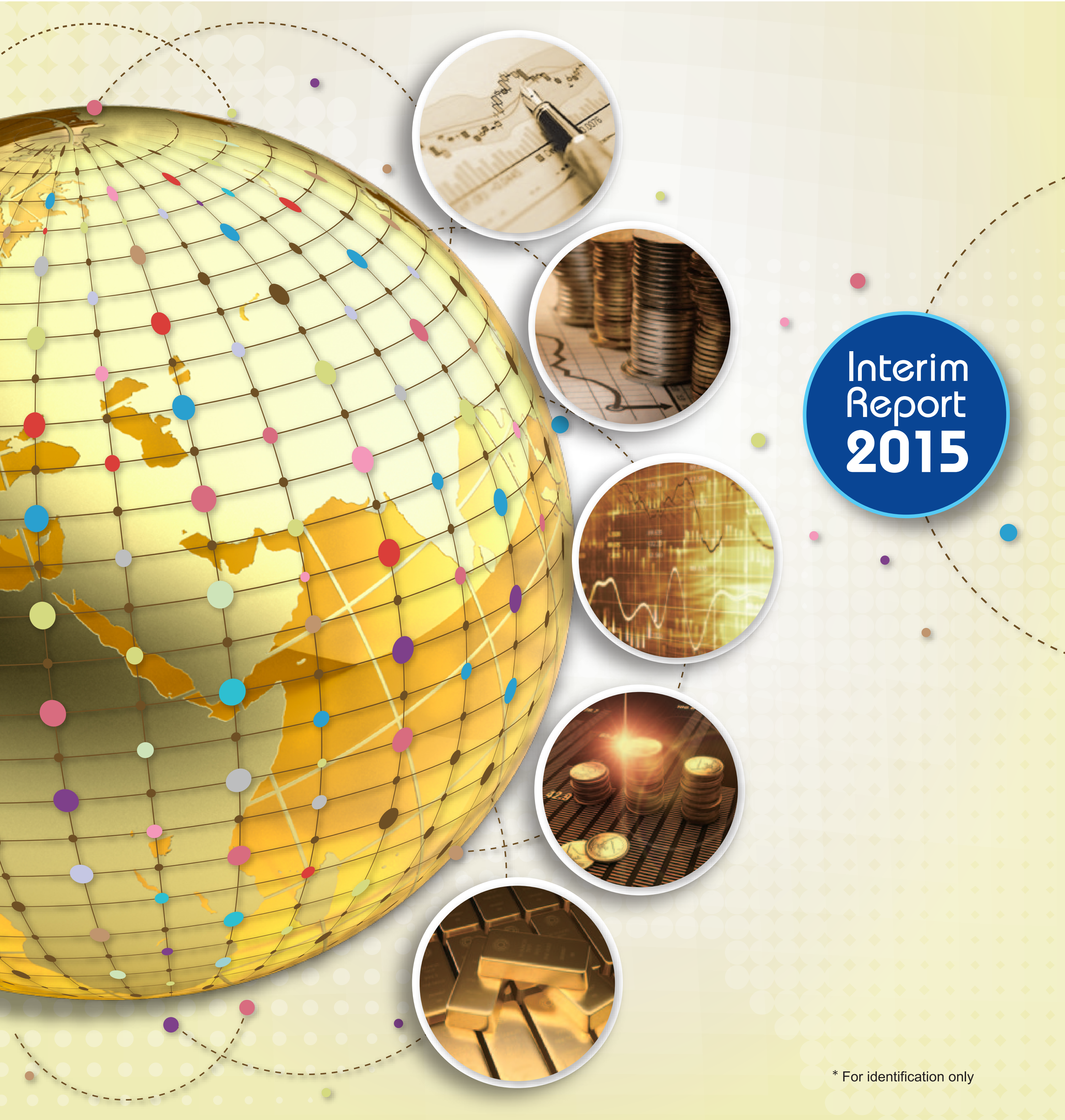
CAA Resources Limited
優庫資源有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 02112



Interim Report 2015

* 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. 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

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
22/F, 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 WEBSITE

www.caa-resources.com

STOCK CODE

02112

Management Discussion and Analysis

The board (the "**Board**") of directors (the "**Director(s)**") of CAA Resources Limited ("**CAA Resources**" or the "**Company**"), and together with its subsidiaries, the "**Group**") is pleased to present the interim report of the Group for the six months ended 30 June 2015 ("**Period**").

The Company acts as an investment holding company, and its principal business activities 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. The primary mining asset of the Group is the iron-ore in Ibam Mine, which is located in the State of Pahang, Malaysia. The total combined measured and inferred mineral reserve of the Ibam Mine is 151 million tonnes, which is mainly hematite, with an average iron grade of 46.5%. The Ibam Mine is open-pit, and has a mine life which is expected to be more than 26 years. The Company has also been actively seeking opportunities to diversify its scope of business during the Period by further expanding into the sector of trading of commodity, and has also entered into a framework agreement to acquire equity interest in a PRC entity which is engaged in internet finance business in the PRC.

Due to the downturn of the international iron ore price during the Period, 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 self-production costs is relatively higher than the sales price during the downturn. 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 temporarily suspended during the Period. 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 purchase agents in China. After 30 June 2015 and up to the date of this interim report ("Subsequent Period"), in light of the slight improvement of market conditions, the Company has resumed the mining activities at Ibam Mine. During the Subsequent Period, the mining volume and production volume were 15.6 Kt and 3.8 Kt respectively.

