CAA Resources Limited

優庫資源有限公司*

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

Stock Code : 02112

* For identification only

2021
Annual Report

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FINANCIAL HIGHLIGHTS

	Notes	**2021 USD'000**	2020 USD'000	% Change
Result				
Revenue		**23,978**	27,855	-13.9
Loss attributable to owners of the Company		**(57,006)**	(29,601)	92.6
Financial Position				
Trade receivables		**148,303**	204,120	-27.3
Total interest-bearing bank and other borrowings		**54,683**	54,683	–
Total interest-bearing notes and bonds		**51,819**	45,786	+13.2
Trade payables		**963**	8,337	-88.4
Total assets		**173,132**	234,988	-26.3
Total current assets		**153,370**	212,510	-27.8
Total current liabilities		**193,908**	197,509	-1.8
Key Financial Ratios		**2021**	2020	Difference
Performance				
Gross profit (loss) margin		**0.68%**	(2.05)%	66.83%
Net loss margin	1	**(42.06)%**	(106.27)%	+64.21%
Return on assets	2	**(32.93)%**	(12.60)%	-20.33%
Liquidity and Gearing				
Current ratio	3	**0.8**	1.1	-0.3
Gearing ratio	4	**120.0%**	82.5%	+37.5 percentage points
Per share data				
Net (liabilities) assets per share (US cents)		**(1.62)**	2.27	
Basic loss per share (US cents)		**3.80**	(1.97)	
Proposed final dividend (US cents)		**–**	–	

Notes:

1. Net profit (loss) margin is calculated by dividing profit (loss) for the year by revenue.

2. Return on assets represents the net loss attributable to the owners of the Company as percentage of the average of period-beginning balance and period-ending balance of total assets.

3. Current ratio is the ratio of total current assets to total current liabilities.

4. Gearing ratio is calculated based on the Group's net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank loans and other borrowings, notes and bond and an amount due to the ultimate holding company, net of cash and bank balances and it excludes liabilities incurred for working capital purposes. Equity includes equity attributable to the equity shareholders of the Company and non-controlling interest.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of CAA Resources Limited, I am pleased to present the 2021 annual report to the Shareholders.

In 2021, the global economic recovery is continuing, even as the COVID-19 epidemic resurges. The fault lines opened up by COVID-19 are looking more persistent – near-term economic divergences across the globe are expected to leave lasting imprints on medium-term performance. Discrepancy in vaccine access and early policy support are the principal drivers of the gaps. In the fourth quarter, the mutant strain of Omicron appeared, countries strengthened measures to restrict the movement of people, and financial markets also experienced turmoil. Supply disruptions continue to affect economic activity.

According to the Global Economy Watch issued by the International Monetary Fund (IMF) in October, the global growth is estimated at 5.9 percent in 2021. The baseline incorporates anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. These vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of the epidemic on labor supply, and the importance of contact-intensive sectors. Furthermore, the global economic growth is expected to moderate to 4.4 percent in 2022.

The major mining assets of the Company are located in Malaysia. At the beginning of 2021, the Malaysian government tried to implement the Recovery Movement Control Order (RMCO), which aims to restore the economy while continuing to prevent and control the COVID-19 epidemic. However, due to the fact that the number of cases continued to increase under the RMCO, the Malaysian government had to announce the all states would re-enter the movement control order (MCO) in the middle of the year. In the second half of the year, affected by the mutant strains of Delta and Omicron, the epidemic in Malaysia has been repeated and has not improved. Continued government control measures have resulted in the inability of the Company to carry out mining and operation activities.

On the other hand, the epidemic in Singapore, Malaysia, Mainland China and Hong Kong has also been repeatedly affected by virus variants. These countries and regions still maintain same level of 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 its original trade business normally.

In response to the challenges of the external environment, the Group continued to adhere to its diversified trade strategy and established cooperation and trade business with JD.com, a leading e-commerce platform in China during the year.

Moreover, in the second half of 2021, the Group established cooperation with, and sold plant stem cell-based products for, a third-party company which engaged in R&D and production of healthcare products and owns a number of exclusive technology patents. In 2021, our revenue amounted to approximately USD24.0 million, representing a decrease of approximately 14.0% from USD27.9 million in 2020. Our gross profit amounted to approximately USD0.2 million in 2021, as compared to gross loss of approximately USD0.6 million in 2020. Loss for the year amounted to USD57.0 million in 2021, representing an increase of approximately 92.6% from USD29.6 million in 2020.

CHAIRMAN'S STATEMENT

In 2022, the raging of the Omicron variant around the world brought greater uncertainty and challenges to the world economy recovery, as wells as the Group's business. Therefore, we will continue to look for industry-related strategic investors to maintain the long-term sustainable development of the Group.

Lastly, I would like to take this opportunity to convey our sincere gratitude to the management and our staff for their dedicated work. I would also like to thank our investors, bankers, and business partners for their unfailing trust and support all along.

Li Yang
Chairman and Chief Executive Officer

Hong Kong, 29 April 2022

MANAGEMENT DISCUSSION AND ANALYSIS

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. The Group was also engaged in trading other products during the year ended 31 December 2021 (the "Year"). The primary mining asset of the Group is the iron-ore reserves in Ibam Mine, which is located in the State of Pahang, Malaysia.

Since the beginning of 2020, the COVID-19 epidemic is still raging around the world, and the normal order of production and life has not yet been restored. The main mining assets of the Company are located in Malaysia. At the beginning of 2021, the Malaysian government tried to implement the Recovery Movement Control Order (RMCO), which aims to restore the economy while continuing to prevent and control the COVID-19 epidemic. However, due to the fact that the number of cases continued to increase under the RMCO, the Malaysian government had to announce the all states would re-enter the movement control order (MCO) in the middle of the year. In the second half of the year, affected by the mutant strains of Delta and Omicron, the epidemic in Malaysia has been repeated and has not improved. Continued government control measures have resulted in the inability of the company to operate during the time.

In order to cope with the challenges of the external environment, the Group continued to implement a diversified trade strategy, and during the year obtained the cooperation and trade business with JD.com, a leading e-commerce platform in China. In addition, in the second half of the year, the Group developed a trade partnership with a third-party company engaged in R&D and production of healthcare products and owns a number of exclusive patents. While continuing to look for industry-related strategic investors, the company will actively integrate resources and expand its business to improve cash flow.

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.

As the COVID-19 adverse impact started to ease in the second half of the year, the Group generated revenue from sales of commodities and other products, and recorded gross profit of US$0.2 million (2020: gross loss of approximately US$0.6 million). Looking forward, the Group is cautiously optimistic of the prospects if the COVID-19 adverse impact shall ease in future.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW AND OUTLOOK

The iron ore market was highly volatile in 2021, but the median price has moved up significantly year-on-year. In the second quarter, the demand for crude steel in China was strong, the price of finished products rose rapidly, and the profits of long-process steel mills expanded significantly. Meanwhile, overseas demand also recovered quickly, which resulted in a certain diversion of the supply of foreign mines. The Platts 62% index once broke through US$230/metric tonne, hitting a new all-time high.

After entering the third quarter, with the expected implementation of crude steel production, the demand for iron ore collapsed, and the price began to decline unilaterally, with a cumulative decline of more than 60%. The volatility during the year was historically rare. The price difference between high- and low-grade iron ore products has also expanded to a historical extreme this year, and the structural contradiction between varieties has become more prominent.

From a fundamental point of view, the supply and demand of China's iron ore market will be weak in 2022, but the decline in demand will be steeper due to the impact of the crude steel production target. The output growth of Big 4 major global iron ore producers will be greater than 2021, but due to the diversion of overseas demand, the actual volume shipped to China may drop slightly year-on-year. The shipments of non-mainstream iron ore products will be suppressed by the decline of prices, and the year-on-year decline in actual arrivals will further expand. In 2022, the supply pressure of iron ore is expected to be reduced compared to 2021.

On the demand side, the annual iron ore production of Chinese steel mills is expected to continue the downward trend. There is still room for overseas iron ore production to continue to recover. India's iron ore production will continue to hit a record high, and the production in Japan and the EU will return to pre-epidemic levels. The contraction rate of the supply side of China's iron ore will be slightly smaller than that of the demand side, and the balance of supply and demand will further ease slightly. Port inventories are expected to hit a record high, exceeding 170 million tons. In 2022, the iron ore price will be mainly influenced by finished products. The improvement in the end user demand for steel products will determine the price of finished steel product, as well as the iron ore price.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS & OPERATIONS REVIEW

Project Ibam operation update

The Group's principal mining site is Project Ibam. Based on the "Independent Technical 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 open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low cost process which includes ball-milling, magnetic separation process and dewatering. The processing method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced.

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.

Due to low production efficiency and safety reasons caused by aging equipment, the Group disposed of beneficiation lines and crushing lines. During the year under review, the Group focused on commodities trading and no mining and production activities were carried out and plans to purchase new equipment when production resumes in the future to reduce production costs and improve efficiency.

During the year, there was no revenue arising from sale of iron ore (2020: US$0.2 million).

Operating Results

The sales analysis for the Group is as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2020	Change
Sales revenue	**US$23,978,000**	US$27,855,000	-13.9%
– Iron ore	**Nil**	US$240,000	-100.0%
– Other commodities	**US$14,080,000**	US$27,615,000	-49.0%
– Other products	**US$9,898,000**	Nil	+100.0%
Gross profit (loss)	**US$164,000**	US$(571,000)	+128.7%
Gross profit (loss) margin	**0.68%**	-2.05%	+2.74 percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

PROFIT AND OTHER COMPREHENSIVE INCOME

Revenue

During the year, the Group's revenue reached approximately US$24.0 million, about 14.0% lower than that recorded in 2020, which was US$27.9 million. The significant decrease in revenue was 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, the Group was unable to conduct any production activities during the year. In order to offset the revenue impact by COVID-19 pandemic, the Group established new lines of trading business in personal accessories, electronics and biological products (collectively referred to as "other products").

Cost of sales

During the year ended 31 December 2021, the Group's cost of sales reached approximately US$23.8 million, about 16.2% lower than approximately US$28.4 million recorded in 2020. Cost of sales mainly included the cost of purchasing other commodities and other products for trading activities. The decrease in cost of sales was in line with the decrease in revenue during the year.

Gross profit (loss)

During the year ended 31 December 2021, the Group's gross profit reached approximately US$0.2 million (2020: gross loss of approximately US$0.6 million). The change in gross profit was mainly due to the higher gross profit in trading of other products and cost control during this year.

Administrative and other expenses

During the year ended 31 December 2021, the Group's administrative expenses reached approximately US$3.0 million, about 28.6% lower than approximately US$4.2 million recorded in 2020. The decrease was mainly due to decrease in legal and professional expenses.

Finance costs

During the year ended 31 December 2021, the Group's finance costs reached approximately US$12.1 million, decrease 28.8% from the US$17.0 million recorded in 2020. The decrease mainly due to the Company and the independent lender entered into supplemental agreement pursuant to which the independent lender agreed to adjust the interest rate from 3% per month to 5% per annum starting from 26 September 2019 and the default interest rate adjusted from 5% per month to 0% per annum starting from 26 September 2019. It waived of interest expense on other borrowings during the year.

Income tax credit

The Group recorded nil income tax expense during the year which was over provision in previous year (2020: US$0.2 million).

Loss for the year

The loss for the year ended 31 December 2021 was US$57.0 million, about 92.6% higher than approximately US$29.6 million recorded in 2020. The increase in loss in the year was mainly attributable to impairment loss on financial assets of approximately US$51.3 million in the year as compared to approximately US$13.3 million in 2020.

LIQUIDITY AND CAPITAL RESOURCES

The total capital deficiencies of the Group as at 31 December 2021 was approximately US$24.3 million (31 December 2020: total equity of US$34.0 million). The Group generally finances its operation with internally generated cash flow, interest-bearing bank and other borrowings, and interest-free and security-free shareholder loans from our Controlling Shareholder. Primary uses of funds during the year included payment of operating expenses, repayment of bonds. As at 31 December 2021, current assets of approximately US$153.4 million primarily comprised US$148.3 million of trade receivables, US$3.9 million of prepayments, deposits and other receivables, and US$1.2 million of cash and cash equivalents. Current liabilities of approximately US$193.9 million mainly comprised US$1.0 million of trade payables, US$23.0 million of other payables and accruals, US$54.7 million of interest-bearing bank and other borrowings, US$51.8 million of notes and bond payable, and US$3.4 million of tax payable. Current ratio, being total current assets to total current liabilities was 0.8 as at 31 December 2021 (2020: 1.1).

As at 31 December 2021, the Group had certain interest-bearing bank and other borrowings of US$54.7 million in total (2020: US$54.7 million). The bank and other borrowings were mainly used to finance the issuance of letter of credit and working capital of the Group.

Trade receivables

The Group's trade receivables decreased by 27.3% from approximately US$204.1 million as at 31 December 2020 to approximately US$148.3 million as at 31 December 2021, which was mainly due to the increase in expected loss allowance of trade receivables.

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

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$216.6 million. After reporting period, the Group received letter of commitment from its customer that these customers will repay all outstanding amount within 12 months. Loss allowance for such trade receivables of approximately US$71.1 million (2020: US$25.2 million) has been made in the consolidated financial statements as at 31 December 2021.

As of 31 December 2021, the Group had made provision of impairment loss amounted to approximately US$71.5 million against overdue trade receivables in accordance with accounting standards, as reviewed by management.

Deposits, prepayments and other receivables

As at 31 December 2021, the Group's deposits, prepayments and other receivables amounted to approximately US$3.9 million (2020: approximately US$8.3 million). The decrease was mainly due to increase in expected loss allowance of loan receivables.

Trade payables

Trade payables mainly consists of payables to suppliers for purchase of other commodities and other products for trading activities. The Group's trade payables amounted to approximately US$1.0 million as at 31 December 2021 and approximately US$8.3 million as at 31 December 2020. The decrease in trade payables was mainly due to reduce of credit term granted by trade payables.

Other payables and accruals

The Group's other payables and accrued expenses were approximately US$23.0 million as at 31 December 2021, representing an increase of approximately 8.7% from approximately US$25.2 million as at 31 December 2020. The decrease was mainly due to interest expense on other borrowings have been waived.

Net current (liabilities) assets position

The Group's net current assets decrease during the year, from net current assets of approximately US$15.0 million as at 31 December 2020 to net current liabilities of approximately US$40.5 million as at 31 December 2021. The decrease was mainly due to an increase of approximately US$6.0 million in notes as current liabilities, a decrease of trade receivables of approximately US$55.8 million, and decrease of deposits, prepayments and other receivables of approximately US$4.4 million.

Borrowings

As at 31 December 2021, the Group's borrowings consisted mainly of: (i) a loan of approximately US$36.5 million due to a commercial bank; (ii) a loan of approximately US$18.2 million; and (iii) notes and bond amounting to US$51.8 million which included the note with the principal of US$31.3 million and the note with the principal of US$18.0 million, and the bond with the principal of US$2.5 million.

As at 31 December 2021, the Company also owed shareholder loans of US$60.0 million (2020: US$60.0 million) from Cosmo Field (the Controlling Shareholder) which were interest-free and unsecured.

Cash and Cash Equivalents

Cash and cash equivalents of the Group in 2021 was approximately USD1.2 million as compared to approximately USD0.1 million in 2020.

Detailed cash flow analysis is as follows:

	For the year ended 31 December	
	2021	2020
	USD'000	USD'000
Cash and cash equivalents in the consolidated statement of cash flows at beginning of year	**102**	102
Net cash generated from (used in) operating activities	**1,405**	(1,220)
Net cash (used in) generated from investing activities	**(303)**	1,284
Net cash used in financing activities	**(12)**	(51)
Net increase in cash and cash equivalents	**1,090**	13
Effect of foreign exchange rate changes	**(1)**	(13)
Cash and cash equivalents at end of year	**1,191**	102

Net cash flows generated from (used in) operating activities

The Group's net cash flows generated from (used in) operating activities changed from an outflow of approximately USD1.2 million for the year ended 31 December 2020 to an inflow of approximately USD1.4 million for the year ended 31 December 2021. It consists primarily of a pre-tax loss of USD57.0 million and cash inflows mainly due to a decrease of approximately USD10.2 million in trade receivables, decrease of approximately USD0.09 million in deposits, prepayments and other receivable and a decrease of approximately USD7.4 million in trade payables.

Net cash flows (used in) generated from investing activities

The Group's net cash flows from investing activities changed from inflow of approximately USD1.3 million for the year ended 31 December 2020 to outflow of approximately USD0.3 million for the year ended 31 December 2021. It mainly due to purchase of property, plant and equipment.

Net cash flows used in financing activities

The net cash flows from the Group's financing activities changed from an outflow of approximately USD0.1 million for the year ended 31 December 2020 to an outflow of approximately USD0.01 million for the year ended 31 December 2021. It consists of repayment of lease liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

LEGAL PROCEEDINGS

Reference is made to the announcements of the Company dated 19 March 2021, 5 May 2021, 31 May 2021, 6 June 2021, 11 June 2021, 20 June 2021, 21 June 2021, 19 October 2021 and 23 March 2022 in relation to the winding up petition presented against the Company. The Petitioner has agreed to withdraw winding up petition which was initially scheduled to be heard on 30 March 2022, while the Petitioner reserved its rights to present new wind-up petition in future.

