables	9	**403**	755
Prepayments, deposits and other receivables	10	**24,566**	1,838
Cash and cash equivalents		**176**	1,861
Total current assets		**27,248**	5,736
TOTAL ASSETS		**65,591**	42,396
NON-CURRENT LIABILITIES			
Provision		**255**	260
Deferred tax liabilities		**3,953**	4,125
Interest-bearing bank and other borrowings	11	**710**	387
Other liabilities		**19**	39
Total non-current liabilities		**4,937**	4,811
CURRENT LIABILITIES			
Trade payables	12	**1,172**	1,818
Other payables and accruals		**4,048**	1,572
Interest-bearing bank and other borrowings	11	**450**	233
Tax payable		**11,532**	4,924
Due to related parties	13	**—**	2,430
Total current liabilities		**17,202**	10,977

FINANCIAL INFORMATION (CONTINUED)

Condensed Consolidated/Combined Statements of Financial Position

As at 30 June 2013

	Notes	As at 30 June 2013 USD'000 (Unaudited)	As at 31 December 2012 USD'000 (Audited)
NET CURRENT ASSETS/(LIABILITIES)		**10,046**	(5,241)
TOTAL ASSETS LESS CURRENT LIABILITIES		**48,389**	31,419
EQUITY			
Equity attributable to owners of the parent			
Issued capital		—	—
Reserves		**43,452**	26,608
		43,452	26,608
TOTAL EQUITY AND LIABILITIES		**65,591**	42,396

FINANCIAL INFORMATION (CONTINUED)

Condensed Consolidated/Combined Statements of Changes In Equity

	Attributable to the owners of the parent								
	Issued capital USD'000	Share premium USD'000	Capital reserve USD'000	Contributed surplus USD'000	Retained earnings USD'000	Exchange fluctuation reserve USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
At 1 January 2013	—	—	**13,825**	**50**	**12,710**	**23**	**26,608**	—	**26,608**
Profit for the period	—	—	—	—	**17,645**	—	**17,645**	—	**17,645**
Other comprehensive income									
Exchange differences on translation of foreign operations	—	—	—	—	—	**(801)**	**(801)**	—	**(801)**
Total comprehensive income	—	—	—	—	**17,645**	**(801)**	**16,844**	—	**16,844**
Reorgnisation	**1**	**49**		**(50)**	—	—	—	—	—
At 30 June 2013 (unaudited)	**1***	**49***	**13,825***	**—***	**30,355**	**(778)**	**43,452**	—	**43,452**

* These reserve accounts comprise the combined reserves of USD43,452,000 in the consolidated statement of financial position as at 30 June 2013.

	Attributable to the owners of the parent								
	Issued capital USD'000	Share premium USD'000	Capital reserve USD'000	Contributed surplus USD'000	Retained earnings USD'000	Exchange fluctuation reserve USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
As at 1 January 2012	—	—	(75)	50	2,291	(837)	1,429	(138)	1,291
Profit for the period	—	—	—	—	5,434	—	5,434	(9)	5,425
Other comprehensive income									
Exchange differences on translation of foreign operations	—	—	—	—	—	(287)	(287)	2	(285)
Total comprehensive income	—	—	—	—	5,434	(287)	5,147	(7)	5,140
Acquisition of non-controlling interests	—	—	(145)	—	—	—	(145)	145	—
Waiver of debt	—	—	981	—	—	—	981	—	981
At 30 June 2012 (unaudited)	—	—*	761*	50*	7,725*	(1,124)*	7,412	—	7,412

* These reserve accounts comprise the combined reserves of USD7,412,000 in the combined statement of financial position as at 30 June 2012.

