CAA Resources Limited
優庫資源有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 02112

Interim Report 2016

* For identification only

CONTENTS

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 2016 ("**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. There were no significant changes in the nature of the Group's principal activities during the Period while the Company has switched its focus on trading of iron ore and other commodities, and has undertaken financing related businesses during the Period. The primary mining asset of the Group is the iron-ore reserves in Ibam Mine, which is located in the State of Pahang, Malaysia.

International iron ore price has witnessed fluctuation during the Period. Although there have been short bursts of positive sentiment during the Period, the long-term price trend is uncertain. In light of the challenging and fluctuating iron ore markets, the Group continued its strategic focus on the iron ore and other commodities trading business. Primary activities in exploration, mining, crushing and beneficiation at the Ibam Mine was not significant during the Period, and the mining volume and production volume amounted to 67.4 thousand tonnes ("**Kt**") (six months ended 30 June ("**H1**") 2015 H1: nil) and 16.2 Kt (2015 H1: nil) respectively. The Group mainly sells iron ore products to steel manufacturers in China and/or their respective purchase agents.

The Company has also been actively seeking opportunities to further develop the sector of trading of commodity and diversify the scope of business. As disclosed in the announcement dated 13 January 2016, the Company is in negotiation with Lao International Development Co., Ltd. ("**Lao International**") on the project with respect to large commercial complex in Vientiane City (the capital of Laos). On 30 March 2016, the Company entered into a Memorandum of Understanding ("**MOU**") with Horizon Holdings Inc. (a company incorporated in Canada, the shareholder of SPR Resources Ptd., Ltd. "**the Target Company**", as Vendor) in relation to the potential acquisition of the equity rights of the Target Company, which is a commodity trader established in Singapore with limited liabilities. For further details, please refer to the announcements of the Company dated 15 March 2016, 17 March 2016 and 30 March 2016 respectively.

MARKET REVIEW

The Chinese government set the economic growth of China this year in the range of 6.5% to 7%, which was slightly lower than last year's growth target of 7%. Sentiment towards China has improved as the latest data suggest government stimulus efforts have helped prevent a sharp fall-off in investment. Meanwhile, the market conditions for iron-ore producers remained highly competitive during the Period despite the fact that the reliance on imported iron in China hits it record high at 86.7%. According to the Chinese National Bureau of Statistics, iron ore output of China for the six months ended 30 June 2016 decreased on a year-on-year basis by 23.3% to 345.0 million tonnes ("**Mt**") (2015 H1: 450.0 Mt). In addition, the Platts 62% Iron Ore Index increased by 27.2% from United States dollars ("**USD**") 43.3 on 15 December 2015 to USD55.0 on 30 June 2016 after continuous fluctuation during the Period. The longer-term fundamentals might not bode well for a sustained price recovery and the fluctuation of international iron ore price might continue over the second half of the year.

Management Discussion and Analysis

BUSINESS & OPERATIONS REVIEW

Operating Results

Although significant increase in sales volume was recorded in the first half of 2016, the Group's financial performance has been negatively affected under the impact of thin profit margin in competitive commodities market.

During the Period, the Group recorded a significant year-on-year increase of 560.3% in sales volume and sold 11,046 Kt iron ore products on dry basis (2015 H1: 1,679 Kt) with an average iron content of 63%. The increase was largely attributable to the further increase in reliance on imported iron ores in China to 86.7% which hit the record high. Furthermore, imported iron ores are more competitive in terms of price and higher iron content. In the first half of 2016, the Group has reported sales revenue of USD659.5 million for sales of iron ore products and other commodities (2015 H1: USD126.2 million), representing an increase of USD533.3 million or 422.6% compared to the same period last year. However, dragged by the competitive market conditions, the average selling price of the Group's iron ore products had dropped to USD52.6 per tonne on dry basis over the Period (2015 H1: USD63.2 per tonne).

The Group's sales in the first half of 2016 were mainly from the sale of iron ore products which represented 88.1% of total sales revenue (2015 H1: 84.1%). The competitive market conditions leads to the Group's gross profit decreasing by 6.3% to USD7.4 million (2015 H1: USD7.9 million). Gross profit margin fell to 1.1% (2015 H1: 6.2%).

Profit for the Period increased by 41.5% to USD5.8 million from USD4.1 million, and earnings per share was 0.39 US cents (2015 H1: 0.27 US cents) which was largely due to decrease in other expenses as a result of the unrealized foreign exchange gains arising from the translation of Ringgit Malaysia ("**RM**") to USD being recorded at the Period end date whereas foreign exchange loss was recorded during the six months ended 30 June 2015, the details of which is set out in the section headed "Other Expenses"..