On 4 June 2021, the Company had filed a petition with the Grand Court of the Cayman Islands for the appointment of joint provisional liquidators for restructuring purpose only. As of this date, no restructure proposal has been submitted. For more details, please refer to the announcement of the Company dated 20 June 2021.

As disclosed in the announcement dated 18 May 2020, a bank has instituted legal proceedings against Cosmo Field Holdings Limited ("Cosmo Field", the controlling shareholder of the Company wholly owned by Mr. Li Yang ("Mr. Li")) and Mr. Li (as guarantor) for a loan advanced to Cosmo Field. For details, please refer to the said announcement.

As disclosed in the announcement dated 20 January 2020, a bank instituted legal proceedings against Mr. Li (as guarantor) for breach of loan advanced to a subsidiary of the Company. For details, please refer to the said announcement.

CAPITAL STRUCTURE

The Group is currently funding its capital expenditure through internal funds generated from its operations, bank borrowings, notes and bond issued and loan from Cosmo Field. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt is defined as interest-bearing bank and other borrowings, notes and bond 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 31 December 2021 was 117.2% (31 December 2020: 82.5%).

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

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group is also exposed to currency risk in respect of its equity investments designated as at fair value through other comprehensive income which are denominated in a currency other than the relevant units' functional currencies.

CAPITAL EXPENDITURE

During the year, the company did not incur any material capital expenditure for the purchase or upgrade of property, plant and equipment and payment in advance (31 December 2020: US$Nil).

CHARGE ON ASSETS

Save for trade receivables pledged for bank and other borrowing as disclosed in note 36 to the Financial Statements, the Group did not have any pledges on its assets as at 31 December 2021.

CONTINGENT LIABILITIES

At at 31 December 2021 and 2020, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICIES

The Group values its human resources and recognizes the importance of attracting and retaining qualified staff for its continuing success. As at 31 December 2021, the Group had 15 employees (2020: 19). For the year ended 31 December 2021, total staff cost including Directors' emolument amounted to approximately USD0.8 million (2020: USD1.1 million).

The remuneration policy for the Directors, senior management members and other employees is determined based on their experiences, responsibilities and general market conditions. Certain members of the Board hold their offices without remuneration. In addition to fixed salaries, the employees may be granted allowances and year-end bonuses subject to departmental and personal performance appraisal. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors, senior management members and other employees.

OTHER INFORMATION

RESOURCE AND RESERVES OF IBAM MINE UNDER JORC CODE AS AT 31 DECEMBER 2021

Mineral resources of the Ibam Mine for ore with iron grade greater than or equal to 35% as at 31 December 2021 *(Note)*:

Classification	Quantity (Mt)	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 31 December 2021:

Classification	Quantity (Mt)	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.

MANAGEMENT DISCUSSION AND ANALYSIS

EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

During the year ended 31 December 2021, no exploration and development activities were carried out. The Group did not incur any investment in equipment upgrade during the year ended 31 December 2021.

CONTRACTUAL OBLIGATIONS

Save as disclosed in note 35 to the Notes to Financial Statements, as at 31 December 2021, the Group had no material contractual obligations to disclose (31 December 2020: 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 year and as at the date of this report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions as stated in note 37 to the Notes to Financial Statements comprise: (i) an interest-free loans from Cosmo Field, the controlling shareholder of the Company, for the principal amount of USD60 million as at 31 December 2021, all of which are interest-free, security free and fully exempted connected transactions; (ii) compensation of key management personnel of the Group for the amount of USD0.3 million (2020: USD0.6 million); (iii) guarantees provided by Mr. Li Yang (chairman and controlling shareholder), his father and Cosmo Field.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities throughout the year ended 31 December 2021.

FINAL DIVIDEND

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2021 (2020: Nil).

CORPORATE GOVERNANCE REPORT

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

The Company has complied with the code provisions set out in CG Code for the year ended 31 December 2021 except for the deviation as disclosed in this corporate governance report.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct for dealing in securities by the Directors. Having made specific enquiry to all the Directors, all the Directors have confirmed that they had complied with the required standards set out in the Model Code for the year ended 31 December 2021.

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its Shareholders at all times.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

CORPORATE GOVERNANCE REPORT

As at 31 December 2021 and up to the date of this corporate governance report, the Board comprised four executive Directors and three independent non-executive Directors.

Executive Directors
Mr. Li Yang *(Co-Chairman and Chief Executive Officer)*
Mr. Ng Khing Yeu *(Co-chairman) (appointed on 25 March 2022)*
Ms. Li Xiaolan
Mr. Wang Er

Independent Non-Executive Directors
Dr. Li Zhongquan
Dr. Wang Ling
Mr. Leung Yiu Cho *(appointed on 11 March 2022)*

The biographical details of the Directors and the relationship among the members of the Board are set out in the section of "Profiles of Directors and Senior Management" of this annual report. Ms. Li Xiaolan is the younger sister of Mr. Li Yang's father.

The Company has received from each of the independent non-executive Directors an annual 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.

Each of the independent non-executive Directors has taken up the role as an independent non– executive Director for an initial term of 2 to 3 years and is subject to retirement and re-election in accordance with the Articles of Association.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuing professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with Model Code, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under CG Code C.2.1 under Appendix 14 to the Listing Rules, the roles of chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The positions of chairman and Chief Executive Officer of the Company are both currently carried on by Mr. Li Yang. The Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board of Directors and the management.

The Board members have considerable experience and qualities which they bring to the Company and the Board, of which Mr. Li Yang can take advantage in fulfilling his duties, and the management is not impaired. Mr. Li Yang has strong client relationships and has the full backing from the Board of Directors and senior management of the Company in fulfilling his obligations as chairman and Chief Executive Officer. The Board believes that having the same person performing the roles of both chairman and Chief Executive Officer can provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group. Further, the decisions of the Board are made collectively by way of voting and therefore the chairman of the Board should not be able to monopolize the voting result.

CORPORATE GOVERNANCE

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

The Company has complied with the code provisions set out in CG Code during the year ended 31 December 2021 except for the deviation from CG Code provision A.2.1 in respect of the roles of chairman and Chief Executive Officer of the Company. Under CG Code A.2.1 under Appendix 14 to the Listing Rules, the roles of chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The positions of chairman and Chief Executive Officer of the Company are both currently carried on by Mr. Li Yang. The Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board of Directors and the management.

The Board members have considerable experience and qualities which they bring to the Company and the Board, of which Mr. Li Yang can take advantage in fulfilling his duties, and the management is not impaired. Mr. Li Yang has strong client relationships and has the full backing from the Board of Directors and senior management of the Company in fulfilling his obligations as chairman and Chief Executive Officer. The Board believes that having the same person performing the roles of both chairman and Chief Executive Officer can provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group. Further, the decisions of the Board are made collectively by way of voting and therefore the chairman of the Board should not be able to monopolize the voting result.

Since 8 October 2020 and up to 10 March 2022, 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"). Upon appointment of independent non-executive Director and chairman of Audit Committee on 11 March 2022, the Company has re-complied with the aforesaid requirement.

CORPORATE GOVERNANCE REPORT

Since 30 July 2020 and up to 10 March 2022, 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 company secretary on 30 July 2020 as required under rule 3.28 of the Listing Rules. Upon appointment of company secretary and authorized representative on 11 March 2022, the Company has re-complied with the aforesaid requirement.

COMPANY SECRETARY

Mr. Chen Kun, has been appointed as the company secretary of the Company on 11 March 2022, has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

MEETINGS OF THE BOARD

Notices of regular Board meetings are given to all the Directors in accordance with the Articles of Association. Schedules and agenda of each meeting are made available to the Directors in advance. All the Directors are given an opportunity to include matters in the agenda for regular Board meetings. For other Board and committee meetings, notices are given within reasonable times in advance. Minutes of all Board meetings and committee meetings are kept by the company secretary and open for the Directors' inspection. Draft and final version of minutes are circulated to the Directors for their comment and record within a reasonable time after the Board meeting is held.

The attendances at the Board, respective Board committees meetings and the AGM held either in person or through other electronic means of communication for the year ended 31 December 2021 are as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	AGM/EGM
Executive Directors					
Mr. Li Yang	5/5	N.A.	2/2	N.A.	1/1
Ms. Li Xiaolan	5/5	N.A.	N.A.	2/2	1/1
Mr. Wang Er	5/5	N.A.	N.A.	N.A.	1/1
Mr. Ng Khing Yeu	2/2	N.A.	N.A.	N.A.	0/0
Independent non-executive Directors					
Dr. Li Zhongquan	5/5	5/5	2/2	2/2	1/1
Dr. Wang Ling	5/5	5/5	2/2	2/2	1/1
Mr. Leung Yiu Cho	2/2	2/2	N.A.	N.A.	0/0

Note: number of meeting attended is shown as numerator and total number of meetings a director eligible to attend and held is shown as denominator.

The Company confirmed that all independent non-executive Directors attended the general meetings either in person or by telephone conference if he was not able to attend the meeting physically.

COMMITTEES OF THE BOARD

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee to oversee particular aspects of the affairs of the Company. Each of these committees is set up with specific written terms of reference in compliance with the CG Code. Each committee is delegated with authorities and duties within its terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 174.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, and to make proposals to the Board as to the appointment, re-appointment and removal of the Company's independent auditors and the related remuneration and appointment terms. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters.

The Company's and the Group's audited financial statements for the year ended 31 December 2021 have been reviewed by the Audit Committee, who was of the opinion that these statements complied with the applicable accounting standards, the Listing Rules and the legal requirements, and that adequate disclosures had been made. For the year ended 31 December 2021 and up to the date of this annual report, five committee meetings were held and the attendance records of individual members are set out below:

Name of Directors	**Number of meetings attended/held**
Dr. Wang Ling	5/5
Dr. Li Zhongquan	5/5
Mr. Leung Yiu Cho (Note)	2/2

Note: Mr. Leung Yiu Cho was appointed as chairman of Audit Committee on 11 March 2022. Two meetings of Audit Committee were held since his appointment and as of the date of this annual report.

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.

For the year ended 31 December 2021, two committee meetings were held and the attendance records of individual members are set out below:

Number of Directors	Name of meetings attended/held
Dr. Wang Ling	2/2
Dr. Li Zhongquan	2/2
Ms. Li Xiaolan	2/2

It is the Company's policy that the remuneration package of each Director and senior management shall be determined by reference to, inter alia, their duties, responsibilities, experience and qualifications.

Details of remuneration payable to the Directors and senior management by band are set out in note 14 to the Notes to Financial Statements of this annual report.

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.

For the year ended 31 December 2021, two committee meetings were held and the attendance records of individual members are set out below:

Number of Directors	Name of meetings attended/held
Mr. Li Yang	2/2
Dr. Wang Ling	2/2
Dr. Li Zhongquan	2/2

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence required under Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive Directors to be independent. Besides, the Nomination Committee reviewed the appointment of each Director prior to that Director seeking re-election at the forthcoming AGM and was pleased to recommend the re-election of three eligible Directors to the Board.

The Company's policy on nomination requires explicitly that in assessing the suitability of a proposed candidate, merit and potential contributions that such candidate could bring to the Board should take reference on the Company's Board Diversity Policy. Such assessment should include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, independence, skills, knowledge and length of service.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

For the year ended 31 December 2021, the fees paid to UniTax Prism (HK) CPA Limited in respect of services rendered to the Group amounted to approximately USD139,000.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENT

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to applicable statutory requirements, such that they give a true and fair view of the state of affairs of the Group. The Board also confirms that the Company has an effective process for financial reporting and compliance with the Listing Rules.

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Company. In preparing the financial statements for the Year, the Directors have, with sufficient information provided by the senior management for an informed assessment, selected appropriate accounting policies and applied them consistently, made judgements and estimates that are prudent and reasonable, and prepared the financial statements on a going concern basis (as the case may be). Material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern are disclosed in Note 2 to the consolidated financial statements.

In addition, UniTax Prism (HK) CPA Limited has stated in the independent auditor's report its reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2021.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes its responsibility for maintaining an adequate and sound enterprise risk management and internal control system and through the Audit Committee and, if necessary, an external firm of qualified accountants to provide internal control services, conducts reviews on the effectiveness of these systems at least annually, covering material controls, including financial, operational, compliance and strategic risk control functions. The Board understands that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year, a Malaysian legal adviser was appointed to provide advice to the Board and the designated compliance officers on an ongoing basis in respect of all relevant Malaysian laws and regulations, including changes to such laws and regulations, which may affect the Group's operations in Malaysia.

During the year the Board, through the Audit Committee, conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues identified to the Board.

During the year, the audit committee of the Company appointed Prism Business Partners Limited ("Internal Control Advisor"), an external firm of qualified accountants to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and

- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

Our Enterprise Risk Management Framework

The Group established its enterprise risk management framework in 2016. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversights risk management and internal audit functions.

Principal Risks

In the year of 2021, no material principal risks were identified by Internal Control Advisor except for the following two areas of concern were considered to be of medium to high risk:

Risk of reducing business due to economic downturn or political environment

The Company's main business is the mining and sales of iron ore, and its customers are mainly steel plants. Steel production is closely related to the economic and political environment, so the Company's business will also be affected by changes in the economic cycle or political environment. Once the global economy is deteriorating or political factors are uncertain, steel demand may be reduced, which indirectly affects the Company's sales.

On the other hand, China has entered the overall economic downturn cycle in recent years, and the production capacity of products including steel has been surplus. Although China has tried to solve the problem through the "One Belt, One Road" and other plans, the effect is doubtful in the short term.

Actions taken by the Company

To resolve the operational risk as stated above, the Company has developed a well-established written policy to document the internal control procedures. The management will continue to monitor the daily operations. The Company would conduct regular internal control audits and risk assessments by engaging external internal control consultants.

For strategic risk arising from changing global economic and political environment, the management would keep their eyes on any relevant progress or changes in global and economic environment, and maintains a prudent development strategy, actively promotes diversified business development and diversifies income sources.

Our Risk Control Mechanism

The Group adopts a "three-layer" corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and independent internal audit outsourced to and conducted by Internal Control Advisor. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk related parties have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

There is currently no internal audit function within the Group. The directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the directors will continue to review at least annually the need for an internal audit function.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

The Audit Committee has reviewed the internal control review and the enterprise risks assessment reports. Based on the controls in place as well as the ongoing improvements taken by management, is satisfied that there are effective and adequate internal controls in the Group. The Board is of the view that the Company has complied with the CG Code for the year ended 31 December 2021.

Disclosure of Inside Information

The Group has put in place a set of policy for the disclosure of inside information which sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and in compliance with the SFO. The policy and its effectiveness are subject to review on a regular basis.

SHAREHOLDERS' RIGHTS

The Board and the management of the Group endeavored to ensure all the Shareholders are treated equally and have their deserved rights. The Board has established the Shareholders' communication policy to maintain an open and effective communication with the Shareholders and to update the Shareholders on relevant information on the Group's business in a timely manner.

To safeguard Shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholder meetings, including the re-election of individual directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholder meeting.

Any Shareholder may appoint a proxy or representative to attend the general meeting, and they are entitled to exercise the same voting rights in the meeting.

The notice of AGM is distributed to all Shareholders at least 21 clear days and 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his power under the Company's Articles of Association to put each proposed resolution to the vote by way of a poll.

Procedures for convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by Shareholders

Pursuant to Article 58 of the Company's Articles of Association, an extraordinary general meeting shall be called by the Board on the written requisition of any one or more Shareholders of the Company, provided that such Shareholder(s) held at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be called for the transaction of any business specified in the written requisition to the Board or the Secretary of the Company; and shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no statutory provisions granting the right to Shareholders to put forward or move new resolutions at general meetings under the Companies Law or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

COMMUNICATION WITH SHAREHOLDERS

To embrace best corporate governance principles and practice, the Group, as a listed company, emphasizes the importance of maintaining good communication with the Shareholders and investors, so as to increase the Company's transparency and undertaking by the Shareholders. The AGM provides a useful forum for Shareholders to exchange views with the Board, external auditor and the chairman of each of the Board committees attend the general meeting and are pleased to answer Shareholders' enquiries. Furthermore, to foster two-way communication amongst the Company, its Shareholders and potential investors, and to update them abreast of the latest industry updates, corporate communications and the Group's announcements and business development in a timely manner, the Company has a formal channel to respond to enquiries from Shareholders and the public. In the event that a Shareholder wishes to put forward a proposal to the Board, he/she may put forth his/her enquiry in writing to the Hong Kong office of the Company at Unit 1101, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong and the Company will act on the subject matter accordingly. In addition, the Company is committed to maximizing the use of its website at www.caa-resources.com and the website of the Stock Exchange at www.hkexnews.hk as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public.

DIVIDEND POLICY

The Company approved and adopted a dividend policy (the "Dividend Policy") effective from 1 January 2019.

The Company endeavours to strike a balance between maintaining sufficient working capital, developing and ensuring smooth running of the business of the Group, and sustainable returns to the shareholders of the Company ("Shareholders").

Under the Dividend Policy, the Company does not propose a pre-determined dividend payout ratio. Dividends may be declared as interim dividends, special dividends or proposed by the Board as final dividend from time to time. Dividends would be paid out of the Company's profits and other distributable reserves subject to the respective laws, rules and regulations of the respective jurisdictions governing the Group companies domiciled and the companies' own constitutions.

