CAA RESOURCES

CAA Resources Limited

優庫資源有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 02112

INTERIM REPORT 2019

* 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
Ms. Xu Mijia

Independent Non-Executive Directors

Mr. Leung Yiu Cho
Dr. Li Zhongquan
Dr. Wang Ling

AUDIT COMMITTEE

Mr. Leung Yiu Cho *(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*

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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Level 22, Menara
Zenith, Putra Square
MSC Kuantan, 25200
Kuantan, Pahang
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 5602, 56th Floor,
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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

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Hong Kong

LEGAL ADVISOR

Jimme K.S. Wong & Partner

COMPANY WEBSITE

www.caa-resources.com

STOCK CODE

02112

Management Discussion and Analysis

The Board of Directors of the Company is pleased to present the interim results of the Group for the six months ended 30 June 2019.

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 and other commodities. There were no significant changes in the nature of the Group's principal activities 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.

For the purpose of diversifying the source of income of the Group, the proportion of crude oil trading during the Period has increased significantly. In addition, due to the relatively larger size and value per shipment, crude oil trading became the largest source of income during the Period. Meanwhile, although the Vale mine disaster and the Australian hurricane led to the tight iron ore supply and rising prices of iron ore, the aggregate demand of iron ore products was not strong. Having considered the above reasons, the Group was of the opinion that full resumption of mining operation in the Ibam mine without sufficient market demand would not be a wise move. As such, only limited mining activities were conducted during the Period under review. The mining volume and production volume were recorded at 113.9Kt and 81.4Kt respectively for the six months ended 30 June ("**H1**") 2019 (2018 H1: nil and nil).

Meanwhile, the Group actively adopted different strategies to diversify its business portfolio in order to drive the sustainable development of the Group in the long term. Strategies included but were not limited to conducting suitable mergers and acquisitions of other businesses so that the scope of businesses could become more diversified. On 10 January 2019, the Company entered into a non-legally-binding memorandum of understanding with 深圳閱程網絡科技股份有限公司 (Shenzhen Yuecheng Network Technology Company Limited) and 深圳市租電智能科技有限公司 (Shenzhen City Zudian Technology Company Limited) (collectively the "**Target Companies**") respectively, with respect to the Company's proposed equity investment in the Target Companies (the "**Potential Project**"). The Potential Project is subject to the satisfactory results of the due diligence conducted by the Company on the Target Companies and the signing of a formal binding investment agreement. For further details, please refer the announcement of the Company dated 10 January 2019.

During the Period, the Company has received a copy of the renewed mining lease, according to which, the tenure of the mining lease with respect to Ibam Mine has been extended for two years from 15 December 2018 to 15 December 2020. For details, please refer to the announcement of the Company dated 25 January 2019.

Management Discussion and Analysis

MARKET REVIEW

During the first half of 2019, trade friction continued to persist between the United States and China. Although crude steel production in China increased in the first half of the year 2019, Chinese iron ore imports fell by nearly 6% year-on-year. The international iron ore price increased since there was a decrease in supply from Australia and Brazil. These made the Group's business, as an Chinese import trader, more challenging.

During the Period, largely due to the Vale mine disaster and the Australian hurricane, international iron ore supply is tight, the international iron ore prices have risen sharply. According to data released by the Ministry of Industry and Information Technology, as of the end of June, the China Iron Ore Price Index was 398.32 points, a year-on-year increase of 67.4%, up 56.8% from the beginning of the year. On June 28, the price of 62% grade dry-based powder ore imported directly from iron ore was US$110.79 per ton, up 71.1% year-on-year, up 41.6 US dollars per ton from the beginning of the year, or 60.0%. However, as mentioned above, since the overall demand was decreasing, the Group as an iron ore trader has not benefited from the rising price of iron ore.

Being one of the Group's endeavors in diversifying the source of income, crude oil trading turned to be the major source of income of the Group during the Period under review. The income from crude oil trading increased substantially mainly due to the relatively larger order size and value of each single shipment. Since the price of international crude oil is a competitive, the Group's sales turnover increased while gross profit margin remained relatively low.

BUSINESS & OPERATIONS REVIEW

Operating Results

During the Period under review, the Group developed steadily and that the operating overall result was slightly improved in the first half of 2019.

During the first half of 2019, the Group's iron ore products sales recorded a period-on-period decrease of 76.3% in sales volume and sold 1,240 Kt on dry basis (2018 H1: 5,222 Kt) with an average iron content of 62%. The decrease was largely attributable to modification of sales mix by increasing the trading of crude oil during the Period under review. Crude oil sales reached approximately 6,932 thousand barrels ("**Kb**"), about 2,393.5% higher than approximately 278 Kb recorded in the same period in 2018. In the first half of 2019, the Group recorded sales revenue for sales of crude oil, iron ore products and other commodities of USD814.8 million (2018 H1: USD802.5 million), representing an increase of USD12.3 million or 1.5% compared to the same period last year.

The Group's sales in the first half of 2019 were mainly from the sale of crude oil and iron ore products, which represented 60.5% and 14.5% of total sales revenue respectively (2018 H1: 2.5% and 46.4% respectively). The Company recorded a decrease in the sales quantity for the trading of iron ore products and an increase in trading of crude oil. The Group's gross profit to decrease by 3.9% to USD9.9 million during the Period (2018 H1: USD10.3 million). Gross profit margin decreased to 1.2% (2018 H1: 1.3%).

Profit for the Period increased by 3.7% to USD2.8 million from USD2.7 million for the same period last year, and earnings per share were 0.19 US cents (2018 H1: 0.18 US cents) which was largely due to a decrease in administrative expenses and finance costs which outweighed the decrease in interest income.

Project Ibam operation update

As at 30 June 2019, the Group owned 5 beneficiation lines and 2 crushing lines. During the Period under review, limited mining activities were conducted since the Group was focused on commodities trading during the Period. The mining volume and production volume were recorded 113.9Kt and 81.4Kt respectively for the six months ended 30 June ("**H1**") 2019 (2018 H1: nil and nil respectively).

There were no exploration and development activities during the six months ended 30 June 2019.

Business Strategy

During the first half of 2019, trade friction between the United States and China persisted and that there were not any signs of settlement. Indications of slowdown in the global economy was prominent, China took infrastructure investments as part of the fiscal policies became one of the major tactical measures to stimulate economic growth. Meanwhile, China continues to promote the "Belt and Road Initiative" actively which, in the Group's opinion, will stimulate the emerging countries in Asia a demand for iron and steel in future.