Project Ibam operation update

As at 30 June 2016, the Group owned 5 beneficiation lines, and 2 crushing lines. During the Period under review, the mining volume and production volume amounted to 67.4 Kt (2015 H1: nil) and 16.2 Kt (2015 H1: nil) respectively.

There was no exploration and development activities for the six months ended 30 June 2016.

Business Strategy and Outlook

International iron ore price has witnessed fluctuation during the Period. Although there have been short bursts of positive sentiment during the Period, the long-term price trend is uncertain. As such, the Group continued its strategic focus on trading of iron ore and other commodities.

Diversification of income source has been the Group's major strategy to maximize the Shareholders value. As disclosed in the announcement dated 13 January 2016, the Company is in negotiation with Lao International on the project with respect to its large commercial complex in Vientiane City (the capital of Laos). During the Period, the Company also entered into MOU with Horizon Holdings Inc. in relation to the potential acquisition of the equity rights of the Target Company, a commodity trader company incorporated in Singapore with limited liability. For further details, please refer to the announcements dated 15 March 2016, 17 March 2016 and 30 March 2016.

Management Discussion and Analysis

Looking ahead, the Group expects to continue to focus on trading of iron ore and other commodities, while endeavouring to diversify income sources.

REVENUE AND COST OF GOODS SOLD

Revenue

During the six months ended 30 June 2016, the Group's revenue arising from sales of iron ore and other commodities reached approximately USD659.5 million, about 422.6% more than USD126.2 million recorded in the same period in 2015. The increase in revenue was mainly due to the fact that the PRC iron ore market in China relied heavily on overseas supply of iron ores because of stricter environmental regulations.

Cost of Sales

During the six months ended 30 June 2016, the Group's cost of sales reached approximately USD652.1 million, about 451.2% higher than approximately USD118.3 million recorded in the same period in 2015. The cost of sales comprises purchase costs of iron ore products and other commodities from trading activities for the amount of USD651.6 million (2015 H1: 118.3 million) and the iron ore production costs of USD0.5 million (2015 H1: nil). Iron ore production cost mainly represented mining fee and service fee to mining contractor who mined and produced iron ore products recorded during the Period. The increase in cost of sales was in line with the increase in products sold during the Period.

Gross profit

During the six months ended 30 June 2016, the Group's gross profit reached approximately USD7.4 million, about 6.3% lower than approximately USD7.9 million recorded in the same period in 2015. The decrease in gross profit was due to the lower gross profit margin of trading iron ore and other commodities as a result of competitive market conditions during the Period as compared to the previous corresponding period.

ADMINISTRATIVE EXPENSE

During the six months ended 30 June 2016, the Group's administrative expenses reached approximately USD2.3 million, about 8.0% lower than USD2.5 million recorded in the same period in 2015. The decrease was mainly due to lower depreciation expenses as a result of disposal of certain machinery in the second half of 2015.

OTHER EXPENSES

During the six months ended 30 June 2016, the Group's other expenses reached approximately USD0.8 million, about 71.4% lower than USD2.8 million recorded in the same period in 2015. The decrease was mainly due to unrealized foreign exchange gains arising from the translation of RM to USD at the Period end date was recorded and hence no expenses was recorded in this regard whereas foreign exchange loss of approximately USD2.2 million was recorded during the six months ended 30 June 2015 as the result of appreciation of USD against RM.

Management Discussion and Analysis

FINANCE COSTS

During the six months ended 30 June 2016, the Group's finance costs reached approximately USD1.1 million, about 450.0% higher than USD0.2 million recorded in the same period in 2015. The increase was mainly due to (i) interest expense for letters of credit increased from USD0.1 million to USD0.7 million which was in line with the increase in volume of letters of credit used; and (ii) notional interest on loan from the ultimate holding company of USD0.4 million (2015 H1: nil).

PROPERTY, PLANT AND EQUIPMENT ("PPE")

The Group's PPE mainly consisted of machinery, mines properties and vehicles. As at 30 June 2016, the Group's PPE reached to approximately USD5.6 million, representing about 5.1% decrease from USD5.9 million as at 31 December 2015. The decrease was mainly due to the depreciation, foreign exchange alignment recorded between RM and USD and disposal of certain assets.

INTANGIBLE ASSETS

As at 30 June 2016, the Group's intangible assets amounted to approximately USD13.1 million, representing a 6.5% increase from approximately USD12.3 million as at 31 December 2015. The increase was mainly due to foreign exchange alignment after offset by the amortization during the first half of 2016. The intangible assets comprised the mining rights and reserves of Ibam Mine.