MARKET REVIEW

The market conditions for iron-ore producers remained competitive during the Period. According to the Chinese National Bureau of Statistics, iron ore output of China for the six months ended 30 June 2015 decrease on a year on year basis by 9% to 450.0 million tons. In addition, the Chinese government set the target economic growth of China this year at around 7%, which is not only lower than last year's growth target of 7.5%, but also lower than the actual growth rate of 7.4% last year. Chinese leaders now use the term "new norm" to describe the current economic situation. The closing price of iron ore shipments to China on 5 March 2015, Thursday fell to USD59.30 per ton. This is the lowest iron ore prices level since March 2009 which hit USD59.10 dollars per ton.

Management Discussion and Analysis

Demand on steel in PRC was lower than expected as a result of the decline in Chinese construction sector, at present China has become the world's major exporter of steel. Chinese steel exports reached 94 million tons last year, which was greater than the total output of the United States, India and South Korea. Currently these three countries are the third, fourth and fifth largest steel producer in the world. International steel prices are therefore under pressure which in turn leads to the price decline for the iron ore. China's steel exports in turn further agitate the iron ore market as supply of iron ore has been excessive.

BUSINESS & OPERATIONS REVIEW

Operating Results

Even with the significant increase in sales volume in the first half of 2015, the Group's financial performance has been negatively impacted under the impact of a persisting falling of iron ore prices and difficult market conditions.

During the Period, the Group recorded a significant year-on-year increase of 103.3% in sales volume and sold 1,679 Kt iron ore products on dry basis (six months ended 30 June ("H1") 2014 H1: 826 Kt) with an average iron content of 65%. The increase was largely attributable to the fact that Chinese steel mills were increasing their procurement of imported ores which are more competitively priced and of higher iron content than domestic products. However, dragged by the falling market prices, the average selling price of the Group's iron ore products had dropped to USD63.2 per tonne on dry basis over the Period (2014 H1: USD106.3 per tonne). In the first half of 2015, the Group has reported sales revenue of USD126.2 million, representing an increase of 43.7% compared to the same period last year.

The Group sales in the first half of 2015 were mainly from the trading of iron ore products and copper cathodes. The significant downturn of the price of iron ore products reduced the Group's gross profit by 16.0% to USD7.9 million (2014 H1: USD9.4 million). Gross profit margin fell to 6.2% (2014 H1: 10.7%). Profit for the Period decreased by 2.4% to USD4.1 million from USD4.2 million, and earnings per share was 0.27 US cents (2014 H1: 0.28 US cents).

Project Ibam operation update

As at 30 June 2015, the Group owned nine beneficiation lines, and seven crushing lines. There was no exploration, development and mining production activities during the Period under review, while the mining volume and production volume for the six months ended 30 June 2014 amounted to 199 Kt and 101 Kt respectively.

During the Subsequent Period, in light of the slight improvement of market conditions, the Company has resumed the mining activities at Ibam Mine. The mining volume and production volume were 15.6 Kt and 3.8 Kt respectively.

Business Strategy

The international iron ore price during the Period hits the six years low which rendered the mining operation of Ibam Mine commercially impracticable, the Group hence decided to temporarily suspend the mining activities at Ibam Mine and switched its focus to the trading of iron ore products to secure profits during the Period.

Management Discussion and Analysis

With respect to the proposed acquisition of interests in Red Sun Resources Sdn. Bhd. ("Red Sun"), since the vendors failed to obtain the relevant approvals as required in the memorandum of understanding of 3 October 2013, on 5 June 2015 the parties thereto entered into a termination agreement, pursuant to which the parties thereto agreed to terminate the memorandum of understanding of the proposed acquisition of interests in Bukit Besi with immediate effect. For further details, please refer to the announcement dated 5 June 2015.

The Group is now actively exploring other sources of income and earnings so as to maximize the Shareholders value. As a further step in the diversification progress, on 2 July 2015, the Group and the Vendors (as defined in the announcement dated 2 July 2015) have entered into a framework agreement, pursuant to which the Group shall acquire partial equity interest in Shenzhen Gongxinying Financial Information Service Co. Ltd. For further details, please refer to the announcement dated 2 July 2015.

OUTLOOK AND USE OF PROCEEDS OF GLOBAL OFFERING

As expected, in the first half of 2015, the slowdown of the economic growth of China undoubtedly reduced the consumption of steel materials and hence affected the demand-supply equilibrium. As the supply of low cost iron ore around the world resulted in excessive supply, the sluggish condition of iron ore price is likely to sustain. After careful consideration, the Company has decided to temporarily suspend the operation of Project Ibam and concentrated on trading of iron-ores as a result of the difficult market conditions and the fact that the procurement costs of trading of iron-ores is relatively lower than the production plus freight costs for self-production of Project Ibam. The Company shall closely monitor the market conditions to make necessary strategic adjustments. Up to 30 June 2015, all the proceeds from the global offering has been utilized in accordance with the intended use set out in the section headed "Future Plan and Use for Proceeds" in the Prospectus and there is currently no intention to suspend Project Ibam on a permanent basis, and mining and production activities have resumed during the Subsequent Period.

The Group believed that, by merging and acquiring a series of other businesses, the scope of businesses of the Group will become more diversified so as to enhance the sustainability and development of the Group in the long term.

REVENUE AND COST OF SALES

Revenue

During the six months ended 30 June 2015, the Group's revenue reached approximately USD126.2 million, about 43.7% more than USD87.8 million recorded in the same period in 2014. The increase in revenue was mainly due to the fact that the PRC iron ore market relied more heavily on overseas iron ores facing great environmental pressure and the increased demand.

