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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- The Group's revenue reached approximately USD550.2 million, representing 261.3% higher than USD152.3 million recorded in the year of 2014.

- The sales volume of iron ore products, on dry basis, for 2015 was approximately 8,338 Kt, representing 499.9% higher than 1,390 Kt recorded in 2014.

- The Group's gross profit reached approximately USD14.9 million, approximately 3.2% lower than the approximately USD15.4 million recorded in year of 2014.

- Profit for the year ended 31 December 2015 decreased by 72.7%, from approximately USD2.2 million for the year ended 31 December 2014 to approximately USD0.6 million for the year ended 31 December 2015.

- The Directors of the Company did not recommend the payment of final dividend for the year ended 31 December 2015.

- Basic earnings per Share for the year ended 31 December 2015 was USD0.04 cents (2014: USD0.15 cents).

* *For identification only*

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2015 ("the year under review") together with the comparative figures for the year ended 31 December 2014 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 December 2015

	Notes	**2015** *USD'000*	2014 *USD'000*
Revenue	4	**550,168**	152,304
Cost of sales		**(535,266)**	(136,928)
Gross profit		**14,902**	15,376
Other income and gains		**2,735**	2,576
Selling and distribution expenses		**(120)**	(7,605)
Administrative expenses		**(5,072)**	(4,136)
Other expenses		**(9,361)**	(2,574)
Finance costs	5	**(355)**	(678)
Profit before tax	6	**2,729**	2,959
Income tax expense	7	**(2,112)**	(753)
Profit for the year		**617**	2,206
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,870)**	(1,409)
Total comprehensive income/(loss) for the year attributable to owners of the company		**(2,253)**	797
Earnings per share attributable to ordinary equity holders of the Company:			
Basic and diluted (US cents)	8	**0.04**	0.15

The Directors of the Company did not recommend the payment of final dividend for the year ended 31 December 2015.

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 USD'000	2014 USD'000
Non-current assets			
Property, plant and equipment		**5,936**	27,335
Mining rights and reserves		**12,308**	14,994
Prepayments, deposits and other receivables	11	**15,335**	–
Payments in advance		**–**	15,165
Available-for-sale investments	9	**18,000**	10,000
Goodwill		**6,427**	7,779
Deferred tax assets		**242**	297
Total non-current assets		**58,248**	75,570
Current assets			
Inventories		**21,855**	2,804
Trade receivables	10	**46,075**	36,289
Prepayments, deposits and other receivables	11	**11,479**	6,029
Pledged deposits		**5,302**	4,979
Cash and cash equivalents		**27,664**	10,430
Total current assets		**112,375**	60,531
Current liabilities			
Trade payables	12	**15,303**	2,925
Other payables and accruals		**1,314**	3,283
Interest-bearing bank and other borrowings	13	**35,485**	24,210
Tax payable		**7,294**	6,374
Total current liabilities		**59,396**	36,792
NET CURRENT ASSETS		**52,979**	23,739
Total assets less current liabilities		**111,227**	99,309
Non-current liabilities			
Interest-bearing bank and other borrowings	13	**74**	284
Other payables and accruals	14	**13,887**	–
Deferred tax liabilities		**2,968**	3,629
Provision for rehabilitation		**327**	303
Total non-current liabilities		**17,256**	4,216
Net assets		**93,971**	95,093
Equity			
Equity attributable to owners of the Company			
Issued capital	15	**1,934**	1,934
Reserves		**92,037**	93,159
Total equity		**93,971**	95,093

Notes to Financial Statements
31 December 2015

1. CORPORATE INFORMATION

CAA Resources 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 Center, 99 Queen's Road Central, Hong Kong.

During the year ended 31 December 2015, the Group were principally engaged in the business of mining, ore processing, sales 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.

In the opinion of Directors, the parent company and the ultimate parent company of the Company is Cosmo Field, which is incorporated in the BVI.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in USD and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle
Annual Improvements 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[6]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
IFRS 16	*Leases*[4]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 7	*Disclosure Initiative*[2]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
6 No mandatory effective date yet determined

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. During 2015, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows:

Classification and measurement

The Group expects that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to measure equity investments at fair value. All equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

In January 2016, the IASB issued IFRS 16 which requires lessees to recognise assets and liabilities for most leases. Under the new standard, a lease is a contract, or part of a contract, that conveys the right to use an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset if, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset and direct the use of the identified asset. Lessees are required to initially recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the identified asset for the lease term. Subsequently, lessees accrete the lease liability to reflect interest and reduce the liability to reflect lease payments made. The related right-of-use asset is depreciated in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment. For lessors, there is little change to the existing accounting in IAS 17 Leases. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption.

Amendments to IAS 1 include narrow-focus improvement in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that the entities have flexibility as to the order in which they present the notes to the financial statements; and

(iv) that the share of other comprehensive income of associate and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those item that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the mine operation segment comprises mining and ore processing and sales of ore products to steel manufacturers and/or their respective purchase agents in Mainland China;

(b) the commercial trade segment comprises purchase and sales of iron ore products and other commodities to steel manufacturers and/or their respective purchasing agents in Mainland China and other commodity trading companies; and

(c) the financing operation segment comprises the investment in unlisted enterprises domiciled in Mainland China that principally engaging in financing related businesses, and the provisional of loans to third parties.