AVAILABLE-FOR-SALE INVESTMENTS

The unlisted equity investments represented the Group's investments in Fortune Union Financial Holdings (Asia Pacific) Limited ("**Fortune Union**") and Shenzhen Gongxinying Financial Information Service Co., Ltd. ("**Shenzhen Gongxinying**"). Fortune Union, whose indirect wholly owned subsidiaries are currently engaged in the equipment lease business, and has a certain market share in the micro credit market in Chongqing China. Shenzhen Gongxinying is a company incorporated in Shenzhen China engaged in internet finance. Unlisted equity investment in Fortune Union is stated at fair value. Unlisted equity investment in Shenzhen Gongxinying is stated at cost less impairment, if any, 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.

TRADE RECEIVABLES

The Group's trade receivables increased by 39.5%, from approximately USD46.1 million as at 31 December 2015 to approximately USD64.3 million as at 30 June 2016 which was in line with the increase in revenue. Trade receivable turnover days were approximately 15 days (2015: 27 days). The shorter trade receivable turnover days was recorded since the Group accepted a large quantity of letters of credit at sight for trading of iron products during the Period, which shortened the credit terms granted to the customers.

Major customers were granted credit on open account basis or allowed to settle by documentary letter of credit. 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.

As at 30 June 2016, all trade receivables of the Group, based on the sales recognition date, were aged within six months and were neither past due nor impaired.

Management Discussion and Analysis

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2016, the Group's prepayments, deposits and other receivables amounted to approximately USD32.9 million (31 December 2015: approximately USD26.8 million). The increase was mainly due to a loan granted to Lao International for the amount of USD5 million. As disclosed in the announcement dated 13 January 2016, the Company is in negotiation with Lao International on the project with respect to its large commercial complex in Vientiane City (the capital of Laos). On 20 June 2016, the Company has granted a three-month-term interest-bearing loan of USD5,000,000 to Lao International with a view that the Company might further participate in the aforesaid project at an appropriate time.

TRADE PAYABLES

Trade payables mainly consisted of payables to suppliers for purchase of iron ore products and other commodities for trading activities. As at 30 June 2016, the Group's trade payables reached approximately USD18.5 million, representing about 20.9% increase from USD15.3 million as at 31 December 2015. The increase was mainly due to increased trading sales during the Period and payables to suppliers of iron ore product and other commodities increased accordingly.

OTHER PAYABLES AND ACCRUALS

As at 30 June 2016, the Group's other payables and accruals amounted to approximately USD15.8 million, about 3.9% higher than approximately USD15.2 million as at 31 December 2015. The increase was mainly due to the increase in notional interest of USD0.4 million arising from interest free loan granted by the ultimate holding company measured at amortised cost using the effective interest rate method.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The total equity of the Group as at 30 June 2016 was approximately USD100.4 million (31 December 2015: USD94.0 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 2016, current assets of approximately USD127.5 million comprised USD81.3 million in trade and other receivables, and USD46.2 million in cash and bank balances. Current liabilities of approximately USD69.0 million mainly comprised USD20.0 million in trade and other payables, USD42.4 million in interest-bearing bank and other borrowing, and USD6.6 million in tax payables. Current ratio, being total current assets to total current liabilities was 1.8 as at 30 June 2016 (31 December 2015: 1.9). As trading of iron ore products and other commodities was the main business activity during the Period, a comparatively greater amount of working capital were utilized.

Management Discussion and Analysis

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 using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other borrowings and an amount due to the ultimate holding company, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the owners of the Company.

The Group's gearing ratio as at 30 June 2016 was 9.5% (31 December 2015: 14.9%).

The Group continuously conducted its operational business mainly in USD. The Group did not arrange any forward currency contracts for hedging purposes.

CONTINGENT LIABILITIES

As at 30 June 2016, 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 bank balances. 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, trade receivables and bank balances pledged for bank and other loans as disclosed in note 17 to the unaudited condensed consolidated financial statements, the Group did not have any pledges on its assets as at 30 June 2016.

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 2016, the Group had 40 employees (30 June 2015: 53). For the six months ended 30 June 2016, total staff cost including directors' emolument amounted to approximately USD0.8 million (six months ended 30 June 2015: USD0.7 million). The increase in total staff cost was due to the increment of salaries for directors and other employees as well as employment of newly-added management personnel 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 2016

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2016 *(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 2016:

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 2016, no exploration and development activities were carried out. The Group did not incur any investment in equipment upgrade during the six months ended 30 June 2016.

During the Period under review, the mining volume and production volume amounted to 67.4 Kt (2015 H1: nil) and 16.2 Kt (2015 H1: nil) respectively.

CAPITAL EXPENDITURE

During the six months ended 30 June 2016, the Company did not incur any expense in capital expenditure for the purchase or upgrade of PPE.