Management Discussion and Analysis

Cost of Sales

During the six months ended 30 June 2015, the Group's cost of sales reached approximately USD118.3 million, about 50.9% higher than approximately USD78.4 million recorded in the same period in 2014. The cost of sales comprises purchase costs of iron ore products from trading activities. No ore production cost, service fee to mining contractor, mining fee and service fee to processing contractors was recorded during the Period since the self-production of iron ore products was temporarily suspended during the Period. The increase in cost of sales was primarily due to the fact that the products sold during the Period were mainly ores obtained through trading.

Gross profit

During the six months ended 30 June 2015, the Group's gross profit reached approximately USD7.9 million, about 16.0% lower than approximately USD9.4 million recorded in the same period in 2014. The decrease in gross profit was due to the drop in international iron ore price and the lower gross profit margin of trading iron ore during the Period as compared to the previous corresponding period.

SELLING AND DISTRIBUTION EXPENSES

During the six months ended 30 June 2015, no selling and distribution expenses was recorded in comparing with approximately USD3.3 million recorded in the same period in 2014. The decrease was mainly due to temporary suspension of sale of self-produced iron ore products during the Period. The Group engaged in trading of iron ore products on indent basis of which the freight and transportation costs have been absorbed in cost of sales.

ADMINISTRATIVE EXPENSES

During the six months ended 30 June 2015, the Group's administrative expenses reached approximately USD2.5 million, about 31.6% higher than USD1.9 million. The increase was mainly due to the depreciation of the property, plant and equipment located at the Ibam Mine was classified as administrative expense during the Period instead of cost of sales.

PROPERTY, PLANT AND EQUIPMENT ("PPE")

Our PPE mainly consisted of machinery, mines properties and vehicles. As at 30 June 2015, the Group's PPE reached to approximately USD24.2 million, representing about 11.4% decrease from USD27.3 million as at 31 December 2014. The decrease was mainly due to the depreciation, foreign exchange alignment recorded between Ringgit and US Dollar and disposal of certain assets.

INTANGIBLE ASSETS

As at 30 June 2015, the Group's intangible assets amounted to approximately USD13.9 million, representing a 7.3% decrease from approximately USD15.0 million as at 31 December 2014. The decrease was mainly due to foreign exchange alignment after offset by the amortization during the first half of 2015. The intangible assets comprised the mining rights and reserves of Ibam Mine.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS

As of 30 June 2015, the Company did not hold any significant investment. The Company currently held approximately 14.2857% interest in Fortune Union Financial Holdings (Asia Pacific) Limited which has been accounted for as an associate of the Company, the details of which can be referred to in the section headed "Available-For-Sale Investment" below.

AVAILABLE-FOR-SALE INVESTMENT

The unlisted equity investment represented the Group's investment in Fortune Union Financial Holdings (Asia Pacific) Limited, whose indirect wholly owned subsidiaries are currently engaged in the equipment lease business in Chongqing China, and has a certain market share in the micro credit market in Chongqing (details of which are set out in the Company's announcement dated 16 May 2014). It is stated at cost less impairment because the range of reasonable fair value estimates is so wide that the Directors are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of the investment in the near future.

INVENTORIES

Our inventory included raw materials and finished goods. As at 30 June 2015, the Group's inventories amounted to approximately USD2.2 million, about 21.4% lower than approximately USD2.8 million as at 31 December 2014. The decrease was mainly attributing to the impact of foreign currency translation differences arising from the appreciation of US dollars over Malaysia Ringgit and a write-down to net realizable value of USD0.4 million during the Period. The inventory was stated at net realizable value.

TRADE RECEIVABLES

The Group's trade receivables significantly increased by 30.0%, from approximately USD36.3 million as at 31 December 2014 to approximately USD47.2 million as at 30 June 2015. Trade receivable turnover days were approximately 60 days (2014: 58 days). The longer trade receivable turnover days was recorded since the credit periods of goods are prolonged from 75 days to 120 days, in order to cope with the sluggish market conditions and sustain market competitiveness.

Major customers were granted credit on open account basis or allowed to settle by documentary letter of credit. However payment in advance is still 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.

Based on the invoice date, all trade receivables of the Group at the end of the reporting period were aged within three months and were neither past due nor impaired.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2015, the Group's prepayments, deposits and other receivables amounted to approximately USD18.3 million (31 December 2014: approximately USD6.0 million). The increase was mainly due to the reallocation from payment in advance with respect to the termination of proposed acquisition of interest in Red Sun on 5 June 2015 plus compensation and interest claimed. For details, please refer to the announcement of the Company dated 5 June 2015 and note 13 to the interim condensed financial information.

Management Discussion and Analysis

TRADE PAYABLES

Trade payables mainly consisted of payables to suppliers for purchase of iron ore products for trading activities. As at 30 June 2015, the Group's trade payables reached to approximately USD28.5 million, representing about 882.8% increase from USD2.9 million as at 31 December 2014. The increase was mainly due to increased trading sales during the Period and payables to iron ore product suppliers increased accordingly.

OTHER PAYABLES AND ACCRUALS

As at 30 June 2015, the Group's other payables and accruals amounted to approximately USD2.0 million, about 39.4% lower than approximately USD3.3 million as at 31 December 2014. The decrease was mainly due to the decrease in marketing fee of USD1.2 million.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The total equity of the Group as at 30 June 2015 was approximately USD97.9 million (31 December 2014: USD95.1 million). The Group generally finances its operation with internally generated cash flow and interest-bearing borrowings. Primary uses of funds during the Period included the payment of iron ore purchase and operating expenses. As at 30 June 2015, current assets of approximately USD92.4 million comprised USD2.2 million in inventory, USD47.2 million in trade and other receivables, and USD22.2 million in cash and cash equivalents. Current liabilities of approximately USD46.4 million mainly comprised USD28.5 million in trade and other payables, USD8.4 million in interest-bearing bank and other borrowing, and USD7.6 million in tax payables. Current ratio, being total current assets to total current liabilities was 2.0 as at 30 June 2015 (31 December 2014: 1.6). As trading of iron ore products was the main business activity, a comparatively great amount of working capital were utilized.