On the international level, the Vale mine disaster and the Australian hurricane led to the tight iron ore supply and rising prices of iron ore. It was also expected that there would be fewer iron mine construction projects after 2020 bringing the strong international iron ore price in short run but yet to be uncertain in long run. In order not to over-rely on the iron ore market, the Group will continue to maintain a prudent development strategy while actively promoting the development of a diversified business portfolio to achieve diversity in terms of its income sources. Looking ahead, the Group will continue to focus on the trading of crude oil, iron ore and other commodities while endeavoring to diversify income sources so as to boost returns for shareholders. The Group will strike a balance between the product sales and cash flow management by adjusting the sales mix as well.

REVENUE AND COST OF GOODS SOLD

Revenue

During the six months ended 30 June 2019, the Group's revenue arising from sales of crude oil, iron ore products and other commodities reached approximately USD814.8 million, about 1.5% higher than USD802.5 million recorded in the same period in 2018. The increase in revenue was mainly due to the significant increase in the sales quantity for the trading of crude oil despite the significant decrease in sales quantity for the trading of iron ore products during the Period.

Cost of Sales

During the six months ended 30 June 2019, the Group's cost of sales reached approximately USD804.9 million, about 1.6% higher than approximately USD792.1 million recorded in the same period in 2018. The cost of sales mainly comprised the purchase costs of crude oil, iron ore products and other commodities for trading activities. Iron ore production costs were USD4.7 million during the Period (2018 H1: nil). The increase in cost of sales was in line with the increase in products sold during the Period under review.

Gross profit

During the six months ended 30 June 2019, the Group's gross profit reached approximately USD9.9 million, about 3.9% lower than approximately USD10.3 million recorded in the same period in 2018. The decrease in gross profit was mainly due to the overall weak demand in commodities sector and the lower gross profit margin of crude oil trading, which constituted the largest sales of product type for the Period. The average selling price of crude oil and iron ore products were USD71.1 per barrel and USD98.7 per tonne during the Period respectively (2018 H1: USD70.8 per barrel and USD71.3 per tonne respectively).

ADMINISTRATIVE EXPENSES

During the six months ended 30 June 2019, the Group's administrative expenses reached approximately USD2.2 million, about 15.4% lower than approximately USD2.6 million recorded in the same period in 2018. The decrease in administrative expenses was mainly due to lesser professional fees incurred during the Period under review.

OTHER EXPENSES

During the six months ended 30 June 2019, the Group's other expenses was less than USD0.1 million, about 83.3% lower than approximately USD0.6 million recorded in the same period in 2018. The decrease in other expenses were mainly due to decrease in loss on unrealized foreign exchange difference arising from the translation of RM to USD and bank charges on utilization of banking facilities.

FINANCE COSTS

During the six months ended 30 June 2019, the Group's finance costs reached approximately USD4.7 million, about 7.8% lower than USD5.1 million recorded in the same period in 2018. The decrease was mainly due to the decrease in interest expense for utilization of banking facilities of USD1.2 million, being the difference between USD1.8 million in 2019 H1 and USD3.0 million in 2018 H1 which overweighed the increase in interest on notes of approximately USD0.7 million, being the difference between USD2.8 million in 2019 H1 and USD2.1 million in 2018 H1.

PROPERTY, PLANT AND EQUIPMENT

The Group's property, plant and equipment ("**PPE**") mainly consisted of machinery, mine properties and motor vehicles. As at 30 June 2019, the Group's property, plant and equipment reached approximately USD2.9 million, representing about 14.7% decrease from USD3.4 million as at 31 December 2018. The decrease was mainly due to depreciation and the exchange realignment between the RM and the USD.

INTANGIBLE ASSETS

The intangible assets comprised the mining rights and reserves in relation to Ibam Mine. As at 30 June 2019, the Group's intangible assets amounted to approximately USD12.7 million (31 December 2018: USD12.7 million) after provision of amortization and exchange realignment (see Note 9) for the Period.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

The Group's FVTOCI, stated at their fair value, amounted to approximately USD14.1 million as at 30 June 2019 (31 December 2018: USD15.3 million).

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**"). The indirect wholly owned subsidiaries of Fortune Union 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. The unlisted equity investments in both Fortune Union and Shenzhen Gongxinying are stated at fair value. The Group does not intend to dispose of the investments in the near future.

TRADE RECEIVABLES

The Group's trade receivables increased by 25.1% from approximately USD205.1 million as at 31 December 2018 to approximately USD256.5 million as at 30 June 2019, which was mainly due to an increase in sales. The average collection period in days was approximately 51 days (2018: 48 days). A slightly longer average collection period was recorded due to an increase in settlement by tele-transfer, for which a longer credit period was granted.

Major customers were granted credit on an open account basis or allowed to settle by documentary letters 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 2019, all of the trade receivables of the Group, based on the sales recognition date, were aged within six months. The outstanding balance has been examined by the management and was neither past due nor impaired. The Directors are of the opinion that the expected loss rate of trade receivables was 0% as of 30 June 2019 (31 December 2018: 0%) and no provision for impairment is necessary.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2019, the Group's prepayments, deposits and other receivables amounted to approximately USD10.6 million (31 December 2018: approximately USD9.4 million). The increase was mainly due to an increase in the prepayments made to certain commodities suppliers from approximately USD0.6 million as at 31 December 2018 to USD2.1 million as at 30 June 2019.

The Directors are of the opinion that the expected loss rate for prepayments, deposits and other receivables was 0% as of 30 June 2019 (31 December 2018: 0%) and the maximum exposure to credit risk as of the reporting date was the carrying value of prepayments, deposits and other receivables as stated in the interim condensed financial information.

TRADE PAYABLES

Trade payables mainly consisted of amounts payable to suppliers for the purchase of crude oil, iron ore products and other commodities for trading activities. As at 30 June 2019, the Group's trade payables increased to approximately USD55.5 million, representing an increase of about 2,675.0% compared to the USD2.0 million as at 31 December 2018. The increase was mainly because certain shipment departed on or before the cut off day and became trade payables as at 30 June 2019 where no such transaction was recorded as at 31 December 2018.

