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CAA Resources Limited
優庫資源有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02112)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Group's revenue amounted to approximately USD126.2 million for the six months ended 30 June 2015 (the "Period") representing an increase of USD38.4 million or 43.7% as compared to approximately USD87.8 million for the six months ended 30 June 2014.

- The Group's gross profit reached approximately USD7.9 million for the Period, about USD1.5 million or 16.0% lower than the approximately USD9.4 million recorded in the same period in 2014.

- The profit for the Period was approximately USD4.1 million, representing a decrease of USD0.1 million or 2.4% as compared to approximately USD4.2 million for the six months ended 30 June 2014.

- Basic and diluted earnings per share attributable to ordinary equity holders of the Company amounted to approximately 0.27 US cents for the Period, representing a decrease of 0.01 US cents or 3.6% as compared to approximately 0.28 US cent for the six months ended 30 June 2014.

- The Board does not recommend the payment of an interim dividend for the Period.

* *For identification only*

INTERIM RESULTS

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") hereby announces the unaudited consolidated interim results of the Group for the Period together with comparative figures for the corresponding period in 2014.

I. FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**30 June 2015** *USD'000* **(Unaudited)**	31 December 2014 *USD'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**24,196**	27,335
Mining rights and reserves		**13,938**	14,994
Payments in advance	8	**63**	15,165
Available-for-sale investment		**10,000**	10,000
Goodwill		**7,245**	7,779
Deferred tax assets		**275**	297
Total non-current assets		**55,717**	75,570
CURRENT ASSETS			
Inventories		**2,204**	2,804
Trade receivables	9	**47,157**	36,289
Prepayments, deposits and other receivables	10	**18,250**	6,029
Pledged deposits		**2,574**	4,979
Cash and cash equivalents		**22,171**	10,430
Total current assets		**92,356**	60,531
CURRENT LIABILITIES			
Trade payables	11	**28,451**	2,925
Other payables and accruals		**1,986**	3,283
Interest-bearing bank and other borrowings	12	**8,351**	24,210
Tax payable		**7,588**	6,374
Total current liabilities		**46,376**	36,792
NET CURRENT ASSETS		**45,980**	23,739
Total assets less current liabilities		**101,697**	99,309
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	**127**	284
Deferred tax liabilities		**3,366**	3,629
Provision for rehabilitation		**315**	303
Total non-current liabilities		**3,808**	4,216
Net assets		**97,889**	95,093
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,934**	1,934
Reserves		**95,955**	93,159
Total equity		**97,889**	95,093

II. NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. REVENUE AND OPERATING SEGMENT INFORMATION

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

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

Entity-wide disclosures

Information about products and services

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

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

Geographical information

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

At the end of the reporting period, except for certain motor vehicles and office furniture located in Hong Kong and Mainland China with respective net carrying amounts of USD149,000 (31 December 2014: USD173,000) and USD415,000 (31 December 2014: USD464,000), all of the Group's non-current assets were located in Malaysia, place of domicile of the Group's principal subsidiary, Capture Advance Sdn. Bhd. ("Capture Advance").

Information about major customers

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

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

4. FINANCE COSTS

An analysis of finance costs is as follows:

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

5. PROFIT BEFORE TAX

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

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

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

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

6. INCOME TAX

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

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

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

The major components of income tax expense are as follows:

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

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

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to owners of the Company, and the number of ordinary shares of 1,500,000,000 (30 June 2014: 1,500,000,000) in issue during the Period.

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

8. PAYMENTS IN ADVANCE

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

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

As at 31 December 2014, the Group has prepaid USD15,100,000 regarding the proposed acquisition. As the Vendors failed to obtain the relevant approvals as required in the MOU, the parties thereto entered into a termination agreement on 5 June 2015, pursuant to which the parties agreed to terminate the MOU with immediate effect. In addition, the Vendors agreed to refund the prepayments of USD15,100,000 together with one-off compensation of USD1,480,000 and interest income of USD600,000 to the Group. As at 30 June 2015, aggregate receivables from the Vendors of USD17,180,000 has been reclassified to current assets "Other receivables" (note 10).