As at 30 June 2015, the Group had certain interest-bearing bank and other borrowings of USD8.4 million in total (31 December 2014: USD24.2 million). The decrease in interest-bearing and other borrowings was mainly due to the fact that the subsidiaries of the Group made a net repayment of bank borrowings and hire purchase approximately USD30 thousands and USD179 thousands during the Period respectively. The Group's bank and other borrowings are all secured and bear fixed interest rates. During the six-month period ended June 30, 2015, the annual interest rate of bank loans is 2.56% (31 December 2014: 2.32% to 3.73%). Except for the hire purchase arrangements which were denominated in Ringgit Malaysia and Hong Kong Dollars, all borrowings are in United States dollars, for further details, please refer to note 17 of the interim condensed financial information.

CAPITAL STRUCTURE

The Group is currently funding its capital expenditure through internal funds generated from its operations and new bank borrowings. The Group monitors capital by reference to gearing ratio, which is equal to net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank loans, 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.

Management Discussion and Analysis

As at 30 June 2015, the Group's cash and bank balances exceeded the total interest-bearing bank and other loans and commercial notes. As such, no gearing ratio as at 30 June 2015 is presented (31 December 2014: 8.7%).

FOREIGN EXCHANGE RISK

The Group continuously conducted its operational business mainly in US dollars while a small portion of income from trading activities are calculated in Ringgit. The Group did not arrange any forward currency contracts for hedging purposes during the Period, but will consider certain hedging arrangement to cater for the sudden depreciation of Ringgit against US dollars which resulted in a net loss of USD1,323,000 as a result of exchange difference during the Period.

COMMITMENTS

Please refer to note 20 to the interim condensed financial information for details of the Group's capital commitments and other commitments. As at 30 June 2015, the commitment of the Company mainly comprises of operating lease commitments and capital commitments, while no mining fee is payable during the Period due to the temporary suspension of mining activities.

CONTINGENT LIABILITIES

At the end of the reporting period, neither the Group nor the Company had any significant 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 interest rate was fixed. 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, machinery and bank balances pledged for bank loans as disclosed in note 17 to the unaudited interim condensed financial information, the Group did not have any pledges on its assets as at 30 June 2015.

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 2015, the Group had 53 employees (30 June 2014: 47). For the six months ended 30 June 2015, total staff cost including directors' and chief executive's emolument amounted to approximately USD0.7 million (six months ended 30 June 2014: USD0.9 million). The decrease in total staff cost was mainly due to the resignation of a senior staff during the Period under review.

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 as compared to other peers in the industry.

Other Information

RESOURCE AND RESERVES OF IBAM MINE UNDER JORC CODE AS AT 30 JUNE 2015

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2015 *(Note)*:

Classification	Quantity (million tonnes)	Fe Grade (%)
Measured	108	46.7
Indicated	–	–
Inferred	42	46.4
Total	150	46.6

Ore reserves of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2015:

Classification	Quantity (million tonnes)	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 Minerals Consultants, Australia which is a specialist independent geological and mineral exploration consultant) less the 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.

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

During the six months ended 30 June 2015, no exploration activities were carried out. The Group did not incur any investment in equipment upgrade during the six months ended 30 June 2015.

No mining volume and production volume of iron ore products produced from Ibam Mine during the six months ended 30 June 2015 were recorded (2014 H1: 199,000 tonnes and 101,000 tonnes respectively).

During the Subsequent Period, the Company has resumed the mining activities at Ibam Mine. The mining volume and production volume were 15.6 Kt and 3.8 Kt respectively.

CAPITAL EXPENDITURE

During the six months ended 30 June 2015, the Company did not incur any money in capital expenditure for the purchase or upgrade of PPE and payments in advance.

Other Information

SIGNIFICANT ACQUISITIONS, DISPOSALS AND INVESTMENTS

During the Period, the Company did not make any significant acquisition, disposals and investments. With respect to the Memorandum of Understanding entered into between the Group and the Vendors for proposed acquisition of Red Sun Resources Sdn. Bhd., as the Vendors failed to obtain the relevant Approvals as required in the Memorandum of Understanding, the Group and Vendors 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 of the Company dated 5 June 2015. Subsequent to the expiry of the Period, the Group and the Vendors (as defined in the announcement dated 2 July 2015) have entered into a framework agreement with respect to acquisition of partial equity interest in Shenzhen Gongxinying Financial Information Service Co. Ltd. For further details, please refer to the announcement dated 2 July 2015. Save as disclosed herein, as at the date of this report, the Company does not have any future plan for significant acquisition, disposal and investment.

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

During the Period, 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 2015 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.

Pursuant to Code A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings of the Company. Two independent non-executive directors were unable to attend the annual general meeting of the Company held on 19 June 2015 due to other prior business engagement.

Other Information

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 during the Period.

Audit Committee and Review of Interim Condensed Financial Information

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 2015.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules. The audit committee has discussed internal control affairs and reviewed the Company's interim report for the Period, and the audit committee is of the view that the interim report for the Period is prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

The external auditors have reviewed the interim condensed financial information for the Period in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

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.