OTHER PAYABLES AND ACCRUALS

As at 30 June 2019, the Group's other payables and accruals amounted to approximately USD63.1 million, about 1.1% higher than approximately USD62.4 million as at 31 December 2018. The increase was mainly due to certain payments in advance by customers have been received.

NOTES

The amount represented notes issued on 20 September 2016 ("**Note 1**") and 19 October 2017 ("**Note 2**") for the amounts of USD18.4 million and USD18 million respectively. The notes were measured at amortised cost using the effective interest rate method after deducting issuance costs at the issue date. Both Note 1 and Note 2 were classified as a current liability as at 31 December 2018 and at 30 June 2019. For further details, please refer to the announcements dated 20 September 2016 and 19 October 2017 respectively.

On 20 September 2016, the Company as issuer, entered into a subscription agreement with an independent third party institution (the "**Noteholder 1**") pursuant to which the Company agrees to issue and the Noteholder 1 agrees to subscribe for the subscription notes ("**Note 1**") in the principal amount of HK$164,865,750. Pursuant to the terms of the Note 1, it will be an event of default if, among others, (i) Mr. Li Yang ("Mr. Li", the chairman and Controlling Shareholder of the Company) fails to remain the Controlling Shareholder (as defined in the Listing Rules) of the Company; or (ii) Mr. Li ceases to be the chairman of the Company. Upon and at any time after the occurrence of an event of default, the Subscriber may give notice to the Company that one or more of the Note 1 shall become immediately due and repayable with all accrued interests.

Further, on 19 October 2017, the Company entered into a subscription agreement with, amongst others, an independent third party institution (the "**Noteholder 2**") pursuant to which the Company agrees to issue and the Subscriber agrees to subscribe for the notes ("**Note 2**") in the principal amount of not more than US$20,000,000. Pursuant to the terms of the Note 2, it will be an event of default in respect of the Note 2 if, amongst others, so long as any part of the Note 2 is outstanding and without the prior consent of the Subscriber, (i) Mr. Li Yang ("Mr. Li", the chairman and Controlling Shareholder (as defined under the Listing Rules) of the Company) fails to remain as the single largest shareholder of the Company and holds 55.00% of the issued share capital of the Company; (ii) sells, transfers or creates any further encumbrance over his equity interests in the Company; or (iii) ceases to act as the chairman, the chief executive officer and the executive director of the Company.

Cosmo Field, Mr. Li Yang and his father have provided guarantee with respect to the Note 1 and Cosmo Field and Mr. Li Yang have provided guarantee with respect of the Note 2 for which the Group is not required to provide any consideration or security. The aforesaid guarantees are fully exempted connected transactions.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The total equity of the Group as at 30 June 2019 was approximately USD154.5 million (31 December 2018: USD152.8 million). The Group generally finances its operations with internally generated cash flows, interest-bearing borrowings and loans from Cosmo Field. Primary uses of the funds during the Period included the payment of crude oil and iron ore purchases, operating expenses, repayment of note, bank loans and interest expenses arising from notes and banking facilities. As at 30 June 2019, current assets of approximately USD267.1 million comprised USD256.5 million in trade receivables, USD10.6 million in other receivables and USD0.1 million in cash and bank balances. Current liabilities of approximately USD195.8 million mainly comprised USD55.5 million in trade payables, USD63.1 in other payables, USD36.5 million in interest-bearing bank and other borrowings, USD36.4 million in notes issued, and USD4.1 million in tax payable. Current ratio, being total current assets to total current liabilities, was 1.36 as at 30 June 2019 (31 December 2018: 1.47).

CAPITAL STRUCTURE

The Group is currently funding its capital expenditure through internally generated funds from its operations, bank borrowings and loans from Cosmo Field. 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 Cosmo Field, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to owners of the Company.

The Group's gearing ratio as at 30 June 2019 was 46.5% (31 December 2018: 47.5%).

The Group continued to conduct its operational business mainly in USD. The Group did not arrange any forward currency contracts for hedging purposes.

CONTINGENT LIABILITIES

As at 30 June 2019, 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 since the interest rates for all of its interest-bearing loans were fixed. In addition, the Group has not used any interest rate swap to hedge against interest rate risk.

CHARGE ON ASSETS

Save for the motor vehicles, machinery, trade receivables and bank balances pledged for bank and other loans as disclosed in note 9 to the unaudited condensed consolidated financial information, the Group did not have any pledges on its assets as at 30 June 2019.

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 2019, the Group had 50 (31 December 2018: 49) employees. For the six months ended 30 June 2019, total staff costs included directors' emoluments amounting to approximately USD1.0 million (six months ended 30 June 2018: USD1.0 million). The total staff costs remained stable 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.

EVENTS AFTER THE PERIOD

Save as disclosed in this report, there were no significant events since the end of the Period.

RESOURCE AND RESERVES OF IBAM MINE UNDER JORC CODE AS AT 30 JUNE 2019

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2019 *(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 2019:

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 2019, 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 2019.

During the Period, mining volume and production volume were recorded 113.9Kt and 81.4Kt respectively. (2018 H1: nil and nil respectively).

CAPITAL EXPENDITURE

During the six months ended 30 June 2019, the Company did not incur any material capital expenditure for the purchase or upgrade of PPE and payments in advance.

SIGNIFICANT ACQUISITIONS, DISPOSALS AND INVESTMENTS

During the Period, the Company did not make any significant acquisition and investments.

Except for as disclosed in the announcement dated 10 January 2019, the Company does not have any future plan for significant acquisition, disposal and investment during the Period and up to the date of this report.

RELATED PARTY TRANSACTIONS

Details of the related party transaction as stated in note 17 to the financial statements comprise: (i) a interest-free loan from Cosmo Field to the Company for the amounts of USD60 million recorded as other payables and accruals as at 30 June 2019 (31 December 2018: USD60 million), all of which are interest-free, security free and fully exempted connected transactions; (ii) compensation of key management personnel of the Group paid by a related party for the amount of USD0.5 million (2018 H1: USD0.5 million).

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 Listing Rules (the "CG Code") during the six months ended 30 June 2019 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 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 31 May 2019 either in person or attended by way of telephone conference.

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 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 2019. The Audit Committee has discussed with the Company's management and reviewed the interim results of the Group for the six months ended 30 June 2019. The financial information in the condensed consolidated financial statements of the interim results have not been audited or reviewed by the auditors of the Company.