According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

a) the Group's actual and expected financial and business needs;

b) the Group's expected working capital requirements and future expansion plans;

c) the level of the Group's debts to equity ratio, return on equity ratio and the relevant financial covenant;

d) the restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties, if any;

e) the Group's liquidity position;

f) the general economic conditions, business cycle of the Group's business and other internal and external factors that may have impact on the business or financial performance and position of the Group;

g) retained earnings and distributable reserves of the Company; and

h) other factors that the Board deems relevant and appropriate.

The declaration, payment, and amount of final dividends will be subject to the Board's discretion and the approval of the Shareholders.

The Board shall continue to review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time the Board thinks fit.

The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Hong Kong office of the Company whose contact details are as follows: Unit 1101, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong

CHANGE OF AUDITOR IN LAST THREE YEARS

On 14 May 2020, Graham H. Y. Chan & Co. resigned as auditor and ZHONGHUI ANDA CPA Limited was appointed as auditor. On 29 June 2020, ZHONGHUI ANDA CPA Limited resigned as auditor and UniTax Prism (HK) CPA Limited (formerly known as Prism CPA Limited) was appointed as auditor. Save as disclosed above, there was no change of auditor during the past three years.

CHANGES TO CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents for the year ended 31 December 2021.

DISCLAIMER OF OPINION

Reference is made to the sections headed "Disclaimer of Opinion" and "Basis for Disclaimer of Opinion" in the independent auditor's report on pages 64 to 68 of this annual report, note 2 to the Consolidated Financial Statements on pages 77 to 81 of this annual report.

The Board noted that the modification on the consolidated financial statements of the Group for the year ended 31 December 2021 was qualified on the basis of "disclaimer of opinion" was essentially due to the Auditors' concern over the going concern of the Group due to the potential interaction of multiple uncertainties (i.e. the outcome of legal actions against the Group, the potential action which maybe brought by creditors against the Group due to cross defaults of loans of the Group and uncertainties over the recoverability of certain trade receivables of the Group).

As at the date of this annual report, the Company has taken the following measures to address the Disclaimer as set out in note 2 to the Consolidated Financial Statements, which include:

1. The Company has been in active negotiation with all the creditors of the Group so that they would not demand immediate repayment of the loans or take further actions against the Company when there is an event of default. So far, only one creditor (I-Access Investors Limited) has filed a winding up application to the Hong Kong High Court, i.e. the Winding Up Petition, and the said creditor has agreed to withdraw the Winding Up Petition, the details of which are set out in the announcement dated 23 March 2022.

2. The performance of the Group had been adversely affected by COVID-19. In response to the challenges of the external environment, the Group continued to adhere to its diversified trade strategy and established cooperation and trade business with JD.com, a leading e-commerce platform in China during the year. Our gross profit amounted to approximately USD0.2 million in 2021, as compared to gross loss of approximately USD0.6 million in 2020. Loss for the year amounted to USD57.0 million in 2021, representing an increase of approximately 92.6% from USD29.6 million in 2020.

3. The Group will continue to take active measures to control administrative costs through various channels including cutting travel expenses, professional expenses and miscellaneous expenses. The Group's administrative expenses amounted to USD3.0 million, about 28.6% lower than approximately USD4.2 million in 2020.

The management and the Audit Committee believe that if the above measures are indeed implemented properly and effectively in the year 2022 and if the Company could provide sufficient audit evidence to the auditors to support that there will be sufficient working capital for the Group in the next twelve months from 31 December 2021, the Disclaimer may be removed, given that there is no adverse change of the consolidated financial position, operations and investments of the Group. In the meantime, the Company would collaborate closely with professional parties to work out a viable debt restructuring plan so as to solve the cash flow problems once and for all.

AUDITORS' DISCLAIMER OF OPINION

The Auditors do not express an opinion on the consolidated financial statements of the Group in light of the material uncertainty related to the going concern, in particular: (1) the Group incurred a net loss attributable to the owners of the Company of approximately USD57.0 million during the year ended 31 December 2021. As at the same date, the Group has net current liabilities of approximately USD40.5 million and net liabilities of approximately USD24.3 million; (2) while the Winding Up Petition has been withdrawn as disclosed in the announcement dated 23 March 2022, there has not been a comprehensive debt restructuring consensus with all the creditors; and (3) while the Company has implemented diversified trade strategy, implemented cost control measures, and it recorded gross profit of approximately USD0.2 million in 2021, as compared to gross loss of approximately USD0.6 million in 2020, however, there is no assurance that the Company may continue to overcome the financial difficulties as its net current liabilities amounted to approximately USD40.5 million as at 31 December 2021.

BOARD'S VIEW OF THE EFFECTIVENESS OF THE ABOVE MEASURES

The Directors understood the Auditor's concern above, and will continue to implement the measures set out above to improve the Group's financial position, the Directors are cautiously optimistic that the business is heading in the right direction and the said Disclaimer will be able to be resolved upon publication of the financial results of the Group for the year ending 31 December 2022.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER

The members of the audit committee of the Company (the "Audit Committee") had critically reviewed the Disclaimer, the management's position concerning the Disclaimer and measures taken by the Group for addressing the Disclaimer. The Audit Committee had also discussed with the Auditors regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditors' rationale and understood their consideration in arriving their opinion. After careful deliberation, the Audit Committee agreed with the management's position based on the reasons above. Moreover, the Audit Committee requested the management to take all necessary actions to address the effect on the Disclaimer so that no such Disclaimer will be issued in the forthcoming audited financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE ESG REPORT

The Company is pleased to present its Environmental, Social and Governance ("ESG") Report (the "Report"). This Report herein focuses on providing an overview of the environmental and social aspects of the Group, and outlines how we seek to continually improve our operational strategy in regard to our environment and society in order to cope with the global standards of sustainability.

During the process of our preparation of this ESG Report, the Group has conducted thorough review and evaluation of the existing policies and practices. The ESG Report covers the period which is consistent with the financial year of our Annual Report of 2021. Unless otherwise stated, this Report covers the data of all operating units of the Group.

Report Scope and Boundary

The ESG Report is prepared in accordance with the selected global, local and industrial standards and best practices, which include, but not limited to, the ESG Reporting Guide as set out in Appendix 27 to the Listing Rules and any applicable accounting and financial reporting standards in Hong Kong.

In order to comply with the disclosure requirement of the "comply or explain" provision, the ESG Report has outlined our overall performance in respect of environmental protection, human resources, operating practice and community involvement for the financial year of 2021.

This ESG Report has been approved by the Board of the Company on 29 April 2022.

Information and Feedbacks

For details in relation to our financial performance during the financial year of 2021, please visit our website or Annual Report. Your feedback and comments are important to us. Please send us an email addressed to hk-admin@caamine.com if you have any queries on the ESG Report.

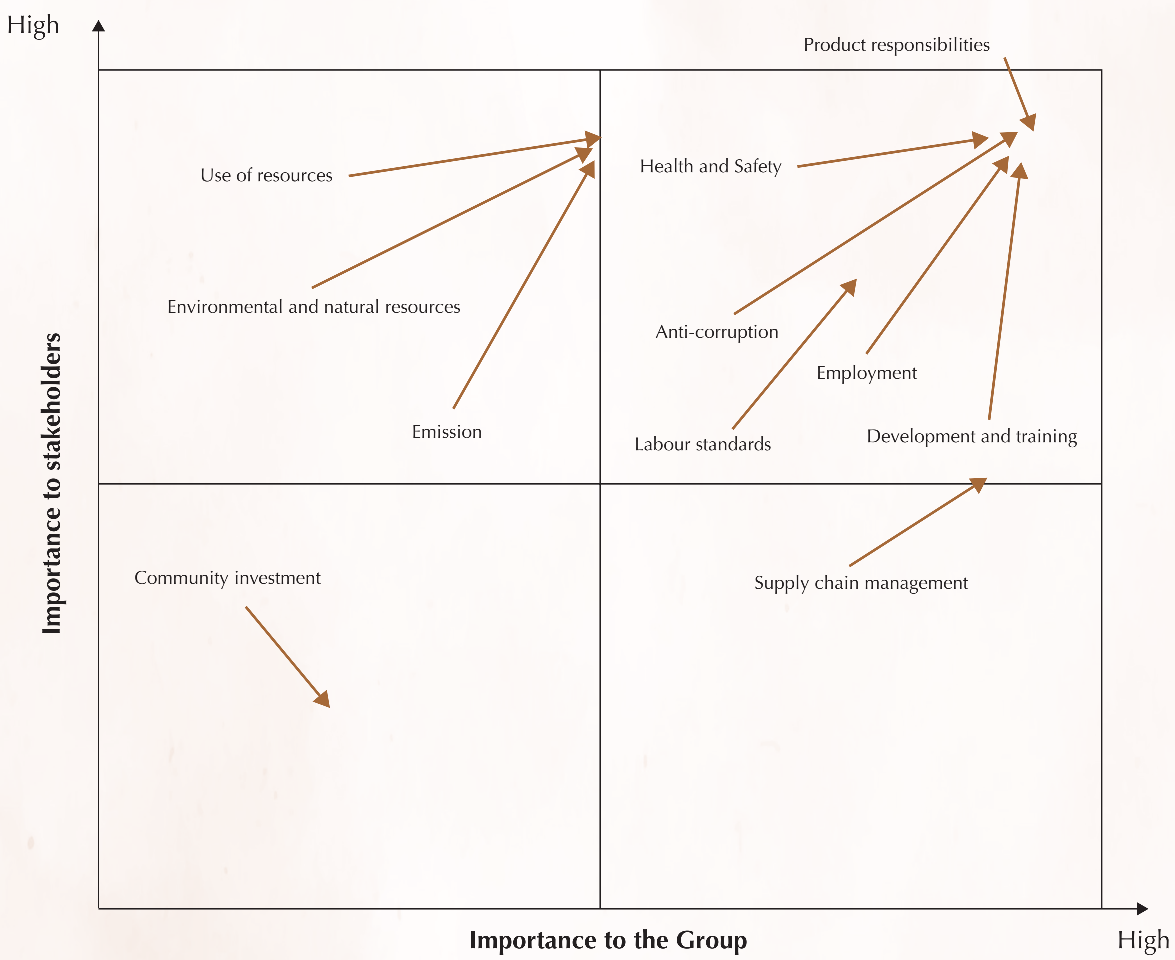
OUR STAKEHOLDERS

As stakeholders play a crucial role in sustaining the success of our business, we make use of various communication channels to understand and engage our stakeholders. The probable points of concern of the stakeholders and the way of our communication and responses are listed below.

Stakeholders	Possible points of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, preventing tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Investors	Corporate governance system, business strategies and performance, investment returns.	Organizing briefing sessions and seminars, interviews, shareholders' meetings, issue of financial reports or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, human right.	Issue of newsletters on the Company's website.
Suppliers	Payment schedule, and stable demand.	Performance of site visits.
Customers	Service quality, service delivery schedule, reasonable prices, service value, and personal data protection.	After-sales services.
Employees	Rights and benefits of employee compensation, training and development, work hours, and working environment.	Conducting union activities, training, interview with employees, internal memos, and employee suggestion boxes.
Community	Community environment, employment opportunities, community development, and social welfare.	Developing community activities, employee voluntary activities, and community welfare subsidies and donations.

Materiality Assessment

During the financial year of 2021, the Group conducted a comprehensive materiality assessment on the environmental, social and governance related issues. This involved conducting interviews and/or surveys with internal and external stakeholders to identify areas having the most significant operating, environmental and social impacts towards our business. After integrating the grading results from the stakeholders with the sustainable development goals of the Group, the management of the Group summarized the issues in priority order and prepared the materiality matrix.



The results of the materiality assessment will be used to guide the Group in formulating future environmental, social and governance plans and objectives, in a bid to creating sustainable value for stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

Overview

Our primary business operations include iron ore mining, crushing and beneficiation as well as the sale of iron products in the form of iron ore concentrates and iron ore fines. We sell iron ore products primarily to steel manufacturers and/or their representative purchase agents in China.

Due to the Covid-19 pandemic, our operations were interrupted and the mining and production activities were operated on a limited scale throughout the year of 2021. During the year under Review, the Group focused on commodities trading and no mining and production activities were carried out. As such, the total amounts of emissions of air pollutants and greenhouse gas, use of resources, discharges into water and land, and generation of hazardous and non-hazardous waste were immaterial.

We comply with all relevant laws and regulations that are related to environmental protection in Hong Kong, China and Malaysia that have a significant impact on us, and are actively updating our "Green Policies" in order to incorporate the idea of sustainable development into our Group's day-to-day operations. We strive to manage our physical operations in an efficient and sustainable manner. We continually look for opportunities to improve our performance and corporate strategies to mitigate the adverse impact on the environment caused by our operations.

Compliance and Grievance

During the financial year of 2021, we comply with all relevant environmental laws and regulations that have a significant impact on us, including but not limited to, the Environmental Protection Law in China, and the Environmental Quality Act 1974 of Malaysia. No confirmed non-compliance incidents or grievances were noted by us in relation to environmental issues.

Emissions

The major types of pollutants created during open cut mining, blasting and scale of the mining operation are nitrogen oxides, carbon monoxide and dust. However, since no mining and production activities were carried out throughout the year of 2021, the total amount of air emissions is minimal and immaterial, and thus, no data was recorded during the financial year of 2021.

The greenhouse gas ("GHG") emissions resulted mainly from four types of activities of the Group, including, but not limited to, vehicle uses with direct emissions, air-conditioning of the operating units with direct emissions, employees travelling by air with indirect emissions, and mining processes with direct emissions.

Motor vehicles

We own several cars for travelling of our management and picking up our guests or clients. However, transportation is not a material part of our business. Furthermore, all vehicles are under regular maintenance check to ensure fuel consumption efficiency and road safety with a view to keeping carbon dioxide emission from the vehicles at the minimum level.

Air-conditioning

Employees are encouraged to set offices' air-conditioners at a comfortable temperature and all unused air-conditioners are switched off. The Group has also put reminders at prominent places for employees' awareness of electricity consumption and energy conservation during office hours of business operations.

Travelling by air

In the financial year of 2021, the total number of business air trips by employees was 2 times (2020: 21 times) and the total CO_2 emissions were 297 kg (2020: 3,118.77 kg). Employees are only required to travel by air, when necessary, and, in most of the time, we arranged telephone or video conference calls rather than face-to-face meetings in order to reduce the carbon emissions that are indirectly caused by air travel.

The process of mining

Even though no mining and production activities were carried out throughout the financial year of 2021, we often fulfill our responsibility to protect, restore and treat the environment by implementing measures to reduce energy consumption and GHG emissions. The measures that we have taken are listed as follows:

1. The iron ore business minimizes the mining loss rate and dilution rate and maximizes the processing recovery rate by optimizing its mining methods and processing techniques, strengthening the management of on-site operations, and establishing strict technical standards for mining. Technologies are utilized to improve the extraction rate and recovery rate of mining, thus creating less impact on the environment.

2. In the case of happening of an accident, at the aftermath of the accident, we would investigate and analyze the cause, propose and implement remedial measures, and assess the effectiveness and impacts of the remedial measures on the environment with an aim to prevent any further impact the accident would cause to the environment, and also to avoid the occurrence of the accident.

3. We use diesel to run all equipment. Diesel consumption has been reduced by using diesel saving equipment. Equipment is required to be turned off when not in use so as to avoid unnecessary emission of pollutants into the air.

4. Water pool is used for the process of iron ore cleaning. It produces very little or almost no diesel fumes or dust, and thus, less pollutants are emitted into the air.

Use of Resources

We always endeavor to promote sustainability and aim to cease our resources wastage to provoke detrimental harm to the environment. Various measures have been implemented to attain the goal of efficient use of resources. These measures have been effectively communicated to all levels of staff, ensuring that all employees understand clearly the importance of conserving energy and making full use of the available resources during operations.

Since we focused on commodities trading for the financial year of 2021 and 2020, the consumption of water, electricity and other natural resources is minimal; the measures taken to minimize the usage of resources are stated below.

Water Usage

Water is the key component for the on-site beneficiation process. It is convenient for the Group to source ample amount of natural water from local streams, natural runoff and pumping from a retention pond in the Ibam Mine area. As for the other offices of the Group, due to the nature of the operations, water consumption mainly arises from the daily use of water by the employees at the offices during working hours, and the domestic sewage is directly discharged into municipal sewage pipelines.

As the water bills for offices in Hong Kong and Chengdu, China were included in the rent, while natural water was obtained from local streams in Malaysia, thus we are unable to collect and disclose the relevant data.

Electricity and Energy Usage

Our Hong Kong office's electricity consumption for the financial year of 2021 was approximately at 367.20 kWh (2020: 459 kWh), and the total emission of CO_2 was 293.75 kg (2020: 367.19 kg), mainly arising from the daily office operations. The following measures are adopted and implemented by us to preserve energy and reduce electricity usage:

- Reduce power consumption by using power-saving facilities;
- Turn off unused lighting and appliances to reduce energy consumption;
- Turn off air conditioning and lights after office hours and in idle rooms; and
- Regularly maintain office equipment to ensure efficient operation of office equipment such as air conditioners, computers, lights, and refrigerators, etc.

Only the units of usage of electricity of the Group's Hong Kong office are able to be collected, while in Chengdu, China and Malaysia, the electricity fees were already included in the rent, and thus, we are unable to collect and disclose the relevant data of electricity usage in Chengdu, China and Malaysia.