In previous years, the Directors concluded that there was no separate reporting segment apart from the mine operation and trading of commodities segment. In 2015, due to the development of commercial trade and financing operation businesses, the Directors monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Following a change in the composition of the Group's reportable segments, the Group has restated the corresponding items of segment information for the year ended 31 December 2014.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income on bank deposits, foreign currency losses as well as head office, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2015

	Mine operation *USD'000*	Commercial trade *USD'000*	Financing operation *USD'000*	Total *USD'000*
SEGMENT REVENUE	**2,497**	**547,671**	**–**	**550,168**
SEGMENT RESULTS	**(3,930)**	**13,035**	**2,528**	**11,633**
Reconciliation:				
Interest income on bank deposit				**18**
Foreign currency losses, net				**(5,463)**
Corporate and other unallocated expenses				**(3,459)**
Profit before tax				**2,729**
SEGMENT ASSETS	**41,024**	**73,070**	**28,050**	**142,144**
Reconciliation:				
Cash and cash equivalents				**27,664**
Deferred tax assets				**242**
Corporate and other unallocated assets				**573**
Total assets				**170,623**
SEGMENT LIABILITIES	**1,555**	**50,423**	**13,887**	**65,865**
Reconciliation:				
Tax payable				**7,294**
Deferred tax liabilities				**2,968**
Corporate and other unallocated liabilities				**525**
Total liabilities				**76,652**
OTHER SEGMENT INFORMATION				
Interest income	**–**	**–**	**1,353**	**1,353**
Finance costs	**43**	**294**	**18**	**355**
Depreciation and amortisation	**1,857**	**–**	**–**	**1,857**

Year ended 31 December 2014

	Mine operation *USD'000*	Commercial trade *USD'000*	Financing operation *USD'000*	Total *USD'000*
SEGMENT REVENUE	27,613	124,691	–	152,304
SEGMENT RESULTS	783	4,332	2,523	7,638
Reconciliation:				
Interest income on bank deposit				2
Foreign currency losses, net				(1,669)
Corporate and other unallocated expenses				(3,012)
Profit before tax				2,959
SEGMENT ASSETS	81,070	31,725	11,800	124,595
Reconciliation:				
Cash and cash equivalents				10,430
Deferred tax assets				297
Corporate and other unallocated assets				779
Total assets				136,101
SEGMENT LIABILITIES	4,993	23,563	15	28,571
Reconciliation:				
Tax payable				6,374
Deferred tax liabilities				3,629
Corporate and other unallocated liabilities				2,434
Total liabilities				41,008
OTHER SEGMENT INFORMATION				
Interest income	–	–	750	750
Finance costs	179	499	–	678
Capital expenditure*	3,237	–	–	3,237
Depreciation and amortisation	2,014	–	–	2,014

* Capital expenditure comprises additions to property, plant and equipment.

Entity-wide disclosures

Geographical information

The following table sets out information about the geographical locations of the Group's revenue from external customers during the year. The geographical locations of customers are determined based on the locations designated by the customers at which the goods were delivered or services were rendered.

	2015	2014
	USD'000	*USD'000*
Domestic – Malaysia	**2,497**	–
Overseas – The People's Republic of China	**547,671**	152,304
	550,168	152,304

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 USD73,000 (2014: USD173,000) and USD367,000 (2014: USD464,000), all of the Group's non-current assets excluding financial instruments were located in Malaysia, place of domicile of the Group's principal subsidiary, 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:

	2015	2014
	USD'000	*USD'000*
Customer A	**203,677**	90,722
Customer B	**139,560**	61,582
Customer C	**92,873**	–

4. REVENUE

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

	2015	2014
	USD'000	*USD'000*
Iron ore products	**483,494**	134,311
Copper cathodes	**40,047**	2,883
Nickel cathodes	**26,627**	–
Steam coal	**–**	15,110
	550,168	152,304

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	USD'000	*USD'000*
Interest on bank loans	**293**	598
Interest on hire purchase arrangements	**20**	58
Notional interest on loan from the ultimate holding company	**18**	–
Unwinding of discount on provision	**24**	22
	355	678

6. PROFIT BEFORE TAX

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

	2015	2014
	USD'000	*USD'000*
Cost of inventories sold	**535,266**	136,928
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**1,215**	1,523
Pension scheme contributions		
– Defined contribution scheme	**4**	32
Welfare and other benefits	**88**	72
Total employee benefit expense	**1,307**	1,627
Depreciation	**1,989**	2,119
Amortisation of intangible assets	**11**	34
Depreciation and amortisation expenses	**2,000**	2,153
Minimum lease payments in respect of:		
Land	**–**	43
Machinery	**–**	150
Office	**226**	230
Auditors' remuneration	**315**	426
Dividend income from available-for-sale Investments*	**(1,200)**	(1,800)
Interest income*	**(1,371)**	(752)
Write-off of payment in advance**	**35**	–
Loss/(gain) on disposal of items of property, plant and equipment**	**3,309**	(16)
Foreign currency losses, net**	**5,463**	1,669
Tax surcharges**	**120**	634

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

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

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 PRC profit tax has been provided as the Company's subsidiary located in Mainland China had no assessable profit derived or earned in the PRC during the year.

Pursuant to the income tax rules and regulations in Malaysia, the subsidiaries located in Malaysia are liable to Malaysia corporate income tax at a rate of 25% (2014: 25%) on the assessable profits generated during the year.

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the assessable profits arising in Hong Kong during the year.