Other Information

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.

The Remuneration Committee has held one meeting during the Period to review and discuss the remuneration packages of management and directors to promote better managerial quality of the Group.

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.

The Nomination Committee has held one meeting during the Period. Besides, the Company has received from each of the independent non-executive Directors a 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.

CHANGE OF DIRECTORS' INFORMATION

There were no changes to the information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

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 and short 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
Mr. Li Yang *(note 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 announcement of the Company dated 3 July 2015.

Other Information

(ii) Long and short positions 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 *(notes 2, 3 & 4)*	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.

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 during the Period and up to the date of the interim report 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:

Substantial Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholdings
Cosmo Field *(note 2, 3 & 4)*	Beneficial owner	843,750,000 (L) 59,090,909 (S)	56.25% 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%
Yang Jun *(note 5)*	Interest in controlled corporation	100,575,000 (L)	6.71%
Tang Lingyan *(note 5)*	Interest of a Substantial Shareholder's child under 18 or spouse	100,575,000 (L)	6.71%

Other Information

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 Yang beneficially owns the entire issued share capital of Cosmo Field. Therefore, Mr. Li Yang 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 Yang 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 with the Company and agreed to use the proceeds from issuing the Notes to provide the Company with Shareholder Loan, as the whole or part of payment for the Acquisition. 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 the 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 announcement of the Company dated 3 July 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.

Save as disclosed above, as at 30 June 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.

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 was conditionally adopted by the Shareholders by way of written resolution 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.

The period of Share Option Scheme commences on 12 April 2013 and will expire at the close of business on the business day immediately preceding the tenth anniversary thereof on 11 April 2023.

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or advisor of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fallen within the period before listing.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Other Information

The maximum number of unexercised share options currently permitted to be granted under the Company's Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time (being 150,000,000 Shares, representing 10% of the total issued shares of the Company as at the date of this interim report). The maximum number of shares issuable under share options to each eligible participant in the Company's Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting. During the Period and as at the date of this interim report, the Company may grant options in respect of up to 150,000,000 Shares to the participants under the Share Option Scheme, being 10% of the issued shares of the Company.

No option has lapsed, or has been granted, exercised or cancelled under the Share Option Scheme since adoption and during the Period. Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the date of this interim report.

INTERIM DIVIDEND

The Board of Directors resolved not to distribute any interim dividend for the Period (2014: nil).

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

Hong Kong, 28 August 2015

Report On Review Of Interim Condensed Financial Information

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

Introduction

We have reviewed the interim condensed financial information set out on pages 20 to 25, which comprises the consolidated statement of financial position of CAA Resources Limited and its subsidiaries as at 30 June 2015 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited requires the preparation of a report on interim condensed financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34").

The directors are responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

28 August 2015

Interim Condensed Financial Information

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015	2014
		USD'000	USD'000
		(Unaudited)	(Unaudited)
REVENUE	3	**126,212**	87,765
Cost of sales		**(118,325)**	(78,379)
Gross profit		**7,887**	9,386
Other income and gains		**2,956**	1,555
Selling and distribution expenses		**–**	(3,343)
Administrative expenses		**(2,533)**	(1,895)
Other expenses		**(2,811)**	(239)
Finance costs	4	**(164)**	(255)
PROFIT BEFORE TAX	5	**5,335**	5,209
Income tax expense	6	**(1,216)**	(966)
PROFIT FOR THE PERIOD		**4,119**	4,243
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(1,323)**	511
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,796**	4,754
Earnings per share attributable to ordinary equity holders of the Company:			
Basic and diluted (US cents)	7	**0.27**	0.28

Interim Condensed Financial Information

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	**24,196**	27,335
Mining rights and reserves	8	**13,938**	14,994
Payments in advance	9	**63**	15,165
Available-for-sale investment		**10,000**	10,000
Goodwill	10	**7,245**	7,779
Deferred tax assets		**275**	297
Total non-current assets		**55,717**	75,570
CURRENT ASSETS			
Inventories	11	**2,204**	2,804
Trade receivables	12	**47,157**	36,289
Prepayments, deposits and other receivables	13	**18,250**	6,029
Pledged deposits	14	**2,574**	4,979
Cash and cash equivalents	14	**22,171**	10,430
Total current assets		**92,356**	60,531
CURRENT LIABILITIES			
Trade payables	15	**28,451**	2,925
Other payables and accruals	16	**1,986**	3,283
Interest-bearing bank and other borrowings	17	**8,351**	24,210
Tax payable		**7,588**	6,374
Total current liabilities		**46,376**	36,792
NET CURRENT ASSETS		**45,980**	23,739
Total assets less current liabilities		**101,697**	99,309

Interim Condensed Financial Information

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2015

	Note	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	**127**	284
Deferred tax liabilities		**3,366**	3,629
Provision for rehabilitation		**315**	303
Total non-current liabilities		**3,808**	4,216
Net assets		**97,889**	95,093
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,934**	1,934
Reserves		**95,955**	93,159
Total equity		**97,889**	95,093