FINANCIAL INFORMATION (CONTINUED)

Condensed Consolidated/Combined Statements of Cash Flows

	Notes	For the six months ended 30 June 2013 USD'000 (Unaudited)	2012 USD'000 (Unaudited)
Operating activities			
Profit before tax		**24,035**	7,304
Adjustments for:			
(Gain)/Loss on disposal of items of property, plant and Equipment	5	**(37)**	103
Depreciation	5	**623**	465
Amortisation of other intangible assets	5	**59**	13
Finance costs	6	**18**	12
Decrease/(Increase) in trade receivables		**352**	(1,511)
Increase in prepayments, deposits and other receivables		**(1,051)**	(847)
Increase in inventories		**(821)**	(784)
(Decrease)/increase in trade payables		**(530)**	1,537
Increase /(decrease) in other payables and Accruals		**1,201**	(3,874)
(Decrease)/increase in due to related parties	13	**(2,338)**	1,074
Income taxes paid		**(8)**	(2)
Net cash flows from operating activities		**21,503**	3,490
Investing activities			
Cash received relating to disposal of non-current assets		**—**	11
Proceeds from disposal of available-for-sale Investments		**—**	47
Purchase of property, plant and equipment		**(4,301)**	(2,644)
Purchase of other intangible assets		**(20,780)**	(17)
Net cash flows used in investing activities		**(25,081)**	(2,603)
Financing Activities			
Proceeds from other borrowings		**2,000**	—
Repayment of interest-bearing borrowings		**(190)**	(105)
Interest paid		**(13)**	(2)
Net cash flows from financing activities		**1,797**	(107)
Net (decrease)/increase in cash and cash Equivalents		**(1,781)**	780
Net foreign exchange differences		**96**	(112)
Cash and cash equivalents at beginning of period		**1,861**	196
Cash and cash equivalents at end of period		**176**	864

Notes to the Condensed Consolidated/Combined Financial Statements

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 25 April 2012 under the Companies Law of the Cayman Islands.

The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries were involved in 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.

2.1 BASIS OF PREPARATION AND CONSOLIDATION

Pursuant to the reorganisation of the Group, the Company became the holding company of the companies now comprising the Group on 7 April 2013 by way of share swaps with the existing shareholders of Capture Advantage Co., Ltd. The share swaps have no substance and do not form a business combination, and accordingly, for the purpose of this report, the unaudited interim condensed consolidated/combined financial statements of the Group has been prepared on the basis as if the Company had always been the holding company of the Group.

The unaudited interim condensed consolidated/combined statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the six months ended 30 June 2012 and 2013 of the Group have been prepared as if the current group structure had been in existence throughout the six months ended 30 June 2012 and 2013, or since the respective dates of incorporation or establishment of the respective companies now comprising the Group, where this is a shorter period. The unaudited interim condensed consolidated/combined statements of financial position of the Group as at 30 June 2012 and 30 June 2013 have been prepared as if the current group structure had been in existence at those dates and to present the assets and liabilities of the subsidiaries using the then carrying values. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB"). These financial statements are presented in United States dollars ("USD") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated/combined financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the period from 23 August 2010 to 31 December 2010 and two years ended 31 December 2011 and 2012.

Notes to the Condensed Consolidated/Combined Financial Statements

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the unaudited interim condensed consolidated/combined financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited interim condensed consolidated/combined financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the combined financial statements for the year ended 31 December 2012.

3. SEGMENT INFORMATION

The Group has been operating in one segment, which is iron ore mining and processing in Malaysia. No further operating segment analysis is presented thereon.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2013	2012
	USD'000	USD'000
	(Unaudited)	(Unaudited)
People's Republic of China	**46,258**	24,805
Malaysia	**872**	1,194
	47,130	25,999

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Since all the non-current assets, other than deferred tax assets and financial instruments of the Group are located in Malaysia, no geographical information for non-current assets is presented.

Notes to the Condensed Consolidated/Combined Financial Statements

3. SEGMENT INFORMATION (CONTINUED)

Information about major customers

For the period from 1 January to 30 June 2012, revenue generated from three of the Group's customers amounting to USD10,190,000, USD10,083,000, and USD4,532,000, respectively, had individually accounted for over 10% of the Group's total revenue.

For the period from 1 January to 30 June 2013, revenue generated from two of the Group's customers amounting to USD33,882,000 and USD6,925,000 respectively, had individually accounted for over 10% of the Group's total revenue.

