CAA Resources Limited
優庫資源有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Joint Provisional Liquidators appointed)
(For restructuring purposes only)
(Stock Code: 02112)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the "**Directors**") of CAA Resources Limited (the "**Company**") is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2021.

This announcement, containing the full text of the 2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange in relation to the information to accompany preliminary announcements of interim results.

By order of the Board
CAA Resources Limited
Li Yang
Chairman

Hong Kong, 31 August 2021

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors
Mr. Li Yang
(Chairman and Chief Executive Officer)
Ms. Li Xiaolan
Mr. Wang Er

Independent Non-Executive Directors
Dr. Li Zhongquan
Dr. Wang Ling

JOINT PROVISIONAL LIQUIDATORS
Mr. Kennic Lai Hang Lui and Ms. Lee Lai Ha, both of KLC Corporate Advisory and Recovery Limited
Mr. Martin Nicholas John Trott, of R&H Restructuring (Cayman) Ltd

AUDIT COMMITTEE
Dr. Wang Ling
Dr. Li Zhongquan

REMUNERATION COMMITTEE
Dr. Wang Ling *(Chairman)*
Dr. Li Zhongquan
Ms. Li Xiaolan

NOMINATION COMMITTEE
Mr. Li Yang *(Chairman)*
Dr. Wang Ling
Dr. Li Zhongquan

AUTHORISED REPRESENTATIVES
Mr. Li Yang

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA
Lot 22, D&E
Level 22, Menara
Zenith, Putra Square
MSC Kuantan, 25200
Kuantan, Pahang
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit 2413A, 24/F,
Lippo Centre Tower One,
89 Queensway,
Admiralty,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS
Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
22/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE
www.caa-resources.com

STOCK CODE
02112

HIGHLIGHTS

- The Group's revenue arising from sales of crude oil, iron ore products and other commodities remained nil for the six months ended 30 June 2021, which is the same as that recorded for the same period ended 30 June 2020. The commercial trade and iron ore mining and processing operation of the Group have completely stopped and the production had been sealed down since February 2020 due to the preventive measures taken by the government during the Period as a result of the COVID-19 outbreak.

- No gross profit is recorded for the six months ended 30 June 2021, which is the same result as that recorded for the same period ended 30 June 2020. The Group recorded no gross profit due to no sales and production activity being carried out as a result of the COVID-19 control measures during the Period.

- The Group recorded a loss of approximately USD29.6 million as compared to a loss of approximately USD28.6 million for the six-month period ended 30 June 2020. Such loss was mainly attributable to (i) no revenue was recorded by the Group during the Period; and (ii) the impairment loss on financial assets, net of reversal, in the sum of approximately USD17.3 million, both as a result of the financial difficulties faced by the Group and its clients in the People's Republic of China under the challenging economic environment which is due to, among others, the impact of COVID-19.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the same period ended 30 June 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors ("**Board**") of the Company is pleased to present the interim results of the Group for the six months ended 30 June 2021.

OVERVIEW OF BUSINESS DEVELOPMENT

The Company acts as an investment holding company, and its principal business activities are iron ore exploration, mining, crushing and beneficiation as well as sale of iron ore products and other commodities, and investment holding. There were no significant changes in the nature of the Group's principal activities during the six months ended 30 June 2021 ("**Period**"). The primary mining asset of the Group is the iron-ore reserves in Ibam Mine, which is located in the State of Pahang, Malaysia.

At the beginning of 2020, COVID-19 broke out and spread globally, disrupting normal production and life order, and severely impacting most industries. The main mining assets of the Company are located in Malaysia. Malaysia implemented operational control directives nationwide since March 18, 2020 which are still in force in 2021: All governmental and private institutions, except for those providing essential services such as water, electricity and energy, shall be closed down, and all domestic gatherings, including religious, sports, social and cultural activities, shall be prohibited; foreigners shall be banned from entering Malaysia; residents shall not drive more than 10 kilometers away from home, and the only permission for going out shall be to buy daily necessities and food. These controls led to the suspension of operations at Ibam mine. In addition, the key business suppliers and customers of the Company are mainly located in Singapore, Malaysia, Mainland China and Hong Kong, and the restrictions on the entry of foreigners and the inspection and quarantine measures taken by these countries and regions also made it impossible for the Company's relevant business personnel to carry out and develop trade business normally. As a result, the Company had no income from its own production and trading business in the first six months of 2021. The Company has taken timely and active prevention and control measures since the initial stage of the epidemic, in order to ensure the health and safety of all employees, and to accumulate strength for the recovery and development of the Company.

MARKET REVIEW AND OUTLOOK

For the first half of 2021, total global iron ore shipments amounted to 784 million tonnes, representing a year-on-year increase of 51 million tonnes or 6.98%. Australian iron ore shipments amounted to 450 million tonnes, remaining stable year-on-year. Brazilian iron ore shipments amounted to 163 million tonnes, representing a year-on-year increase of 20 million tonnes. Non-major production countries, iron ore shipments amounted to 168 million tonnes, representing a year-on-year increase of 32.11 million tonnes. After continuous acquisitions in recent years by the three major Australian iron ore producers, Australian iron ore production is currently saturated in general, as overall supply has not increased significantly despite production growth from minor producers. Brazil is gradually recovering from the impact of VALE's previous dam failure, while compared to the previous year, significantly lower rainfall was recorded in Brazil's wet season this year, leading to an increase in shipment volume. Non-major production countries such as India, Canada and South Africa were most active. In particular, Indian producers recorded significant growth under the incentive of high profits, with low grade ore containing 48%-54% iron flooding into the market as its cost-to-performance ratio begins to find market acceptance.

MANAGEMENT DISCUSSION AND ANALYSIS

From January to May 2021, global pig iron production was 564 million tonnes, representing a growth of 39.25 million tonnes or 7.5% year-on-year. Outside China, pig iron production was 191 million tonnes, representing a growth of 20.82 million tonnes or 12.3% year-on-year. Although growth figures indicate a recovery from the impact of the pandemic last year, daily averages suggest that, despite the continued high prices of steel overseas and increased activity of steel producers, recovery has yet to reach 2018 or 2019 levels, mainly due to changes in Japan and Europe while other countries have returned to normal. Europe has been affected by saturation in domestic demand and steel producers have implemented cutback plans since 2019, with domestic steel producers recording a decrease of 20% from a peak of 250,000 tonnes to 200,000 tonnes in daily production. Prior to the pandemic, Japanese steel producers had formulated annual cutback plans in early 2020, and post-pandemic recovery in production has decreased in accordance with the cutback plans. Overall for the first half of the year, daily pig steel production of overseas steel producers generally has not increased since February.

Based on seasonality and current shipment progress from major producers, global iron ore shipments in the second half of the year will amount to approximately 850 million tonnes. As demand from overseas steel producers for iron ore has generally peaked period-on-period and growth will be limited, there will not be significant changes in the second half of the year in the supply flow of iron ore. Based on current shipment rates, it is expected that China's iron ore imports in the second half of 2021 will amount to approximately 620 million tonnes, domestic production of iron ore concentrates will amount to approximately 150 million tonnes, which will amount to total supply of approximately 770 million tonnes (including export of 12.00 million tonnes), representing a period-on-period increase of 87.00 million tonnes. On the supply side, in accordance with current policy requirements, the corresponding iron ore demand in the second half of the year will amount to approximately 738 million tonnes. Overall, the supply-demand difference in the second half of the year will amount to approximately 37.00 million tonnes. Iron ore price will decline and absolute price will fall to the next level.

BUSINESS & OPERATIONS REVIEW

Project Ibam operation update

The Group's principal mining site is Project Ibam. Based on the "Independent Technical Report" (see Appendix IV of the prospectus of the Company date 20 June 2013 (the "**Prospectus**") for full report), there is approximately 151 Mt of ore resource altogether 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 openpit 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 processing method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced. The tenure of the Mining Lease (as defined in the Prospectus) with respect to Ibam Mine which had been expired on 15 December 2020, has been extended for another two years expiring on 15 December 2022 (the "**Extended Term**").