Other Information

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.

CHANGE OF DIRECTORS' INFORMATION

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

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

As at 30 June 2019, the Directors and the Chief Executive Officer of the Company had the following interests and short positions in the Shares, underlying Shares or the debentures of the Company or any of its associated corporations within the meaning of part XV of the SFO, which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(i) Long positions in Shares of the Company:

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

Note:

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

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

3. The Company has been notified that Cosmo Field have charged certain shares in favour of third parties as at the Latest Practicable Date:

   (a) The Company has been notified that 711,000,000 shares ("Shares") of the Company and 41,000,000 Shares which were previously charged by Cosmo Field in favour of Cheer Hope Holdings Limited, have been released on 23 September 2016 and 26 September 2016 respectively. The Company has also been notified that, Cosmo Field has charged 711,000,000 Shares and 41,000,000 Shares (collectively "Charged Shares") in favour of an independent third party institution on 23 September 2016 and 27 September 2016 respectively. The Charged Shares represent approximately 50.13% of the issued share capital of the Company as at the Latest Practicable Date.

   (b) The Company has been notified that, a deed of release has been executed on 4 January 2018 with respect to the Charged Shares which were previously charged by Cosmo Field in favour of the second priority lender (as set out in the announcement dated 29 December 2016). Cosmo Field has charged the Shares in favour of another secondary priority lender on 4 January 2018.

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

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

Save as disclosed above, as at 30 June 2019, none of the Directors nor the Chief Executive Officers of the Company had any interests or short positions in any Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

Substantial Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholdings
Cosmo Field (notes 2, 3)	Beneficial owner	843,750,000 (L)	56.25 (L)
Ample Professional Limited (note 5)	Security interest in shares	752,000,000 (L)	50.13%
Huarong International Financial Holdings Limited (note 5)	Interest in controlled corporation	752,000,000 (L)	50.13%
中國華融資產管理股份有限公司 (note 5)	Interest in controlled corporation	752,000,000 (L)	50.13%
Haitong International Financial Products (Singapore) Pte. Ltd. (note 6)	Security interest in shares	172,352,000 (L)	11.49%
Haitong International Holdings Limited (note 6)	Interest in controlled corporation	172,352,000 (L)	11.49%
Haitong International Securities Group (Singapore) Pte. Ltd. (note 6)	Interest in controlled corporation	172,352,000 (L)	11.49%
Haitong International Securities Group Limited (note 6)	Interest in controlled corporation	172,352,000 (L)	11.49%
Haitong Securities Co., Ltd. (note 6)	Interest in controlled corporation	172,352,000 (L)	11.49%
Hua Heng (note 4)	Beneficial owner	100,575,000 (L)	6.71% (L)
Yang Jun (note 4)	Interest in controlled corporation	100,575,000 (L)	6.71% (L)
Tang Lingyan (note 4)	Interest of a Substantial Shareholder's child under 18 or spouse	100,575,000 (L)	6.71% (L)

Note:

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

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

3. The Company has been notified that Cosmo Field have charged certain shares in favour of third parties as at the Latest Practicable Date:

   (a) The Company has been notified that 711,000,000 shares ("Shares") of the Company and 41,000,000 Shares which were previously charged by Cosmo Field in favour of Cheer Hope Holdings Limited, have been released on 23 September 2016 and 26 September 2016 respectively. The Company has also been notified that, Cosmo Field has charged 711,000,000 Shares and 41,000,000 Shares (collectively "Charged Shares") in favour of an independent third party institution on 23 September 2016 and 27 September 2016 respectively. The Charged Shares represent approximately 50.13% of the issued share capital of the Company as at the Latest Practicable Date.

   (b) The Company has been notified that, a deed of release has been executed on 4 January 2018 with respect to the Charged Shares which were previously charged by Cosmo Field in favour of the second priority lender (as set out in the announcement dated 29 December 2016). Cosmo Field has charged the Shares in favour of another secondary priority lender on 4 January 2018.

4. 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.

5. Each of Huarong International Financial Holdings Limited and 中國華融資產管理股份有限公司 is deemed, or taken to be, interested in all the interest held by Ample Professional Limited in the shares of the Company for the purpose of the SFO.

6. Each of Haitong International Holdings Limited, Haitong International Securities Group (Singapore) Pte. Ltd., Haitong International Securities Group Limited and Haitong Securities Co., Ltd. is deemed, or taken to be, interested in all the interest held by Haitong International Financial Products (Singapore) Pte. Ltd. in the shares of the Company for the purpose of the SFO.

Save as disclosed above, as at the date of this report, 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.

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 30 June 2019). 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 six months ended 30 June 2019, 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 during the six months ended 30 June 2019. Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at 30 June 2019.

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The audit committee of the Board of the Company has discussed with the Company's management and reviewed the interim results of the Group for the six months ended 30 June 2019. The financial information in the condensed consolidated financial statements of the interim report have not been audited or reviewed by the auditors of the Company.

INTERIM DIVIDEND

The Board of Directors resolved not to distribute any interim dividend for the Period (2018 H1: nil).

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

Hong Kong, 30 August 2019

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 USD'000 (Unaudited)	2018 USD'000 (Unaudited)
REVENUE	3, 4	**814,757**	802,481
Cost of sales		**(804,854)**	(792,138)
Gross profit		**9,903**	10,343
Other income and gains		**879**	1,700
Selling and distribution expenses		**(381)**	(150)
Administrative expenses		**(2,242)**	(2,606)
Other expenses		**(46)**	(637)
Finance costs	5	**(4,659)**	(5,145)
PROFIT BEFORE TAX	6	**3,454**	3,505
Income tax expense	7	**(609)**	(816)
PROFIT FOR THE PERIOD		**2,845**	2,689
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale investments		**–**	9,132
Income tax effect		**–**	(901)
		–	8,231
Exchange differences on translation of foreign operations		**(2)**	74
		(2)	8,305

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 USD'000 (Unaudited)	2018 USD'000 (Unaudited)
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity investments designated as at fair value through other comprehensive income		**(1,153)**	–
Income tax effect		**–**	–
		(1,153)	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(1,155)**	8,305
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,690**	10,994
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Equity shareholders of the Company		**2,845**	2,689
Non-controlling interests		**–**	–
		2,845	2,689
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Equity shareholders of the Company		**1,690**	10,994
Non-controlling interests		**–**	–
		1,690	10,994
Earnings per share attributable to ordinary equity shareholders of the Company:			
Basic and diluted (US cents)	8	**0.19**	0.18