4. REVENUE

Revenue represents the net invoiced value of goods sold, the values of service rendered, net of trade discounts and returns and various types of government surcharges, where applicable. There were no trade discounts or returns for the six months ended 30 June 2013.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2013	2012
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Sales of goods	**46,258**	24,805
Rendering of services	**872**	1,194
	47,130	25,999

Notes to the Condensed Consolidated/Combined Financial Statements

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2013	2012
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**18,331**	13,850
Cost of service provided	**868**	1,190
Auditors' remuneration	**277**	152
Listing expenses	**1,092**	531
Employee benefit expense (excluding directors' remuneration)	**337**	359
Minimum lease payments in respect of:		
Land	**38**	49
Machine	**104**	65
Office	**36**	42
	178	156
Depreciation	**623**	465
Amortisation of other intangible assets*	**59**	13
(Gain)/loss on disposal of items of property, plant and equipment	**(37)**	103
Foreign currency losses	**633**	196

* The amortisation of other intangible assets is included in "Cost of sales" in the consolidated/combined statements of comprehensive income.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2013	2012
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Other finance costs:		
Increase in discounted amounts of provisions arising from the passage of time	**5**	10
Interest on bank loans	**13**	2
	18	12

Notes to the Condensed Consolidated/Combined Financial Statements

7. INCOME TAX

Malaysia profits tax has been provided at the rate of 25% on the estimated assessable profits arising in Malaysia for the six months ended 30 June 2013 and 2012.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2013 and 2012.

The major components of income tax expense for the six months ended 30 June 2013 and 2012 are:

	For the six months ended 30 June	
	2013	2012
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Current – Hong Kong	**4,361**	598
Current – Malaysia	**2,248**	1,271
Deferred	**(219)**	10
Total tax charge for the period	**6,390**	1,879

A reconciliation of income tax expense applicable to profit before taxation at the statutory rates for the countries (or jurisdictions) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

For the six months ended 30 June 2013 (unaudited)

	Malaysia		Hong Kong		Total	
	USD'000	%	USD'000	%	USD'000	%
Profit before tax	**(1,304)**		**25,339**		**24,035**	
Tax at the statutory tax rate	**(326)**	**25.0**	**4,181**	**16.5**	**3,855**	**16.0**
Effect of intra-group transactions in different jurisdictions	**2,246**	**(172.2)**	—	—	**2,246**	**9.3**
Tax losses cannot recognized	**14**	**(1.1)**	—	—	**14**	**0.1**
Expenses not deductible for tax	**95**	**(7.3)**	**180**	**0.7**	**275**	**1.1**
Tax charge at the Group's effective rate	**2,029**	**(155.6)**	**4,361**	**17.2**	**6,390**	**26.6**

Notes to the Condensed Consolidated/Combined Financial Statements

7. INCOME TAX (CONTINUED)

For the six months ended 30 June 2012 (unaudited)

	Malaysia		Hong Kong		Total	
	USD'000	%	USD'000	%	USD'000	%
Profit before tax	3,680		3,624		7,304	
Tax at the statutory tax rate	919	25.0	598	16.5	1,517	20.8
Effect of intra-group transactions in different jurisdictions	309	8.4	—	—	309	4.2
Tax losses cannot recognized	8	0.2	—	—	8	0.1
Expenses not deductible for tax	45	1.2	—	—	45	0.6
Tax charge at the Group's effective rate	1,281	34.8	598	16.5	1,879	25.7

8. EARNINGS PER SHARE

`The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to equity holders of the Company of USD17,645,000 (six months ended 30 June 2012: USD5,425,000) and the 1.125 billion ordinary shares (six months ended 30 June 2012: 1.125 billion) in issue and issuable, comprising 50,000 shares in issue as at 30 June 2013 and 1,124,950,000 shares to be issued pursuant to the Capitalization Issues as set out in note 17(a), as if the shares were outstanding throughout the period.

Diluted earnings per share equals to basic earning per share as there was no dilutive potential share outstanding for the six months ended 30 June 2013 and 2012.

9. TRADE RECEIVABLES

The Group's trading terms with our customers are mainly on credit, except for new customers, where payment in advance is normally required. Ageing analysis of our trade receivables is as follows:

	30 June 2013 USD'000 (Unaudited)	31 December 2012 USD'000 (Unaudited)
Trade receivables		
– Within 3 months	**403**	755

As at 30 June 2013, trade receivables of USD0.4 million (31 December 2012: USD0.8 million) were neither past due nor impaired.