Other Information

SIGNIFICANT ACQUISITIONS, DISPOSALS AND INVESTMENTS

During the Period, the Company did not make any significant acquisition and investments. As disclosed in the announcement dated 13 January 2016, the Company is in negotiation with Lao International on the project with respect to its large commercial complex in Vientiane City (the capital of Laos). On 20 June 2016, the Company granted a three-month-term interest-bearing loan of USD5,000,000 to Lao International with a view that the Company might further participate in the aforesaid project at an appropriate time. On 30 March 2016, the Company entered into MOU with Vendor in relation to the potential acquisition of the equity rights of the Target Company which is a commodity trader established in Singapore. For further details, please refer to the announcements dated 15 March 2016, 17 March 2016 and 30 March 2016. Save as disclosed herein, the Company does not have any future plan for significant acquisition, disposal and investment during the Period and as at the date of this interim report.

RELATED PARTY TRANSACTIONS

Details of the related party transaction as stated in note 21 to the financial statements comprise (1) the interest-free and security-free shareholder loan of USD15,000,000 by Cosmo Field (the controlling shareholder of the Company) to the Company on 3 July 2015 (as set out in the announcements dated 3 July 2015 and 24 December 2015), which is a fully exempt connected transaction under Rule 14A.90 of the Listing Rules; (2) one-off social security payment of USD10,000 made for the benefit of employees of Chengdu Hande Investment Management Co., Ltd. ("**Chengdu Hande**") (in which Mr. Li Yang, Ms. Li Xiaolan and Mr. Wang Er, all being executive directors held equity interests) on 31 December 2015 which has been fully settled as at the date of this interim report and is fully exempt connected transaction under Rule 14A.76(1) of the Listing Rules; and (3) remuneration payable to the Directors and other key management personnel of the Group.

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 2016 except for 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.

Other Information

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. All Independent non-executive directors attended the annual general meeting of the Company held on 12 May 2016 either in person or attended by way of telephone conference.

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 Financial Statements

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 2016.

The external auditor attended the above meeting to discuss with the Audit Committee on issues arising from the review and financial reporting matters.

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

Disclosure of financial information in this interim 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 Reporting Period, and the audit committee is of the view that the interim report for the Reporting Period is prepared in accordance with applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

Other Information

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.

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.

Other Information

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.

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.

Other Information

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 USD15,000,000 ("**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.

(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.

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 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)	56.25%
		59,090,909 (S)	3.94%
Central Huijin Investment Ltd.	Person having a security interest in shares	752,000,000 (L)	50.13%
	Interest of controlled corporation	59,090,909 (L)	3.94%
China Construction Bank Corporation	Person having a security interest in shares	752,000,000 (L)	50.13%
	Interest of controlled corporation	59,090,909 (L)	3.94%
Hua Heng *(note 5)*	Beneficial owner	100,575,000 (L)	6.71%
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%

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.

Other Information

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 2016, 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.

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.

Other Information

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.

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.

Other Information

INTERIM DIVIDEND

The Board of Directors resolved not to distribute any interim dividend for the Period (2015: nil).

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

Hong Kong, 19 August 2016

Report on Review of Interim Condensed Financial Information

EY 安永

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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 45, which comprises the consolidated statement of financial position of CAA Resources Limited and its subsidiaries as at 30 June 2016 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

19 August 2016

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
REVENUE	3, 4	**659,521**	126,212
Cost of sales		**(652,148)**	(118,325)
Gross profit		**7,373**	7,887
Other income and gains		**3,491**	2,956
Administrative expenses		**(2,289)**	(2,533)
Other expenses		**(792)**	(2,811)
Finance costs	5	**(1,120)**	(164)
PROFIT BEFORE TAX	6	**6,663**	5,335
Income tax expense	7	**(865)**	(1,216)
PROFIT FOR THE PERIOD		**5,798**	4,119
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**617**	(1,323)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**6,415**	2,796
Earnings per share attributable to ordinary equity holders of the Company:			
Basic and diluted (US cents)	8	**0.39**	0.27

Interim Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**5,637**	5,936
Mining rights and reserves	9	**13,088**	12,308
Prepayments, deposits and other receivables	10	**15,886**	15,335
Available-for-sale investments		**18,000**	18,000
Goodwill	11	**6,826**	6,427
Deferred tax assets		**258**	242
Total non-current assets		**59,695**	58,248
CURRENT ASSETS			
Inventories	12	**–**	21,855
Trade receivables	13	**64,321**	46,075
Prepayments, deposits and other receivables	10	**16,982**	11,479
Pledged deposits	14	**8,410**	5,302
Cash and cash equivalents	14	**37,809**	27,664
Total current assets		**127,522**	112,375
CURRENT LIABILITIES			
Trade payables	15	**18,465**	15,303
Other payables and accruals	16	**1,535**	1,314
Interest-bearing bank and other borrowings	17	**42,440**	35,485
Tax payable		**6,601**	7,294
Total current liabilities		**69,041**	59,396
NET CURRENT ASSETS		**58,481**	52,979
Total assets less current liabilities		**118,176**	111,227
NON-CURRENT LIABILITIES			
Other payables and accruals	16	**14,246**	13,887
Interest-bearing bank and other borrowings	17	**52**	74
Deferred tax liabilities		**3,152**	2,968
Provision for rehabilitation		**340**	327
Total non-current liabilities		**17,790**	17,256
Net assets		**100,386**	93,971
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,934**	1,934
Reserves		**98,452**	92,037
Total equity		**100,386**	93,971