Interim Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	30 June 2019 USD'000 (Unaudited)	31 December 2018 USD'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**2,904**	3,352
Mining rights and reserves	9	**12,658**	12,680
Right of use assets		**564**	–
Investment in an associate		**49,999**	49,999
Financial assets at FVTOCI	18	**14,114**	15,267
Goodwill		**6,644**	6,649
Deferred tax assets		**13**	13
Total non-current assets		**86,896**	87,960
CURRENT ASSETS			
Trade receivables	10	**256,459**	205,093
Prepayments, deposits and other receivables	11	**10,550**	9,381
Cash and cash equivalents		**129**	183
Total current assets		**267,138**	214,657
CURRENT LIABILITIES			
Trade payables	12	**55,493**	1,953
Other payables and accruals	13	**63,082**	62,384
Lease liability		**132**	–
Interest-bearing bank and other borrowings	14	**36,536**	40,953
Notes	15	**36,419**	37,287
Tax payable		**4,099**	3,910
Total current liabilities		**195,761**	146,487
Net current assets		**71,377**	68,170
Total assets less current liabilities		**158,273**	156,130
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**2,908**	2,910
Lease liability		**485**	–
Provision for rehabilitation		**424**	409
Total non-current liabilities		**3,817**	3,319
Net assets		**154,456**	152,811
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,934**	1,934
Reserves		**150,809**	149,164
Equity attributable to equity shareholders of the Company		**152,743**	151,098
Non-controlling interests		**1,713**	1,713
Total equity		**154,456**	152,811

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to equity shareholders of the Company											
	Issued capital USD'000	Share premium USD'000	Capital reserve USD'000	Contributed surplus USD'000	Available-for-sale investment revaluation reserve USD'000	Fair value reserve of financial assets at FVTOCI USD'000	Other reserve USD'000	Exchange fluctuation reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
At 1 January 2018	1,934	47,541	14,956	50	4,356	–	–	(4,138)	43,038	107,737	–	107,737
Profit for the period	–	–	–	–	–	–	–	–	2,689	2,689	–	2,689
Other comprehensive income/(loss) for the period:												
Exchange differences related to foreign operations	–	–	–	–	–	–	–	74	–	74	–	74
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	8,231	–	–	–	–	8,231	–	8,231
Total comprehensive income/(loss) for the period	–	–	–	–	8,231	–	–	74	2,689	10,994	–	10,994
At 30 June 2018	1,934	47,541*	14,956*	50*	12,587	–	–	(4,064)*	45,727	118,731	–	118,731
At 1 January 2019	**1,934**	**47,541**	**14,956**	**50**	–	**(2,733)**	**48,287**	**(4,509)**	**45,572**	**151,098**	**1,713**	**152,811**
Effect of adoption of IFRS 16	–	–	–	–	–	–	–	–	(45)	(45)	–	(45)
As at 1 January 2019 (restated)	**1,934**	**47,541**	**14,956**	**50**	–	**(2,733)**	**48,287**	**(4,509)**	**45,527**	**151,053**	**1,713**	**152,766**
Profit for the period	–	–	–	–	–	–	–	–	**2,845**	**2,845**	–	**2,845**
Other comprehensive income/(loss) for the period:												
Exchange differences related to foreign operations	–	–	–	–	–	–	–	**(2)**	–	**(2)**	–	**(2)**
Changes in fair value of financial assets at FVTOCI, net of tax	–	–	–	–	–	**(1,153)**	–	–	–	**(1,153)**	–	**(1,153)**
Total comprehensive income/(loss) for the period	–	–	–	–	–	**(1,153)**	–	**(2)**	**2,845**	**1,690**	–	**1,690**
30 June 2019	**1,934**	**47,541**	**14,956**	**50**	–	**(3,886)**	**48,287**	**(4,511)**	**48,372**	**152,743**	**1,713**	**154,456**

* These reserve accounts comprise the consolidated reserves of USD150,809,000 (31 December 2018: USD149,164,000) in the consolidated statement of financial position.

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 USD'000 (Unaudited)	2018 USD'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**3,454**	3,505
Adjustments for:			
Finance costs of Lease Liability		**40**	–
Finance costs	5	**4,619**	5,145
Unrealised foreign exchange gains		**–**	(239)
Interest income		**(850)**	(850)
Depreciation	6, 9	**449**	449
Depreciation of ROU assets		**133**	–
Amortisation of intangible assets	6, 9	**11**	11
Operating profit before working capital changes		**7,856**	8,021
Increase in trade receivables		**(51,366)**	(35,797)
(Increase)/Decrease in prepayments, deposits and other receivables		**(1,169)**	33,234
Increase/(Decrease) in trade payables		**53,540**	(16,667)
Increase in other payables and accruals		**480**	20
Cash generated from and (used) in operations		**9,341**	(11,189)
Income tax paid		**(420)**	–
Net cash flows from/(used in) in operating activities		**8,921**	(11,189)

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June	
		2019	2018
		USD'000	USD'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**850**	850
Decrease in pledged deposits		**–**	1,153
Net cash flows from investing activities		**850**	2,003
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal and interest of Lease Liability		**(165)**	–
Capital element of hire purchase arrangements payments		**(4)**	(7)
Net (decrease)/increase in bank loans		**(4,413)**	28,554
Repayment of note	15(a)	**(924)**	(2,500)
Interest paid		**(4,330)**	(4,739)
Net cash flows (used)/from financing activities		**(9,836)**	21,308
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(65)**	12,122
Cash and cash equivalents at beginning of period		**183**	2,085
Effect of foreign exchange rate changes, net		**11**	(16)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**129**	14,191

Notes to Unaudited Interim Condensed Financial Information

For the six months ended 30 June 2019

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 2019, 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 and other commodity trading companies, 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, 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 2018.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

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 2018, 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 2019.

Annual Improvements to IFRSs 2015-2017 Cycle	*Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRS 16	*Leases*
IFRIC 23	*Uncertainty over Income Tax Treatments*

Except for the application of IFRS 16 of which the financial effects had been recorded and presented in the interim financial statements, 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 2019 and 2018, respectively.