Notes to the Condensed Consolidated/Combined Financial Statements

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2013 USD'000 (Unaudited)	31 December 2012 USD'000 (Audited)
Other receivables	**22,717**	647
Income tax receivable	**6**	11
Deposits and prepayments	**1,843**	1,180
	24,566	1,838

The Group is in the process of sourcing new mines available for sales with an independent third party, and certain downpayment has been made as part of the negotiation requirements. The downpayment is refundable unconditionally upon the request of the Company. As at the date of this interim report, since the Company had not identified any acquisition targets, full refund of such downpayment was demanded and received by the Company.

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2013 (Unaudited)			31 December 2012 (Audited)		
	Effective interest rate (%)	Maturity	USD'000	Effective interest rate (%)	Maturity	USD'000
Current						
Current portion of Long term bank loans – secured	**4.92-7.54**	**2014**	**46**	4.92-7.54	2013	38
Other borrowings – Secured	**4.92-7.54**	**2014**	**404**	4.92-7.54	2013	195
			450			233
Non-current						
Bank loans – Secured	**4.92-7.54**	**2015-2019**	**97**	4.92-7.54	2014-2017	99
Other borrowings – Secured	**4.92-7.54**	**2015-2016**	**613**	4.92-7.54	2014-2017	288
			710			387
			1,160			620

Notes to the Condensed Consolidated/Combined Financial Statements

11. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	30 June 2013 USD'000 (Unaudited)	31 December 2012 USD'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	**46**	38
In the second year	**44**	38
In the third to fifth years, inclusive	**51**	61
Beyond five years	**2**	—
	143	137
Other borrowings repayable:		
Within one year	**404**	195
In the second year	**385**	160
In the third to fifth years, inclusive	**228**	128
	1,017	483
	1,160	620

Certain of the Group's bank loans are utilised to purchase vehicles and machinery and secured by the pledge of vehicle registration cards.

12. TRADE PAYABLES

The Group's trade payables amounted to USD1.2 million as at 30 June 2013 (31 December 2012: USD1.8 million). Our suppliers usually granted the Group a credit period of 60 days.

Ageing analysis of our trade payables as at 30 June 2013 and 31 December 2012 is as follows:

	30 June 2013 USD'000 (Unaudited)	31 December 2012 USD'000 (Audited)
Trade payables		
– Within 3 months	**1,062**	1,818
– Over 3 months but less than 6 months	**110**	–
	1,172	1,818

Notes to the Condensed Consolidated/Combined Financial Statements

13. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) The Group had the following transactions with related parties for the six months ended 30 June 2013 and 2012:

	Note	For the six months ended 30 June 2013 USD'000 (Unaudited)	 2012 USD'000 (Unaudited)
Li Yang *			
Consideration for sale of 50% shares in Gema Impak	(i)	—	47

* Li Yang is the controlling shareholder of the Group (the "Controlling Shareholder").

(i) The considerations were mutually agreed.

(b) Outstanding balances with related parties:

Due to related parties

	30 June 2013 USD'000 (Unaudited)	31 December 2012 USD'000 (Audited)
Place Grace Ltd.*	—	1,656
Chengdu Hande Investment Co., Ltd. ("Chengdu Hande") **	—	774
	—	2,430

* Palace Grace Ltd. was controlled by the father of the controlling shareholder of the Group.

** The single largest shareholder of Chengdu Hande is the father of the controlling shareholder of the Group.

The outstanding balances with related parties are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Condensed Consolidated/Combined Financial Statements

14. CONTINGENT LIABILITIES

A subsidiary of the Group stored diesel at Ibam Mine without a valid scheduled controlled item permit, which is an offence under section 21 of Control of Suppliers Act 1961 of Malaysia. If convicted, the subsidiary of the Group shall be liable to a fine not exceeding RM250,000 and for subsequent offence, to a fine not exceeding RM500,000.