Generation of Waste

The solid waste generated mainly arises from the Group's day-to-day operations, including, but not limited to, office-use paper, office waste and waste generated from the mining of iron ores. In order to alleviate the pressure on landfills and promote environmental friendliness within the Group, we have implemented various measures to encourage recycling of office supplies and other materials, thus eliminating the over-consumption of unnecessary materials.

In the financial year of 2021, we complied with all relevant laws and regulations that have a significant impact on us, including, but not limited to, Waste Disposal Ordinance in Hong Kong, Solid Waste and Public Cleansing Management Act 2007 in Malaysia and the Law of China on Prevention and Control of Environmental Pollution by Solid Waste in China. No confirmed material non-compliance incidents or grievances were noted by us in relation to environmental issues.

Furthermore, no chemical or clinical hazardous waste was generated and we did not generate large amount of non-hazardous waste during our daily operations, and therefore, the data of non-hazardous waste was not included in the calculation. Moreover, no packing materials were used for metal products, and thus, no data in this respect is available.

The Environment and Natural Resources

Reduction of printing and paper usage

We require our staff to make full use of office paper before its disposal. Various measures have been incorporated into our business operations, such as adopting the use of environmental-friendly paper and promoting the use of double-sided printing. For any single-sided printing, the relevant paper should be reused under the circumstances that no confidential information was printed on one side of the paper. Moreover, used up ink cartridges were properly recycled so as to avoid the generation of hazardous waste. We will continue to leverage the use of technology for communication with our employees and customers; moving towards an operation of paperless system.

Reduction of waste generated from mining of ore

In order to minimize our impact on the environment and manage the potential risks relating to environmental protection matters, we will conduct reclamation/rehabilitation works, and also recycle and reuse waste water at the ore processing lines and tailing ponds. We occupy part of the land when conducting mining activity. After the activity has been completed, we will restore the land and vegetation.

Data on Greenhouse Gas Emission

	Unit		Carbon emission (CO_2) in kg	
	2021	2020	**2021**	2020
Scope 2				
Electricity consumption	**367.20 kWh**	459 kWh	**293.75**	367.19
Scope 3				
Business trips of employees by air	**2 times**	21 times	**297**	3,118.77
Total emission of GHG			**590.75**	3,485.96

SOCIAL

Employment and Labour Practices

Employee engagement has been our core strategy for enhancing productivity and workforce stability. As such, we focus on building a safe and enjoyable working environment for all employees. We have complied with all laws and regulations in relation to employment that have a significant impact on us, including but not limited to, Hong Kong Employment Ordinance, Employment Act 1955 in Malaysia and Labour Law of China.

Compliance and Grievance

During the financial year of 2021 and 2020, no confirmed non-compliance incidents or grievances were noted by the Company in relation to employment aspects.

Employment

We strictly comply with the requirements of the Employment Ordinance, the Minimum Wage Ordinance, the Employees' Compensation Ordinance as well as other relevant laws and regulations which cover employment protection and benefits. We have a set of personnel policy and procedures that set out our standard internal procedures relating to recruitment and promotion, working hours, holidays, equal opportunities, compensation, dismissal, diversity of origins, antidiscrimination and other human resources treatments and benefits of our employees, etc., to provide a set of standardized and adequate guideline on work practice for our employees.

As at 31 December 2021, the Group had 15 employees (2020: 19), as categorized by employment type, age, gender and geographical locations:

	2021	2020
Number of employees	**15**	19
By employment type		
– Full-time employees	**15**	19
– Part-time employees	**–**	–
By age group		
– 30 or below	**–**	–
– 31–50	**13**	13
– 51 or above	**2**	6
By gender		
– Male	**12**	13
– Female	**3**	6
By geographical locations		
– Hong Kong	**5**	3
– China	**6**	12
– Malaysia	**4**	4

Equal opportunity

All employees are entitled to equal opportunity in terms of treatment and promotion. In practice, employees can file a complaint or accusation against senior management if he or she is unpleased with how the senior management has treated him or her. The human resources department is responsible for handling these cases. All employees are treated equally and respectfully. It is our aim to let employees work in a friendly and peaceful environment.

In addition, all of our board members are selected based on their professional experience, skills and knowledge irrespective of their gender, age, cultural and educational background and ethnicity.

Anti-discrimination policy

The human resources department is responsible for conducting investigations over reported incidents in regard to discrimination or abuse. If a report of discrimination or abuse is confirmed, we will terminate the relevant employee's employment contract and seek for legal actions against the offender depending on the seriousness of the incident.

Attract and retain talents

Our remuneration policies are in line with prevailing market practices and are determined on the basis of the competency, qualifications and experience of individual employees. Management has been constantly reviewing the staff remuneration package and employees' promotion opportunities. Adjustments will be made, usually annually, to conform to the market standard in order to retain talents and ensure the offer is competitive as compared to our peers in the industry.

We emphasize the unity and harmony within the working environment. Over the years, our human resources department has contributed numerous efforts in organizing activities to strengthen the bonding of employees within our family. Team building activities and gatherings are organized regularly so as to let our employees maintain their work-life balance, and also help build unity and a harmonious working environment. During the financial year of 2021 and 2020, the employee turnover rate was as follow:

	2021	2020
By age group		
– 30 or below	**N/A**	N/A
– 31–50	**87%**	52%
– 51 or above	**13%**	31%
By gender		
– Male	**80%**	34%
– Female	**20%**	46%
By geographical locations		
– Hong Kong	**33%**	0%
– China	**40%**	41%
– Malaysia	**27%**	0%

Welfare and benefits

Employees are entitled to all holidays as stated on the Employment Act, apart from that, employees are also entitled to generous annual leave package, including 1 to 3 days' marriage leave and 1 to 3 days' funeral leave.

Moreover, we continue to uphold the government laws and provide comprehensive support to pregnant female employees. We have a "Support Policy" to show support to all pregnant employees and to ensure that their original job is available to them upon their return from maternity leave. Furthermore, during their pregnancy period, we prohibit any pregnant employees to perform heavy lifting assignments so as to ensure that both the mother and the baby are safe at CAA Resources.

Health and Safety

We comply with the relevant laws and regulations regarding industrial safety, hygiene and health, and other caring arrangements for employees that have a significant impact on us, including, but not limited to, Occupational Safety and Health Ordinance in Hong Kong and Occupational Safety and Health Act 1994 in Malaysia. Apart from employees' compensation insurance, we provide other fringe benefits to our employees, such as medical cover. Our business operations do not involve any high-risk work activities that could lead to serious industrial events or occupational health problems. During the financial year of 2021 and 2020, no case of injuries was reported and thus no lost day due to work injury.

In addition, we have implemented the following policies to create and maintain a good, comfortable and healthy work environment for our employees:

- Keep all emergency exits in the workplace unobstructed;
- Provide sufficient lights at workplace;
- Prohibit smoking in the workplace; and
- Conduct regular safety inspections and fire drill training.

Development and Training

We believe that investing in employees through training will help promote job satisfaction, work motivation and staff loyalty. Different types of training were provided to employees to make sure that all staff can have updated information and enough knowledge and skills to provide quality services to our customers. The Company provided on-the-job training to our employees, and all new joiners received induction training on their first day of employment.

Moreover, employees are encouraged to attend external training seminars and courses that can help them gain updated knowledge with the fast changing business world taken into account. The training seminars and courses include, but not limited to, updates on the Listing Rules, corporate governance, changes and development of relevant laws and regulations, as well as the introduction of financial technologies and strategic investment opportunities. As such, we strive to refresh our employees' knowledge and let them maintain sustainable professional development.

During the financial year of 2021 and 2020, there are 72 and 72 hours of training received by the employees of the Group.

	2021	2020
Total hours of training received by the employees	**72**	72
The percentage of employees trained by employee categories		
– Management	**100%**	100%
– Other staff	**70%**	73%
The percentage of employees trained by gender		
– Male	**80%**	79%
– Female	**100%**	100%
Average training hours by employee categories		
– Management	**54**	53
– Other staff	**2**	1.4
Average training hours by gender		
– Male	**1.5**	1.7
– Female	**2.5**	2.8

Labour standards

We are committed to complying with the Employment Ordinance in Hong Kong, the PRC Employment Contract Law, the PRC Labour Law, and the Employment Regulations 1957 in Malaysia. Every act of engagement is subject to a stringent internal review process that involves a well-defined monitoring procedure designed to verify a candidate's personal information in order to avoid misrepresentation and any form of child labour.

The practice of forced and child labour is strictly prohibited. If the management discovers that there has been any illegal practice of child or forced labour, we will immediately terminate the employment contract of the relevant executives. During the financial year of 2021 and 2020, all employees are over the age of 18, and have been properly employed in accordance with the requirements of all applicable laws and regulations.

OPERATING PRACTICES

Supply Chain Management

We aim to provide comprehensive solutions that meet customers' needs and establish a comprehensive vertical supply chain management system through resources integration and supply management. The Group assesses whether suppliers are qualified by considering their locations, transportation methods and means of packaging, and supply history record, and such assessment is carried out at least once every year. We will only work with partners who operate their business in a professional and ethical manner.

The Group's criteria for selecting suppliers are based on fair and clear standards, such as the product quality, post-sale services, prices and payment days and cooperation history, to procure not only most productive but also environmental-friendly resources and products and services with the highest quality. The Group arranges this assessment for suppliers on a regular basis and applies timely treatment for those suppliers who fail in the assessment, such as termination of procurement. We focus on close cooperation with suppliers to reduce the environmental impact of products being manufactured in the production process, and ensure the quality of services provided to our customers.

During the financial year of 2021, we purchased from 4 suppliers (2020: 2 suppliers). Our suppliers are mainly located in Hong Kong, Malaysia. It is our wish to collaborate with our suppliers in innovation development and application, participation in production process enhancement for the continuous optimization of supply chain capabilities as well as fulfilment of our responsibilities in social and environmental protection.

Product Responsibility

We strictly comply with laws and regulations with regard to product responsibility in Hong Kong, Malaysia and PRC that have a significant impact on us, including, but not limited to, the Consumer Protection Law of China, China's Law of Tort, the Trade Description Ordinance and the Sale of Goods Ordinance in Hong Kong, and the Consumer Protection Act 1999 in Malaysia.

There were no major breaches of the Trade Description Ordinance, nor were we sued for copyright infringement in the financial year of 2021 and 2020. Also, no products have been returned to us by customers due to health and safety issue and no complaints have been received related to our products in that years.

Quality assurance

In order to ensure the quality of our products, we maintain long-term relationship with those qualified suppliers with good reputation. Quality is based on the content of the mineral; and the Group obtains laboratory test results from its suppliers so as to ensure that all products are with high quality.

Data Protection and Privacy

The Group has security measures in place to provide adequate protection and confidentiality of all corporate data and information. It protects and maintains information confidentiality in its operation. During the year, the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Regulations of the PRC for Safety Protection of Computer Information Systems, Personal Data Protection Act of Malaysia were fully complied with to protect the rights of employees, clients, and business associates.

Anti-corruption

We clearly understand that financial crime can have significant consequences upon our customers and us. Moreover, the community and the economies in which we operate can also be greatly impacted. Therefore, we are highly committed to participating in industry-wide efforts to address the problem of corruption.

We maintain and implement our own anti-money laundering, counter-terrorist financing, antibribery, anti-corruption and anti-fraud practices and procedures. We do not support, nor do we tolerate, any corruption practice and the payment or receipt of bribes for any purpose. We have set out a clear policy to guide our employees' behaviour in this area, and have complied with all relevant laws and regulations that have a significant impact on us, including, but not limited to, Criminal Law of China, Anti-Money Laundering Law of China, the Prevention of Bribery Ordinance in Hong Kong and the Malaysian Anti-Corruption Commission Act 2009.

Our whistleblowing policy provides a dedicated confidential reporting channel for employees and external stakeholders such as customers and suppliers to raise their concerns regarding unethical behaviour, and report malpractice and misconduct. Upon receiving the complaints or whistle-blowing, the Group will carry out inspection and investigation according to the complaint and will collect relevant evidence for verification.

During the financial year of 2021 and 2020, there was no report of any corruption or bribery behavior within the Group.

Community Investment

We deeply understand the importance of giving back to the society. Therefore, we encourage our employees to take part in community services so as to contribute to a more sustainable and harmonious society.

In addition, the Group maintains an open channel of communication with its stakeholders and communities to understand their motivations, goals and needs through continuous conversation in order to achieve the Group's contributions in corporate social responsibility activities.

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PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Li Yang, aged 35, was appointed as Director on 25 April 2012 and was redesignated as an executive Director, the chairman and Chief Executive Officer of the Company on 12 April 2013. Mr. Li is the director of Capture Bukit Besi since September 2013, the director of Keen Wise Asia Investment Limited since 27 July 2015, currently the Group's resident key management executive in Malaysia, responsible for the day-to-day business management and supervision of mining production. He is also currently co-chairman of the Company and the chairman of the Nomination Committee.

Mr. Li first joined our Group in December 2009 as our resident representative for our mines in Malaysia. In February 2010, he was appointed as the director of Best Sparkle Development Ltd. Since June 2011, he had since represented our Group in the liaisons with clients and various Malaysian governmental authorities. Apart from managing our business operation in Malaysia, Mr. Li also played a vital role in the Group's business development in the PRC, and was a key figure in procuring our Group's entering into the framework agreement with one of our major customers. Mr. Li was closely involved in our daily mining operation and convened regular meetings to discuss with our resident Directors and the senior management teams, who would provide their professional technical advice. Mr. Li is also responsible for the strategic planning of the Group's ongoing business expansions. Mr. Li is the sole director of Cosmo Field which is the beneficial owner of 843,750,000 Shares of the Company, representing 56.25% of the issued share capital of the Company.

Mr. Li graduated from the College of Business of Eastern New Mexico University in the United States in 2009 with a major degree in business administration. He is the son of Mr. Li Dongming, the founder of the Group, and nephew of Ms. Li Xiaolan, an executive Director. Mr. Li was involved in legal proceedings, details of which are set out in the section headed "Legal Proceedings" in this annual report.

Ms. Li Xiaolan, aged 57, was appointed as an executive Director and the deputy general manager of the Company on 12 April 2013. She joined our Group in March 2008 and had been appointed as the director of Capture Advantage, Best Sparkle Development Ltd. and 3W Development Limited since August 2010, November 2010 and February 2014 respectively. Ms. Li is currently responsible for the financial management of the Group, and her duty includes enhancing internal control of our financial system, supervising the daily operation of our finance department and controlling the allocation of internal resources. In addition, she is also responsible for reviewing and approving the financials and feasibility of new projects.

Ms. Li has approximately 20 years of experience in accounting. Previously she had been the finance director of Tongxing Group Mining Company (同興集團礦業公司) between January 1997 and October 2003, and the finance director of Chengdu Hande between November 2003 and August 2007.

Ms. Li obtained a diploma in industrial enterprises operation and management from Sichuan Radio and Television University (四川廣播電視大學) in the PRC in 1986, and her bachelor's degree in accounting from Sichuan University (四川大學) in the PRC in 1992. Ms. Li is the younger sister of Mr. Li Dongming, the founder of the Group, and aunt of Mr. Li Yang.

Mr. Wang Er, aged 66, was appointed as an executive Director and the production supervisor of our Company on 12 April 2013 and was re-elected as an executive Director on May 2019. He had also been appointed as the director of Pacific Mining and Capture Advantage since May 2011 and June 2011 respectively. Mr. Wang has approximately 34 years of experience in the mining industry. Mainly responsible for the daily operation and production of the Group's mines, he is the key on-site person– in-charge of Project Ibam as well as the resident supervisor at the mine site for overall production management and testing of iron ore grading.

Mr. Wang first joined our Group in March 2008 as the resident representative in Malaysia and took part in a number of field trips in search for suitable mining projects in Malaysia. He was also actively involved in the establishment of the Group's warehouse in Kuantan.

Prior to joining the Group, Mr. Wang served as the general manager of Chengdu Hande between November 2003 and December 2006, and was mainly responsible for the preliminary screening of potential investment opportunities in the mining sector. Between March 1998 and October 2003, Mr. Wang was the general manager of Sichuan Guandi Mine (四川官地鐵礦), serving as the key on-site person-in-charge of the mining project, and responsible for the construction of mining production lines and arranging staff for the mining operation. Before that, Mr. Wang had also successively served the positions of technician, engineer and deputy manager in the non-ferrous metal department at Sichuan Enterprises Mining Company (四川鄉鎮企業礦業公司).

Mr. Wang graduated from Henan Jiaozuo Mining Institute (河南焦作礦業學院) in the PRC with a major degree in mineral processing in 1998.

Mr. Ng Khing Yeu, aged 46, was appointed as an executive Director and co-chairman on 25 March 2022.

Mr. Ng is the founder of Grace Generation Group Company Limited, which is focusing on the big health industry and biotechnology industry, involving retail and wholesale of biotechnology, health food and medicine, cosmetics raw materials and finished products with operations in Malaysia, Cambodia, South Korea, Taiwan and the mainland of the People's Republic of China.