Six months ended 30 June 2019

	Iron ore mine and processing operation USD'000	Sponge iron production and selling operation USD'000	Commercial trade USD'000	Financing operation USD'000	Total segments USD'000	Adjustments USD'000	Consolidated USD'000
Revenue							
External customer	4,500	–	810,257	–	814,757	–	814,757
Total revenue	4,500	–	810,257	–	814,757	–	814,757
Results							
Segment profit	(296)	–	3,793	850	4,347	(893)	3,454

Six months ended 30 June 2018

	Iron ore mine and processing operation USD'000	Sponge iron production and selling operation USD'000	Commercial trade USD'000	Financing operation USD'000	Total segments USD'000	Adjustments USD'000	Consolidated USD'000
Revenue							
External customer	–	–	802,481	–	802,481	–	802,481
Total revenue	–	–	802,481	–	802,481	–	802,481
Results							
Segment profit	(496)	–	3,295	850	3,649	(144)	3,505

3. OPERATING SEGMENT INFORMATION (Continued)

The following table presents the information of assets and liabilities for the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively:

	Iron ore mine and processing operation USD'000	Sponge iron production and selling operation USD'000	Commercial trade USD'000	Financing operation USD'000	Total segments USD'000	Adjustments USD'000	Consolidated USD'000
Assets							
30 June 2019	**22,329**	**49,999**	**256,896**	**22,614**	**351,838**	**2,196**	**354,034**
31 December 2018	22,625	49,999	205,081	24,057	301,762	855	302,617
Liabilities							
30 June 2019	**1,577**	**–**	**190,767**	**–**	**192,344**	**7,234**	**199,578**
31 December 2018	1,566	–	141,192	–	142,758	7,048	149,806

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	
	2019 USD'000 (Unaudited)	2018 USD'000 (Unaudited)
Reconciliation of profit		
Segment profit	**4,347**	3,649
Corporate and other unallocated expenses and income	**(910)**	(994)
Foreign exchange gains, net	**17**	850
Profit before tax	**3,454**	3,505

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	
	2019	2018
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Iron ore products	**122,372**	372,298
Copper cathodes	**170,667**	340,451
Nickel cathodes	**9,360**	4,212
Copper concentrate	**–**	53,941
Petroleum products	**492,898**	19,698
Thermal coal	**19,460**	11,881
	814,757	802,481

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2019	2018
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Interest on notes	**2,766**	2,109
Interest on bank loans	**1,838**	3,021
Interest on lease liability	**40**	–
Unwinding of discount on provision	**15**	14
Interest on hire purchase arrangements	**–**	1
	4,659	5,145

6. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June 2019 USD'000 (Unaudited)	2018 USD'000 (Unaudited)
Cost of inventories sold		**804,480**	792,138
Employee benefit expense (including Directors' and chief executive's remuneration)		**919**	954
Depreciation	9	**449**	449
Depreciation of Right of Use assets		**133**	–
Amortisation of intangible assets	9	**11**	11
Depreciation and amortisation expenses		**593**	460
Minimum lease payments in respect of:			
Motor vehicles		**–**	56
Office		**–**	107
		–	163
Auditors' remuneration		**5**	219
Interest income*		**(850)**	(850)
Foreign currency gains, net*		**(17)**	(850)

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

7. INCOME TAX EXPENSE

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

No provision for Singapore and PRC corporate income tax has been provided as the Company's subsidiaries located in Singapore and Mainland China had no assessable profits derived or earned in Mainland China and Singapore during the Period.

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 24% (2018 H1: 24%) on the assessable profits generated during the Period.

Hong Kong profits tax has been provided at the rate of 8.5% (2018 H1: 16.5%) of the first HK$2,000,000, 16.5% (2018 H1: 16.5%) of the remaining estimated 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	
	2019	2018
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**587**	816
Underprovision in prior year	**22**	–
Total tax charge for the period	**609**	816

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 2018: 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 2018 and 2019 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 2019	**3,352**	**12,680**
Additions	**–**	**–**
Depreciation/amortisation charged for the Period (note 6)	**(449)**	**(11)**
Exchange realignment	**1**	**(11)**
Carrying amounts at 30 June 2019 (unaudited)	**2,904**	**12,658**

As at 30 June 2019, motor vehicles and machinery with an aggregate net carrying amount of approximately USD1,000 (31 December 2018: USD1,000) were held under hire purchase arrangements entered into by the Group (note 14(b)).

A motor vehicle with a net carrying amount of USD24,000 (31 December 2018: USD73,000) was held under custody of 成都漢德投資管理有限公司 (Chengdu Hande Investment Management Co., Ltd. "**Chengdu Hande**") as at 30 June 2019. The largest shareholder of Chengdu Hande is the father of Mr. Li Yang, the controlling shareholder of the Group.

As at 30 June 2019, the gross carrying amount of fully depreciated assets that were still in use totalled USD1,554,000 (31 December 2018: USD1,555,000).

10. TRADE RECEIVABLES

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

	30 June 2019 USD'000 (Unaudited)	31 December 2018 USD'000 (Audited)
Within 3 months	**214,292**	141,359
3 months to within 6 months	**42,167**	63,734
	256,459	205,093

The Group normally accepts settlement by way of irrevocable letter of credit or telegraphic transfer. During the Period, the Group granted credit periods of three to six 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.

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	30 June 2019 USD'000 (Unaudited)	31 December 2018 USD'000 (Audited)
Neither past due nor impaired	**256,459**	205,093
Less than 1 months past due	**–**	–
Past due more than 1 months but less than 3 months	**–**	–
Past due more than 3 months	**–**	–
	256,459	205,093

As at 30 June 2019, none of the Group's trade receivables was past due and impaired. The Directors are of the opinion that the expected loss rate was 0% as of 30 June 2019 (31 December 2018: 0%) and no credit loss allowance was recognised as the amount of expected credit loss on the Group's trade receivables was insignificant.

The maximum exposure to credit risk as of the reporting date was the carrying value of trade receivables stated above. The Group did not hold any collateral as security for the trade receivables.

Trade receivables of USD256,331,000 (31 December 2018: USD205,081,000) were pledged to banks to secure bank loans (note 14(a)).