The mining licence with respect to Ibam Mine which had been granted with the approval of relevant governmental authorities on 28 July 2021, has been extended for another one year expiring on 8 June 2022.

The Group was unable to conduct any production activities during the Period due to the movement control order imposed by the Malaysia government remaining in place as a result of the continuing COVID-19 pandemic in Malaysia with thousands of new cases recorded daily.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2021, the Group owned 5 beneficiation lines and 2 crushing lines. The mining volume and production volume were nil (for the six months ended 30 June 2020 ("**2020 H1**"): 0 Kt and 0 Kt respectively).

Operating Results

During the Period, the COVID-19 outbreak cause disruptions to the Group's trading business and own production.

During the Period, the Group recorded revenue of nil (2020 H1: nil). The sales volume of iron ore products is nil Kt on dry basis (2020 H1: nil Kt).

WINDING UP PROCEEDINGS, APPOINTMENT OF PROVISIONAL LIQUIDATORS AND RESTRUCTURING OF THE COMPANY

As disclosed in the announcements of the Company dated 19 March 2021, 30 April 2021, 5 May 2021 and 31 May 2021, the Company received the Petition from the Petitioners that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts. The winding up petition was heard before the High Court of the Hong Kong Special Administrative Region ("**High Court**") on 21 June 2021, in which no winding-up order was made, and it was ordered that the next winding up petition hearing shall be held on 19 October 2021.

On 18 June 2021, Mr. Kennic Lai Hang Lui and Ms. Lee Lai Ha, both of KLC Corporate Advisory and Recovery Limited, and Mr. Martin Nicholas John Trott, of R&H Restructuring (Cayman) Ltd, were appointed by the Grand Court of Cayman Islands as Joint Provisional Liquidators of the Company. For details, please refer to the announcement dated 20 June 2021.

REVENUE AND COST OF GOODS SOLD

Revenue

During the Period, the Group's revenue arising from sales of crude oil, iron ore products and other commodities remained nil, which is the same as that recorded in 2020 H1. The commercial trade and iron ore mining and processing operation of the Group have completely stopped and the production had been sealed down since February 2020 due to the preventive measures taken by the government during the Period as a results of the COVID-19 outbreak.

Cost of Sales

During the Period, the Group's cost of sales reached approximately nil, which is the same as that recorded in 2020 H1. The cost of sales mainly comprised the purchase costs of crude oil, iron ore products and other commodities for trading activities. The Group recorded nearly no cost of sales due to no sales and production activity being carried out as a result of the COVID-19 control measures during the Period.

Gross profit

No gross profit is recorded for the Period, which is the same result as that in 2020 H1. The Group recorded no gross profit due to no sales and production activity being carried out as a result of the COVID-19 control measures during the Period.

ADMINISTRATIVE AND OTHER EXPENSES

During the Period, the Group's administrative expenses reached approximately USD2.2 million, 4.3% lower than approximately USD2.3 million recorded in the 2020 H1.

FINANCE COSTS

During the Period, the Group's finance costs reached approximately USD10.8 million, about 16.1% higher than USD9.3 million recorded in 2020 H1. The increase was mainly due to increased interest expense incurred on additional notes as well as the existing outstanding bank and other borrowings. No notional interest expense incurred for shareholder loan from Cosmo Field (a controlling shareholder of the Company) during the Period.

INCOME TAX EXPENSE

The Group recorded approximately nil income tax expense during the Period, which is the same as that recorded in 2020 H1.

LOSS FOR THE PERIOD

As a result of the foregoing, the Group recorded a loss of approximately USD29.6 million as compared to a loss for the six-months period of approximately USD28.6 million recorded in 2020 H1. Such loss was mainly attributable to (i) no revenue was recorded by the Group during the Period; and (ii) the impairment loss on financial assets, net of reversal, in the sum of approximately USD17.3 million, both as a result of the financial difficulties faced by the Group and its clients in the People's Republic of China under the challenging economic environment which is due to, among others, the impact of COVID-19.

Borrowings and Defaults

As at 30 June 2021, the Group's borrowings consisted mainly of: (i) a loan of approximately USD36.5 million due to a commercial bank; (ii) a loan of approximately USD18.2 million; and (iii) notes and bond amounting to USD48.6 million which included the note with the principal of USD28 million and the note with the principal of USD18.0 million, and the bond with the principal of USD2.5 million.

As at 30 June 2021, the Company also owed shareholder loans of USD60.0 million (31 December 2020: USD60.0 million) from Cosmo Field (the "**Controlling Shareholder**") which were interest-free and unsecured.

As disclosed in the announcements dated 19 March 2021, 30 April 2021, 5 May 2021 and 31 May 2021, the Company received the Petition from the Petitioner that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts. The winding up petition was heard before the High Court on 21 June 2021, in which no winding-up order was made, and it was ordered that the next winding up petition hearing shall be held on 19 October 2021, the details of which are set out in the announcement dated 19 March 2021, 30 April 2021, 5 May 2021, 31 May 2021 and 21 June 2021.

On 10 March 2021, the Group filed a claim to the Hong Kong High Court against the customers for breach of contracts in related to sales of goods to customers and outstanding contract sums of approximately US$216,571,000. In the opinion of the directors, since the claim is still pending for court hearing, it is unable to determine the final outcome of the claim.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURES

The total equity of the Group as at 30 June 2021 was approximately USD4.8 million (31 December 2020: USD34.0 million). The Group generally finances its operations with internally generated cash flows, interest-bearing bank and other borrowings, and interest-free and security-free shareholder loans from our Controlling Shareholder. Primary uses of the funds during the Period included the payment of operating expenses, repayment of bonds. As at 30 June 2021, current assets of approximately USD186.1 million primarily comprised USD177.3 million of trade receivables, USD8.8 million of deposits, prepayments and other receivables, and USD0.07 million of cash and cash equivalents. Current liabilities of approximately USD200.0 million mainly comprised USD0.01 million of trade payables, USD33.2 million of other payables and accruals, USD54.7 million of bank and other borrowings, USD48.6 million of notes and bond payable, and USD3.4 million of income tax payable. Current ratio, being total current assets to total current liabilities was 0.9 as at 30 June 2021 (31 December 2020: 1.1).

As at 30 June 2021, the Group had bank and other borrowings of USD54.7 million in total (31 December 2020: USD54.7 million). The bank and other borrowings were mainly used to finance the issuance of letter of credit and working capital of the Group.

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, notes and bonds and an amount due to Cosmo Field, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the equity shareholders of the Company and non-controlling interest.

The Group's gearing ratio as at 30 June 2021 was 97.2% (31 December 2020: 82.5%). The increase was due to the decrease in equity as at 30 June 2021.

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

LEGAL PROCEEDINGS

The company and its controlling shareholders (being Cosmo Field Holdings Limited and Mr. Li Yang) are subject to a number of legal proceedings. For details, please refer to page 13 of the 2020 annual report.

CHARGE ON ASSETS

Except for trade receivables pledged for bank and other borrowing as disclosed in note 20 to the unaudited interim condensed consolidated financial statement, the Group did not have any pledges on its assets as at 30 June 2021.

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 2021, the Group had 18 (31 December 2020: 19) employees. During the Period, total staff costs included directors' emoluments amounting to approximately USD0.5 million (2020H1: USD0.6 million). The total staff costs has been decreased during the Period under review.

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

EVENTS AFTER REPORTING PERIOD

Save as disclosed in Note 26 to the unaudited interim condensed consolidated financial statements, there are no other significant event after reporting period.

RESOURCE AND RESERVES OF IBAM MINE UNDER JORC CODE AS AT 30 JUNE 2021

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 30 June 2021 (Note):

Classification	Quantity (million tonnes)	Fe Grade (%)
Measured	108	46.7
Indicated	–	–
Inferred	42	46.6
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 2021:

Classification	Quantity (million tonnes)	Fe Grade (%)
Proved	–	–
Probable	102	44.6

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 2021, no exploration and development activities were carried out. The Group did not incur any investment in equipment upgrade during the six months ended 30 June 2021.