Li Yang
Director

Li Xiaolan
Director

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	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	Total USD'000
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 income 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
At 1 January 2016	**1,934**	**47,541***	**14,956***	**50***	**(5,788)***	**35,278***	**93,971**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**5,798**	**5,798**
Other comprehensive income for the period: Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**617**	**–**	**617**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**617**	**5,798**	**6,415**
At 30 June 2016 (Unaudited)	**1,934**	**47,541***	**14,956***	**50***	**(5,171)***	**41,076***	**100,386**

* These reserve accounts comprise the consolidated reserves of USD98,452,000 (31 December 2015: USD92,037,000) in the consolidated statement of financial position.

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	**For the six months ended 30 June**	
		2016	2015
		USD'000	USD'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**6,663**	5,335
Adjustments for:			
Finance costs	5	**1,120**	164
Unrealised foreign exchange losses/(gains)		**(1,475)**	2,116
Interest income	6	**(2,015)**	(1,325)
Loss on disposal of items of property, plant and equipment	6	**59**	34
Inventory provision	6	**–**	394
Compensation from termination of proposed acquisition of 60% equity interests in a company	6	**–**	(1,480)
Depreciation	6	**492**	1,078
Amortisation of intangible assets	6	**11**	–
		4,855	6,316
Increase in trade receivables		**(18,246)**	(10,868)
Decrease in inventories		**21,855**	–
Decrease in prepayments, deposits and other receivables		**87**	4,971
Increase in trade payables		**3,214**	25,526
Decrease in other payables and accruals		**(34)**	(1,224)
Decrease in an amount due from a related party		**10**	–
Cash generated from operations		**11,741**	24,721
Income tax paid		**(1,576)**	–
Net cash flows from operating activities		**10,165**	24,721

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,640**	725
Purchase of items of property, plant and equipment		**(6)**	–
Proceeds from disposal of items of property, plant and equipment		**32**	42
Decrease/(increase) in pledged deposits		**(3,108)**	2,405
Advances of loans to third parties		**(15,000)**	(23,300)
Collection of loans previously advanced to third parties		**10,000**	23,300
Net cash flows from/(used in) in investing activities		**(6,442)**	3,172
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of hire purchase arrangements payments		**(52)**	(183)
New bank loans		**61,679**	14,520
Repayment of bank loans		**(54,721)**	(30,273)
Interest paid		**(477)**	(225)
Net cash flows from/(used in) financing activities		**6,429**	(16,161)
INCREASE IN CASH AND CASH EQUIVALENTS		**10,152**	11,732
Cash and cash equivalents at beginning of period		**27,664**	10,430
Effect of foreign exchange rate changes, net		**(7)**	9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	**37,809**	22,171

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

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

During the six months ended 30 June 2016, the Group were principally engaged in the business of mining, ore processing, sale of iron ore products and other commodities mainly 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 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 2015.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

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 2015, except for the adoption of the following amendments to a number of International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board for the first time for financial year beginning 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs

The adoption of these amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2016 and 2015, respectively.

Six months ended 30 June 2016

	Mine operation USD'000	Commercial trade USD'000	Financing operation USD'000	Total segments USD'000	Adjustments USD'000	Consolidated USD'000
Revenue						
External customer	522	658,999	–	659,521	–	659,521
Total revenue	522	658,999	–	659,521	–	659,521
Results						
Segment profit	209	4,696	1,617	6,522	141	6,663

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2015

	Mine operation USD'000	Commercial trade USD'000	Financing operation USD'000	Total segments USD'000	Adjustments USD'000	Consolidated USD'000
Revenue						
External customer	–	126,212	–	126,212	–	126,212
Total revenue	–	126,212	–	126,212	–	126,212
Results						
Segment profit	1,362	6,925	1,325	9,612	(4,277)	5,335

The following table presents the information of assets and liabilities for the Group's operating segments as at 30 June 2016 and 31 December 2015, respectively:

	Mine operation USD'000	**Commercial trade USD'000**	**Financing operation USD'000**	**Total segments USD'000**	**Adjustments USD'000**	**Consolidated USD'000**
Assets						
30 June 2016	42,771	72,731	33,028	148,530	38,687	187,217
31 December 2015	41,024	73,070	28,050	142,144	28,479	170,623
Liabilities						
30 June 2016	1,600	60,598	14,246	76,444	10,387	86,831
31 December 2015	1,555	50,423	13,887	65,865	10,787	76,652

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

3. OPERATING SEGMENT INFORMATION (continued)

Adjustments

Certain administrative expenses, interest income on bank deposits and net foreign exchange are not allocated to individual segments as these are managed on an overall group basis. These are included in adjustments in the segment disclosures.

	For the six months ended 30 June	
	2016	2015
	USD'000	USD'000
Reconciliation of profit	**(Unaudited)**	(Unaudited)
Segment profit	**6,522**	9,612
Corporate and other unallocated expenses and income	**(1,334)**	(2,110)
Foreign exchange gains/(losses), net	**1,475**	(2,167)
Profit before tax	**6,663**	5,335

4. REVENUE

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

	For the six months ended 30 June	
	2016	2015
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Iron ore products	**581,118**	106,169
Copper cathodes	**36,706**	20,043
Nickel cathodes	**31,591**	–
Others	**10,106**	–
	659,521	126,212

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016	2015
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Interest on bank loans	**731**	137
Interest on hire purchase arrangements	**17**	15
Notional Interest on loan from the ultimate holding company	**359**	–
Unwinding of discount on provision	**13**	12
	1,120	164

6. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2016	2015
		USD'000	USD'000
	Notes	**(Unaudited)**	(Unaudited)
Cost of inventories sold		**652,148**	118,325
Employee benefit expense (including Directors' and chief executive's remuneration)		**815**	669
Depreciation	9	**492**	1,078
Amortisation of intangible assets	9	**11**	–
Depreciation and amortisation expenses		**503**	1,078
Minimum lease payments in respect of:			
Office		**111**	115
Auditors' remuneration		**90**	83
Compensation from termination of proposed acquisition of 60% equity interests in a company*		**–**	(1,480)
Interest income*		**(2,015)**	(1,325)
Foreign currency losses/(gains), net*		**(1,475)**	2,167
Loss on disposal of items of property, plant and equipment**		**59**	34
Tax surcharge**		**–**	155
Write-down of inventories to net realisable value**		**–**	394

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

6. 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.

7. 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 2015: 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 2015: 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	
	2016	2015
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**879**	1,214
Deferred	**(14)**	2
Total tax charge for the period	**865**	1,216

8. 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 2015: 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 2015 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. 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 2016	**5,936**	**12,308**
Additions	**6**	**–**
Depreciation/amortisation charged for the Period (note 6)	**(492)**	**(11)**
Disposal during the Period	**(175)**	**–**
Exchange realignment	**362**	**791**
Carrying amounts at 30 June 2016 (unaudited)	**5,637**	**13,088**

As at 30 June 2016, motor vehicles and machinery with an aggregate net carrying amount of approximately USD20,000 (31 December 2015: USD102,000) were held under hire purchase arrangements entered into by the Group (note 17(b)).

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**30 June 2016 USD'000 (Unaudited)**	31 December 2015 USD'000
Current portion:			
Prepayments to a mining contractor		**202**	292
Other receivables in respect of:			
– disposal of property, plant and equipment	(a)	**6,289**	5,700
– termination of acquisition of 60% equity interest in a company	(b)	**5,100**	5,100
– interest-bearing loan to a company	(c)	**5,000**	–
– due from a related party (note 21(b)(ii))		**–**	10
Other prepayments and receivables		**391**	377
		16,982	11,479
Non-current portion:			
Other receivables in respect of:			
– interest-bearing loan to a company	(d)	**10,000**	10,000
– disposal of property, plant and equipment	(a)	**5,886**	5,335
		15,886	15,335
		32,868	26,814

Notes:

(a) In December 2015, the Group disposed of some of its machinery in Malaysia ("**Disposed Machinery**") to independent third parties (the "**Buyers**") at an aggregate consideration of RM52,300,000, equivalent to approximately USD13,002,000 as at 30 June 2016 (31 December 2015: USD12,181,000). According to the agreement entered into between the Group and the Buyers, the aggregate consideration will be settled by two equal instalments before the end of 31 December 2016 and 31 December 2017, respectively. This receivable is non-interest-bearing and is secured by the pledge of the Disposed Machinery from the Buyers.