The major components of income tax expense are as follows:

	2015	2014
	USD'000	*USD'000*
Current – Hong Kong		
Charge for the year	**2,103**	712
Overprovision in prior years	**–**	(28)
Deferred	**9**	69
Total tax charge for the year	**2,112**	753

A reconciliation of income tax expense applicable to profit before taxation at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2015	2014
	USD'000	*USD'000*
Profit before tax	**2,729**	2,959
Tax at the statutory tax rate of 16.5%	**2,290**	499
Tax at the statutory tax rate of 25%	**(2,787)**	(16)
Benefit of tax losses not recognised	**1,960**	409
Income not subject to tax	**(324)**	(297)
Overprovision in prior years	**–**	(28)
Expenses not deductible for tax	**963**	186
Others	**10**	–
Tax charge at the Group's effective tax rate	**2,112**	753

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 year attributable to owners of the Company, and the weighted average number of ordinary shares of 1,500,000,000 (2014: 1,500,000,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
	USD'000	*USD'000*
Unlisted equity investment, at fair value	**13,000**	–
Unlisted equity investments, at cost	**5,000**	10,000
	18,000	10,000

As at 31 December 2015, the balance represented the Group's investments in Fortune Union Financial Holdings (Asia Pacific) Limited of USD13,000,000 (31 December 2014: USD10,000,000) and Shenzhen Gongxinying of USD5,000,000 (31 December 2014: not applicable). The above instruments consist of instruments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity or coupon rate.

Unlisted equity investment in Shenzhen Gongxinying is stated at cost less impairment because the ranges of reasonable fair value estimates are so significant that the Directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of the investments in the near future.

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:

	2015	2014
	USD'000	*USD'000*
Within 3 months	**46,075**	24,113
3 to 4 months	**–**	12,176
	46,075	36,289

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

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

Trade receivables of USD17,703,000 (2014: USD18,418,000) were pledged to banks to secure bank loans.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	USD'000	*USD'000*
Current portion:		
Prepayments to a mining contractor	**292**	3,477
Other receivables in respect of:		
– disposal of property, plant and equipment	**5,700**	–
– termination of acquisition of 60% equity interest in a company	**5,100**	–
– dividend receivable	**–**	1,800
– due from a related party	**10**	–
Other prepayments and receivables	**377**	752
	11,479	6,029
Non-current portion:		
Other receivables in respect of:		
– interest-bearing loan to a company	**10,000**	–
– disposal of property, plant and equipment	**5,335**	–
	15,335	–
	26,814	6,029

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:

	2015	2014
	USD'000	*USD'000*
Within 3 months	**15,044**	2,739
3 to 6 months	**–**	9
6 months to 12 months	**–**	167
Over 1 year	**259**	10
	15,303	2,925

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

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	**Maturity**	***USD'000***	Effective interest rate (%)	Maturity	*USD'000*
Current						
Bank loans – secured (note (a))	**2.65-2.85**	**2016**	**13,611**	2.32-3.73	2015	17,931
Bank loans -unsecured (note (d))	**1.30-1.40**	**2016**	**21,775**	2.49-5.22	2015	5,742
Hire purchase arrangements – secured (note (b))	**2.36-6.90**	**2016**	**66**	2.36-6.90	2015	537
Hire purchase arrangements – unsecured (note (c))	**–**	**2016**	**33**	2.36-6.90	2015	–
			35,485			24,210
Non-current						
Hire purchase arrangements – secured (note (b))	**2.36-2.47**	**2017-2020**	**60**	2.36-6.90	2017-2020	284
Hire purchase arrangements – unsecured (note (c))	**–**	**2017**	**14**			–
			74			284
			35,559			24,494

Analysed into:

	2015 ***USD'000***	2014 *USD'000*
Bank loans repayable:		
Within one year	**35,386**	23,673
Hire purchase arrangements repayable:		
Within one year	**99**	537
In the second year	**44**	173
In the third to fifth years, inclusive	**30**	100
In the sixth year	**–**	11
	173	821
	35,559	24,494

Notes:

(a) As at 31 December 2015, the bank loans of the Group were secured by the pledged bank balances of USD5,302,000 (2014: USD4,979,000) and by certain trade receivables of USD17,703,000 (2014: USD18,418,000) (note 10).

(b) The Group acquired certain of its motor vehicles and machinery through hire purchase arrangements, which are classified as finance leases and have remaining lease terms ranging from one to five years. As at 31 December 2015, payables relating to the hire purchase arrangements were secured by the corresponding motor vehicles and machinery acquired with an aggregate carrying amount of USD102,000 (2014: USD1,321,000).

(c) During the year, the Group disposed certain of its motor vehicles and machinery through hire purchase arrangements with remaining lease terms ranging from one to two years. As at 31 December 2015, remaining payables relating to the hire purchase arrangements was unsecured and interest-free to be paid according to the payment schedule stated in the supplementary contracts of the hire purchase arrangements (2014: not applicable).

(d) As at 31 December 2015, the balance represented (i) interest-bearing bank loans of USD6,842,000 (2014: USD5,742,000) of China Bright Industries Limited (formerly known as China Bright Mining Limited), an indirect wholly-owned subsidiary of the Company, were guaranteed by the Company at nil consideration; and (ii) interest-bearing bank loans of USD14,933,000 (2014: Nil) of China Bright Industries Limited (formerly known as China Bright Mining Limited) which were unsecured.

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

At 31 December 2015, 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	**103**	563	**66**	537
In the second year	**46**	182	**30**	173
In the third to fifth years, inclusive	**31**	104	**30**	100
In the sixth year	**–**	12	**–**	11
Total minimum hire purchase payments	**180**	861	**126**	821
Future finance charges	**(7)**	(40)		
Total net hire purchase payables	**173**	821		
Portion classified as current liabilities	**(99)**	(537)		
Non-current portion	**74**	284		

14. OTHER PAYABLES AND ACCRUALS

The Group had an interest-free loan from the ultimate holding company, Cosmo Field of USD13,887,000 (2014: Nil) as at the end of the reporting period. Cosmo Field granted an unsecured interest-free loan of USD15,000,000 to the Group pursuant to the shareholder loan agreement entered between the Group and Cosmo Field dated 3 July 2015, which was due on 3 July 2017. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and the present value is treated as equity contribution from the ultimate holding company and credited to the capital reserve account.