During the Period, mining volume and production volume were recorded nil (2020 H1: nil).

CAPITAL EXPENDITURE

During the six months ended 30 June 2021, the Company did not incur any material capital expenditure for the purchase or upgrade of property, plant and equipment and payments in advance (2020 H1: nil).

SIGNIFICANT ACQUISITIONS, DISPOSALS AND INVESTMENTS

The Group's acquisitions, disposals and investments under planning included (but are not limited to) the projects described in the section "Overview of business development" above. Save as disclosed herein, the Company does not have any future plan for significant acquisition, disposal and investment during the Period.

RELATED PARTY TRANSACTIONS

For the details of related party transactions of the Group during the six months ended 30 June 2021, please refer to note 23 of notes to unaudited interim condensed financial statements of this interim report.

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 Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (the "**CG Code**") during the Period 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 has been both the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**"), therefore, the Group does not at present separate the roles of the Chairman and the Chief Executive Officer.

The Board considered that the structure currently operated by the Company does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and the Board, of which Mr. Li 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.

OTHER INFORMATION

NON-COMPLIANCE WITH REQUIREMENTS UNDER RULES 3.10(1), 3.10(2) AND 3.21 OF THE LISTING RULES

Since 8 October 2020, the Company only has two independent non-executive Directors, thus the number of the independent non-executive Directors falls below the minimum number required under Rule 3.10(1) of the Listing Rules.

According to Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise (the "**Qualification**"), and following the resignation of Mr. Leung, there would be no independent non-executive Director who has the Qualification as required under Rule 3.10(2) of the Listing Rules.

As a result of the insufficient number of independent non-executive Directors, the Company has also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the audit committee of the Board ("**Audit Committee**").

The Company will use its best endeavour to identify suitable candidate(s) to fill up the vacancy of independent non-executive Director and the vacancy on the Audit Committee. However, the Company has not been able to identify suitable candidate within three months from the date of resignation of Mr. Leung as required under Rules 3.11 and 3.23 of the Listing Rules. The Company will make further announcement as and when appropriate.

NON-COMPLIANCE WITH RULE 3.28 OF LISTING RULES

Since 30 July 2020, the position of company secretary of the Company has remained vacant. The Company has not been able to identify suitable candidate within three months from the date of resignation of Mr. Chen as required under rule 3.28 of the Listing Rules. The Company will use its best endeavour to identify suitable candidate(s) to fill up the vacancy and will make further announcement as and when appropriate.

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.

BOARD COMMITTEES

Audit Committee

Save as disclosed above as to the non-compliance with Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules, 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 Period.

Remuneration Committee

The Company established a remuneration committee pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing. The Remuneration Committee comprises two independent non-executive Directors, namely, Dr. Wang Ling (chairman of the Remuneration Committee), Dr. Li Zhongquan and one executive Director, namely Ms. Li Xiaolan.

The duties of the Remuneration Committee mainly include making recommendations on and approving the remuneration policy and structure and remuneration packages of all Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/ her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee would make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

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

Nomination Committee

The Company established a nomination committee pursuant to a resolution of our Directors passed at a Board meeting on 12 April 2013 with effect upon the Listing.

The Nomination Committee comprises one executive Director, namely, Mr. Li Yang (chairman of the Nomination Committee), and two independent non-executive Directors, namely Dr. Wang Ling and Dr. Li Zhongquan. The primary duties of the Nomination Committee include identifying suitable candidates for the Directors and making recommendations to the Board, assessing the structure and composition of the Board, preparing, making recommendations to and supervising the execution of the nominating policy of the Company.

The Nomination Committee has held one meeting during the Period. Besides, the Company has received from each of the independent non-executive Directors a confirmation of their independence as required under Rule 3.13 of the Listing Rules.

The Company considered all the independent non-executive Directors to be independent.

CHANGE OF DIRECTORS' INFORMATION

Except for the legal proceedings of Mr. Li Yang which are disclosed in the 2020 annual report, there were no changes to the information required to be disclosed by the Directors pursuant to paragraphs (a) to (g) of Rule 13.51(2) of the Listing Rules.

OTHER INFORMATION

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

As at 30 June 2021, the Directors and the Chief Executive Officer of the Company had the following interests and short positions in the Shares, underlying Shares or the debentures of the Company or any of its associated corporations within the meaning of part XV of the SFO, which would have to be notified to the Company and the Stock Exchange pursuant to the provision of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of the SFO) and/or required to be entered in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(i) Long positions in Shares of the Company:

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

Note:

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

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

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

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

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

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

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

Save as disclosed above, as at 30 June 2021, none of the Directors nor the Chief Executive Officers of the Company had any interests or short positions in any Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

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

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

Note:

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

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

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

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

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

4. Tang Lingyan is the spouse of Mr. Yang Jun. Mr. Yang Jun beneficially owns the entire issued share capital of Hua Heng. Therefore, Tang Lingyan is deemed, or taken to be, interested in all the Shares of the Company held by Hua Heng for the purpose of the SFO. Mr. Yang Jun is the sole director of Hua Heng.

5. 華融華僑資產管理股份有限公司 is deemed, or taken to be, interested in all the interest held by Ample Professional Limited in the shares of the Company for the purpose of the SFO.

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

Save as disclosed above, as at the date of this report, no other person had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Section 336 of the SFO or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote under all circumstances at general meetings of any other member of the Group.

OTHER INFORMATION

SHARE OPTION SCHEME

The share option scheme of the Company (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 of the Company 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 the Group.

The subscription price of a share of the Company 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 shares 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 30 June 2021). The maximum number of shares issuable under share options to each eligible participant in the Company's Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting. During the six months ended 30 June 2021, 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 Period. The Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into the shares as at 30 June 2021.

INTERIM DIVIDEND

The Board of Directors resolved not to distribute any interim dividend for the Period (2020 H1: nil).

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The audit committee of the Board of the Company has discussed with the Company's management and reviewed the interim results of the Group for the six months ended 30 June 2021. The financial information in the condensed consolidated financial statements of the interim report have not been audited or reviewed by the auditors of the Company.

By order of the Board
CAA Resources Limited
(Joint Provisional Liquidators appointed)
(For restructuring purposes only)
Li Yang
Chairman and Chief Executive Officer

Hong Kong, 31 August 2021

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June **2021** **USD'000** **(Unaudited)**	 2020 USD'000 (Unaudited)
REVENUE	6	**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Other income	8	**634**	673
Selling and distribution expenses		**–**	(15)
Administrative and other expenses		**(2,193)**	(2,280)
Impairment loss on financial asset, net of reversal		**(17,288)**	(17,743)
Finance costs	9	**(10,796)**	(9,281)
LOSS BEFORE TAXATION		**(29,643)**	(28,646)
Income tax expense	10	**–**	–
LOSS FOR THE PERIOD	11	**(29,643)**	(28,646)

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Note	For the six months ended 30 June **2021** USD'000 (Unaudited)	2020 USD'000 (Unaudited)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**382**	(375)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		**(29,261)**	(29,021)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**(29,643)**	(28,646)
Non-controlling interests		**–**	–
		(29,643)	(28,646)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**(29,261)**	(28,974)
Non-controlling interests		**–**	(47)
		(29,261)	(29,021)
Loss per share attributable to the owners of the Company:			
Basic and diluted (US cents)	13	**(1.98)**	(1.91)