As the receivable will be collected by two instalments, the Group calculated its discounted value using an imputed rate of interest of 6.85% per annum. As at 30 June 2016, the carrying amount of the receivable from the Buyers is USD12,175,000 (31 December 2015: USD11,035,000), of which USD6,289,000 (31 December 2015: USD5,700,000) and USD5,886,000 (31 December 2015: USD5,335,000) are expected to be collected before the end of 2016 and 2017, respectively.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

(b) The balance represented the prepayment of USD5,100,000 to two independent third parties in relation to proposed acquisition of 60% equity interests in Red Sun Resources Sdn. Bhd. ("**Red Sun**"), which was expected to be collected before 31 December 2016 due to the termination of proposed acquisition (31 December 2015: USD5,100,000). The receivables is guaranteed by Red Sun who, in the event that the amount is not repaid, would provide certain quantity of iron ore products at the average market price prevailing at the date of default with an aggregate value of the iron ore products equivalent to USD5,100,000.

(c) The balance represented a three-month unsecured loan with a principal of USD5,000,000 granted to Lao International on 20 June 2016 (31 December 2015: Nil). Pursuant to the loan contract entered into between the Group and Lao International, the loan bears a fixed rate of 10% per annum for the said loan period which should be paid at the end of the loan period.

(d) The balance represents a loan with a principal of USD10,000,000 granted to Shenzhen Wanyuntong Real Estate Development Company Limited (31 December 2015: USD10,000,000), the details of which is set out in the announcement dated 24 December 2015.

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

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

11. GOODWILL

	USD'000
Cost and net carrying amount at 1 January 2016	6,427
Exchange realignment	399
Cost and net carrying amount at 30 June 2016 (unaudited)	6,826

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 product market remained volatile during the Period, management has performed impairment assessment on the goodwill as at 30 June 2016. 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 pre-tax discount rate applied to the cash flow projections is 20% (31 December 2015: 20%). The growth rate used to extrapolate the cash flows of the iron ore cash-generating unit beyond the five-year period is 0% (31 December 2015: 0%) and the inflation rate is 3% (31 December 2015: 3%).

Assumptions were used in the value in use calculation of the iron ore cash-generating unit for 30 June 2016 and 31 December 2015. 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 0.02 million tonnes in the Period to approximately 1.28 million tonnes in 2018 as production is expanded up to existing capacity. During the Period, production at Ibam Mine restarted in April 2016 after the rainy seasons in the first quarter of 2016. Estimated production volumes are based on detailed life-of-mine plans and take into account development plans for the mine 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.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

11. GOODWILL (continued)

Impairment testing of goodwill (continued)

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 prior years before the budget year at the normal production capacity, adjusted for management's expectations for possible change in the production costs and estimated market prices.

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

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

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

In the opinion of the Directors, it is estimated that a decrease in the selling price by 8% per tonne in the average price of iron ore would cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately USD867,000. Any reasonably possible change in other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

12. INVENTORIES

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000
Raw materials	–	160
Finished goods	–	21,695
	–	21,855

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

13. TRADE RECEIVABLES

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

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000
Within 3 months	**58,443**	46,075
3 to 6 months	**5,878**	–
	64,321	46,075

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

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

Trade receivables of USD41,969,000 (31 December 2015: USD17,703,000) were pledged to banks to secure bank loans (note 17(a)).

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000
Cash and bank balances	**46,219**	32,966
Less: Pledged deposits*	**(8,410)**	(5,302)
Cash and cash equivalents	**37,809**	27,664

* As at 30 June 2016, (i) bank deposits of USD6,985,000 (31 December 2015: USD2,042,000) were pledged to secure short-term bank loans granted to the Group (note 17(a)); and (ii) bank deposits of USD1,425,000 (31 December 2015: USD3,260,000) were pledged for the issuance of irrevocable letters of credit to the Group's suppliers.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

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

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000
Cash and bank balances denominated in:		
USD	**36,775**	23,504
Hong Kong dollars ("**HKD**")	**9,438**	9,460
Other currencies – RM and Renminbi	**6**	2
	46,219	32,966

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.

15. TRADE PAYABLES

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

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000
Within 3 months	**18,254**	15,044
6 months to 12 months	**4**	–
Over 1 year	**207**	259
	18,465	15,303

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

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

16. OTHER PAYABLES AND ACCRUALS

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000
Current portion:		
Other payables	913	807
Accruals	545	500
Payroll and welfare payable	77	7
	1,535	1,314
Non-current portion:		
Due to the ultimate holding company (note 21(b)(i))	14,246	13,887
	15,781	15,201