Li Yang
Director

Li Xiaolan
Director

Interim Condensed Financial Information

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company							
	Issued capital USD'000	Share premium USD'000	Capital reserve USD'000	Contributed surplus USD'000	Exchange fluctuation reserve USD'000	Retained earnings USD'000	Proposed final dividend USD'000	Total USD'000
At 1 January 2014	1,934	47,541	13,825	50	(1,509)	32,455	9,858	104,154
Profit for the period	–	–	–	–	–	4,243	–	4,243
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	–	–	511	–	–	511
Total comprehensive income for the period	–	–	–	–	511	4,243	–	4,754
Final 2013 dividend declared	–	–	–	–	–	–	(9,858)	(9,858)
At 30 June 2014 (Unaudited)	1,934	47,541	13,825	50	(998)	36,698	–	99,050
At 1 January 2015	**1,934**	**47,541***	**13,825***	**50***	**(2,918)***	**34,661***	**–**	**95,093**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**4,119**	**–**	**4,119**
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(1,323)**	**–**	**–**	**(1,323)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(1,323)**	**4,119**	**–**	**2,796**
At 30 June 2015 (Unaudited)	**1,934**	**47,541***	**13,825***	**50***	**(4,241)***	**38,780***	**–**	**97,889**

* These reserve accounts comprise the consolidated reserves of USD95,955,000 (31 December 2014: USD93,159,000) in the consolidated statement of financial position.

Interim Condensed Financial Information

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	**For the six months ended 30 June** **2015** **USD'000** **(Unaudited)**	2014 USD'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**5,335**	5,209
Adjustments for:			
Finance costs	4	**164**	255
Unrealised foreign exchange loss/(gains)		**2,116**	(789)
Interest income	5	**(1,325)**	(750)
Loss/(gain) on disposal of items of property, plant and equipment	5	**34**	(8)
Inventory provision	5	**394**	–
Compensation from termination of proposed acquisition of 60% equity interests in a company	5	**(1,480)**	–
Depreciation	5	**1,078**	977
Amortisation of intangible assets	5	**–**	17
		6,316	4,911
Increase in trade receivables		**(10,868)**	(5,138)
Increase in inventories		**–**	(527)
Decrease/(increase) in prepayments, deposits and other receivables		**4,971**	(3,028)
Increase in trade payables		**25,526**	2,088
Increase/(decrease) in other payables and accruals		**(1,224)**	706
Cash generated from/(used in) operations		**24,721**	(988)
Income tax paid		**–**	(3,935)
Net cash flows from/(used in) operating activities		**24,721**	(4,923)

Interim Condensed Financial Information

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the six months ended 30 June 2015

		For the six months ended 30 June	
	Notes	**2015** **USD'000** **(Unaudited)**	2014 USD'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**725**	750
Purchase of items of property, plant and equipment		**–**	(4,060)
Proceeds from disposal of items of property, plant and equipment		**42**	15
Decrease in pledged deposits		**2,405**	511
Purchase of available-for-sale investment		**–**	(10,000)
Net cash flows from/(used in) in investing activities		**3,172**	(12,784)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of hire purchase arrangements payments		**(183)**	(172)
Net proceeds from/(repayment of) bank loans		**(15,753)**	15,752
Dividends paid		**–**	(3,702)
Interest paid		**(225)**	(175)
Net cash flows from/(used in) financing activities		**(16,161)**	11,703
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**11,732**	(6,004)
Cash and cash equivalents at beginning of period		**10,430**	30,748
Effect of foreign exchange rate changes, net		**9**	424
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	**22,171**	25,168

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

1. CORPORATE INFORMATION

CAA Resources Limited (the "Company") 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 Centre, 99 Queen's Road Central, Hong Kong.

During the six months ended 30 June 2015 (the "Period"), the Company and its subsidiaries (together, the "Group") were principally engaged in the business of mining, ore processing, sale of iron ore products and other commodities to steel manufacturers and/or their respective purchase agents in Mainland China as well as investment holding. There were no significant changes in the nature of the Group's principal activities during the Period.

In the opinion of the directors of the Company (the "Directors"), the holding company and the ultimate holding company of the Company is Cosmo Field Holdings Limited ("Cosmo Field"), which was incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial information for the Period has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of amendments to a number of International Financial Reporting Standards issued by the International Accounting Standards Board that are mandatory for the first time for the financial year beginning on 1 January 2015. The adoption of these amendments has had no significant financial effect on the financial position or performance of the Group.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after trade discounts.

During the Period, the Group's revenue and contribution to profit are mainly derived from its sale of iron ore products and copper cathodes, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures

Information about products and services

The following table sets forth the total revenue from external customers for sales of products during the Period:

	For the six months ended 30 June	
	2015	2014
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Sales of goods:		
Iron ore products	**106,169**	87,765
Copper cathodes	**20,043**	–
	126,212	87,765

Geographical information

All external revenue of the Group during the Period and the six months ended 30 June 2014 was derived from customers in the People's Republic of China, which is the location to which the goods were delivered and designated by the customers.

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 USD149,000 (31 December 2014: USD173,000) and USD415,000 (31 December 2014: USD464,000), all of the Group's non-current assets were located in Malaysia, place of domicile of the Group's principal subsidiary, Capture Advance Sdn. Bhd. ("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:

	For the six months ended 30 June	
	2015	2014
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Customer A	**73,647**	48,452
Customer B	**52,565**	39,283

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015	2014
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Interest on bank loans	**137**	211
Interest on hire purchase arrangements	**15**	33
Unwinding of discount on provision	**12**	11
	164	255

5. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2015	2014
	Notes	**USD'000**	USD'000
		(Unaudited)	(Unaudited)
Cost of inventories sold		**118,325**	78,379
Employee benefit expense (including Directors' and chief executive's remuneration)		**669**	911
Depreciation	8	**1,078**	977
Amortisation of intangible assets	8	**–**	17
Minimum lease payments in respect of:			
Land		**–**	37
Machinery		**–**	148
Office		**115**	127
Auditors' remuneration		**83**	83
Loss/(gain) on disposal of items of property, plant and equipment**		**34**	(8)
Tax surcharge**		**155**	–
Compensation from termination of proposed acquisition of 60% equity interests in a company*	9	**(1,480)**	–
Write-down of inventories to net realisable value**	11	**394**	–
Interest income*		**(1,325)**	(750)
Foreign currency losses/(gains), net**		**2,167**	(795)

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

5. PROFIT BEFORE TAX (CONTINUED)

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

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

6. 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.