15. SHARE CAPITAL

Shares

	2015 *USD'000*	2014 *USD'000*
Authorised:		
3,000,000,000 (2014: 3,000,000,000) ordinary shares of HK$0.01 each	**3,867**	3,867
Issued and fully paid:		
1,500,000,000 (2014: 1,500,000,000) ordinary shares of HK$0.01 each	**1,934**	1,934

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW AND OUTLOOK

In 2015, iron ore prices generally fluctuated hitting new lows. Platts international iron ore prices fluctuated downwards from USD71.75 per tonne at the beginning of the year to the yearly low of USD38.5 per tonne and rose back to USD43.25 per tonne at the end of the year. However, during this year, when the new norm of the macroeconomy entered a new stage, imports of iron ore into China still increased. According to information from the Chinese Customs, imports of iron ore into China during the year increased by 2.2% to a total of 953 million tonnes (2014: 933 million tonnes), and that the iron ore imports reliance ratio reached 80.4%, which was nearly 2 percentage points higher than the figure 78.5% at the end of the previous year. Overall, we saw in 2015 a market in which sales rose but profit margin dropped.

Looking ahead into 2016, it is expected that the global economic situation and the slowdown of the economic growth of China are likely to continue to affect the sentiment in the investment market. According to some analysis, it is estimated that for some time in the future, the series of impact brought about by a prolonged depression of oil prices will continue to be felt by the various oil producing countries, and currency and metal as well as commodity markets will also be hit. The world economies as well as the market demand for iron ore are expected to remain in the state of uncertainty and volatility.

The "One Belt, One Road" policy as advocated by the PRC government still represents an important growth engine for China's demand for iron and steel and iron ore in the future. At the State Council executive meeting on 22 January 2016, it was further directed that on the basis of the elimination of over 90 million tonnes of backward iron and steel production capacity, crude steel production capacity be further reduced by 100 to 150 million tonnes per year. In the future, China's reliance on iron ore imports is expected to grow rather than shrink, as such, China is still the major market that the Group will focus its efforts to develop. In light of the uncertainties of world economies and weakening demand for iron ore, the Group has taken and will expect to continue to take a cautious and prudent approach in terms of expansion for iron ore production, and will prioritize the capital sources for diversifying the income sources.

BUSINESS AND OPERATIONS REVIEW

Major operating results

Due to the continuing downward trend of iron ore price, it has become commercially impracticable for the Company to focus on mine production activities as these would expose the Company to the risks of downward price trend after the iron ores are duly through the mining and beneficiation process. As such, the Company has switched its focus on the mine trading activities. As set out in note 3 to this annual results announcement under the heading of operating segment information, the self-production mining operation activities is suffered a loss while majority of the profits are generated by the commercial trading of iron ore and other commodities.

Although an increased demand for iron ore import from customers in China persisted and thus a considerable growth in both sale volume and revenue were recorded during the year under review, the general decline in prices of the commodity in the global market has resulted in drastic decrease in gross profit margin of the Group comparing to 2014.

For the year ended 31 December 2015, the Group's sales revenue leaped up by 261.3% to approximately USD550.2 million (2014: approximately USD152.3 million). Sales volume of iron ore products surged 499.9% to approximately 8,338 Kt on dry basis (2014: approximately 1,390 Kt). Products sold had average iron ore grades of 64.0% (2014: 61.6%), with average selling price of iron one products on dry basis at USD58.0 per tonne (2014: USD96.6 per tonne).

As a result of persisting dropping in international iron ore prices despite the increase in sales volume, the Group recorded decrease in gross profit by 3.2% in 2015 to USD14.9 million compared to USD15.4 million in 2014. The gross profit margin for 2015 dropped to 2.7% (2014: 10.1%). The Group's profit for the year decreased by 72.7% from USD2.2 million in 2014 to USD0.6 million, mainly as a result of the drop in international iron ore prices and market competition. Basic earnings per Share for the year 2015 was USD0.04 cents (2014: USD0.15 cents).

The sales analysis for the Group is as follows:

	For the year ended 31 December 2015	For the year ended 31 December 2014	Change
Sales Revenue	**USD550,168,000**	USD152,304,000	+261.3%
– Iron Ore note 1	**USD483,494,000**	USD134,311,000	+260.0%
– Other Commodities note 2	**USD66,674,000**	USD17,993,000	+270.6%
Sales Volume (dry basis)			
– Iron Ore	**8,338,000 tonnes**	1,390,000 tonnes	+499.9%
– Other Commodities	**10,000 tonnes**	207,000 tonnes	-95.2%
Gross Profit	**USD14,902,000**	USD15,376,000	-3.2%
Gross Profit Margin	**2.7%**	10.1%	-7.4 percentage points

Note 1: At present, the major products for the Group are iron ore products, including iron ore products generated from Ibam Mine and other trading activities.

Note 2: Nickel cathodes and copper cathodes during the year.

Project Ibam

The Group's principal mining site is Project Ibam, which is one of the most resources rich mine with high iron content in Malaysia. Based on the "Independent Technical Report" (see Appendix IV of the Prospectus of the Company for full report) there is approximately 151 Mt of ore resource at a grade higher than or equal to 35%, with an average grade of 46.5% total iron, and it has a mine life expected to be more than 26 years as of 31 December 2012. The Group uses the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low-cost process which includes ball-milling, magnetic separation process and dewatering. The method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced.