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**30 June 2019 USD'000 (Unaudited)**	31 December 2018 USD'000 (Audited)
Other receivables in respect of:			
– interest-bearing loan to a company		**8,500**	8,790
Other prepayments and receivables	(a)	**2,050**	591
		10,550	9,381

Note:

(a) The balance represents a loan with a principal of USD8,500,000 granted to Shenzhen Wanyuntong Real Estate Development Company Limited (31 December 2018: USD8,500,000), the details of which are set out in the announcement dated 24 December 2015.

None of the above assets is either past due or impaired as at 30 June 2019. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The Directors are of the opinion that the expected loss rate for prepayments, deposits and other receivables was 0% as of 30 June 2019 (31 December 2018: 0%) and the maximum exposure to credit risk as of the reporting date was the carrying value of prepayments, deposits and other receivables stated above.

12. 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 2019 USD'000 (Unaudited)	31 December 2018 USD'000 (Audited)
Within 3 months	**55,493**	1,953
3 months to within 6 months	**–**	–
6 months to 12 months	**–**	–
Over 1 year	**–**	–
	55,493	1,953

Trade payables are non-interest-bearing and are normally settled within 6 month.

13. OTHER PAYABLES AND ACCRUALS

	30 June 2019 USD'000 (Unaudited)	31 December 2018 USD'000 (Audited)
Due to the ultimate holding company (note 17(b))	**60,000**	60,000
Other payables and accruals	**3,082**	2,384
	63,082	62,384

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Effective interest rate (%)	**Maturity**	**USD'000**	Effective interest rate (%)	Maturity	USD'000
Current						
Bank loans – secured (note (a))	**9.45-9.52**	**2019**	**36,533**	9.44-9.59	2019	40,946
Hire purchase arrangements – secured (note (b))	**2.47**	**2019**	**3**	2.47	2019	7
			36,536			40,953
Non-current						
Hire purchase arrangements – secured (note (b))						
			36,536			40,953

Analysed into:

	30 June 2019 USD'000 (Unaudited)	31 December 2018 USD'000 (Audited)
Bank loans repayable:		
Within one year	**36,533**	40,946
Hire purchase arrangements repayable:		
Within one year	**3**	7
In the second year	**–**	–
In the third to fifth years, inclusive	**–**	–
	3	7
	36,536	40,953

14. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) As at 30 June 2019, the bank loans of China Bright Industries Limited ("China Bright HK"), an indirect wholly-owned subsidiary of the Company, were secured and by certain trade receivables of USD256,331,000 (31 December 2018: USD205,081,000) (note 10), and were guaranteed by the Company and a Director of 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 term of one year. As at 30 June 2019, payables relating to the hire purchase arrangements were secured by the corresponding motor vehicles acquired with an aggregate carrying amount of USD1,000 (31 December 2018: USD1,000) (note 9).

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

15. NOTES

	30 June 2019 USD'000 (Unaudited)	31 December 2018 USD'000 (Audited)
Current:		
Note 1 – redemption falling due within one year	**18,434**	19,358
Note 2 – redemption date falling due within one year	**17,985**	17,929
Total	**36,419**	37,287

Notes:

(a) On 20 September 2016, the Company entered into a subscription agreement with an independent third party institution (the "Noteholder 1") pursuant to which the Company issued the senior guaranteed notes (the "Note 1") in the principal amount of HKD164,865,750 (equivalent to approximately USD21,270,000) with a final redemption date falling 18 months after the date of issue. The net proceeds amounted to approximately USD20,000,000 as at the issue date. The original interest rate for the Note 1 is 12% per annum and should be payable quarterly.

15. NOTES (Continued)

Notes:

(a) (Continued)

The major terms and conditions of the Note 1 are as follows:

(i) The event of defaults under the Note 1 include, among other things:

– the Company or a wholly-owned subsidiary(ies) of the Company does not remain the direct or indirect beneficial owner of not less than 100% of the issued share capital of (a) China Bright HK; and (b) Pacific Mining, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party;

– the ratio of the total liabilities of the Company to the total assets of the Company exceeds a specified ratio;

– Mr. Li Yang fails to remain as the controlling shareholder (as defined in the Listing Rules) of the Company, or Mr. Li Yang ceases to be the chairman of the Company; and

– trading in the Company's shares on the The Stock Exchange of Hong Kong Limited is suspended for more than five (5) consecutive trading days or twenty (20) trading days in any period of twelve (12) months or the closing price per share of the Company shall be less than a specified price during five (5) consecutive trading days.

Upon and at any time after the occurrence of the event of defaults, the Noteholder 1 may give notice to the Company that one or more of the Note 1 shall become immediately due and repayable with all accrued interest.

(ii) Redemption option

The Company may not redeem the Note 1 prior to the final redemption date without the prior written consent of the holders of the Note 1.

(iii) Guarantees

The Note 1 were guaranteed by Cosmo Field, Capture Advantage, Mr. Li Yang and Mr. Li Dongming, who is the father of Mr. Li Yang (note 17(c)).

15. NOTES (Continued)

Notes:

(a) (Continued)

The Note 1 recognised in the consolidated statement of financial position is calculated as follows:

	USD'000
Carrying amount at 31 December 2018 and 1 January 2019	19,358
Repayment of principal made during the period	(924)
Effective interest recognised for the year	2,076
Interest paid or payable	(2,076)
Carrying amount at 30 June 2019	18,434

(b) On 19 October 2017, the Company entered into a subscription agreement with an independent third party institution (the "Noteholder 2") pursuant to which the Company issued the 7% fixed coupon guaranteed notes (the "Note 2") in the principal amount of USD20,000,000 with a maturity date of two years from the date of issue. The net proceeds amounted to approximately USD19,800,000 as at the issue date. The interest should be payable semi-annually.

The major terms and conditions of the Note 2 are as follows:

(i) The event of defaults under the Note 2 include, among other things:

– Declare, make or pay dividend or other distribution without the prior written consent of the Noteholder 2;

– Any event occurs which has effect of change of control (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs issued by the Hong Kong Securities and Futures Commission) of the Company, its subsidiaries or Cosmo Field;

– Mr. Li Yang disposes or encumbers any of the Company's shares held by him, ceases to be the single largest shareholder of the Company, or ceases to hold, directly or indirectly, such number of the Company's shares, representing 55% of the entire issued share capital of the Company; and

– There is suspension of trading of the Company's shares on The Stock Exchange of Hong Kong Limited for five (5) consecutive trading days or more for any reason or cessation of trading of the Company's shares on The Stock Exchange of Hong Kong Limited for any reason.