Pursuant to the income tax rules and regulations in Malaysia, the subsidiaries located in Malaysia were liable to Malaysia corporate income tax at a rate of 25% (six months ended 30 June 2014: 25%) on the assessable profits generated during the Period.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the assessable profits arising in Hong Kong during the Period.

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2015	2014
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Current – Charge for the period		
Hong Kong	**1,214**	867
Malaysia	**–**	85
Deferred	**2**	14
Total tax charge for the period	**1,216**	966

7. 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 Period attributable to owners of the Company, and the number of ordinary shares of 1,500,000,000 (30 June 2014: 1,500,000,000) in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2014 and 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

8. PROPERTY, PLANT AND EQUIPMENT, AND MINING RIGHTS AND RESERVES

Movements in property, plant and equipment, and mining rights and reserves during the Period are as follows:

	Property, plant and equipment USD'000	**Mining rights and reserves USD'000**
Carrying amounts at 1 January 2015	**27,335**	**14,994**
Depreciation/amortisation charged for the Period (note 5)	**(1,078)**	**–**
Disposal during the Period	**(113)**	**–**
Exchange realignment	**(1,948)**	**(1,056)**
Carrying amounts at 30 June 2015 (unaudited)	**24,196**	**13,938**

As at 30 June 2015, motor vehicles and machinery with an aggregate net carrying amount of approximately USD1,024,000 (31 December 2014: USD1,321,000) were held under hire purchase arrangements entered into by the Group (note 17(b)).

9. PAYMENTS IN ADVANCE

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Prepayments for acquisition of 60% equity interests in a company*	**–**	15,100
Prepayments for purchase of property, plant and equipment	**63**	65
	63	15,165

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

9. PAYMENTS IN ADVANCE (CONTINUED)

* On 3 October 2013, Capture Bukit Besi Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding ("MOU") with independent third parties, Mr. Ng Chon Aik ("Mr. Ng") and Ms. Lin Siew Wan ("Ms. Lin") (collectively referred to as the "Vendors"), in relation to the proposed acquisition of 60% equity interests in Red Sun Resources Sdn. Bhd. ("Red Sun").

As at 31 December 2014, the Group has prepaid USD15,100,000 regarding the proposed acquisition. As the Vendors failed to obtain the relevant approvals as required in the MOU, the parties thereto entered into a termination agreement on 5 June 2015, pursuant to which the parties agreed to terminate the MOU with immediate effect. In addition, the Vendors agreed to refund the prepayments of USD15,100,000 together with one-off compensation of USD1,480,000 and interest income of USD600,000 to the Group. As at 30 June 2015, aggregate receivables from the Vendors of USD17,180,000 has been reclassified to current assets "Other receivables" (note 13).

10. GOODWILL

	USD'000
Cost and net carrying amount at 1 January 2015	7,779
Exchange realignment	(534)
Cost and net carrying amount at 30 June 2015 (unaudited)	7,245

Impairment testing of goodwill

The Group determines whether goodwill is impaired at least on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Given the fact that the iron ore products market experienced a continuing price decline during the Period, management has performed impairment assessment on the goodwill as at 30 June 2015. For impairment assessment purpose, 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 discount rate applied to the cash flow projections is 15% (31 December 2014: 15%). The growth rate used to extrapolate the cash flows of the iron ore cash-generating unit beyond the five-year period is 3% (31 December 2014: 3%).

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For the six months ended 30 June 2015

10. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Assumptions were used in the value in use calculation of the iron ore cash-generating unit for the Period and the year ended 31 December 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 0.35 million tonnes in 2014 to approximately 1.9 million tonnes in 2018 as production is expanded up to the existing capacity. During the Period, production at Ibam Mine has been suspended, and management has assumed it will restart from 2016 for this forecast purpose. 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 period 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, (i) a decrease in the sales volume by 10% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately USD1,660,000 and (ii) a decrease in the selling prices by USD1 per ton would cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately USD3,994,000. Any reasonably possible change in the 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.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

11. INVENTORIES

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Raw materials (at cost)	**183**	197
Finished goods (at lower of cost and net realisable value)	**2,021**	2,607
Total inventories at the lower of cost and net realisable value	**2,204**	2,804

During the Period, a write-down to net realisable value of USD394,000 (six months ended 30 June 2014: Nil) (note 5) was made in respect of finished goods.

12. TRADE RECEIVABLES

The Group normally accepts settlement by way of irrevocable letter of credit or telegraphic transfer. During the Period, the Group granted a credit period of 75 days to its iron ore customers; and a credit period of 120 days to its copper cathodes 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.

Based on the invoice date, all trade receivables of the Group at the end of the reporting period were aged within three months and were neither past due nor impaired.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Receivables from termination of acquisition of 60% equity interests in Red Sun (note 9)	**17,180**	163
Prepayments to a mining subcontractor	**468**	3,477
Dividend receivable	**–**	1,800
Other receivables	**136**	–
Other prepayments and deposits	**466**	589
	18,250	6,029

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Cash and bank balances	**24,745**	15,409
Less: Pledged deposits*	**(2,574)**	(4,979)
Cash and cash equivalents	**22,171**	10,430

* As at 30 June 2015, bank deposits of USD2,574,000 (31 December 2014: USD4,979,000) were pledged to secure short-term bank loans granted to the Group (note 17(a)).