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

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016 (Unaudited)			31 December 2015		
	Effective interest rate (%)	Maturity	USD'000	Effective interest rate (%)	Maturity	USD'000
Current						
Bank loans – secured (note (a))	2.78-2.88	2016	41,344	2.65-2.85	2016	13,611
Bank loans – unsecured (note (d))	1.43	2016	1,000	1.30-1.40	2016	21,775
Hire purchase arrangements - secured (note (b))	2.36-2.54	2017	50	2.36-6.90	2016	66
Hire purchase arrangements - unsecured (note (c))	–	2017	46	–	2016	33
			42,440			35,485
Non-current						
Hire purchase arrangements -secured (note (b))	2.36-2.47	2017–2020	41	2.36-2.47	2017–2020	60
Hire purchase arrangements -unsecured (note (c))	–	2017	11	–	2017	14
			52			74
			42,492			35,559

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

Analysed into:

	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000
Bank loans repayable:		
Within one year	**42,344**	35,386
Hire purchase arrangements repayable:		
Within one year	**96**	99
In the second year	**38**	44
In the third to fifth years, inclusive	**14**	30
	148	173
	42,492	35,559

Notes:

(a) As at 30 June 2016, the bank loans of China Bright Industries Limited ("**China Bright**"), an indirect wholly-owned subsidiary of the Company, were secured by the pledged bank balances of USD6,985,000 (31 December 2015: USD2,042,000) (note 14) and by certain trade receivables of USD41,969,000 (31 December 2015: USD17,703,000) (note 13), and were guaranteed by the Company at nil consideration.

(b) The Group acquired certain of its motor vehicles and machinery through hire purchase arrangements, which are classified as finance leases and have remaining lease terms ranging from one to five years. As at 30 June 2016, payables relating to the hire purchase arrangements were secured by the corresponding motor vehicles and machinery acquired with an aggregate carrying amount of USD20,000 (31 December 2015: USD102,000) (note 9).

(c) During 2015, the Group disposed of certain of its machinery through hire purchase arrangements with remaining lease terms ranging from one to two years. As at 30 June 2016 and 31 December 2015, remaining payables relating to the hire purchase arrangements were unsecured and interest-free to be paid according to the payment schedule stated in the supplementary contracts of the hire purchase arrangements.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

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

Notes: (continued)

(d) As at 30 June 2016, the balance represented interest-bearing bank loans of USD1,000,000 of China Bright which were unsecured.

As at 31 December 2015, the balance represented (i) interest-bearing bank loans of USD6,842,000 of China Bright were guaranteed by the Company; and (ii) interest-bearing bank loans of USD14,933,000 of China Bright which were unsecured. The foresaid loans were fully repaid as scheduled during the Period.

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

18. DIVIDENDS

At a meeting of the board of directors held on 19 August 2016, the Directors resolved not to pay an interim dividend to shareholders (six months ended 30 June 2015: 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 2016 USD'000 (Unaudited)	31 December 2015 USD'000
Within one year	**164**	180
In the second to fifth years, inclusive	**410**	184
	574	364

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) 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 Sdn. Bhd..

(b) Other commitments – service fee

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

(c) Other commitments – monthly payable to 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 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.

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

20. COMMITMENTS (continued)

(c) Other commitments – monthly payable to Gema Impak (continued)

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

21. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2016	2015
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**294**	271
Total compensation paid to key management personnel	**294**	271

(b) Outstanding balances with related parties:

(i) The Group had an interest-free loan from the ultimate holding company, Cosmo Field, of USD14,246,000 (31 December 2015: USD13,887,000) (note 16) as at the end of the reporting period. Cosmo Field granted an unsecured interest-free loan of USD15,000,000 to the Group pursuant to the shareholder loan agreement entered between the Group and Cosmo Field dated 3 July 2015, which was fall due for payment on 3 July 2017. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and the present value of USD1,131,000 was treated as equity contribution from the ultimate holding company and credited to the capital reserve account.

(ii) As at 31 December 2015, the Group had an outstanding balance due from a related party, Chengdu Hande of USD10,000 (note 10), which was fully collected by the Group during the Period.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2016 USD'000 (Unaudited)	31 December 2015 USD'000	**30 June 2016 USD'000 (Unaudited)**	31 December 2015 USD'000
Financial assets				
Available-for-sale investments -unlisted equity investments,at fair value	**13,000**	13,000	**13,000**	13,000
Other receivables in respect of:				
– non-current portion of interest -bearing loan to a company	**10,000**	10,000	**10,000**	10,000
– disposal of property, plant and equipment	**12,175**	11,035	**12,175**	11,035
	35,175	34,035	**35,175**	34,035
Financial liabilities				
Other payables and accruals:				
– due to the ultimate holding company	**14,246**	13,887	**14,246**	13,887

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

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

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

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

Notes to Interim Condensed Financial Information

For the six months ended 30 June 2016

23. EVENT AFTER THE REPORTING PERIOD

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

24. 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 19 August 2016.