Mr. Ng graduated from University of Kentucky in the United States of America with a bachelor's degree in civil engineering, and he was conferred the title of Datuk Seri Malaysia in 2016. Mr. Ng is the sole director and shareholder of Grace Generation Group Company Limited which holds 112,827,000 shares of the Company, representing approximately 7.52% of total issued shares of the Company.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Dr. Li Zhongquan, aged 57, was appointed as an independent non-executive Director of the Company on 12 April 2013, mainly responsible for independent supervision and management of the Company. He was the leader in a variety of scientific research projects, including but not limited to the National "Eleventh Five-year" Key Scientific Research Project (國家「十一五」科技重大專項), the National "Ninth Five-year" Projects (國家「九五」項目), "Tenth Five-year" Technology Projects (國家「十五」項目).

Dr. Li obtained his bachelor's degree in science from the department of geology of Nanjing University (南京大學) in 1986 and his master's degree in science from the department of geology of Chengdu University of Technology (成都理工大學) (formerly known as Chengdu Geology College (成都地質學院)) in 1989, and working with Chengdu ever since. Dr. Li then obtained his doctor's degree in engineering from Chengdu University of Technology (成都理工大學) in June 1999, conducted research work subsequently for three years as a post doctorate in Peking University and completed post-doctoral research in Saint Louis University of United States from May 2005 to November 2006.

Dr. Wang Ling, aged 64, was appointed as an independent non-executive Director on 12 April 2013 and was re-elected as independent non-executive Director on May 2019, mainly responsible for the independent supervision of the Company. He is also the chairman of the Remuneration Committee From October 2001 to May 2008, Dr. Wang served as the independent director of Xiwang Foodstuffs Co., Ltd. (西王食品股份有限公司) (stock code: SZ000639, formerly known as Zhuzhou Qingyun Development Co., Ltd. (株洲慶雲發展股份有限公司) and Hunan Ginde Development Co., Ltd. (湖南金德發展股份有限公司)), a company listed on the Shenzhen Stock Exchange. Save as disclosed herein, Dr. Wang is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Before that, Dr. Wang worked with Changsha Institute of Geotectonics, Chinese Academy of Sciences (中國科學院長沙大地構造研究所) as an associate researcher, researcher and tutor for doctoral candidates successively. Dr. Wang has been a professor and tutor for doctoral candidates of Chengdu University of Technology (成都理工大學) since January 2002. He received the Government Special Allowance awarded by the State Council of China (國務院政府特殊津貼) in 1999 and was recognized as the Leader of Academy and Technology (學術和技術帶頭人) in Sichuan in 2003.

Dr. Wang graduated from Southwest University of Science and Technology (西南科技大學) in the PRC (formerly known as Sichuan Institute of Building Materials (四川建築材料工業學院)) with a bachelor's degree in non-metallic mineral geology and exploration in 1982, and obtained a doctoral degree from Changsha Institute of Geotectonics, Chinese Academy of Sciences (中國 科學院長沙大地構造研究所) in 1994. Dr. Wang was a visiting scholar at the department of earth sciences in University of Cambridge from December 1999 to December 2000.

Mr. Leung Yiu Cho, age 42, was appointed as an independent non-executive director of the Company and also serve as the chairman of the audit committee of the Board.

Mr Leung was the assistant financial controller of Ta Yang Group Holdings Limited (1991.HK) from 2006 to 2007, the chief financial officer and board secretary of Highland Asset Management Corporation from 2012 to 2013, an executive director and the vice investment principal of Artini Holdings Limited (789.HK) from 2013 to 2019 and an independent non-executive director and the chairman of the audit committee of the Company from August 2017 to October 2020. Mr. Leung has been appointed as company secretary and authorised representative at Universal Star (Holdings) Limited (2346.HK) from July 2021 and appointed as company secretary and authorised representative at China Dredging Environment Protection Holdings Limited (871.HK) from December 2021. Since 2016, he has been an independent non-executive director and the chairman of the audit committee of Zheng Li Holdings Limited (8283.HK). Since June 2021, Mr. Leung was appointed as an independent non-executive director of Wuxi Sunlit Science and Technology Company Limited (1289.HK).

Mr. Leung obtained a master's degree in Corporate Finance from The Hong Kong Polytechnic University in December 2006. He was admitted as a member of the Associate of Chartered Certified Accountants in March 2014.

COMPANY SECRETARY

Mr. Chen Kun has been appointed as the company secretary of the Company and as an authorised representative of the Company for accepting service of process or notice in Hong Kong pursuant to rule 3.05 of the Listing Rules and under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 11 March 2022. Mr. Chen is a practicing solicitor in Hong Kong.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are iron ore exploration, mining, crushing and beneficiation as well as sale of iron ore products in the form of iron ore concentrates and iron ore fines. Details of the Company's subsidiaries as at 31 December 2021 are set out in note 42 to the Notes to Financial Statements of this annual report.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out in this annual report. This discussion forms part of this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes the importance of proper adoption of environmental policies is essential to the attainability of corporate growth. The Group uses the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low-cost process which includes ball-milling, magnetic separation process and dewatering. The method is environmentally friendly as it does not require chemical additives and reduces the amount of waste water produced. For more discussion on the Group's environmental, policies and performance, please refer to "Environmental, Social and Governance Report" in this annual report.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Discussions on the Group's relationships with its employees, customers and suppliers is contained in the section headed "Environmental, Social and Governance Report" in this report.

CORPORATE GOVERNANCE

The Company's corporate governance report is set out in this annual report.

FUTURE PLAN

Going forward, the Group will make best endeavours to negotiate with the creditors and the potential investors with a view to debt restructuring.

FINANCIAL KEY PERFORMANCE INDICATOR

Key performance indicators used by the Group are listed in "Financial Highlights" of this annual report.

Please refer to the section headed "Financial Review" in the "Management Discussion and Analysis" in this annual report for details.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income in this annual report.

No interim dividend was paid during the year (2020: Nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

SUMMARY OF FINANCIAL INFORMATION

A five year summary of the consolidated results, assets and liabilities of the Group, as extracted from the audited consolidated financial statements of the Group and the Prospectus, is set out in "Five Year Summary of Financial Information" of this annual report. This summary does not form part of the audited financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group, including the interest– free and security-free loan of USD60 million by Cosmo Field Holdings Limited, the Ultimate Parent company of the Company, as at 31 December 2021 are set out in note 30 to the Notes to Financial Statements.

DIRECTORS' REPORT

NOTES AND BONDS

Details of the notes issued by the Company are set out in note 31 to the Notes to Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment of the Group for the year ended 31 December 2021 was approximately USD0.3 million (2020: nil). Details of the movements during the year in the Group's property, plant and equipment are set out in note 18 to the Notes to Financial Statements of this annual report.

SHARE CAPITAL

Details of the movements during the year in the issued share capital of the Company are set out in note 34 to the Notes to Financial Statements of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro– rata basis to existing Shareholders.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

CHARITABLE CONTRIBUTIONS

During the year, the Group did not make any charitable contributions (2020: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for 100.0% of the Group's total sales for the year ended 31 December 2021 (2020: 100%), and sales to its largest customer accounted for 58.72% of the Group's total sales for the year ended 31 December 2021 (2020: 71.55%). Purchases from the Group's five largest suppliers accounted for approximately 100.0% of the total purchases for the year ended 31 December 2021 (2020: 99.0%) and purchases from the largest supplier accounted for approximately 59.13% of total purchases for the year ended 31 December 2021 (2020: 96.65%).

None of the Directors, their associates or any Shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the year.

The Board is of the view that the Group has maintained a harmonious business relationship with its major customers and suppliers during the year under review.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Li Yang
Ms. Li Xiaolan
Mr. Wang Er
Mr. Ng Khing Yeu (appointed on 25 March 2022)

Independent Non-Executive Directors

Dr. Li Zhongquan
Dr. Wang Ling
Mr. Leung Yiu Cho (appointed on 11 March 2022)

In accordance with the Company's Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring director shall be eligible for re-election. A director appointed to fill a vacancy or as an additional director shall retire at the next following general meeting and shall then be eligible for re-election. Mr. Leung Yiu Cho ("Mr. Leung") has been appointed by the Board as an independent non-executive director of the Company with effect from 11 March 2022. Mr. NG Khing Yeu ("Mr. Ng") has been appointed by the Board as an executive Director with effect from 25 March 2022. Each of Mr. Leung and Mr. Ng was subject to re-election in the AGM. Accordingly, in compliance with the provisions of the Articles, Mr. Li Yang, Mr. Ng Khing Yeu, Dr. Li Zhongquan, Dr. Wang Ling and Mr. Leung Yiu Cho shall retire from office by rotation, and, being eligible, offer themselves for re-election at the forthcoming AGM. All other remaining Directors continue in office.

The Company has received annual confirmation of independence from each of the three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the above Directors and senior management are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

The Board is of the view that the Group has maintained a harmonious employment relationship with its board members and senior management during the year under review.

DIRECTORS' INTERESTS IN CONTRACTS

No Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party for the year ended 31 December 2021.

Cosmo Field Holdings Limited, our controlling shareholder wholly-owned by Mr. Li Yang who is the executive Director, has provided a security-free and interest-free loan of USD60.0 million to the Company.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors of the Company had engaged in any business or had any interest in business which competes or may constitutes competition directly or indirectly (within the meaning of the Listing Rules) with the business of the Group for the year ended 31 December 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of Shares of the Company granted to any Director or their respective spouse or minor children; or were any such rights exercised by them or was the Company, or any of its subsidiaries a party to any arrangement to enable those persons to acquire such rights in any other body corporate.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors and independent non-executive Directors has entered into a service contract with the Company.

None of the Directors has entered into any service agreement with the Company which is not determinable within one year without payment of compensation, other than the statutory compensation.

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses as a result of any act or failure to act in carrying out his/her functions.

The Company has taken out and maintained directors and officers liability insurance since the Listing of the Company which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

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

As at 31 December 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%
Ng Khing Yeu (note 4)	Interest in controlled corporation	112,827,000 (L)	7.52%

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. Mr. Ng Khing Yeu is the sole shareholder and sole director of Grace Generation Group Company Limited ("Grace Generation") which owns 112,827,000 shares of Company. Therefore, Mr. Ng is deemed, or taken to be, interested in all the interest held by Grace Generation for the purpose of the SFO.

(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%
Ng Khing Yeu (note 4)	Grace Generation	Beneficial owner	100.00%

Save as disclosed above, as at 31 December 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.

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

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

Substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholdings
Cosmo Field (notes 2, 3)	Beneficial owner	843,750,000 (L)	56.25 (L)
Ample Professional Limited (note 5)	Security interest in shares	752,000,000 (L)	50.13%
Huarong International Financial Holdings Limited (note 5)	Interest in controlled corporation	752,000,000 (L)	50.13%
中國華融資產管理股份有限公司 (note 5)	Interest in controlled corporation	752,000,000 (L)	50.13%
Haitong International Financial Products (Singapore) Pte. Ltd. (note 6)	Security interest in shares	172,352,000 (L)	11.49%
Haitong International Holdings Limited (note 6)	Interest in controlled corporation	172,352,000 (L)	11.49%
Haitong International Securities Group (Singapore) Pte. Ltd. (note 6)	Interest in controlled corporation	172,352,000 (L)	11.49%
Haitong International Securities Group Limited (note 6)	Interest in controlled corporation	172,352,000 (L)	11.49%
Haitong Securities Co., Ltd. (note 6)	Interest in controlled corporation	172,352,000 (L)	11.49%
Hua Heng (note 4)	Beneficial owner	100,575,000 (L)	6.71% (L)
Yang Jun (note 4)	Interest in controlled corporation	100,575,000 (L)	6.71% (L)
Tang Lingyan (note 4)	Interest of a Substantial Shareholder's child under 18 or spouse	100,575,000 (L)	6.71% (L)
Grace Generation (note 7)	Interest in controlled corporation	112,827,000 (L)	7.52%

Note:

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

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

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

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

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

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

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

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

7. Mr. Ng Khing Yeu is the sole shareholder and sole director of Grace Generation Group Company Limited ("Grace Generation") which owns 112,827,000 shares of Company. Therefore, Mr. Ng is deemed, or taken to be, interested in all the interest held by Grace Generation 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.

AUDITOR

For the year ended 31 December 2021, the financial statements of the Company had been audited by UniTax Prism (HK) CPA Limited (formerly known as Prism CPA Limited) whose term of office will expire upon the forthcoming annual general meeting. A resolution to re-appoint UniTax Prism CPA Limited as the auditor of the Company will be proposed to the shareholders of the Company for approval at the forthcoming annual general meeting.

REMUNERATION OF THE DIRECTORS

The remuneration of the Directors is determined with reference to the Directors' duties and responsibilities under their employment or service contracts as approved by the Company's Shareholders resolutions in writing on 12 April 2013 before the Listing and the Board under the authority of the shareholders' resolutions passed on 30 April 2014, with the operating results of the Group and performance of the individual taken into account and aligning with market statistics. Details of the remuneration of the Directors are set out in note 14 to the Notes to Financial Statements of this annual report.

RELATED PARTY TRANSACTIONS

Details of the related party transaction are stated in note 37 to the Notes to Financial Statements of this annual report, which comprise of, among others, (1) the interest-free and security-free shareholder loans of USD60,000,000 by Cosmo Field (the controlling shareholder of the Company) to the Company, and provision of guarantee by Mr. Li, his father and his controlled entity with respect to the Company's loans at nil consideration, which are all fully exempt connected transaction under Rule 14A.90 of the Listing Rules; and (2) remuneration payable to the Directors and other key management personnel of the Group.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 38 to the Notes to Financial Statements.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Shareholders by way of written resolution on 12 April 2013 for the purpose of attracting and retaining the best available personnel; providing additional incentive to employees (full-time and part-time), Directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group; and to promoting the success of the business of our Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The period of Share Option Scheme commences on 12 April 2013 and will expire at the close of business on the business day immediately preceding the tenth anniversary thereof on 11 April 2023.

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full–time or part-time), director, consultant or advisor of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fallen within the period before listing.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The maximum number of unexercised share options currently permitted to be granted under the Company's Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time (being 150,000,000 Shares, representing 10% of the total issued shares of the Company as at 31 December 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 twelve months ended 31 December 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 year ended 31 December 2021. Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at 31 December 2021.

NON-COMPETITION UNDERTAKING

Each of the executive Directors (collectively the "Covenantors") have entered into a Deed of Non–Competition in favour of the Company (on behalf of itself and the Group) dated 9 June 2013 (the "Deed"). Pursuant to the Deed, each of the Covenantors shall procure that their respective associates shall not directly or indirectly engage in any business in competition with the existing business activity of the Group. Relevant information on the Deed was disclosed in the Prospectus in the section headed "Relationship with Controlling Shareholders".

The Company has received confirmations from the Covenantors of their compliance with the terms of the Deed. The Covenantors declared that they have fully complied with the Deed for the year ended 31 December 2021. The independent non-executive Directors have reviewed on the confirmations from the Covenantors and concluded that the Deed has been complied with and has been effectively enforced.

SUFFICIENCY OF PUBLIC FLOATING

Based on the information that is publicly available to the Company and as far as the Directors are aware, the Company has maintained at least 25% of public float as for the year ended 31 December 2021 and up to the date of this annual report.

On Behalf of the Board of Directors

LI Yang
Chairman and Chief Executive Officer

29 April 2022

INDEPENDENT AUDITOR'S REPORT

UniTax Prism (HK) CPA Limited 尤尼泰・柏淳(香港)會計師事務所有限公司
Units 1903A -1905, 19/F, No. 8 Observatory Road, Tsim Sha Tsui, Hong Kong
香港九龍尖沙咀天文臺道8號19樓1903A-1905室

TO THE SHAREHOLDERS OF CAA RESOURCES LIMITED
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of CAA Resources Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 69 to 165, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material Uncertainty Related to the Going Concern

As explained in note 2 to the consolidated financial statements, the Group incurred a net loss attributable to the owners of the Company of approximately US$57,006,000 during the year ended 31 December 2021. As at the same date, the Group has net current liabilities of approximately US$40,538,000 and net liabilities of approximately US$24,274,000 and the Group's amount due to ultimate holding company, bank and other borrowings, guarantee notes and bonds amounted to approximately US$166,502,000, while its cash and cash equivalents amount to approximately US$1,191,000 only.

In addition, as at 31 December 2021, the Group was in default in relation to, inter alia, the principal amount of aggregate amount due to ultimate holding company, bank and other borrowings and guarantee notes totaling approximately US$163,933,000 ("In Default Borrowings") due to the following events of default: (a) late or overdue payments of principal and interests during the year ended or as at 31 December 2021; and (b) breach of terms and conditions of In Default borrowings during the year ended 31 December 2021. These conditions constituted events of defaults which resulted in cross-default of bonds other than those mentioned above, amount to outstanding principal amount of approximately US$2,522,000 ("Cross-default Borrowings") as at 31 December 2021.

As at 31 December 2021, the Company has a loan from its ultimate holding company, Cosmo Field Holdings Limited ("Cosmo Field") with the outstanding principal of US$40,000,000 (the "Shareholder's Loan") which included in the In Default Borrowings. On 15 May 2020, Mr. Li Yang ("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's 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 at 31 December 2021, 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. 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 HK$141,800,000 (equivalent to US$18,150,000) and total interest accrued and other payable under the loan agreement but unpaid amount approximately to HK$62,392,000 (equivalent to US$7,986,000) 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.

On 1 September 2021, the Company and the independent lender entered into supplemental agreement pursuant to which the independent lender agreed to adjust the interest rate from 3% per month to 5% per annum starting from 26 September 2019 and the default interest rate adjusted from 5% per month to 0% per annum starting from 26 September 2019.