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 USD'000 (Unaudited)	As at 31 December 2020 USD'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,374**	1,802
Intangible assets		**13,121**	13,121
Right-of-use assets	14	**24**	35
Financial assets at fair value through other comprehensive income	15	**679**	679
Goodwill		**6,841**	6,841
Total non-current assets		**22,039**	22,478
Current assets			
Trade receivables	16	**177,260**	204,120
Deposits, prepayments and other receivables	17	**8,794**	8,288
Cash and cash equivalents		**68**	102
Total current assets		**186,122**	212,510
Current liabilities			
Trade payable	18	**5**	8,337
Other payables and accruals	19	**33,201**	25,223
Lease liabilities	14	**22**	21
Amount due to ultimate holding company		**60,000**	60,000
Bank and other borrowings	20	**54,683**	54,683
Notes and bonds	21	**48,617**	45,786
Income tax payable		**3,426**	3,459
Total current liabilities		**199,954**	197,509
Net current (liabilities) assets		**(13,832)**	15,001
Total assets less current liabilities		**8,207**	37,479
Non-current liabilities			
Lease liabilities	14	**–**	11
Provision for rehabilitation		**525**	525
Deferred tax liabilities		**2,930**	2,930
Total non-current liabilities		**3,455**	3,466
Net assets		**4,752**	34,013
Equity			
Share capital	22	**1,934**	1,934
Reserves		**2,818**	32,079
Equity attributable to owners of the Company		**4,752**	34,013
Non-controlling interests		**–**	–
Total equity		**4,752**	34,013

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company										
	Share capital USD'000 (note 22)	Share premium USD'000 (note (i))	Capital reserve USD'000 (note (ii))	Contributed surplus USD'000 (note (iii))	Fair value reserve USD'000 (note (iv))	Other reserve USD'000 (note (v))	Exchange fluctuation reserve USD'000	Accumulated losses USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
As at 1 January 2020 (audited)	1,934	47,541	14,956	50	(8,008)	48,287	(4,417)	(11,595)	88,748	1,738	90,486
Loss for the period	–	–	–	–	–	–	–	(28,646)	(28,646)	–	(28,646)
Other comprehensive expense for the period: Exchange differences arising on translation of financial statements from functional currency to presentation currency	–	–	–	–	–	–	(328)	–	(328)	(47)	(375)
Total comprehensive expense for the period	–	–	–	–	–	–	(328)	(28,646)	(28,974)	(47)	(29,021)
As at 30 June 2020 (unaudited)	1,934	47,541	14,956	50	(8,008)	48,287	(4,745)	(40,241)	59,774	1,691	61,465
At 1 January 2021 (audited)	**1,934**	**47,541**	**14,956**	**50**	**(4,321)**	**28,002**	**(4,230)**	**(49,919)**	**34,013**	**–**	**34,013**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(29,643)**	**(29,643)**	**–**	**(29,643)**
Other comprehensive income for the period: Exchange differences arising on translation of financial statements from functional currency to presentation currency	**–**	**–**	**–**	**–**	**–**	**–**	**382**	**–**	**382**	**–**	**382**
Total comprehensive income (expense) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**382**	**(29,643)**	**(29,261)**	**–**	**(29,261)**
At 30 June 2021 (unaudited)	**1,934**	**47,541**	**14,956**	**50**	**(4,321)**	**28,002**	**(3,848)**	**(79,562)**	**4,752**	**–**	**4,752**

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

Notes:

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity in the consolidated financial statements.

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(ii) Capital reserve

Capital reserve represented: (i) differences arising from acquisition of non-controlling interests and reserve arising from the waiver of debts by the former shareholders of the Company in prior years of USD13,825,000; (ii) the difference between the nominal amount of USD15,000,000 and the fair value of USD13,887,000 of the interest-free loan granted by the ultimate holding company during the year ended 31 December 2015. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and the present value of USD1,131,000 is treated as equity contribution from the ultimate holding company and credited to the capital reserve account.

(iii) Contributed surplus

Contributed surplus represented the difference between the nominal value of shares of the subsidiary acquired pursuant to the Group's reorganization in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited and the previous nominal value of the Company's shares issued in exchange therefor.

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of financial assets at fair value through other comprehensive income at the end of the reporting period and is dealt with in accordance with the accounting policies stated in the Group's annual consolidated financial statements for the year ended 31 December 2020.

(v) Other reserve

On 14 December 2018, the Group disposed of 9.12% of its interest in Pacific Mining Resources Sdn. Bhd. ("**Pacific Mining**") for the Group's subscription of 33.33% issued shares of Pembinaan Sponge Iron Sdn. Bhd. ("**Pembinaan Sponge Iron**"). The difference approximately of US$48,287,000 between the amount of the adjustment to noncontrolling interests and the consideration received arising from the disposal of the 9.12% of the issued shares of a subsidiary of the Group which did not result in loss of control of that subsidiary.

On 13 July 2020, the Group disposed of 33.33% of its interest in Pembinaan Sponge Iron in returned 9.12% interest in Pacific Mining. The difference between the consideration of approximately of US$21,975,000 and the relevant share of the carrying amount of the net assets of Pacific Mining approximately of US$1,690,000, being approximately US$20,285,000 was debited to other reserve. Detail of change in ownership interest in a subsidiary is set out in note 40 in the Group's annual consolidated financial statements for the year ended 31 December 2020.

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	USD'000	USD'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITY		
Cash generated from (used in) operations	**10**	(636)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITY	**10**	(636)
INVESTING ACTIVITY		
Interest income received	**–**	640
NET CASH GENERATED FROM INVESTING ACTIVITY	**–**	640
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(10)**	(13)
Repayment of bonds	**–**	(38)
NET CASH USED IN FINANCING ACTIVITIES	**(10)**	(51)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**–**	(47)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**102**	102
Effect of foreign exchange rate changes	**(34)**	22
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**68**	77

Notes to Unaudited Interim Condensed Financial Information

For the six months ended 30 June 2021

1. CORPORATE INFORMATION

CAA Resources Limited (the "**Company**") was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 April 2012 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 July 2013.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands. Since October 2019, the address of the principal place of business of the Company has changed to Unit 2413A, 24/F, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong.

In the opinion of the directors of the Company, the immediate 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 Company is an investing holding company. Its major operating subsidiaries are mainly engaged in the mining, ore processing, sales of iron ore products and other commodities.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are United Status dollars ("**US$**") while that of the subsidiaries established in the People's Republic of China (the "**PRC**" or "**China**"), Malaysia and Singapore are Renminbi ("**RMB**"), Malaysia Ringgit ("**MYR**") and Singapore Dollar ("**SGD**") respectively. For the purpose of presenting the unaudited interim condensed consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") adopted US$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**").

During the six months ended 30 June 2021, the Group incurred a net loss attributable to the owners of the Company of approximately US$29,643,000 and had net cash inflows generated from operating activities of approximately US$10,000. As at the same date, the Group's amount due to ultimate holding company, bank and other borrowings, guarantee notes and bonds amounted to approximately US$163,300,000, while its cash and cash equivalents amount to approximately US$68,000 only.

2. BASIS OF PREPARATION (Continued)

As at 30 June 2021, borrowings whose principal amounts of approximately US$163,300,000 and interest payable amounts of approximately US$29,817,000 were overdue. In addition, the Group breached terms and conditions of overdue borrowings during the six months ended 30 June 2021. The aforementioned borrowings would be immediately repayable if requested by the lenders.

As set out in the announcement by the Company dated 20 January 2020, Mr. Li Yang ("**Mr. Li**"), the Director, chairman and chief executive officer of the Company, received a writ of summons taken out by Oversea-Chinese Banking Corporation Limited ("**OCBC**") at the High Court of Hong Kong ("**High Court Action 2**") in relation to the OCBC loan, in which Mr. Li failed to fulfil his obligation as a guarantor to settle the amount of HK$308,758,494. The Group has also breached the repayment obligations under the OCBC loan (the "**Breach**"), and the Breach will trigger cross defaults of other borrowings and loans of the Group. On 8 January 2021, the High Court of Hong Kong adjudged that Mr. Li shall be obliged to pay OCBC outstanding amount, the accrued interests until the date of payment and other costs related to OCBC.