In light of the market conditions, the Group did not purchase additional beneficiation lines or crushing lines during the year under review. As at 31 December 2015, the Group had a total of 5 beneficiation lines (2014: 9), and a total of 2 crushing lines (2014: 7) after disposal of certain redundant property, plant and equipment as a result of less self-production mining activities during 2015, the annual mining volume of Project Ibam reached 67 Kt (2014: 866 Kt). Project Ibam accounted for about 0.5% of the Group's total revenue (2014: 11.7%).

The following table indicates the mining volume and production volume of iron ore products produced from Ibam Mine:

	For the year ended 31 December 2015	For the year ended 31 December 2014	Change
Mining Volume	**67.0 Kt**	866 Kt	-92.3%
Production Volume	**16.0 Kt**	208.2 Kt	-92.3%

Total mining volume and crushed of Ibam Mine for the year ended 31 December 2015 was 66,576 tonnes, as set out below:

Quarter ended	**Quarterly Ore mined and crushed (tonnes)**	**Average Fe Grade (%)**
31 March 2015	—	N.A.
30 June 2015	—	N.A.
30 September 2015	35,163	62.0
31 December 2015	31,413	62.0

Due to the downturn of the international iron ore price during 2015, 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 procurement costs of trading of iron-ores is relatively lower than the production plus freight costs for self-production of Project Ibam. 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 largely suspended during 2015. 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. During the year under review, no exploration activities were carried out at the Ibam Mine.

Business Strategies

Iron ore business

The ever-falling price of iron ore in the international market posed great challenges to the Group's business of self-production of iron ore products. Considering the overall global economic condition at the moment, generally speaking, the Group's attitude to the international iron ore market has changed from cautious to conservative. Therefore, the Group will put on hold the acquisition of other iron ore mines. The Group did not acquire any mines during the year under review.

On 3 October 2013, the purchaser, an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding with the vendors and the target company in relation to a proposed acquisition of the target company which is proposed to undertake mining project in Bukit Besi, Malaysia, pursuant to which it is proposed that the purchaser would acquire or subscribe for 60% of the equity interests in the target company. As the vendors failed to obtain the relevant approvals as required in the memorandum of understanding, the parties thereto entered into a termination agreement on 5 June 2015, pursuant to which the parties thereto agreed to terminate the memorandum of understanding with immediate effect. For further details, please refer to the announcement dated 5 June 2015.

Due to the downward trend of iron ore price and fierce market competition, the Group held over the replacement and substitution of the equipment at the mining area so that we were able to conserve resources and continue to conduct our sales of iron ore with relatively more competitive trading terms whilst costs were also proactively kept under control. This resulted in the sales of the Group in the last year still achieving considerable growth to assure that the Group is still profitable. Unfortunately, however, international iron ore prices continued to fall and such an operating environment caused our gross profit margin to fall further in 2015. Nevertheless, as stated in the section "Market Review and Outlook", in the future, China's dependence on iron ore imports is expected to grow rather than shrink, so the Group will assess and operate Project Ibam based on the actual condition of the market. At present, Project Ibam has cut production on a relatively large scale, and technology upgrade to certain production lines has also been held over based on market conditions. The Group will continue to keep a close watch on market dynamics and adjust deployment at Project Ibam in a timely manner.

Other investments and business development

Apart from the existing business at Ibam Mine, the Group has already explored other sources of income and earnings based on its plans so as to maximize the interests of Shareholders. This will allow our businesses to develop in diversified directions, which is a way of reducing the risks of a single business model. One of the development strategies is to merge with and acquire a series of other businesses so that the scope of businesses becomes more diversified. This will bring opportunities to the sustainable development of the Group in the long term.

During the year, the Company has, continued to diversify the sources of income, entered into a completion memorandum with Shenzhen Wanyuntong Real Estate Development Company Limited (深圳市萬運通房地產開發有限公司) which is a shareholder of Shenzhen Gongxinying Financial Information Service Co. Ltd (深圳市共信贏金融信息服務有限公司) ("Target Company"), and the Target Company. For further details, please refer to the announcement dated 24 December 2015.

FINANCIAL REVIEW

Revenue

During the year, the Group's revenue reached approximately USD550.2 million, representing 261.3% higher than the amount of USD152.3 million recorded in the year of 2014. The increase in revenue was mainly brought by higher sales volume of the Group's iron ore products which mainly benefits from the Group's strategy to actively develop new business and clienteles and was also attributable to greater reliance of iron ore import in China. The sales volume of iron ore on dry basis for the year under review was approximately 8,338 Kt, representing 499.9% higher than 1,390 Kt in 2014. The average selling price (dry basis) of the iron ore products for the year was USD58.0 per tonne (2014: USD96.6). The reasons for the decrease were the persisting dropping of international iron ore price and the market competition.

In addition to sales of iron ore products which was approximately USD483.5 million for the year (2014: USD134.3 million), in order to meet customers' needs, the Group also conducted trading of nickel and copper cathodes during the year under review, generating a sales revenue of approximately USD66.7 million (2014: USD18.0 million).

Cost of Sales

During the year, the Group's cost of sales reached approximately USD535.3 million, about 291.0% higher than the approximately USD136.9 million recorded for the year 2014. The cost of sales primarily comprises (1) as for ore production cost, the service fee to mining contractor, mining fee paid to the registered holder of mining lease of the Ibam Mine, service fee to processing contractor and purchase costs of crude iron ore and (2) as for trading of iron ore, the acquisition costs of iron ore and other commodities for trading purpose and their freight costs to destination ports. During the year, the average unit cost of iron ore was USD56.4 per dry tonne basis, 34.3% lower than that of last year at USD85.9 per dry tonne basis. The reasons for the decrease in unit cost of iron ore were in line with the downward trend of price of international iron ore during the year.