As at 31 December 2021, China Bright Industries Limited, a subsidiary of the Company, has a bank borrowings advanced from Oversea-Chinese Bank Corporation Limited ("OCBC") with the outstanding principal of approximately US$36,533,000 ("OCBC loan") which is included in the In Default Borrowings. As set out in the announcement by the Company dated 20 January 2020, Mr. Li received a writ of summons taken out by OCBC against Mr. Li 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 "OCBC outstanding amount"). 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.

As at 31 December 2020, the Company, has a bond issued to I-Access Investors Limited ("I-Access") with the outstanding principal of approximately US$2,522,000 in the Cross-default Borrowings. 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 approximately HK$21,019,178 (equivalent to approximately US$2,690,000) ("I-Access debt") 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 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.

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 19 October 2021, in which no winding-up order was made, and it was ordered that the next winding up petition hearing shall be held on 30 March 2022.

On 29 December 2021, the Company have been noticed that I-Access have signed a debt assignment with an independent third party ("Transferee Holder") to transfer its obligations included the receivables of outstanding principal HK$19,700,000 (equivalent to approximately US$2,522,000) with accrued interest to the Transferee Holder. On 31 March 2022, I-Access has agreed to Withdraw Winding Up Petition which was initially scheduled to be heard on 30 March 2022 and the Company entered into a debt waiver agreement pursuant to which the Transferee Holder agreed to unconditionally and irrevocably waive the outstanding principal HK$19,700,000 (equivalent to approximately US$2,522,000) with accrued interest.

Subsequent to the reporting date, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of certain loan agreements.

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 and a summons for the appointment of joint provisional liquidators on a light touch basis for restructuring purposes only on the grounds that the Company was unable to pay its debts and it intended to present a compromise or arrangement to its creditors.

These conditions, together with other matters disclosed in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which are set out in note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the Group's existing lenders for the renewal of or extension for repayment of outstanding In Default borrowings and Cross-default borrowings, including those with overdue principals and interests; (ii) successfully raising additional new sources of financing as and when needed; (iii) successfully reaching a settlement of the High Court Action 1, High Court Action 2 and the Winding Up Petition between the Company and its Creditors; (iv) successful collection of trade receivables and controlling costs and containing capital expenditure so as to generate adequate net cash inflows; (v) successfully managing the impact of the COVID-19 outbreak, as well as any government's stimulus in response, on the Group's operation from time to time and adjusting its sales and marketing strategy for mine sales to generate sufficient cash from its operations; and (vi) the successful maintenance of relationship with the Group's exiting lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payment in default, including those with cross-default terms.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Fundamental Uncertainty Relating to the Recoverability of Certain Trade Receivables

Other than the disclaimer of opinion stated above, we draw attention to the adequacy of the disclosure made in note 23 to the consolidated financial statement which explains that included in the consolidated statement of financial position of the Group as at 31 December 2021 are amounts of approximately US$148,303,000 due from trade debtors. The Group filed separate claims on 10 March 2021 against the trade debtors in the Hong Kong High Court to recover contract sums of approximately US$216,571,000. After reporting period, the Group received letter of commitment from its customer that these customers will repay all outstanding amount within 12 months. Loss allowance for such trade receivables approximately of US$71,078,000 has been made in the consolidated financial statements as at 31 December 2021. We consider that appropriate disclosure regarding this fundamental uncertainly has been adequately disclosed in the consolidated financial statements and our opinion is not qualified on this respect.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lee Kwok Lun.

UniTax Prism (HK) CPA Limited
Certified Public Accountants
Lee Kwok Lun
Practising Certificate Number: P06294

Hong Kong
29 April 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 US$'000	2020 US$'000
Revenue	8	**23,978**	27,855
Cost of sales		**(23,814)**	(28,426)
Gross profit (loss)		**164**	(571)
Other income	10	**9,217**	1,756
Selling and distribution expenses		**–**	(32)
Administrative and other expenses		**(2,970)**	(4,247)
Impairment loss on financial assets, net of reversal		**(51,305)**	(13,335)
Reversal of impairment loss on remeasurement of non-current assets held for sale		**–**	3,612
Finance costs	11	**(12,112)**	(17,036)
Loss before income tax		**(57,006)**	(29,853)
Income tax credit	12	**–**	252
Loss for the year	13	**(57,006)**	(29,601)
Loss for the year attributable to:			
Owners of the Company		**(57,006)**	(29,601)
Non-controlling interests		**–**	–
		(57,006)	(29,601)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021** **US$'000**	2020 US$'000
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**(602)**	139
Fair value change in financial assets at fair value through other comprehensive income, net of tax		**(679)**	(2,990)
Loss on disposal of financial assets at fair value through other comprehensive income		**–**	(2,046)
Other comprehensive expense for the year, net of income tax		**(1,281)**	(4,897)
Total comprehensive expense for the year		**(58,287)**	(34,498)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(58,287)**	(34,450)
Non-controlling interests		**–**	(48)
		(58,287)	(34,498)
Loss per share	17		
Basic and diluted (US cents)		**(3.80)**	(1.97)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	**2021 US$'000**	2020 US$'000
Non-current assets			
Property, plant and equipment	18	**522**	1,802
Intangible assets	19	**12,643**	13,121
Right-of-use assets	20	**–**	35
Financial assets at fair value through other comprehensive income	21	**–**	679
Goodwill	22	**6,597**	6,841
Total non-current assets		**19,762**	22,478
Current assets			
Trade receivables	23	**148,303**	204,120
Deposits, prepayments and other receivables	24	**3,876**	8,288
Cash and cash equivalents	25	**1,191**	102
Total current assets		**153,370**	212,510
Current liabilities			
Trade payables	27	**963**	8,337
Other payables and accruals	28	**23,029**	25,223
Lease liabilities	20	**–**	21
Amount due to ultimate holding company	29	**60,000**	60,000
Bank and other borrowings	30	**54,683**	54,683
Notes and bonds	31	**51,819**	45,786
Income tax payable		**3,414**	3,459
Total current liabilities		**193,908**	197,509
Net current (liabilities) assets		**(40,538)**	15,001
Total assets less current liabilities		**(20,776)**	37,479
Non-current liabilities			
Lease liabilities	20	**–**	11
Provision for rehabilitation	32	**576**	525
Deferred tax liabilities	33	**2,922**	2,930
Total non-current liabilities		**3,498**	3,466
Net (liabilities) assets		**(24,274)**	34,013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	**2021 US$'000**	2020 US$'000
Capital and reserves			
Share capital	34	**1,934**	1,934
Reserves		**(26,208)**	32,079
(Capital deficiencies) total equity		**(24,274)**	34,013

The consolidated financial statements on pages 69 to 165 were approved and authorised for issue by the board of directors on 29 April 2022 and are signed on its behalf by:

Li Yang
Director

Li Xiaolan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company										
	Share capital US$'000 (note 34)	Share premium US$'000 (note (i))	Capital reserve US$'000 (note (ii))	Contributed surplus US$'000 (note (iii))	Fair value reserve US$'000 (note (iv))	Other reserve US$'000 (note (v))	Exchange fluctuation reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2020	1,934	47,541	14,956	50	(8,008)	48,287	(4,417)	(11,595)	88,748	1,738	90,486
Loss for the year	–	–	–	–	–	–	–	(29,601)	(29,601)	–	(29,601)
Other comprehensive expense											
Exchange differences arising on translation of financial statements from functional currency to presentation currency	–	–	–	–	–	–	187	–	187	(48)	139
Fair value change in financial assets at fair value through other comprehensive income, net of income tax	–	–	–	–	(2,990)	–	–	–	(2,990)	–	(2,990)
Loss on disposal of financial assets at fair value through other comprehensive income	–	–	–	–	(2,046)	–	–	–	(2,046)	–	(2,046)
Total comprehensive (expense) income for the year	–	–	–	–	(5,036)	–	187	(29,601)	(34,450)	(48)	(34,498)
Transfer upon disposal of financial assets at fair value through other comprehensive income (note 21)	–	–	–	–	8,723	–	–	(8,723)	–	–	–
Acquisition of addition interests in subsidiaries (note 39)	–	–	–	–	–	(20,285)	–	–	(20,285)	(1,690)	(21,975)
At 31 December 2020	1,934	47,541	14,956	50	(4,321)	28,002	(4,230)	(49,919)	34,013	–	34,013

	Attributable to owners of the Company								
	Share capital US$'000 (note 34)	**Share premium US$'000 (note (i))**	**Capital reserve US$'000 (note (ii))**	**Contributed surplus US$'000 (note (iii))**	**Fair value reserve US$'000 (note (iv))**	**Other reserve US$'000 (note (v))**	**Exchange fluctuation reserve US$'000**	**Accumulated losses US$'000**	**Total equity US$'000**
At 1 January 2021	**1,934**	**47,541**	**14,956**	**50**	**(4,321)**	**28,002**	**(4,230)**	**(49,919)**	**34,013**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(57,006)**	**(57,006)**
Other comprehensive expense									
Exchange differences arising on translation of financial statements from functional currency to presentation currency	**–**	**–**	**–**	**–**	**–**	**–**	**(602)**	**–**	**(602)**
Fair value change in financial assets at fair value through other comprehensive income, net of income tax	**–**	**–**	**–**	**–**	**(679)**	**–**	**–**	**–**	**(679)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(679)**	**–**	**(602)**	**(57,006)**	**(58,287)**
At 31 December 2021	**1,934**	**47,541**	**14,956**	**50**	**(5,000)**	**28,002**	**(4,832)**	**(106,925)**	**(24,274)**

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 reorganisation 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 in note 4.

(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 non-controlling 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 39.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 US$'000	2020 US$'000
OPERATING ACTIVITIES		
Loss before income tax	**(57,006)**	(29,853)
Adjustments for:		
Depreciation of property, plant and equipment	**674**	762
Depreciation of right-of-use assets	**13**	9
Amortisation of intangible assets	**–**	1
Loss on disposal of property, plant and equipment	**402**	–
Loss on written of property, plant and equipment	**370**	–
Reversal of impairment loss on remeasurement of non-current assets held for sale	**–**	(3,612)
Income from waived of interest expense on other borrowings	**(7,878)**	–
Interest income from loan receivables	**(1,278)**	(1,284)
Gain on disposal of non-current assets classified as held for sale	**–**	(346)
Gain on derecognition of right-of-use assets	**–**	(37)
Finance costs	**12,112**	17,036
Impairment loss on financial assets, net of reversal	**51,305**	13,335
Operating cash flows before movements in working capital	**(1,286)**	(3,989)
Decrease (increase) trade receivables	**10,224**	(7,675)
Decrease (increase) in deposits, prepayments and other receivables	**97**	(893)
(Decrease) increase in trade payables	**(7,374)**	11,056
(Decrease) increase in other payables and accruals	**(211)**	284
Cash generated from (used in) operations	**1,450**	(1,217)
Income tax paid	**(45)**	(3)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**1,405**	(1,220)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 US$'000	2020 US$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(303)**	–
Interest income from loan receivables	**–**	1,284
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	**(303)**	1,284
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(12)**	(13)
Repayment of bonds	**–**	(38)
NET CASH USED IN FINANCING ACTIVITIES	**(12)**	(51)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,090**	13
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**102**	102
Effect of foreign exchange rate changes	**(1)**	(13)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**1,191**	102

1. GENERAL 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. The address of the principal place of business of the Company was Unit 2413A, 24/F, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong and subsequently with effective from 13 October 2021, was changed to Unit 1101, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, 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 ultimate beneficial owner of the Company is Mr. Li, the Executive Director of Company.

The Company is an investing holding company. Its major operating subsidiaries are principal engaged in the mining, ore processing, sales of iron ore products and other commodities. The Group was also engaged in trading other products during the year ended 31 December 2021.

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

2. BASIS OF PREPARATION

During the year ended 31 December 2021, the Group incurred a net loss attributable to the Owners of the Company of approximately US$57,006,000. As at the same date, the Group has net current liabilities of approximately US$40,538,000 and net liabilities of approximately US$24,274,000 and the Group's amount due to ultimate holding company, bank and other borrowings, guarantee notes and bonds amounted to approximately US$166,502,000, while its cash and cash equivalents amount to approximately US$1,191,000 only.

As at 31 December 2021, borrowings whose principal amounts of approximately US$163,933,000 and interest payable amounts of approximately US$19,185,000 ("In Default Borrowings") were overdue. In addition, the Group breached terms and conditions of In Default borrowings during the year ended 31 December 2021. The aforementioned borrowings would be immediately repayable if requested by the lenders.

2. BASIS OF PREPARATION (continued)

As set out in the announcement by the Company dated 20 January 2020, Mr. Li received a writ of summons taken out by Oversea-Chinese Banking Corporation Limited ("OCBC") at the High Court (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 "OCBC outstanding amount"). 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.

As disclosed in note 29, on 15 May 2020, Mr. Li and Cosmo Field 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 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 ("Cross-default Borrowings"), of which the original contractual repayment dates beyond 31 December 2020 have been reclassified as current liabilities since 31 December 2019. 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 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 19 October 2021, in which no winding-up order was made, and it was ordered that the next winding up petition hearing shall be held on 30 March 2022.

On 29 December 2021, the Company have been noticed that I-Access have signed a debt assignment with an independent third party ("Transferee Holder") to transfer its obligations included the receivables of outstanding principal HK$19,700,000 (equivalent to approximately US$2,522,000) with accrued interest to the Transferee Holder. On 31 March 2022, I-Access has agreed to Withdraw Winding Up Petition which was initially scheduled to be heard on 30 March 2022 and the Company entered into a debt waiver agreement pursuant to which the Transferee Holder agreed to unconditionally and irrevocably waive the outstanding principal HK$19,700,000 (equivalent to approximately US$2,522,000) with accrued interest.

Subsequent to the reporting date, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of certain loan agreements.

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 and a summons for the appointment of joint provisional liquidators on a light touch basis for restructuring purposes only on the grounds that the Company was unable to pay its debts and it intended to present a compromise or arrangement to its creditors.

The Group is in active negotiations with all the lenders in respect of the In 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.

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 31 December 2021 until the Company is in a financial position to do so;

(ii) The independent third party lender has agreed not to demand for any repayment of whose principal amounts of approximately US$18,500,000 and interest payable approximately US$3,477,000 as at 31 December 2021 until the Company is in a financial position to do so;

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

(iv) 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;

(v) 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;

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

(vii) 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; and

(viii) The Company will consider to lodge a guasi-joint application to the Grand Court of the Cayman Islands to withdraw the petition for an order that the Company be wound up.

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2021. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2021. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. BASIS OF PREPARATION (continued)

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful negotiations with the lenders for the renewal of or extension for repayments beyond year 2022 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2022; (b) were overdue as at 31 December 2021 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (c) became or might become overdue in year 2022;

(ii) Successfully raising additional new sources of financing as and when needed;

(iii) Successfully reaching a settlement of the High Court Action 1, High Court Action 2 and Winding Up Petition on the Company's forthcoming future;

(iv) Successfully collection of outstanding trade receivables and controlling costs and containing capital expenditure so as to generate adequate net cash inflows;

(v) Successfully managing the impact of the epidemic, as well as any government's stimulus in response, on the Group's operations from time to time and adjusting its sales and marking strategy to generate sufficient cash from its operations;

(vi) Successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms; and

(vii) Successful to withdraw the petition with the Grand Court of the Cayman Islands for an order that the Company be wound up.

Should the Group fail to achieve the abovementioned plans and measures, it might be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to IFRS 16	Covid-19 – Related Rent Concessions

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

New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[4]
Amendments to IAS 1	Classification of liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous contracts: Cost of fulfilling a contract[2]
Amendments to IFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021[1]
Amendments to IFRSs	Annual Improvements to IFRS 2018 – 2020 cycle[2]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective date not yet been determined

The directors of the Company anticipate that, the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Company Ordinance.

The consolidated financial statements have been prepared on historical cost basis, except for financial assets at fair value through other comprehensive income certain financial assets that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets classified as held for sale is measured at the lower of their previous carrying amount and fair value less costs of sell.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group recognised revenue from the following major sources:

- Sales of Iron Ore products;
- Sales of crude oil and other commodities; and
- Sales of other products

Sales of Iron Ore products, crude oil, other commodities and other products

Revenue from sales of Iron Ore products, crude oil, other commodities and other products are recognised at a point in time when the control of the goods is transferred to the customers. Control of the goods is considered transferred to customers at the time of delivery.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract or modification date or acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee (continued)

Lease liabilities (continued)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provision, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

The Group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Retirement benefits cost

Payments to the defined contribution plans, state-managed retirement benefit schemes, the Mandatory Provident Fund Scheme (the "MPF scheme") and the Employee Provident Fund (the "EPF scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight line method for the property, plant and equipment. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised based on the units-of-production method whereby the denominator is the proven and probable reserves and where appropriate the portion of mineral resources considered to be probable of economic extraction.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above.

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future e cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above) (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the cost of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through other comprehensive income ("FVTOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments) (continued)

(i) Amortised cost and effective interest method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income" line item (note 10).