On 15 May 2020, Mr. Li, the Director, chairman and chief executive officer of the Company, and Cosmo Field, the ultimate holding company of the Company, received a writ of summons taken out by Industrial Bank Co., Limited ("**Industrial Bank**") at the High Court of Hong Kong ("**High Court Action 1**") in relation to a loan advanced by Industrial Bank to Cosmo field (the "**Industrial Bank Loan**"), for which Mr. Li was the guarantor. Pursuant to the High Court Action 1, Industrial Bank brought claim against Cosmo Field and Mr. Li with respect to the default in repayment of the Industrial Bank Loan in the amount of US$45,059,154 (the "**Default on Industrial Bank Loan**"). Cosmo Field has pledged 752,000,000 shares (representing 50.13% of all issued shares of the Company) in favour of Industrial Bank as security for the Industrial Bank Loan. Cosmo Field has lent the principal amount of the Industrial Bank Loan being US$40,000,000 (i.e. Shareholder's Loan) to the Company as an interest-free loan, and Industrial Bank is entitled to claim against the Company for the repayment of the Shareholder Loan pursuant to the assignment of loan as part of security arrangement for the Industrial Bank Loan whereby Cosmo Field has assigned the rights under the Shareholder's Loan to Industrial Bank. The Default on Industrial Bank Loan will trigger cross-defaults of other borrowings and loans of the Group.

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than those mentioned above, any default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above default events, the principal amount of borrowings of approximately US$2,522,000 were considered as cross-default ("**Crossdefault Borrowings**"). On 8 May 2020, the Company and I-Access entered a terms sheet of extended payment schedule (the "**extended payment schedule**") and agreed that the Company shall be payable of the I-Access debt with six installments to 22 June 2021. The Group settled first two installments of aggregate amount of HK$300,000 (equivalent to US$38,400) to I-Access subsequently in May and June 2020, but failed to pay the third installment of HK$5,000,000 (equivalent to US$640,000) by the installment due date of 31 July 2020.

2. BASIS OF PREPARATION (Continued)

On 1 September 2020, the Company entered into the supplement agreement with I-Access of further extended payment schedule of outstanding principal HK$19,700,000 (equivalent to approximately US$2,522,000) with accrued interest and the agreed costs of HK$38,000 (equivalent to approximately US$4,900) and provided the Company shall payable of the I-Access debt for four installments to 29 October 2021. The Company failed to repay the first installment of HK$5,000,000 (equivalent to US$640,000) on 29 January 2021 in the further extended payment schedule. On 2 February 2021, I-Access has filed a petition ("**Winding Up Petition**") in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Law of Hong Kong) from the High Court of The Hong Kong Special Administrative Region that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts. The winding up petition was heard before the High Court on 21 June 2021, in which no winding-up order was made, and it was ordered that the next winding up petition hearing shall be held on 19 October 2021.

Subsequent to the balance sheet date, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of certain loan agreements, including (1) interest of approximately US$29,145,000 relating to certain of the Overdue Borrowings with a total principal amount of approximately US$160,778,000, and (2) principal of approximately US$2,522,000 and interest of approximately US$672,000 relating to the Cross-default Borrowings.

The Group is in active negotiations with all the lenders in respect of the In Default Borrowings and Cross-default Borrowings for renewal and extension of the relevant borrowings and the Directors are confident that agreements will be reached in due course.

Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delays in principal and interest repayments will not enforce their rights of requesting for immediate repayment. Management is also confident that lenders of the cross-default borrowings will not exercise their rights of requesting for immediate repayment under the cross-default provisions.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Further, the Group's mine sales subsequent to the year end has been significantly affected by the outbreak of coronavirus disease 2019 ("**COVID-19 outbreak**"), which will have an impact on the Group's cash flows.

2. BASIS OF PREPARATION (Continued)

In view of these circumstances, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern, and have taken the following measures to mitigate the liquidity pressure and to improve its cash flows:

(i) Cosmo Field, the ultimate holding company has agreed not to demand for any repayment of amount due by the Company of approximately US$60,000,000 as at 30 June 2021 until the Company is in a financial position to do so;

(ii) The Group has been actively negotiating with existing lenders for renewal and extension of bank loans and credit facilities;

(iii) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iv) In light of the COVID-19 outbreak, the Group is closely monitoring the latest development and will continue to assess the impact of the epidemic, as well as any government's stimulus in response, on the Group's operation from time to time and adjust its sales and marketing strategy for its mine sales to generate sufficient cash from its operations;

(v) The Group has implemented measures to speed up the collection of outstanding trade debts proceeds; and

(vi) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures.

Assuming the success of the above refinancing measures, the Directors are of the opinion that it is appropriate to prepare the interim financial report on a going concern basis. The interim financial report does not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to operate as a going concern.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial assets that are measured at fair values.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

4. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current interim period, the Group has applied, for the first time, the following new, amendments and interpretation ("**new IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") which are effective for the Group's financial year beginning 1 January 2021.

Amendment to IFRS 16	*Covid-19-Related Rent Concessions*
Amendments to IAS 39, IFRS4, IFRS 7, IFRS 9 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*

The application of above new and amendments to IFRSs in the current interim period has had no material impact on the Group's financial performance and position for the current and prior period and/or on the disclosures set out in these interim condensed consolidated financial statements.

5. SIGNIFICANT EVENTS AND TRANSACTIONS

Since early 2020, COVID-19 pandemic has brought about additional uncertainties in the Group's operating environment and has impacted the group's operations and financial position. Measures taken by various governments to contain the virus have affected economic activity and the Group's business in various significant ways:

i) A reduction in the supply of goods and iron ore mining and processing operation from regions has affected our ability to continue the commercial trade and iron ore mining and processing operation.

ii) Due to government measures taken, the Group had to close or scale down our production since February 2020.

iii) The reduction of economic activity to close our requirement for all our employees to work from home has resulted in a significant reduction in sales/productivity.

iv) Under the epidemic outbreak, governments of various countries have implemented restrictions on foreigners' entry. The Group's business personnel cannot meet with suppliers and customers in other countries for business negotiations, and therefore cannot develop new businesses.

v) In addition, the Group's original trade receivables were severely affected by the epidemic outbreak in which the capital turnover was difficult, and the due trade receivables could not be paid on time, resulting in overdue trade receivable.

5. SIGNIFICANT EVENTS AND TRANSACTIONS (Continued)

In view of these circumstances, the Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance to improve the operation and financial performance, the Group implemented or is in the process of implementing the following measures:

(a) The Group is taking measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group including closely monitoring daily operating expenses.

(b) The Group is actively monitoring the mining production so as not to incur any unexpected significant capital cash outflow.

(c) The Group is actively following up with its debtors on outstanding receivables.

The Group estimates that the above measures would bring about sufficient cash to ensure that the Group will continue as a going concern. In light of the COVID-19 ("**Outbreak**"), the operation of the mines in Malaysia has been temporary suspended. Management expects the operation of these mines will gradually begin as the Group's employees (including the employees of the Group's contractors) gradually return to the mines after easing up of the COVID-19 control measures. Therefore, the management does not believe the Outbreak will materially affect the Group's operations significantly during the coming six months period.

6. REVENUE

Revenue represents revenue arising on sales of iron ore products, crude oil and other commodities. Since the Group did not generate any revenue during the six months ended 30 June 2021 and 2020, no disaggregation at the Group's revenue from contracts with customers for the six months ended 30 June 2021 and 2020 is presented.

7. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. No operating segments identified by the CODM has been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Iron ore mining and processing operation — mining and sales of iron ore;
- Commercial trade — trading of crude oil and other commodities; and
- Financing operation — investment in equity securities and other financial services.

7. SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the six months ended 30 June 2021

	Iron ore mining and processing operation US$'000 (Unaudited)	**Commercial trade US$'000 (Unaudited)**	**Financing operation US$'000 (Unaudited)**	**Total US$'000 (Unaudited)**
Segment revenue	**–**	**–**	**–**	**–**
Segment (loss) profit	**(112)**	**(21,058)**	**634**	**(20,536)**
Unallocated corporate expenses				**(1,834)**
Unallocated finance costs				**(7,162)**
Impairment loss on other receivables, net of reversal				**(111)**
Loss before taxation				**(29,643)**

For the six months ended 30 June 2020

	Iron ore mining and processing operation US$'000 (Unaudited)	Commercial trade US$'000 (Unaudited)	Financing operation US$'000 (Unaudited)	Total US$'000 (Unaudited)
Segment revenue	–	–	–	–
Segment (loss) profit	(507)	(21,639)	544	(21,602)
Unallocated income				33
Unallocated corporate expenses				(1,544)
Unallocated finance costs				(5,584)
Impairment loss on other receivables, net of reversal				51
Loss before taxation				(28,646)

7. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

Segment (loss) profit represents the (loss) profit of each segment without allocation of central and other operating expenses, other income and gain, and finance costs. This is the measure reported to the CODM with respect to the resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	As at 30 June 2021 US$'000 (Unaudited)	As at 31 December 2020 US$'000 (Audited)
Iron ore mining and processing operation	**14,861**	15,575
Commercial trade	**176,712**	203,340
Financing operations	**5,854**	6,609
Total segment assets	**197,427**	225,524
Corporate and other assets	**10,734**	9,464
Total assets	**208,161**	234,988

Segment liabilities

	As at 30 June 2021 US$'000 (Unaudited)	As at 31 December 2020 US$'000 (Audited)
Iron ore mining and processing operation	**664**	1,345
Commercial trade	**126,552**	132,100
Financing operations	**–**	–
Total segment liabilities	**127,216**	133,445
Corporate and other liabilities	**76,193**	67,530
Total liabilities	**203,409**	200,975

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Segment liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

— All assets are allocated to operating segment, other than unallocated property, plant and equipment, right-of-use assets, financial assets at fair value through the statement of other comprehensive income ("**FVTOCI**"), goodwill, unallocated deposits, prepayments and other receivables, bank balances and cash and other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

— All liabilities are allocated to operating segments, other than unallocated other payables and accruals, lease liabilities, other borrowings, notes and bonds, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

8. OTHER INCOME

	For the six months ended 30 June	
	2021	2020
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest income from loan receivables	**634**	640
Gain on derecognition of right-of-use assets	**–**	33
	634	673

9. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interests on:		
– bank and other borrowings	**7,141**	6,463
– notes	**3,465**	2,578
– bonds	**190**	222
– lease liabilities	**–**	2
Unwinding of discount on provision	**–**	16
	10,796	9,281

10. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2021	2020
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	**–**	–
Under provision in prior years:		
Hong Kong Profits Tax	**–**	–
	–	–

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the periods ended 30 June 2021 and 2020, Hong Kong Profits Tax of the qualified entities of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. No provision for Hong Kong profits tax has been provided as the Company's subsidiaries located in Hong Kong had no assessable profits derived or earned in Hong Kong for the six months ended 30 June 2021 and 2020.

(iii) No provision for Malaysia, Singapore and PRC corporate income tax has been provided as the Company's subsidiaries located in Malaysia, Singapore and Mainland China had no assessable profits derived or earned in Malaysia, Mainland China and Singapore for the six months ended 30 June 2021 and 2020.

11. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2021	2020
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Staff costs (including Directors' and chief executive's remuneration)	**489**	661
Depreciation of property, plant and equipment	**377**	384
Depreciation of right-of-use assets	**11**	10
Impairment loss on trade receivables, net of reversal	**17,178**	17,698
Impairment loss on other receivables, net of reversal	**110**	45
Lease rentals for office premises and other assets (note i)	**13**	52
Exchange loss, net	**431**	549

Note:

(i) The amounts represent lease rentals relating to short-term leases under HKFRS 16.

12. DIVIDENDS

No dividend was paid or proposed during the period ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

13. LOSS PER SHARE

	For the six months ended 30 June	
	2021	2020
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share	**(29,643)**	(28,646)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000 shares)	**1,500,000**	1,500,000

The dilutive loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2021 and 2020.

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	As at 30 June 2021 US$'000 (Unaudited)	As at 31 December 2020 US$'000 (Audited)
Office premise	**24**	35

(ii) Lease liabilities

As at 30 June 2021, the carrying amount of lease liabilities was approximately US$22,000 (31 December 2020: approximately US$32,000).

(iii) Amount recognised in profit or loss

	For the six months ended 30 June	
	2021 US$'000 (Unaudited)	2020 US$'000 (Unaudited)
Depreciation of right-of-use assets	**11**	10
Interests on lease liabilities	**–**	2
Expenses relating to short-term leases	**13**	52

(iv) Others

For the six months ended 30 June 2021, the total cash outflow for lease amount to approximately US$10,000 (six months ended 30 June 2020: US$13,000).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI comprise:

	As at 30 June 2021 US$'000 (Unaudited)	As at 31 December 2020 US$'000 (Audited)
Equity investments designated as at FVTOCI:		
– Unlisted	**679**	679
Analysed for reporting purposes as:		
– Non-current assets	**679**	679

The fair value of these investments is disclosed in note 24.

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in Cayman Island and the PRC.

In the opinion of the Directors, these equity investments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these equity investments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

16. TRADE RECEIVABLES

The Group normally allows a credit period of not more than 120 days to its customers, although an extension of the credit period is not uncommon for customers who have a long term relationship with the Group.

The following is an aged analysis of trade receivables, net of loss allowance for trade receivables, presented based on the invoice date, which approximates revenue recognition date at the end of each reporting period.

16. TRADE RECEIVABLES (Continued)

	As at 30 June 2021 US$'000 (Unaudited)	As at 31 December 2020 US$'000 (Audited)
Within 30 days	–	8,170
Over 365 days	177,260	195,950
	177,260	204,120

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2021 US$'000 (Unaudited)	As at 31 December 2020 US$'000 (Audited)
Loan receivables and interest receivables from a company (note i)	8,641	8,007
Deposits	16	29
Prepayments	1	1
Other receivables	1,992	1,997
	10,650	10,034
Less: loss allowance	(1,856)	(1,746)
	8,794	8,288

Note:

i) As at 30 June 2021, the amount represents a loan with the principal amount of approximately US$6,389,000 (31 December 2020: US$6,389,000) made to Shenzhen Wanyuntong Real Estate Development Company Limited* 深圳市萬運通房地產開發有限公司 ("**Shenzhen Wanyuntong**") and the interest receivables of approximately US$2,252,000 (31 December 2020: US$1,618,000) thereon. The loan carried effective interest at fixed rates at 20% per annum, unsecured and repayable with interest upon three months' notice by the Group. Details of the loan are set out in the Company's announcement dated 24 December 2015.

18. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2021 USD'000 (Unaudited)	As at 31 December 2020 USD'000 (Audited)
Within 90 days	**5**	8,337
91 to 365 days	**–**	–
	5	8,337

The average credit period granted by its suppliers ranging from 30 to 60 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

19. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2021 USD'000 (Unaudited)	As at 31 December 2020 USD'000 (Audited)
Other payables	**2,491**	2,468
Interest payables	**29,817**	21,900
Accruals	**893**	855
	33,201	25,223

20. BANK AND OTHER BORROWINGS

	As at 30 June 2021 US$'000 (Unaudited)	As at 31 December 2020 US$'000 (Audited)
Bank loans	**36,533**	36,533
Other loan	**18,150**	18,150
	54,683	54,683

Set out below is the information relating to the Group's bank and other borrowing as at 30 June 2021:

(a) As at 30 June 2021, bank loans of approximately US$36,533,000 (31 December 2020: US$36,533,000) is variable-rate loans. The variable-rate loans carry effective interest rate ranging from 9.37% to 9.50% per annum (31 December 2020: 9.37% to 9.59% per annum).

(b) As at 30 June 2021, certain of the Group's bank loans amounting to US$36,533,000 (31 December 2020: US$36,533,000) were secured by certain of the Group's trade receivables of an aggregate carrying value of approximately US$36,533,000 (31 December 2020: US$36,533,000) and were guaranteed by the Company and a director of the Company.