Gross Profit and Margin

During the year, the Group's gross profit reached approximately USD14.9 million, about 3.2% lower than the approximately USD15.4 million recorded in year of 2014. The gross profit margin for the year ended 31 December 2015 was 2.7%, lower than that of last year at 10.1%. The decrease was mainly due to the dropping of international iron ore price and gross loss was recorded for sale of self-produced iron ore products while profit was recorded for trading of iron ore.

Selling and Distribution Expenses

During the year, the Group's selling and distribution expenses reached approximately USD0.1 million, about 98.7% lower than the approximately USD7.6 million recorded for 2014. The decrease was mainly due to no boarding and freight expenses occurred for self-produced products in the way of Ex work during the year coupled with the decrease in marketing fee.

Administrative Expenses

During the year, the Group's administrative expenses reached approximately USD5.1 million, about 24.4% higher than the approximately USD4.1 million in the year of 2014. The increase was mainly due to the depreciation of property, plant and equipment was classified as administrative expenses instead of production costs during the suspension of self-production.

Other Expenses

During the year, the Group's other expenses reached approximately USD9.4 million, about 261.5% higher than the approximately USD2.6 million in the year of 2014. The increase was mainly due to the loss of USD3.3 million recorded on disposal of certain redundant property, plant and equipment which was mainly due to the downward trend of iron ore price and hence the price drop, and the increase in foreign exchange loss of USD3.8 million.

Finance Costs

During the year, the Group's finance costs reached approximately USD0.4 million, about 42.9% lower than the approximately USD0.7 million in the year of 2014. The decrease was mainly attributable to the shorter period of bank financing in trading and lower interest rate offered.

Income Tax Expenses

During the year, the Group's income tax expense reached approximately USD2.1 million, about 162.5% higher than the approximately USD0.8 million in the year of 2014. The effective tax rate was 77.4% in comparing with 25.4% of last year. The increase in effective tax rate was mainly due to deferred tax assets in relation to certain taxation loss recorded in subsidiaries in Malaysia was not recognised for taxation during the year, and the amount is higher than that of the non-taxable dividend income.

Profit for the Year

As a result of the operating activities, profit for the year ended 31 December 2015 decreased by 72.7%, from approximately USD2.2 million for the year ended 31 December 2014 to approximately USD0.6 million for the year ended 31 December 2015.

The net profit margin decreased from 1.4% for the year ended 31 December 2014 to 0.1% for the year ended 31 December 2015.

Total Comprehensive Income Attributable to Owners of the Company

Total comprehensive income attributable to owners of the Company decreased by 287.5%, from approximately USD0.8 million income for the year ended 31 December 2014 to approximately USD2.3 million loss for the year ended 31 December 2015. The decrease was greater than the percentage decrease in profit for the year, which was due to foreign exchange loss arising from translation of foreign operations of approximately USD2.9 million recorded during the year (2014: USD1.4 million) as a result of drop of RM against USD.

ANNUAL GENERAL MEETING

The AGM notice of the Company will be despatched in accordance with Listing Rules in due course.

LIQUIDITY AND CAPITAL RESOURCES

The total equity of the Group as at 31 December 2015 was approximately USD94.0 million (31 December 2014: USD95.1 million). The Group generally finances its operation with internally generated cash flow, interest-bearing bank and other borrowings, and an amount due to the ultimate holding company as set out in the announcement dated 3 July 2015. Primary uses of funds during the year included settlement of operating expenses and payment of available-for-sale investment. As at 31 December 2015, current assets of approximately USD112.4 million primarily comprised USD21.9 million of inventories, USD46.1 million of trade receivables, USD11.5 million of prepayments, deposits and other receivables, and USD33.0 million of cash and cash equivalents (including pledged bank deposits). Current liabilities of approximately USD59.4 million mainly comprised USD15.3 million of trade payables, USD35.5 million of interest-bearing bank and other borrowings, and USD7.3 million of tax payable. Current ratio, being total current assets to total current liabilities was 1.9 as at 31 December 2015 (2014: 1.6). The liquidity position has improved and the Group has sufficient financial resources to finance its business and to meet its working capital requirements.

As at 31 December 2015, the Group had certain interest-bearing bank and other borrowings of USD35.6 million in total (2014: USD24.5 million). The bank and other borrowings were mainly used to finance the issuance of letter of credit.

Cash and Cash Equivalents

Cash and cash equivalents of the Group in 2015 increased by approximately USD17.3 million compared to 2014.

Detailed cash flow analysis is as follows:

	For the year ended 31 December	
	2015	2014
	USD'000	*USD'000*
Cash and cash equivalents in the consolidated statement of cash flow at beginning of year	**10,430**	30,748
Net cash used in operating activities	**(1,767)**	(14,010)
Net cash flow used in investing activities	**(6,668)**	(15,657)
Net cash flows from financing activities	**25,820**	9,610
Net increase/(decrease) in cash and cash equivalents	**17,385**	(20,057)
Effect of foreign exchange rate changes, net	**(151)**	(261)
Cash and cash equivalents as stated in the consolidated statement of cash flows at end of year	**27,664**	10,430

Net Cash Flows used in Operating Activities

The Group's net cash flows used in operating activities changed from approximately USD14.0 million outflow for the year ended 31 December 2014 to approximately outflow of USD1.8 million for the year ended 31 December 2015. It primarily included the profit before tax of USD2.7 million and the outflow of cash was mainly contributed by the increase in trade receivables of approximately USD9.8 million and increase in inventories of approximately USD19.1 million.