The subsidiary of the Group has obtained the scheduled controlled item permit which is valid from 5 June 2012 to 4 June 2013 in respect of Ibam Mine and obtained the renewed permit on 12 June 2013 with validation period from 12 June 2013 to 11 June 2014. The Directors, based on the advice of the legal advisers to the Company as to Malaysian laws upon their enquiry made with the relevant authority, are of the opinion that the relevant authority will not normally proceed to prosecute or fine the subsidiary, and accordingly the Group has not provided for any claim arising from such potential prosecution or fine.

15. OPERATING LEASE ARRANGEMENTS

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

At at 30 June 2013 and 31 December 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2013 USD'000 (Unaudited)	31 December 2012 USD'000 (Audited)
Within one year	**336**	157
After one year but within four years	**605**	275
	941	432

Notes to the Condensed Consolidated/Combined Financial Statements

16. COMMITMENTS

In addition to the operating lease commitments detailed in note 15 above, the Group had the following commitments as at 30 June 2013 and 31 December 2012:

a. Capital commitment

The Group had the following capital commitments:

	30 June 2013 USD'000 (Unaudited)	31 December 2012 USD'000 (Audited)
Authorised, but not contracted for	**75,700**	80,900

b. Other commitments – mining fee

The Group has agreed to pay a mining fee of RM40 to Gema Impak Sdn. Bhd. ("Gema Impak") (equivalent to approximately USD12.6) per tonne of iron ore products extracted from Ibam Mine and sold by Capture Advance Co., Ltd. ("Capture Advance") (pursuant to the Deed of Appointment).

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 is effective from 18 December 2010 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 Sub-contract provides that the mining contractor shall mine and produce a minimum of 100 thousand tonnes of clean iron ore per month and shall crush the iron ore to a specified size before delivery to the Group. The service fee for the mining contractor is calculated based on the (i) volume of iron ore extracted multiplied by a fixed rate of RM36 (equivalent to approximately USD11.32) per tonne; and (ii) volume of crushing works multiplied by a fixed rate of RM14 (equivalent to approximately USD4.40) per tonne. In the event that the Group provides the mining contractor with the necessary machinery or equipment for its works, the fixed rate of payment shall be reduced to RM25 (equivalent to approximately USD7.87) per tonne of iron ore extracted and RM10.2 (equivalent to approximately USD3.05) per tonne of crushing works.

Notes to the Condensed Consolidated/Combined Financial Statements

16. 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 Resources Sdn. Bhd. ("Pacific Mining") have agreed to an arrangement (the "Protection Enhancement Arrangement") which took effect from 20 March 2013, according to which Pacific Mining 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.

The Original Shareholders 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 governmental authority, which are related to Ibam Mine.

Pacific Mining paid a monthly payment, being RM50,000 in total per month ("Monthly Payment"), to the Original Shareholders since March 2013 until the expiry of the term of the Protection Enhancement Arrangement, which shall mirror the term of the Mining Agreement or any extension thereof. The amount of the Monthly Payment shall not be revised without consent from each of the Original Shareholders and Pacific Mining.

17. EVENTS AFTER THE PERIOD

(a) Capitalisation Issue

Pursuant to the resolutions of our Shareholders passed on 12 April 2013, subject to the share premium account of our Company being credited as a result of the issue of Hong Kong Offer Shares pursuant to the Global Offering, our Directors are authorised to allot and issue a total of 1,124,950,000 Share credited as fully paid at par to the holders of Shares on the register of members of our Company at the close of business on 12 April 2013 (or as they may direct) in proportion to their respective shareholders (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK$11,249,500 standing to the credit of the shares premium account of our Company, and our Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

(b) Initial Public Offering

On 3 July 2013, 375,000,000 ordinary shares of par value HK$0.01 each were issued at a price of HK$1.30 per share under the Hong Kong Public Offer and the International Placing. The proceeds at HK$3,750,000 (equivalent to USD480,769) representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$483,750,000 (equivalent to USD62,019,230) before issuing expenses were credited to the share premium account.

Except for those disclosed above, the management of the Group is of the opinion that there is no significant event occuring between the balance sheet date and the date when the financial statements are authorized for issuance.

18. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED/COMBINED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated/combined financial statements were approved and authorised by the board of directors on 30 August 2013.