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss (note 10).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost as well as financial guarantee. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Provisions

Provisions for environmental restoration are recognised when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provision for future decommissioning and restoration is recognised in full on the installation of mining properties. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding addition to the related mining properties of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the costs of the mining properties. Any change in the present value of the estimated expenditure other than due to passage of time, which is regarded as interest expense, is reflected as an adjustment to the provision and mining properties.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Fair value measurement

When measuring fair value except value in use of property, plant and equipment, intangible assets and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimation (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Principal versus agent consideration

The Group engages in trading of iron ore products, crude oil, other commodities and other products. The Group reassessed whether the Group should continue to recognise revenue on gross basis based on the requirements in IFRS 15. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as that the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk and discretion in establishing selling prices of the goods.

Going concern and liquidity

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 2 to the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of property, plant and equipment and intangible assets

Impairment assessment on property, plant and equipment and intangible assets are performed by the management of the Group at the end of each reporting period. When there is an indication of possible impairment identified, the management of the Group assess whether there is any impairment loss. Impairment loss has been recognised if the recoverable amount, being the higher of fair value less cost of disposal or value-in-use, is lower than the carrying amount. In assessing the value-in-use, the management of the Group takes into estimation of discounted future cash flows. In estimating the future cash flows, the management of the Group takes into account the Iron Ore price, recoverable reserves, production costs and operating costs. The estimates used by the management of the Group in calculating future cash flows might be subject to changes due to the inherent uncertainty and the volatility of the iron ore price. Where the actual cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2021, the carrying amounts of property, plant and equipment and intangible assets are approximately US$522,000 and US$12,643,000 respectively (2020: US$1,802,000 and US$13,121,000 respectively). Based on the estimated recoverable amounts, no impairment loss in respect of property, plant and equipment and intangible assets has been recognised for the years ended 31 December 2021 and 2020.

Estimated useful life of property, plant and equipment

At the end of each reporting period, the directors of the Company review the estimated useful life of property, plant and equipment with finite useful life. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The carrying amounts of property, plant and equipment with finite useful life as at 31 December 2021 are US$522,000 (2020: US$1,802,000).

Units-of-production amortisation for intangible asset

The Group determines the amortisation of intangible asset by the actual units of production over the estimated reserves of the mines. Further details about the reserve estimates are included below.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Reserves estimates

Proved and probable Iron Ore reserve estimates are estimates of the amount of Iron Ore that can be economically and legally extracted from the Group's mining properties. In determining the estimates, recent production and technical information of each mine will be considered.

Fluctuations in factors including the price of Iron Ore, production costs and transportation costs of Iron Ore, a variation on recovery rates or unforeseen geological or geotechnical perils may render it necessary to revise the estimates of Iron Ore reserves.

Because of the economic assumptions used to estimate reserves changes from period to period, and because of additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying amount may be affected due to change in estimated future cash flows.

- Depreciation, depletion and amortisation charged to the profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

- Provision for rehabilitation may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

As at 31 December 2021, the carrying amounts of intangible asset were approximately US$12,643,000 (2020: US$13,121,000).

Impairment of goodwill

The management of the Group tests annually on goodwill in accordance with the accounting policy as disclosed in note 4, based on the recoverable amount. The recoverable amount of each cash-generating unit has been determined based on the higher of value-in-use calculation and fair value less cost of disposal calculation. If the recoverable amount is less than the carrying amount, impairment loss was recognised. The calculations of the recoverable amount require the use of estimates and judgements as disclosed in note 22.

As at 31 December 2021, the carrying amount of goodwill was approximately US$6,597,000 (2020: US$6,841,000), no impairment loss in respect of goodwill has been recognised for the years ended 31 December 2021 and 2020. Details of the value-in-use calculations are disclosed in note 22.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Allowance recognised in respect of trade receivables, loan receivables and other receivables

The impairment provisions for trade receivables, loan receivables and other receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2021, the carrying amounts of trade receivables, loan receivables and other receivables are approximately US$148,303,000 (2020: US$204,120,000), US$3,169,000 (2020: US$6,609,000) and US$701,000 (2020: US$1,649,000) respectively, with accumulated loss allowance on trade receivables, loan receivables and other receivables of approximately US$71,454,000 (2020: US$25,825,000), US$6,116,000 (2020: US$1,398,000) and US$1,306,000 (2020: US$348,000) respectively.

Fair value determination of financial assets at FVTOCI

As disclosed in note 21, as at 31 December 2021, the Group had certain unlisted equity investments which are not quoted in an active market. For the determination of the fair values of financial assets at FVTOCI as at 31 December 2021, the directors of the Company use their judgements and estimates in the underlying assumptions and data for the fair value determination of financial assets at FVTOCI. The directors of the Company are required to estimate the future cash flows expected to arise from these unlisted equity investments and apply the suitable earnings multiples or discounted factors. Where the actual future cash flows are less than expected, a material variance on the fair values of financial assets at FVTOCI may arise. As at 31 December 2021, the fair value of financial assets at FVTOCI was nil (2020: US$679,000), with corresponding net decrease in fair value reserve of approximately US$679,000 (2020: US$2,990,000) recognised during the year ended 31 December 2021. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair values of the fair values of financial assets at FVTOCI.

Income taxes

As disclosed in note 33, no deferred tax asset has been recognised in respect of the estimated unused tax losses of approximately US$26,719,000 (2020: US$13,972,000) due to the unpredictability of future profit streams as at 31 December 2021. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary difference will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a reversal take place.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Provision for rehabilitation

The Group recognises the provision for the rehabilitation of each site. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of rehabilitation provision. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the consolidated statement of financial position by adjusting both the rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges. For closed sites, changes to estimated future costs are recognised immediately in profit or loss. The carrying amount of provision for rehabilitation as at 31 December 2021 was approximately US$576,000 (2020: US$525,000).

Fair value of financial guarantee liabilities

The directors of the Company use their judgements in selecting an appropriate valuation technique to determine fair value of the financial guarantee liabilities which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair values of these financial guarantee liabilities are reassessed at the end of each reporting period with movement to the consolidated statement of profit or loss and other comprehensive income. In estimating the fair values of these financial guarantee liabilities, the Company uses independent valuations which are based on various inputs and estimates with reference to the input of subjective assumptions and adjusted for specific features of the instrument. If the inputs and estimates applied in the model or the valuation model are different, the carrying amounts of these derivative financial liabilities will be changed. As at 31 December 2021, the carrying values of the financial guarantee liabilities of the Company and was approximately US$9,459,000 (2020: US$6,771,000). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair values of these financial instruments.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings and notes and bonds disclosed in note 30 and note 31 respectively, net of cash and cash equivalents disclosed in note 25, and equity attributable to the owners of Group, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure periodically. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through use of debts, payment of dividends and issuance of new shares.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021	2020
	US$'000	US$'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	**153,369**	212,509
Financial assets at FVTOCI	**–**	679
	157,369	213,188
Financial liabilities		
Financial liabilities at amortised cost	**190,494**	194,029

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, loan receivables from a company, deposits, other receivables, financial assets at FVTOCI, cash and cash equivalents, trade payables, other payables and accruals, lease liabilities, amount due to ultimate holding company, bank and other borrowings and notes and bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The Group has certain bank deposits, loan receivables from a company and other borrowings denominated in foreign currencies, i.e. a currency other than the functional currency of the subsidiaries of the Company, which expose the Group to currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	Assets		**Liabilities**	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong Dollar ("HK$")	**13**	5	**20,672**	17,380
Renminbi ("RMB")	**3,169**	6,495	**–**	–

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

The Group believes that the pegged rate between the US$ and the HK$ will not be materially affected by any changes in the value of US$ against other currencies. In this respect, the Group considers its exposure to foreign currency risk in respect of HK$ to be insignificant.

Sensitivity Analysis

The following table details the Group's sensitivity to a 5% (2020: 5%) increase or decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% (2020: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates a decrease in pre-tax loss where respective functional currency weakened 5% (2020: 5%) against the relevant foreign currency. For a 5% (2020: 5%) strengthening of respective functional currency against the relevant foreign currency, there would be an equal and opposite impact on the pre-tax loss and the balances below would be negative.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity Analysis (continued)

	Effect on profit or loss	
	2021	2020
	US$'000	US$'000
RMB	**25**	50

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed interest rate other borrowings (note 30), and notes and bonds (note 31).

The Group is also exposed to cash flow interest rate risk in relation to variable interest rate bank balances (note 25) and bank loans with variable interest rates (note 30). It is the Group's policy to keep its loans at floating rate of interests so as to minimise the fair value interest rate risk.

Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2020: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2021 would increase/decrease by approximately US$295,000 (2020: US$304,000). This is mainly attributable to the Group's exposure to interest rates on bank balances and variable-rate bank borrowings.

Credit risk

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge all obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The credit risk of the Group mainly arises from trade and other receivables and cash and cash equivalents. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach in IFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on a collectively basis by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The credit risk on restricted cash and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase the Group compares the risk of a default occurring on the asset as at the reporting date with the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating result of the borrower;
- significant increase in credit risk on other financial instruments of the borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk (continued)

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	Internal credit rating	12-month or lifetime ECL	2021 Gross carrying amount US$'000	2021 Loss allowance US$'000	2021 Net carrying amount US$'000	2020 Gross carrying amount US$'000	2020 Loss allowance US$'000	2020 Net carrying amount US$'000
Trade receivables	23	(Note)	Lifetime ECL (simplified approach)	**219,757**	**(71,454)**	**148,303**	229,945	(25,825)	204,120
Loan receivables	24	Default	Lifetime ECL – credit mpaired	**9,285**	**(6,116)**	**3,169**	8,007	(1,398)	6,609
Other receivables	24	Performing	12-month ECL	**23**	**(4)**	**19**	5	–	5
Other receivables	24	Doubtful	Lifetime ECL – not credit impaired	**–**	**–**	**–**	1,992	(348)	1,644
Other receivable	24	Default	Lifetime ECL – credit impaired	**1,984**	**(1,302)**	**682**	–	–	–
					(78,876)			(27,571)	

Note: For trade receivables, the Group has applied the simplified approach in IFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 23 includes further details on the loss allowance for these assets respectively.

The carrying amounts of the Group's financial assets at FVTOCI as disclosed in note 21 best represent their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

The Group has concentration of credit risk as 1% (2020: 4%) and 1% (2020: 5%) of the total trade receivables was due from the Group's largest external customer and the top five largest external customers respectively as at 31 December 2021 and 31 December 2020.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank and other borrowings and notes and bonds as a significant source of liquidity and the management monitors the utilisation of bank and other borrowings and notes and bonds and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The table includes both interest and principal cash flow. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

	At 31 December 2021			
	Within one year or on demand US$'000	More than 1 year but less than 5 years US$'000	Total contractual undiscounted cash flows US$'000	Carrying amount US$'000
Trade payables	963	–	963	963
Other payables and accruals	23,029	–	23,029	23,029
Amount due to ultimate holding company	60,000	–	60,000	60,000
Bank and other borrowings	54,683	–	54,683	54,683
Notes and bonds	51,819	–	51,819	51,819
	190,494	–	190,494	190,494

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	At 31 December 2020			
	Within one year or on demand US$'000	More than 1 year but less than 5 years US$'000	Total contractual undiscounted cash flows US$'000	Carrying amount US$'000
Trade payables	8,337	–	8,337	8,337
Other payables and accruals	25,223	–	25,223	25,223
Amount due to ultimate holding company	60,000	–	60,000	60,000
Bank and other borrowings	54,683	–	54,683	54,683
Notes and bonds	46,101	–	46,101	45,786
	194,344	–	194,344	194,029
Lease liabilities	23	11	34	32

The amounts included above for variable interest rate non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurement objective and policies

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into fair value hierarchy Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	At 31 December 2021			
	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Financial assets at FVTOCI – Unlisted equity investments	**–**	**–**	**–**	**–**

	At 31 December 2020			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at FVTOCI – Unlisted equity investments	–	–	679	679

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

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Fair value measurement objective and policies (continued)

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 31 December		Valuation technique	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
		2021 US$'000	2020 US$'000				
Unlisted equity investments	Level 3	–	679	Adjusted net assets	Nil (all are figures from historical financial statements)	N/A	N/A
		–	679				

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, if the unobservable inputs (earnings multiples and market value of invested capital over total asset multiples for unlisted equity investments) to the valuation model were 5% (2020: 5%) higher/lower while all the other variables were held constant, the fair value of the financial assets at FVTOCI would be increased/decreased (2020: increase/decrease) by nil (2020: US$34,000).

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Fair value measurement objective and policies (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	9,992
Fair value loss in other comprehensive income	(2,990)
Disposal	(6,323)
At 31 December 2020 and 1 January 2021	**679**
Fair value loss in other comprehensive income	**(679)**
At 31 December 2021	**–**

For the year ended 31 December 2021, the fair value loss recognised in other comprehensive income of approximately US$679,000 (2020: US$2,990,000) on unlisted equity investments at FVTOCI held at the end of the reporting period.

The directors of the Company consider that the carrying amounts of current financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

8. REVENUE

Revenue represents revenue arising on sales of iron ore products, other commodities and other products. An analysis of the Group's revenue for the year is as follows:

	2021 US$'000	2020 US$'000
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of iron ore products	**–**	240
– Sales of commodities	**14,080**	27,615
– Sales of other products	**9,898**	–
	23,978	27,855

Set out below is the disaggregation of the Group's revenue from contracts with customers by timing of recognition and geographical markets, arising from different reporting segments:

For the year ended 31 December 2021	**Commercial trade US$'000**	**Others US$'000**	**Total US$'000**
Revenue from goods:			
– Sales of commodities	**14,080**	**–**	**14,080**
– Sales of other products	**–**	**9,898**	**9,898**
	14,080	**9,898**	**23,978**
Timing of revenue recognition:			
– At a point in time	**14,080**	**9,898**	**23,978**
Geographical markets:			
– People's Republic of China ("PRC")	**–**	**1,008**	**1,008**
– Hong Kong	**14,080**	**8,890**	**22,970**
	14,080	**9,898**	**23,978**

8. REVENUE (continued)

For the year ended 31 December 2020	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Total US$'000
Revenue from goods:			
– Sales of iron ore products	240	–	240
– Sales of commodities	–	27,615	27,615
	240	27,615	27,855
Timing of revenue recognition:			
– At a point in time	240	27,615	27,855
Geographical markets:			
– Malaysia	240	–	240
– Hong Kong	–	27,615	27,615
	240	27,615	27,855

9. 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;
- Financing operation – investment in equity securities and other financial services; and
- Others – trading of other products.

9. 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 year ended 31 December 2021

	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Financing operation US$'000	Others US$'000	Total US$'000
Segment revenue	–	14,080	–	9,898	23,978
Segment (loss) profit	(1,065)	(49,247)	(3,502)	165	(53,649)
Unallocated income					7,889
Unallocated corporate expenses					(1,634)
Unallocated finance costs					(8,655)
Impairment loss on other receivables					(957)
Loss before income tax					(57,006)

9. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2020

	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Financing operation US$'000	Total US$'000
Segment revenue	240	27,615	–	27,855
Segment (loss) profit	(839)	(16,581)	798	(16,622)
Unallocated income				472
Unallocated corporate expenses				(3,861)
Unallocated finance costs				(13,530)
Reversal of impairment loss on other receivables				76
Reversal of impairment loss on remeasurement of non-current assets held for sale				3,612
Loss before income tax				(29,853)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment loss represents the loss of each segment without allocation of central and other operating expenses, other income, finance costs, reversal of (impairment loss) on other receivables, reversal of impairment loss on remeasurement of non-current assets held for sale. This is the measure reported to the directors of the Company with respect to the resource allocation and performance assessment.

9. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

Segment assets

	2021 US$'000	2020 US$'000
Iron ore mining and processing operation	**13,776**	15,575
Commercial trade	**145,489**	203,340
Financing operations	**3,169**	6,609
Others	**2,007**	–
Total segment assets	**164,441**	225,524
Corporate and other assets	**8,691**	9,464
Total assets	**173,132**	234,988

Segment liabilities

	2021 US$'000	2020 US$'000
Iron ore mining and processing operation	**1,097**	1,345
Commercial trade	**129,757**	132,100
Others	**958**	–
Total segment liabilities	**131,812**	133,445
Corporate and other liabilities	**65,594**	67,530
Total liabilities	**197,406**	200,975

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 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.

9. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2021

	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Financing operation US$'000	Others US$'000	Unallocated US$'000	Total US$'000
Amounts include in the measure of segment loss or segment assets:						
Depreciation and amortisation	671	–	–	–	3	674
(Reversal of) impairment loss on trade receivables	(153)	45,782	–	–	–	45,629
Impairment loss on other receivables	–	–	4,719	–	957	5,676
Loss on disposal of property, plant and equipment	402	–	–	–	–	402
Loss on written of property, plant and equipment	369	–	–	–	–	369
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interest from waiver of interest expense on other borrowings	–	–	–	–	(7,878)	(7,878)
Loan interest income	–	–	–	(1,278)	–	(1,278)
Finance costs	–	3,457	–	–	8,655	12,112

9. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 December 2020

	Iron ore mining and processing operation US$'000	Commercial trade US$'000	Financing operation US$'000	Unallocated US$'000	Total US$'000
Amounts include in the measure of segment loss or segment assets:					
Depreciation and amortisation	735	–	–	37	772
Impairment loss on trade receivables	115	13,182	–	–	13,297
(Reversal of) impairment loss on other receivables	(1)	(65)	104	–	38
Gain on derecognition of right-of-use assets	–	–	–	(37)	(37)
Gain on disposal of non-current assets classified as held for sale	–	–	–	(346)	(346)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Loan interest income	–	–	(1,284)	–	(1,284)
Finance costs	–	3,506	–	13,530	17,036
Income tax credit	–	–	–	(252)	(252)

9. SEGMENT INFORMATION (continued)

Geographical information

During the years ended 31 December 2021 and 2020, the Group's operations are located in Hong Kong and Malaysia.