9. TRADE RECEIVABLES

The Group normally accepts settlement by way of irrevocable letter of credit or telegraphic transfer. During the Period, the Group granted a credit period of 75 days to its iron ore customers; and a credit period of 120 days to its copper cathodes customers. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

11. TRADE PAYABLES

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

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

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

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

Analysed into:

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

Notes:

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

(b) As at 30 June 2015, the Group acquired certain of its motor vehicles and machinery through hire purchase arrangements, which are classified as finance leases and have remaining lease terms ranging from one to five years. As at 30 June 2015, payables relating to the hire purchase arrangements were secured by the corresponding motor vehicles and machinery acquired with an aggregate carrying amount of USD1,024,000 (31 December 2014: USD1,321,000).

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

At 30 June 2015 and 31 December 2014, the total future minimum lease payments under hire purchase arrangements and their present values were as follows:

	Minimum lease payments 2015 *USD'000*	Minimum lease payments 2014 *USD'000*	**Present value of minimum lease payments 2015** *USD'000*	Present value of minimum lease payments 2014 *USD'000*
Amounts payable:				
Within one year	**445**	563	**431**	537
In the second year	**68**	182	**64**	173
In the third to fifth years, inclusive	**66**	104	**63**	100
In the sixth year	**–**	12	**–**	11
Total minimum hire purchase payments	**579**	861	**558**	821
Future finance charges	**(21)**	(40)		
Total net hire purchase payables	**558**	821		
Portion classified as current liabilities	**(431)**	(537)		
Non-current portion	**127**	284		

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

13. DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Due to the downturn of the international iron ore price during the Period, the Group considered that it would be more economically cost-efficient to conduct trading of iron-ore mines instead of self-production of iron-ore mines, as the self-production costs is relatively higher than the sales price during the downturn. As such, the Group made certain strategic adjustments to focus on the iron ore trading business. Primary activities in exploration, mining, crushing and beneficiation at the Ibam Mine have been temporarily suspended during the Period. Instead, the Group switched its focus to the trading of iron ore products in the form of iron ore concentrates and iron ore fines and other commodities on indent basis. The Group mainly sells iron ore products to steel manufacturers and/or their respective purchase agents in China. After 30 June 2015 and up to the date of this announcement ("Subsequent Period"), in light of the slight improvement of market conditions, the Company has resumed the mining activities at Ibam Mine. During the Subsequent Period, the mining volume and production volume were 15.6 Kt and 3.8 Kt respectively.

MARKET REVIEW

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

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

BUSINESS & OPERATIONS REVIEW

Operating Results

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

During the Period, the Group recorded a significant year-on-year increase of 43.8% in sales volume and sold 1,679 Kt iron ore products on dry basis (six months ended 30 June ("H1") 2014 H1: 826 Kt) with an average iron content of 65%. The increase was largely attributable to the fact that Chinese steel mills were increasing their procurement of imported ores which are more competitively priced and of higher iron content than domestic products. However, dragged by the falling market prices, the average selling price of the Group's iron ore products had dropped to USD63.2 per tonne on dry basis over the Period (2014 H1: USD106.3 per tonne). In the first half of 2015, the Group has reported sales revenue of USD126.2 million, representing an increase of 43.7% compared to the same period last year.

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

Project Ibam operation update

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

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

Business Strategy

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

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

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

OUTLOOK AND USE OF PROCEEDS OF GLOBAL OFFERING

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

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

REVENUE AND COST OF GOODS SOLD

Revenue

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

Cost of Sales

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

Gross profit

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

SELLING AND DISTRIBUTION EXPENSE

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

ADMINISTRATIVE EXPENSE

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

PROPERTY, PLANT AND EQUIPMENT ("PPE")

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

INTANGIBLE ASSETS

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

AVAILABLE-FOR-SALE INVESTMENT

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

INVENTORIES

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

TRADE RECEIVABLES

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

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

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

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2015, the Group's prepayments, deposits and other receivables amounted to approximately USD18.3 million (31 December 2014: approximately USD6.0 million). The increase was mainly due to the reallocation from payment in advance with respect to the termination of proposed acquisition of interest in Bukit Besi on 5 June 2015 plus compensation and interest claimed.

TRADE PAYABLES

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

OTHER PAYABLES AND ACCRUALS

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

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

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

As at 30 June 2015, the Group had certain interest-bearing bank and other borrowings of USD8.4 million in total (31 December 2014: USD24.2 million). The decrease in interest-bearing and other borrowings was mainly due to the fact that the subsidiaries of the Group made a net repayment of bank borrowings and hire purchase approximately USD30 thousands and USD179 thousands during the Period respectively.