(c) On 10 December 2018, the Group and the lender renegotiated the terms of the bank loans with aggregate carrying amount at the end of the reporting period of US$40,946,000 and agreed a repayment schedule pursuant to which the above bank loans plus interest are to be settled by six installments with the first installment repayable in November 2019.

As set out in the announcement by the Company dated 20 January 2020, Mr. Li, an executive Director, chairman and chief executive officer of the Company, received a writ of summons taken out by OCBC against Mr. Li at the High Court of Hong Kong for the failing to fulfil his obligation as guarantor to settle the amount of HK$308,758,494. The Group has also breached the repayment obligations under the OCBC Loan, and the Breach will trigger cross-defaults of other borrowings and loans of the Group. On 8 January 2021, the High Court of Hong Kong adjudged that Mr. Li shall be obliged to pay OCBC outstanding amount, the accrued interests until the date of payment and other costs related to OCBC.

20. BANK AND OTHER BORROWINGS (Continued)

(d) As at 31 December 2020, other loan represented a loan advanced to the Company with aggregate principal amount of US$18,150,000 and secured by the guarantee provided by Mr. Li, the Director. Other loan carried fixed interest rate of 3% per month and repayable on 9 July 2019. After 9 July 2019, other loan carried fixed default interest rate of 5% per month during the year. On 15 June 2020, the lender of other loan, the Company and an independent assignee signed a deed of assignment of loan. As at that day, the total outstanding principal amount of loan approximately US$18,150,000 (equivalent to HK$141,800,000) and total interest accrued and other payable under the loan agreement but unpaid amount approximately to US$7,986,000 (equivalent to HK$62,392,000) were assigned to an independent assignee. After 15 June 2020, the amount of other borrowing of US$18,500,000 is unsecured, carried fixed interest rate of 5% per month and repayable on demand.

(e) As at 30 June 2021, bank loans of US$36,533,000 (31 December 2020: US$36,533,000) were denominated in US$. As at 30 June 2021, other loan of US$18,150,000 (31 December 2020: US$18,150,000) was denominated in HK$.

(f) As at 30 June 2021, the accrued interests for the bank loans and other loan are recorded in interest payable (note 19) was approximately US$7,029,000 and US$19,330,000 respectively (31 December 2020: US$5,334,000 and US$13,885,000 respectively).

21. NOTES AND BONDS

	As at 30 June 2021 USD'000 (Unaudited)	As at 31 December 2020 USD'000 (Audited)
Notes		
– Note 1 (note a)	**28,095**	25,264
– Note 2 (note b)	**18,000**	18,000
	46,095	43,264
Corporate bond (note c)	**2,522**	2,522
Total	**48,617**	45,786

21. NOTES AND BONDS (Continued)

Set out below is the information relating to the Group's notes and bonds as at 30 June 2021:

Notes:

(a) On 20 September 2016, the Company entered into a subscription agreement with an independent third party institution (the "**Noteholder 1**") pursuant to which the Company issued the senior guaranteed notes (the "**Note 1**") in the principal amount of HK$164,865,750 (equivalent to approximately US$21,270,000) with a final redemption date falling 18 months after the date of issue. The net proceeds amounted to approximately US$20,000,000 as at the issue date. The interest rate for the Note 1 was 12% per annum (the "**Original interest rate**") and shall be payable quarterly.

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

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

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

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

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

- trading in the Company's shares on the Stock Exchange is suspended for more than five consecutive trading days or twenty trading days in any period of twelve months or the closing price per share of the Company shall be less than a specified price during five consecutive trading days.

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

(2) Redemption option

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

According to the relevant subscription agreement, the original final redemption date of the Note 1 falls on 19 March 2018 and on that date, the Company entered into a letter agreement (the "**Letter Agreement**") with the Noteholder 1 pursuant to which the Noteholder 1 has agreed to extend the final redemption date of the Note 1 from 19 March 2018 to 19 May 2018, with an agreed interest to be accrued on the principal balance of the Note 1 from (and including) 20 March 2018 to (and including) the actual date of redemption of the Note 1 in full. According to the Letter Agreement, the Company shall make a payment of US$2,000,000 to the Noteholder 1 on or before 29 March 2018 to be applied first to interest accrued due as at the date of such payment and thereafter to reduce the principal balance of the Note 1.

21. NOTES AND BONDS (Continued)

Notes:

(a) (Continued)

On 19 May 2018, the Noteholder 1 agreed to further extend the final redemption date of the Note 1 from 19 May 2018 to 31 December 2018. Both the Noteholder 1 and the Company agreed that the Company shall make payment to the Noteholder 1 of an amount of US$500,000 on the last day of each month during the calendar year of 2018, commencing 31 May 2018, save that the amount payable on 31 December 2018 shall be an amount equal to all remaining indebtedness due on or in respect of the Note 1 outstanding at such time, and each payment shall apply first in payment of interest and any other amounts due on or in respect of the Note 1 and thereafter in redemption of the balance of the principal outstanding on the Note 1.

Around and upon maturity, the Company and the Noteholder 1 renegotiated the terms of the Note 1 and entered into another Letter Agreement ("**New Letter Agreement**") with the Noteholder 1 to further extend the final redemption date from 31 December 2018 to 30 June 2019 on the condition that, among others, the Company shall make payment to the Noteholder 1 of an amount of US$3,000,000 on or before 29 March 2019 and thereafter in an amount of US$500,000 on the last day of each succeeding month commencing on 31 March 2019 save that the amount payable on 30 June 2019 shall be an amount equal to all remaining indebtedness due on or in respect of the Note 1 outstanding at such time, and each payment shall apply first in payment of interest and any other amounts due on or in respect of the Note 1 and thereafter in redemption of the balance of the principal outstanding on the Note 1. According to the New Letter Agreement, interest shall continue to accrue on the principal balance of the Note 1 at a rate of 10% on top of the Original interest rate per annum.

As referred to note (a)(1) above, one of the events of default under the Note 1 is that the ratio of the total liabilities of the Company to the total assets of the Company (the "**Debt Ratio**") exceeds a specified ratio. As at 31 December 2017, the Debt Ratio had exceeded the specified ratio under the terms of the Note 1. According to the Letter Agreement, the Noteholder 1 had agreed to waive the condition regarding the Debt Ratio with respect to the Company's audited financial statements for the year ended 31 December 2017. On 19 May 2018, the Noteholder 1 further agreed to waive the condition regarding the Debt Ratio with respect to the Group's unaudited interim financial information for the six months ended 30 June 2018.

During the year ended 31 December 2018, 9.12% of the issued shares of Pacific Mining was issued to an independent third party. According to the New Letter Agreement, the Noteholder 1 had agreed to extend its consent to the covenant with respect to the disposal of the 9.12% the issued shares of Pacific Mining.

21. NOTES AND BONDS (Continued)

Notes:

(b) On 19 October 2017, the Company entered into a subscription agreement with an independent third party institution (the "**Noteholder 2**") pursuant to which the Company issued the 7% fixed coupon guaranteed notes (the "**Note 2**") in the principal amount of US$20,000,000 with a maturity date of two years from the date of issue. The net proceeds amounted to approximately US$19,800,000 as at the issue date. The interest rate shall be payable by semi-annually.

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

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

- Declare, make or pay dividend or other distribution without the prior written consent of the Noteholder 2;
- Any event occurs which has effect of change of control (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs issued by the Hong Kong Securities and Futures Commission) of the Company, its subsidiaries or Cosmo Field;
- Mr. Li disposes or encumbers any of the Company's shares held by him, ceases to be the single largest shareholder of the Company, or ceases to hold, directly or indirectly, such number of the Company's shares, representing 55% of the entire issued share capital of the Company; and
- There is suspension of trading of the Company's shares on the Stock Exchange is suspended for five consecutive trading days or more for any reason or cessation of trading of the Company's shares on the Stock Exchange for any reason.