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

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Cash and bank balances denominated in:		
Hong Kong dollars ("HKD")	**9,522**	10,329
Ringgit Malaysia ("RM")	**24**	14
USD	**15,199**	5,066
	24,745	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.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

15. TRADE PAYABLES

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

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Within 3 months	**27,754**	2,739
3 to 6 months	**4**	9
6 months to 12 months	**533**	167
Over 1 year	**160**	10
	28,451	2,925

Trade payables are non-interest-bearing and are normally settled within 30 to 75 days.

16. OTHER PAYABLES AND ACCRUALS

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Other payables	**961**	2,222
Accruals	**951**	958
Payroll and welfare payable	**74**	103
	1,986	3,283

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

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2015			31 December 2014		
	Effective interest rate (%)	**Maturity**	**USD'000**	Effective interest rate (%)	Maturity	USD'000
Current						
Bank loans – secured (note (a))	**2.56**	**2015**	**7,920**	2.32-3.73	2015	22,856
Bank loans – unsecured	**–**	**–**	**–**	2.49-5.22	2015	817
Hire purchase arrangements (note (b))	**2.36-6.90**	**2016**	**431**	2.36-6.90	2015	537
			8,351			24,210
Non-current						
Hire purchase arrangements (note (b))	**2.36-6.90**	**2016–2020**	**127**	2.36-6.90	2016–2020	284
			8,478			24,494

Analysed into:

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Bank loans repayable:		
Within one year	**7,920**	23,673
Hire purchase arrangements repayable:		
Within one year	**431**	537
In the second year	**64**	173
In the third to fifth years, inclusive	**63**	100
In the sixth year	**–**	11
	558	821
	8,478	24,494

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

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

Notes:

(a) As at 30 June 2015, the bank loans of the Group were secured by the pledged bank deposits of USD2,574,000 (31 December 2014: USD4,979,000) (note 14).

(b) As at 30 June 2015, 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 30 June 2015, payables relating to the hire purchase arrangements were secured by the corresponding motor vehicles and machinery acquired with an aggregate carrying amount of USD1,024,000 (31 December 2014: USD1,321,000) (note 8).

(c) Except for the hire purchase arrangements which were denominated in Ringgit Malaysia and Hong Kong Dollars, all borrowings are in United States dollars.

At 30 June 2015 and 31 December 2014, 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	**445**	563	**431**	537
In the second year	**68**	182	**64**	173
In the third to fifth years, inclusive	**66**	104	**63**	100
In the sixth year	**–**	12	**–**	11
Total minimum hire purchase payments	**579**	861	**558**	821
Future finance charges	**(21)**	(40)		
Total net hire purchase payables	**558**	821		
Portion classified as current liabilities	**(431)**	(537)		
Non-current portion	**127**	284		

Management has assessed that the fair values of the above interest-bearing bank and other borrowings approximate to their carrying amounts. The fair value measurement hierarchy of the above interest-bearing bank and other borrowings requires significant observable inputs (Level 2).

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2015

18. DIVIDENDS

At a meeting of the board of directors held on 28 August 2015, the Directors resolved not to pay an interim dividend to shareholders (six months ended 30 June 2014: Nil).

19. OPERATING LEASE ARRANGEMENTS

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

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

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Within one year	**223**	252
In the second to fifth years, inclusive	**39**	162
	262	414

20. COMMITMENTS

In addition to the operating lease commitments detailed in note 19 above, the Group had the following commitments at the end of the reporting period:

(a) Capital commitments

	30 June 2015 USD'000 (Unaudited)	31 December 2014 USD'000
Contracted, but not provided for	**8,071**	8,710
Authorised, but not contracted for	**58,338**	58,338
	66,409	67,048

(b) Other commitments – mining fee

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

20. COMMITMENTS (CONTINUED)

(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 become 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 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 (i) the volume of iron ore extracted multiplied by a fixed rate of RM36 per tonne; and (ii) the volume of crushing works multiplied by a fixed rate of RM14 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 per tonne of iron ore extracted and RM10.2 per tonne of crushing works.

(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 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 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 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 Transferee and Pacific Mining.

Notes to Interim Condensed Financial Information

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21. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2015	2014
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**271**	226
Total compensation paid to key management personnel	**271**	226

22. EVENT AFTER THE REPORTING PERIOD

On 27 January 2015 and 27 May 2015, the Company announced the proposed acquisition of partial equity interest in Shenzhen Gongxinying Financial Information Service Co. Ltd., a company established in the People's Republic of China (the "Target Company") (the "Proposed Acquisition"). On 2 July 2015, 3W Development Limited ("3W Development") and two shareholders of the Target Company (collectively the "Vendors") entered into a framework agreement for the Proposed Acquisition. Pursuant to the said framework agreement, 3W Development and the Vendors conditionally agreed to make best endeavours to complete the Proposed Acquisition on or before 31 October 2015, while other terms of the Proposed Acquisition (including the consideration) will be subject to further agreement between 3W Development and the Vendors. Up to 28 August 2015, the Proposed Acquisition has not materialized and has not been completed yet. Further details regarding the Proposed Acquisition are included in the Company's announcements dated 27 January 2015, 27 May 2015 and 2 July 2015.

23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The unaudited interim condensed financial information was approved and authorised for issue by the board of directors on 28 August 2015.