Net Cash Flows used in Investing Activities

The Group's net cash flows used in investing activities decreased by 57.3%, from approximately USD15.7 million for the year ended 31 December 2014 to approximately USD6.7 million for the year ended 31 December 2015. It primarily included interest received of approximately USD1.3 million; and repayment from vendors due to termination of proposed acquisition for approximately USD10 million.

Net Cash Flows from Financing Activities

The Group's net cash flows from financing activities significantly increased by 168.8%, from approximately USD9.6 million for the year ended 31 December 2014 to approximately USD25.8 million for the year ended 31 December 2015. The substantial increase is primarily due to the payment of final dividend for the year ended 31 December 2013 which was declared and paid in 2014 for a total amount of approximately USD9.9 million whereas no dividend payment was made during the year. Cash inflows from financing activities mainly include the proceeds from an interest-free and unsecured borrowings from Cosmo Field (the Company's Controlling Shareholder) of approximately USD15.0 million (For further details on the said interest-free and unsecured loan, please refer to the announcements dated 3 July 2015 and 24 December 2015 respectively), and net proceeds from bank loans of USD11.7 million.

Inventories

The Group's inventories increased by 682.1%, from approximately USD2.8 million as at 31 December 2014 to approximately USD21.9 million as at 31 December 2015. It is primarily because certain sales on trading business was recorded after the year end date of 31 December 2015 while corresponding purchases were recorded during the year. High proportion of sales was conducted by trading business that shortened the inventory turnover days from 11 days last year to 8 days.

Trade Receivables

The Group's trade receivables increased by 27.0%, from approximately USD36.3 million as at 31 December 2014 to approximately USD46.1 million as at 31 December 2015. Trade receivable turnover days were approximately 27 days (2014: 58 days). The shorter trade receivable turnover days was recorded since the credit periods of certain goods are shortened in the forth quarter last year to reflect prevailing market conditions.

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

Prepayments, deposits and other receivables

The Group's prepayments, deposits and other receivables which are accounted for as current portion increased by 91.7% from approximately USD6.0 million as at 31 December 2014 to approximately USD11.5 million as at 31 December 2015, primarily due to the proceeds receivable from disposal of property, plant and equipment of approximately USD5.7 million.

The prepayments, deposits and other receivables which are accounted for as non-current portion mainly includes the loan of USD10,000,000 advanced for the acquisition as set out in the announcement dated 24 December 2015.

Trade Payables

The Group's trade payables increased by 427.6% from approximately USD2.9 million as at 31 December 2014 to approximately USD15.3 million as at 31 December 2015, which was mainly due to the increase in purchase of iron ore products and other commodities to cope with the increase in sale during the year under review.

Net Current Assets Position

The Group's net current assets position was improved during the year, from net current assets of approximately USD23.7 million as at 31 December 2014 to net current assets of approximately USD53.0 million as at 31 December 2015, primarily attributable to significant increase in trade receivable in line with the increase in sales and proceeds from disposal of certain property, plant and equipment during the year.

Borrowings

As at 31 December 2015, the Group's borrowings mainly included: (i) secured bank loans of approximately USD13.6 million with an annual interest rate ranging from 2.65% to 2.85%; (ii) unsecured bank loans of approximately USD21.8 million with an annual interest rate ranging from 1.30% to 1.40%; and (iii) hire purchase arrangements for motor vehicles and equipment of USD0.2 million with an annual interest rate ranging from 2.36% to 6.90%. As of 31 December 2015, the Company also owed a shareholder loan of USD15,000,000 from Cosmo Field (the Controlling Shareholder) which is interest-free and unsecured, the details of which can be referred to the announcements dated 3 July 2015 and 24 December 2015.

Contingent Liabilities

As at 31 December 2015, the Group did not have any material contingent liabilities.

Foreign Currency Risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the unit's functional currency.

The Group's businesses are located in Malaysia and its operating transactions are conducted in RM. Most of its assets and liabilities are denominated in RM, except for certain payables to professional parties and administrative expenses in the Hong Kong office that are denominated in HKD, and the bank loans obtained that are denominated in USD. The Group has not entered into any hedging transaction to manage the potential fluctuation in foreign currencies. The following table demonstrates the sensitivity at the end of each of the relevant periods to a reasonably possible change in the RM exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RM rate	**Increase/ (decrease) in profit before tax** *USD'000*
31 December 2015		
If the US dollar weakens against RM	5%	677
If the US dollar strengthens against RM	(5%)	(677)
31 December 2014		
If the US dollar weakens against RM	5%	1,444
If the US dollar strengthens against RM	(5%)	(1,444)

During the year ended 31 December 2015 exchange loss arising from translation of foreign operations between RM and USD was approximately USD2.9 million.

Pledge of Assets

Motor vehicles and machinery with an aggregate net carrying amount approximate to USD102,000 (2014: USD1,321,000) were held under hire purchase arrangements entered into by the Group at 31 December 2015. As of 31 December 2015, bank deposits of USD5,302,000 (2014: USD4,979,000) were pledged to secure bank loans for documentary letter of credit granted to the Group and trade receivables of USD17,703,000 (2014: USD18,418,000) were pledged for the banks loans for L/C.

Contractual Obligations

As at 31 December 2015, the Group had no contractual obligations (31 December 2014: USD8.7 million).

Capital Expenditure

The Group did not record any capital expenditure during the year (2014: USD4.1 million).

Gearing Ratio

The Group is currently funding its capital expenditure through internal generated funds from its operations and new bank borrowings. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other borrowings and an amount due to the ultimate holding company, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the owners of the Company.

The Group's gearing ratio as at 31 December 2015 was 14.9% (2014: 8.7%).