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

(2) Redemption option

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

(3) Guarantees and securities

The Note 2 were guaranteed by Cosmo Field and Mr. Li and secured by an aggregate of 172,352,000 shares of the Company.

As at 30 June 2021, the accrued interests for Note 2 are recorded in interest payable (note 19) was approximately US$2,786,000 (31 December 2020: US$2,199,000).

21. NOTES AND BONDS (Continued)

Notes:

(c) In October 2019, the Company issued an unlisted corporate bond, (namely "**2019 Bond**") with a principal amount of HK$20,000,000 (equivalent to approximately US$2,560,000). These corporate bonds carry nominal interest rates of 15.00% per annum with denomination and issue price of HK$500,000 (equivalent to approximately US$64,000) and periods of three years. The net proceeds amounted to approximately US$2,471,680 as at the issue date. The interest rate shall be payable by annually.

The Company has the right by giving to a bondholder not less than ten working days' written notice at any time and from time to time prior to the maturity date, i.e. three years after the bond issue date (the "**Redemption Period**"). No right of redemption is granted by the Company during the redemption period.

On 4 February 2020, a statutory demand under the Companies (Winding Up and Miscellaneous Provisions) Ordinance ("**Statutory Demand**") was served on the Company by I-Access to demand the Company to pay the outstanding amount of HK$21,019,178 ("**I-Access debt**") (equivalent to approximately US$2,690,000) within 21 days after the date of the Statutory Demand for repayment of the I-Access debt. On 8 May 2020, the Company and I-Access entered a terms sheet of extended payment schedule (the "**extended payment schedule**") and provided the Company shall be payable of the I-Access debt for six installments to 22 June 2021. The Group settled an aggregate amount of HK$300,000 to I-Access subsequently in May and June 2020, which in accordance with the extended payment schedule. The company is now negotiating with 1-Access to further extend the repayment schedule.

On 1 September 2020, the Company entered the supplement agreement with I-Access of further extended payment schedule of outstanding principal HK$19,700,000 (equivalent to approximately US$2,522,000) with accrued interest and the agreed costs of HK$38,000 (equivalent to approximately US$4,900) and provided the Company shall payable of the I-Access debt for four installments to 29 October 2021. The Company failed to repay the first installment of HK$5,000,000 (equivalent to US$640,000) on 29 January 2021 in the further extended payment schedule. On 2 February 2021, I-Access has filed a petition ("**Winding Up Petition**") in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Law of Hong Kong) from the High Court of The Hong Kong Special Administrative Region that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts. The winding up petition was heard before the High Court on 21 June 2021, in which no winding-up order was made, and it was ordered that the next winding up petition hearing shall be held on 19 October 2021.

As at 30 June 2021, the accrued interests for the corporate bond are recorded in interest payable (note 19) was approximately US$672,000 (31 December 2020: US$482,000).

22. SHARE CAPITAL

	Number of shares '000	Share capital US$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	**3,000,000**	**3,867**
Issued and fully paid:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	**1,500,000**	**1,934**

23. RELATED PARTY TRANSACTIONS

(a) Banking facilities

For the period ended 30 June 2021 and 30 June 2020, a Director, Mr. Li, provided guarantee for the grant of banking facilities to the Group.

For the period ended 30 June 2021 and 30 June 2020, a Director, Mr. Li, Mr. Li's family member and Cosmo Field, the ultimate holding company provided guarantee for the issued 12% senior guaranteed note of the Group.

For the period ended 30 June 2021 and 30 June 2020, a Director, Mr. Li and Cosmo Field provided guarantee for the issued 7% fixed coupon guaranteed note of the Group.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the year was as follows:

	For the six months ended 30 June	
	2021 US$'000 (Unaudited)	2020 US$'000 (Unaudited)
Short-term benefits	**130**	312
Post-employment benefits	**2**	5
	132	317

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 June 2021 and 31 December 2020, some of the Group's financial assets are measured at fair value. The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Level 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	At 30 June 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	
Financial liabilities at FVTOCI				
– Unlisted equity investments	**–**	**–**	**679**	**679**

	At 31 December 2020			
	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
	(Audited)	(Audited)	(Audited)	
Financial liabilities at FVTOCI				
– Unlisted equity investments	–	–	679	679

There were no transfers between levels of fair value hierarchy in the current period and prior years.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	**Fair value hierarchy**	**Fair value as at**		**Valuation technique**
		30 June 2021 US$ (Unaudited)	31 December 2020 US$ (Audited)	
Unlisted equity investments	Level 3	**679**	679	Market approach — Market value of invested capital

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

	Unlisted equity investments US$'000
At 1 January 2020 (audited)	9,992
Fair value loss in other comprehensive income	(2,990)
Disposal	(6,323)
At 31 December 2020 and 1 January 2021 (audited)	679
Fair value loss in other comprehensive income	–
At 30 June 2021 (unaudited)	**679**

25. LITIGATIONS

(i) On 20 March 2020, the Company was involved in litigation that Chuanjiu Luzhou International Trading Company Limited ("**Chuanjiu Luzhou**")* 川酒瀘洲國際貿易有限公司 filed a litigation with Luzhou Middle Class Court* 瀘洲市中級人民法院 ("**Luzhou Court**") against the Company for financial guarantee of an independent third party. The Group did not have any business with an independent third party since 2018.

(ii) On 4 June 2021, the Company filed a petition with the Grand Court of the Cayman Islands for an order that the Company be wound up ("**Cayman Petition**"). On the same day, in conjunction with the Cayman Petition, the Company filed a summons for the appointment of joint provisional liquidators on a light touch basis for restructuring purposes only on the grounds that the Company is unable to pay its debts and it intends present compromise or arrangement to its creditors ("**JPL Application**"). Subsequently on 18 June 2021, hearing of the Cayman Petition and the JPL Application took place, and among others, Mr. Kennic Lai Hang Lui and Ms. Lee Lai Ha, both of KLC Corporate Advisory and Recovery Limited, and Mr. Martin Nicholas John Trott, of R&H Restructuring (Cayman) Ltd, were appointed as joint provisional liquidators of the Company at the hearing.

26. EVENT AFTER THE REPORTING PERIOD

(a) Impact of COVID-19 outbreak

The Outbreak continues to cause disruptions to the Group's businesses and economic activities and the management of the Group has closely monitored its impact on the operations. Up to the date of this report, the Group has taken several measures to resume work and ensure safety of the Group's employees, and the operation in operating mines are gradually resuming. The Group expects that save and except for any extraordinary circumstance which are beyond the expectation of the management, following the gradual recovery of the Outbreak, any reasonable adverse price fluctuation of the Group's major products as a result of the Outbreak will not significantly cause severe negative impact to the Group's cash flow. The management will continue to monitor and assess the ongoing development and respond accordingly.

(b) Litigations

(i) The litigation which involved the Company set out Note 25 above was concluded subsequent to the Reporting Period but prior to the date of this interim report. Chuanjiu Luzhou applied to the Luzhou Court for voluntary revocation of the litigation as at the date of this report. On 30 July 2021, the Luzhou Court has approved such application of Chuanjiu Luzhou.

(ii) As disclosed in the announcements dated 19 March 2021, 5 May 2021 and 31 May 2021, the Company received the Petition from the Petitioner that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts. The winding up petition was heard before the High Court on 21 June 2021, in which no winding-up order was made, and it was ordered that the next winding up petition hearing shall be held on 19 October 2021, the details of which are set out in the announcement dated 19 March 2021, 5 May 2021, 31 May 2021 and 21 June 2021.

(iii) On 10 March 2021, the Group filed a claim to the Hong Kong High Court against the customers for breach of contracts in related to sales of goods to customers and outstanding contract sums of approximately US$216,571,000. In the opinion of the directors, since the claim is still pending for court hearing, it is unable to determine the final outcome of the claim.

27. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The unaudited interim condensed financial information was approved and authorised for issue by the board on 31 August 2021.