CAPITAL STRUCTURE

The Group is currently funding its capital expenditure through internal funds generated from its operations and new bank borrowings. The Group monitors capital by reference to gearing ratio, which is equal to net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank loans, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the owners of the Company and non-controlling interests.

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

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

CONTINGENT LIABILITIES

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

INTEREST RATE RISK

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

CHARGE ON ASSETS

Save for the vehicle registrations cards, machinery and bank balances pledged for bank loans as disclosed in note 12 to the unaudited condensed consolidated financial statements, the Group did not have any pledges on its assets as at 30 June 2015.

EMPLOYEES AND REMUNERATION POLICIES

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. As at 30 June 2015, the Group had 53 employees (30 June 2014: 47). For the six months ended 30 June 2015, total staff cost including directors' emolument amounted to approximately USD0.7 million (six months ended 30 June 2014: USD0.9 million). The decrease in total staff cost was mainly due to the resignation of a senior staff during the Period under review.

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

OTHER INFORMATION

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

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

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

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

Classification	Quantity (million tonnes)	Fe Grade (%)
Proved	–	–
Probable	102	44.7

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

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

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

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

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

During the Subsequent Period, the Company has resumed the mining activities at Ibam Mine. The mining volume and production volume were 20.8 Kt and 5.0 Kt respectively.

CAPITAL EXPENDITURE

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

SIGNIFICANT ACQUISITIONS, DISPOSALS AND INVESTMENTS

During the Period, the Company did not make any significant acquisition, disposals and investments. Subsequent to the expiry of the Period, the Group and the Vendors (as defined in the announcement dated 2 July 2015) have entered into a framework agreement with respect to acquisition of partial equity interest in Shenzhen Gongxinying Financial Information Service Co. Ltd. For further details, please refer to the announcement dated 2 July 2014. Save as disclosed herein, as at the date of this announcement, the Company does not have any future plan for significant acquisition disposal and investment.

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

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the company's listed securities.

Corporate Governance

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange (the "CG Code") during the six months ended 30 June 2015 except the code provision A.2.1 of the CG Code as disclosed below:

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

The Board considered that the structure currently operated by the Company does not undermine the balance of power and authority between the board of Directors and the management. The Board members have considerable experience and qualities which they bring to the Company and the Board, of which Mr. Li Yang can take advantage in fulfilling his duties, and the management is not impaired. The Board believed that having the same person performing the roles of both Chairman and Chief Executive Officer can provide the Group with strong and consistent leadership and that, operating in this manner allow for more effective and efficient overall strategic planning of the Group.

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

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 2015.

The external auditor attended the above meeting to discuss with the Audit Committee on issues arising from the audit 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 announcement 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.

The external auditors have reviewed the interim condensed financial information for the Reporting 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 Hong Kong Institute of Certified Public Accountants.

SUPPLEMENTARY DISCLOSURE RELATING TO 2014 ANNUAL REPORT

Reference is made to the Annual Report for the year ended 31 December 2014 (the "2014 Annual Report") published by the Company on the websites of the Stock Exchange and the Company on 9 April 2015, respectively. Unless the context otherwise requires, capitalized terms used in this paragraph shall have the same meanings as those defined in the 2014 Annual Report. In relation to the disclosure in the paragraph headed "Share Option Scheme" on page 42 of the 2014 Annual Report, the Board hereby provides the following additional information which should be included in the 2014 Annual Report:

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.

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 the 2014 Annual 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 year ended 31 December 2014 and as at 31 December 2014, 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 year ended 31 December 2014. Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at 31 December 2014.

The above additional information does not affect other information contained in the Annual Report and the contents of the 2014 Annual Report remain unchanged.

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The 2015 Interim Report will be despatched to shareholders as well as made available on the website of the Stock Exchange at http://www.hkexnews.hk and the website of the Company at http://www.caa-resources.com. The 2015 interim financial information set out above does not constitute the Group's statutory financial statements for the six months ended 30 June 2015 and is extracted from the financial statements for the six months ended 30 June 2015 to be included in the 2015 Interim Report.

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

Hong Kong, 28 August 2015

As at the date of this announcement, the executive Directors are Mr. Li Yang, Ms. Li Xiaolan, Mr. Wang Er, Mr. Dong Jie, and the independent non-executive Directors are Mr. Kong Chi Mo, Dr. Li Zhongquan and Dr. Wang Ling.