RESOURCE AND RESERVES OF IBAM MINE UNDER THE JORC CODE AS AT 31 DECEMBER 2015

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as of 31 December 2015 (Note):

Classification	Quantity (Mt)	Fe Grade (%)
Measured	108	46.7
Indicated	—	—
Inferred	42	46.4
Sub-total	150	46.6

Ore reserves of the Ibam Mine for ore with iron grade greater than or equal to 35% as of 31 December 2015:

Classification	Quantity (Mt)	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 which is a specialist independent geological and mineral exploration consultant) less the accumulated 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.

EMPLOYEES AND EMOLUMENT POLICIES

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. As at 31 December 2015, the Group had 43 employees (2014: 48). For the year ended 31 December 2015, total staff cost including Directors' emolument amounted to approximately USD1.3 million (2014: USD1.6 million).

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

ACQUISITIONS AND INVESTMENTS IN PROGRESS

For details of significant acquisitions and investments of the Group during 2015, please refer to the section "Other Investment and Business Development". The Group is also searching for suitable investment project in Laos (please refer to the announcement on 13 January 2016 for further details).

CORPORATE GOVERNANCE

The Board of Directors is committed to maintaining appropriate corporate governance practices to enhance the accountability and transparency of the Company in order to protect Shareholders' interests and to ensure that the Company complies with the latest statutory requirements and professional standards.

The Company has complied with the code provisions set out in CG Code during the year ended 31 December 2015 except for the deviation from CG Code provision A.2.1 in respect of the roles of chairman and Chief Executive Officer of the Company. Under CG Code A.2.1 under Appendix 14 to the Listing Rules, the roles of chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The positions of chairman and Chief Executive Officer of the Company are both currently carried on by Mr. Li Yang. The Board considers 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. Mr. Li Yang has strong client relationships and has the full backing from the Board of Directors and senior management of the Company in fulfilling his obligations as chairman and Chief Executive Officer. The Board believes 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 allows for more effective and efficient overall strategic planning of the Group. Further, the decisions of the Board are made collectively by way of voting and therefore the chairman of the Board should not be able to monopolize the voting result.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the year ended 31 December 2015.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct for dealing in securities by the Directors. Having made specific enquiry to all the Directors, all the Directors have confirmed that they had complied with the required standards set out in the Model Code for the year ended 31 December 2015.

ROTATION OF DIRECTORS

In accordance with articles of the Company's articles of association, Mr. Kong Chi Mo, Mr. Dong Jie and Dr. Li Zhongquan will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. The non-executive directors and independent non-executive directors are appointed for periods of three years.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company and the Stock Exchange (www. hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 will be dispatched to Shareholders of the Company and available on the above websites in due course.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review the financial reporting process, and to make proposals to the Board as to the appointment, re-appointment and removal 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.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Glossary

"AGM"	the annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CAA Resources", "Company", "we", "us" or "our"	CAA Resources Limited (優庫資源有限公司), a company incorporated in the Cayman Islands on 25 April 2012 under the Companies Law CAP. 22 and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it
"Capture Advance"	Capture Advance Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares on 15 November 2007 and which is wholly owned by Best Sparkle, and an indirect wholly-owned subsidiary of the Company
"CG Code"	Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules

"Chief Executive Officer"	the chief executive (as defined in the SFO) of the Company
"China" or "PRC"	the People's Republic of China. For the purpose of this announcement and for geographical reference only and except where the context requires, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended and supplemented from time to time
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules, and in the context of this announcement means the controlling shareholders of our Company, namely Cosmo Field and Mr. Li Yang, and Controlling Shareholder means any one of them
"Cosmo Field"	Cosmo Field Holdings Limited (宇田控股有限公司), a company incorporated in the BVI with limited liability on 26 March 2012, and which is wholly owned by Mr. Li Yang
"Director(s)"	the director(s) of the Company
"Group", "we" or "us"	Our Company and our subsidiaries at the relevant time, or where the context refers to any time prior to our Company becoming the holding company of our current subsidiaries, our current subsidiaries and the business carried on by such subsidiaries or (as the case may be) our predecessors, and "our" shall be construed accordingly
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Ibam Mine"	the mining site in respect of which the Mining Lease is granted and is located in Lot 27887 (PA 143236), Sungai Cipai, Mukim Keratong, Daerah Rompin, Pahang, Malaysia
"inferred resource"	part of the iron ore resource for which tonnage, grade and mineral content can be estimated with a low level of confidence as defined by the JORC Code

"iron ore products"	the products produced from our iron ore crushing and beneficiation facilities in the form of iron ore concentrates and iron ore fines
"JORC"	the Australasian Joint Ore Reserves Committee
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"Kt"	thousand tonnes, which is weight unit of measure for iron ore either on dry basis or on wet basis
"L/C"	documentary letter of credit
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Main Board"	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"mining volume"	the aggregate volume of produced ore volume excluding stripping rock volume
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Mt"	million tonnes, which is weight unit of measure for iron ore either on dry basis or on wet basis
"probable reserves"	the economically mineable part of an indicated resource, and in some circumstances, a measured resource, as defined by the JORC Code, which includes diluting materials and allowances for losses which may occur when the material is mined
"Project Ibam"	the mining project carried out at the Ibam Mine pursuant to the Mining Agreement
"Prospectus"	the prospectus dated 20 June 2013 issued by the Company in connection with the Global Offering and the Listing
"RM"	Malaysian Ringgit, the lawful currency of Malaysia
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) with a nominal value of HKD0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD", "US dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent

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

Hong Kong, 11 March 2016

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.

Company website: www.caa-resources.com