15. NOTES (Continued)

Notes:

(b) (Continued)

The major terms and conditions of the Note 2 are as follows: (Continued)

(i) The event of defaults under the Note 2 include, among other things: (Continued)

Upon and at any time after the occurrence of the event of defaults, the Noteholder 2 may give notice to the Company that all or any part of the Note 2 shall become immediately due and repayable with all accrued interest.

(ii) Redemption option

The Company may not redeem the Note 2 prior to the final redemption date without the prior written consent of the holders of the Note 2.

(iii) Guarantees and securities

The Note 2 were guaranteed by Cosmo Field and Mr. Li Yang (note 17 (c)) and secured by an aggregate of 172,352,000 shares of the Company.

The Note 2 recognised in the consolidated statement of financial position are calculated as follows:

	USD'000
Carrying amount at 31 December 2018 and 1 January 2019	17,929
Effective interest recognised for the period	690
Interest paid or payable	(634)
Carrying amount at 30 June 2019	17,985

16. DIVIDENDS

At a meeting of the board of directors held on 30 August 2019, the Directors resolved not to pay an interim dividend to shareholders for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

17. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2019	2018
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**464**	483
Post employment benefits	**12**	13
Total compensation paid to key management personnel	**476**	496

(b) Outstanding balances with related parties:

As at 30 June 2019, the Group had interest-free loans from the ultimate holding company, Cosmo Field, of USD60,000,000 (note 13). Cosmo Field granted unsecured interest-free loans of USD40,000,000 and USD20,000,000 to the Group pursuant to the shareholder loan agreements entered into between the Group and Cosmo Field both dated 27 September 2018, which were due on demand for repayment.

As at 31 December 2018, the Group had interest-free loans from the ultimate holding company, Cosmo Field, of USD60,000,000 (note 13). Cosmo Field granted unsecured interest-free loans of USD40,000,000 and USD20,000,000 to the Group pursuant to the shareholder loan agreements entered into between the Group and Cosmo Field both dated 27 September 2018, which were due on demand for repayment.

17. RELATED PARTY TRANSACTIONS (Continued)

(c) Bank loans and notes guaranteed by related parties:

As at 30 June 2019, the bank loans with aggregate carrying amount of USD36,533,000 (31 December 2018: USD40,946,000) were guaranteed by a Director of the Company.

The Note 1 issued during the year ended 31 December 2016 were guaranteed by the following related parties for nil consideration: (i) Cosmo Field; (ii) Mr. Li Yang, who acts as the chairman and chief executive officer of the Company, as well as the controlling shareholder of the Company; and (iii) Mr. Li Dongming who is the father of Mr. Li Yang.

The Note 2 issued during the year 31 December 2017 were guaranteed by Cosmo Field and Mr. Li Yang for nil consideration.

18. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	30 June 2019 USD'000 (Unaudited)	31 December 2018 USD'000 (Audited)
Financial assets		
Financial assets measured at FVTOCI:		
Equity investments designated as FVTOCI upon initial recognition	**14,114**	15,267
Financial assets measured at amortised cost:		
Trade receivables	**256,459**	205,093
Other receivables	**10,414**	9,220
Cash and cash equivalents	**129**	183
	281,116	229,763
Financial liabilities		
At amortised cost:		
Trade payables	**55,493**	1,953
Other payables and accruals	**62,424**	61,727
Interest-bearing bank and other borrowings	**36,536**	40,953
Notes	**36,419**	37,287
	190,872	141,920

18. FINANCIAL INSTRUMENTS (Continued)

Fair Values Measurements

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, other receivables, trade payables, other payables and accruals, interest-bearing bank and other borrowings approximate to their carrying amounts because of the short term maturities of these financial instruments.

Financial instruments measured at fair value:

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 Fair Value Measurement. Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value measurement Level 3 USD'000
Recurring fair value measurements	
Unlisted equity investments	
– As at 30 June 2019 (Unaudited)	**14,114**
– As at 31 December 2018 (Audited)	15,267

(ii) Transfers between levels of fair value hierarchy

During the period ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. During the year ended 31 December 2018, there were no other transfers between Level 1 and Level 2, or transfers into or out of Level 3.

18. FINANCIAL INSTRUMENTS (Continued)

Fair Values Measurements (Continued)

Financial instruments measured at fair value: (Continued)

(iii) Information about Level 3 fair value measurements

The following tables summarise the information about how the fair values of those financial instruments categorised within Level 3 of the fair value hierarchy are determined (in particular, the valuation technique(s) and inputs used).

Description	**Fair value at 30 June 2019 US$'000**	Fair value at 31 December 2018 US$'000	**Valuation technique**	**Significant unobservable input(s)**	**Relationship and sensitivity of unobservable inputs to fair values**
Unlisted equity investments	**14,114**	15,267	Market approach – based on significant unobservable inputs which include price to total assets of comparable public companies with adjustments made to the estimated market prices to reflect condition and utility of the investment relative to market comparatives.	Price to total assets ratio of 1.17 (2018: 1.19)	Increase in price to total assets ratio will result in increase in fair values. If the price to total assets ratio was 10% higher/lower while all other variables were held constant, the fair value would increase/decrease by USD1,529,000.
				Discount for lack of marketability (DLOM) of 20% (2018: ranged from 16%)	Increase in DLOM will result in decrease in fair values. If the DLOM was 300 basis points higher/lower while all other variables were held constant, the fair value would decrease/increase by USD546,000.

18. FINANCIAL INSTRUMENTS (Continued)

Fair Values Measurements (Continued)

Financial instruments measured at fair value: (Continued)

(iv) Valuation processes

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of a financial asset or a financial liability, the Group uses market-observable data to the extent it is available. When Level 1 or Level 2 inputs are not available, the Group engaged independent qualified external valuers to perform the valuation. The management of the Group works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Capital Management

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

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

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

The Group is currently funding its capital expenditure through internal generated funds from its operations and new bank borrowings and loans from related parties. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 20% and 50% over the long term. Net debt is defined as interest-bearing bank loans and other loans, notes 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 equity shareholders of the Company and non-controlling interest.

As at 30 June 2019, the gearing ratio was 46.5% (31 December 2018: 47.5%).

19. 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.

20. 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 30 August 2019.