Information about the Group's revenue from external customers is presented based on the location of the operations.

Revenue from external customers

	2021 US$'000	2020 US$'000
Hong Kong	**22,970**	27,615
PRC	**1,008**	–
Malaysia	**–**	240
Total revenue	**23,978**	27,855

Substantially all of the Group's operations and non-current assets are in Hong Kong and Malaysia.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2021 US$'000	2020 US$'000
Company A[1]	**14,080**	N/A[3]
Company B[1]	**8,251**	N/A[3]
Company C[2]	**N/A[3]**	19,932
Company D[2]	**N/A[3]**	7,923
	22,331	27,855

1 Revenue from others segment.
2 Revenue from commercial trade segment.
3 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

10. OTHER INCOME

	2021 US$'000	2020 US$'000
Income from waived of interest expense on other borrowings (note i)	**7,878**	–
Interest income from loan receivables	**1,278**	1,284
Gain on disposal of non-current assets classified as held for sale	**–**	346
Exchange gain, net	**50**	44
Gain on derecognition of rights-of-use assets	**–**	37
Government grants (note ii)	**–**	17
Others	**11**	28
	9,217	1,756

Notes:

(i) On 1 September 2021, the Company and the independent lender entered into supplemental agreement pursuant to which the independent lender agreed to adjust the interest rate from 3% per month to 5% per annum effective from 26 September 2019 and the default interest rate adjusted from 5% per month to 0% per annum starting from 26 September 2019. Details of other borrowings is set out in note 30(d).

(ii) During the year 31 December 2020, the Group recognised government grants of HK$135,000 (equivalent to approximately US$17,000) in respect of COVID-19-related subsidies, of which amounted to approximately US$17,000 related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

11. FINANCE COSTS

	2021 US$'000	2020 US$'000
Interests on:		
– bank borrowings	**3,457**	3,506
– other borrowings	**908**	6,897
– notes	**7,311**	6,148
– bonds	**383**	467
– lease liabilities	**2**	2
Unwinding of discount on provision (note 32)	**51**	16
	12,112	17,036

12. INCOME TAX CREDIT

	2021	2020
	US$'000	US$'000
Current tax:		
Hong Kong Profits Tax	**–**	–
Over provision in prior years:		
Hong Kong Profits Tax	**–**	252
	–	252

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 years ended 31 December 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%.

(iii) No provision for Singapore and PRC corporate income tax has been provided as the Company's subsidiaries located in Singapore and Mainland China had no assessable profits derived or earned in Mainland China and Singapore for the years ended 31 December 2021 and 2020.

(iv) Pursuant to the income tax rules and regulations in Malaysia, the subsidiaries located in Malaysia are liable to Malaysia corporate income tax at a rate of 24% (2020: 24%) on the assessable profits generated during the year.

12. INCOME TAX CREDIT (continued)

The income tax credit can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 **US$'000**	2020 US$'000
Loss before income tax	**(57,006)**	(29,853)
Tax at the domestic income tax rate of 16.5% (2020: 16.5%)	**(9,406)**	(4,926)
Tax effect of expenses not deductible for tax purposes	**8,558**	5,248
Tax effect of income not taxable for tax purposes	**(1,511)**	(862)
Tax effect of deductible temporary difference not recognised	**309**	48
Tax effect of tax losses not recognised	**2,138**	545
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(88)**	(53)
Over provision in prior years	**–**	(252)
Income tax credit	**–**	(252)

Note: Hong Kong Profits Tax exemption granted represented a reduction of Hong Kong Profits Tax for the year ended 31 December 2021, subject to a ceiling of HK$10,000 (2020: HK$10,000) (equivalent to approximately US$1,280 (2020: US$1,280)) for each entity.

Details of the deferred taxation are set out in note 33.

13. LOSS FOR THE YEAR

	2021	2020
	US$'000	US$'000
Loss for the year has been arrived at after charging:		
Directors' and chief executive's emoluments (note 14)	**282**	567
Salaries, wages, allowances and other benefits	**449**	503
Contributions to retirement benefits scheme (excluding directors', chief executive's and supervisors' emoluments)	**24**	25
Total staff costs	**755**	1,095
Auditor's remuneration		
– Audit services	**102**	102
– Non-audit services	**6**	–
Depreciation of property, plant and equipment	**674**	762
Depreciation of right-of-use assets	**13**	9
Amortisation of intangible assets	**–**	1
Loss on disposal of property, plant and equipment	**402**	–
Loss on written-off property, plant and equipment	**370**	–
Lease rentals for office premises (note i)	**12**	2
Amount of inventories recognised as an expense	**23,814**	27,945
Impairment loss on trade receivables	**45,629**	13,297
Impairment loss on other receivables	**5,676**	38

Note:

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

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of directors' and chief executive's emoluments are as follows:

Emoluments paid or receivable in respect of a person's services in connection with the management of the affairs of the Company or its subsidiary undertaking:

	Fees US$'000	Salaries, allowances and other benefits (note iii) US$'000	Employer's contributions to retirement benefits scheme US$'000	Total US$'000
Year ended 31 December 2021				
Executive directors				
Mr. Li Yang	**129**	**–**	**–**	**129**
Ms. Li Xiaolan	**52**	**43**	**–**	**95**
Mr. Wang Er	**32**	**–**	**–**	**32**
Independent non-executive directors				
Dr. Li Zhongquan	**13**	**–**	**–**	**13**
Dr. Wang Ling	**13**	**–**	**–**	**13**
Total	**239**	**43**	**–**	**282**

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	Fees US$'000	Salaries, allowances and other benefits (note iii) US$'000	Employer's contributions to retirement benefits scheme US$'000	Total US$'000
Year ended 31 December 2020				
Executive directors				
Mr. Li	184	111	3	298
Ms. Li Xiaolan	45	63	3	111
Mr. Wang Er	41	–	–	41
Ms. Xu Mijia (note i)	37	20	3	60
Independent non-executive directors				
Mr. Leung Yiu Cho (note ii)	31	–	–	31
Dr. Li Zhongquan	13	–	–	13
Dr. Wang Ling	13	–	–	13
Total	364	194	9	567

Notes:

(i) Resigned on 17 November 2020.

(ii) Resigned on 8 October 2020.

(iii) The remuneration includes remuneration received from the Group by the directors in his/her capacity as an employee of the subsidiaries.

Mr. Li is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No directors and chief executive of the Company waived or agreed to waive the emolument paid by the Group during the years ended 31 December 2021 and 2020. No emoluments were paid by the Group to the directors as an inducement for joining the Group or as compensation for loss of office during the years ended 31 December 2021 and 2020.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments, two (2020: three) were directors of the Company whose emoluments are set out in note 14. The emoluments of the remaining three (2020: two) highest paid individuals were as follows:

	2021	2020
	US$'000	US$'000
Salaries, wages, allowances and other benefits	**173**	159
Contributions to retirement benefits scheme	**11**	5
	184	164

Their emoluments were within the following bands:

	Number of individuals	
	2021	2020
Nil to HK$1,000,000 (equivalent to approximately US$128,000 (2020: US$128,000))	**3**	2

16. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

17. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following:

	2021	2020
	US$'000	US$'000
Loss		
Loss for the purpose of basic and diluted loss per share	**(57,006)**	(29,601)
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 during the years ended 31 December 2021 and 2020.

18. PROPERTY, PLANT AND EQUIPMENT

	Properties US$'000	Mine properties US$'000	Machinery US$'000	Motor vehicles US$'000	Others US$'000	Total US$'000
COST						
At 1 January 2020	311	2,222	5,663	745	225	9,166
Written off	–	–	–	–	(115)	(115)
Disposal	–	–	–	(142)	–	(142)
Exchange alignment	6	44	123	4	1	178
At 31 December 2020 and 1 January 2021	**317**	**2,266**	**5,786**	**607**	**111**	**9,087**
Additions	**–**	**–**	**–**	**–**	**303**	**303**
Written off	**(317)**	**–**	**–**	**(458)**	**(53)**	**(828)**
Disposal	**–**	**(1,887)**	**(5,092)**	**–**	**–**	**(6,979)**
Exchange alignment	**–**	**(88)**	**(282)**	**(7)**	**–**	**(377)**
At 31 December 2021	**–**	**291**	**412**	**142**	**361**	**1,206**
DEPRECIATION AND IMPAIRMENT						
At 1 January 2020	38	1,491	4,249	598	213	6,589
Charge for the year	6	239	489	24	4	762
Written off	–	–	–	–	(115)	(115)
Disposal	–	–	–	(116)	–	(116)
Exchange alignment	–	41	118	4	2	165
At 31 December 2020 and 1 January 2021	**44**	**1,771**	**4,856**	**510**	**104**	**7,285**
Charge for the year	**–**	**198**	**420**	**–**	**56**	**674**
Written off	**(44)**	**–**	**–**	**(361)**	**(53)**	**(458)**
Disposal	**–**	**(1,799)**	**(4,699)**	**–**	**–**	**(6,498)**
Exchange alignment	**–**	**(70)**	**(242)**	**(7)**	**–**	**(319)**
At 31 December 2021	**–**	**100**	**335**	**142**	**107**	**684**
NET CARRYING VALUES						
At 31 December 2021	**–**	**191**	**77**	**–**	**254**	**522**
At 31 December 2020	273	495	930	97	7	1,802

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Properties	50 years
Mine properties	10 years
Machinery	7 to 10 years
Motor vehicles	3 to 5 years
Others	3 to 5 years

19. INTANGIBLE ASSETS

	Mining rights and reserves US$'000
COST	
As at 1 January 2020	13,061
Exchange alignment	243
As at 31 December 2020 and 1 January 2021	**13,304**
Exchange alignment	**(484)**
As at 31 December 2021	**12,820**
ACCUMULATED AMORTISATION AND IMPAIRMENT	
As at 1 January 2020	180
Charge for the year	1
Exchange alignment	2
As at 31 December 2020 and 1 January 2021	**183**
Exchange alignment	**(6)**
As at 31 December 2021	**177**
NET CARRYING VALUES	
As at 31 December 2021	**12,643**
As at 31 December 2020	13,121

19. INTANGIBLE ASSETS (continued)

The mining right represents a mining license acquired for exploration and mining of Iron Ore in Malaysia. The mining right is amortised on a units-of-production basis over the total proved and probable reserves in the mine.

Recoverable amounts for each CGU were estimated based on FVLCD methodology which is calculated using the present value of the CGUs' expected future cash flows (after-tax). The cash flow information was derived from a report on the Group's iron ore reserves which was prepared by an independent qualified reserve evaluator, GEOS Mining Minerals Consultants ("GEOS"). As at 31 December 2021, the projected cash flows used in the FVLCD calculation reflect market assessments of key assumptions, including long-term forecasts of commodity prices, inflation rates, and foreign exchange rates (Level 3 fair value inputs). Cash flow forecasts are also based on GEOS's evaluation of the Group's reserves and resources to determine production profiles and volumes, operating costs, maintenance and future development capital expenditures. Future cash flow estimates are discounted using aftertax risk-adjusted discount rates. The after-tax discount rates applied in the impairment calculation as at 31 December 2021 was 17.1% (2020: 14.9%) based on the specific risk to the assets.

For the year ended 31 December 2021 and 2020, the Group did not recognise an impairment loss based on its assessment that the estimated recoverable amount exceeded the carrying value.

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	2021 **US$'000**	2020 US$'000
Office premise	–	35

The Group has lease arrangement for office premise with the lease terms of 2 years during the years ended 31 December 2021 and 2020.

During the year ended 31 December 2021, there was no addition to the right-of-use assets due to new leases of office premise (2020: US$42,000).

During the year ended 31 December 2021, the carrying amount of right-of-use assets of approximately US$22,000 (2020: US$216,000) was derecognised due to the early termination of lease agreements.

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(ii) Lease liabilities

	2021 US$'000	2020 US$'000
Non-current	–	11
Current	–	21
	–	32

Amounts payable under lease liabilities	2021 US$'000	2020 US$'000
Within one year	–	21
After one year but within two years	–	11
	–	32
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(21)
Amount due for settlement after 12 months	–	11

During the year ended 31 December 2021, there was no addition to the lease liabilities due to new leases of office premise (2020: US$42,000).

During the year ended 31 December 2021, the carrying amount of leases liabilities of approximately US$22,000 (2020: US$253,000) was derecognised due to the early termination of lease agreement.

(iii) Amount recognised in profit or loss

	2021 US$'000	2020 US$'000
Depreciation of right-of-use assets	13	9
Interests on lease liabilities	2	2
Expense relating to short-term leases	12	2

(iv) Others

During the year ended 31 December 2021, the total cash outflow for lease amount to approximately US$24,000 (2020: US$15,000).

At 31 December 2021 and 31 December 2020, no lease agreement not yet commenced is committed by the Group.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI comprise:

	2021	2020
	US$'000	US$'000
Equity investments designated as at FVTOCI:		
– Unlisted	–	679
Analysed for reporting purposes as:		
– Non-current assets	–	679

The above unlisted equity investment represent investment in unlisted equity securities issued by private entities incorporated in PRC. The fair value of this investment is disclosed in note 7.

Since the directors of the Company lost contact with the management of the above unlisted equity investment and the directors of the Company was unable to obtain any financial information of this above unlisted equity investment for the years ended 31 December 2021 and 31 December 2020, the directors of the Company measured the fair value of the Group's interests in the above unlisted equity investment by adjusted net assets method Approach based on the latest available financial information, and adjusted for the factors they considered that might affect their fair values including the above unlisted equity investment indirectly held by the subsidiary was no longer held by the subsidiary within twelve months from 31 December 2021.

During the year ended 31 December 2020, the Group has disposed an equity investment designated at FVTOCI at a consideration of approximately US$4,277,000 since the directors of the Company are in the view that the performance of the investment was behind their expectation. The consideration included (i) a settlement of a Group subsidiary's debt of approximately US$2,744,000; and (ii) properties located in PRC of approximately RMB9,397,000 (equivalent to approximately US$1,533,000). At the date of disposal, the fair value of such investment was approximately US$2,046,000 and the cumulative loss on disposal was US$8,723,000 transferred from fair value reserve to accumulated losses upon the disposal.

In the opinion of the directors of the Company, 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.

22. GOODWILL

	US$'000
COST	
As at 1 January 2020	6,718
Exchange alignment	123
As at 31 December 2020 and 1 January 2021	**6,841**
Exchange alignment	**(244)**
As at 31 December 2021	**6,597**
ACCUMULATED IMPAIRMENT LOSS	
As at 1 January 2020 and 1 January 2021	–
Impairment loss recognised during the year	–
As at 31 December 2021	**–**
NET CARRYING VALUES	
As at 31 December 2021	**6,597**
As at 31 December 2020	6,841

For the purpose of impairment testing, goodwill arising from the business combinations was allocated to one individual CGU of the Group, which is included in the Group's Ibam Mine CGU.

The recoverable amount of this CGU has been determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by the management of the Company covering a thirty-four year period. Cash flows beyond the thirty-four year period is extrapolated using a steady growth rate for the CGU.

The estimated weighted average growth rates are consistent with the forecast included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the cash-generating unit operates. The cash flows are discounted using pre-tax discount rate of 18.1% (2020: 17.9%). Key assumptions used for the value-in-use calculation are the revenue, gross margins and growth rates. Management determined the budgeted revenue, gross margins and growth rates based on past performance and its expectation for market development.

23. TRADE RECEIVABLES

	2021 US$'000	2020 US$'000
Receivables at amortised cost comprise:		
Trade receivables	**219,757**	229,945
Less: loss allowance for trade receivables	**(71,454)**	(25,825)
	148,303	204,120

As at 31 December 2021, the gross amount of trade receivables arising from contracts with customers amounted to approximately US$219,757,000 (2020: US$229,945,000).

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 Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

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.

	2021 US$'000	2020 US$'000
Within 30 days	**627**	8,170
61 – 120 days	**10**	–
120 – 365 days	**802**	–
Over 365 days	**146,864**	195,950
	148,303	204,120

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

23. TRADE RECEIVABLES (continued)

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the aging of customers collectively that are not individually significant as follows:

As at 31 December 2021	**Weighted average expected loss rate %**	**Gross carrying amount US$'000**	**Loss allowance US$'000**
Not past due	**2.0%**	**650**	**13**
120 to 365 days, past due	**3.3%**	**830**	**27**
over 365 days, past due	**19.7%**	**1,706**	**336**
Default receivable	**32.8%**	**216,571**	**71,078**
		219,757	**71,454**

As at 31 December 2020	Weighted average expected loss rate %	Gross carrying amount US$'000	Loss allowance US$'000
Not past due	2.0%	8,333	163
120 to 365 days, past due	6.0%	129,427	7,724
over 365 days, past due	19.5%	92,185	17,938
		229,945	25,825

23. TRADE RECEIVABLES (continued)

The movement in the loss allowance for trade receivables is set out below:

	2021 **US$'000**	2020 US$'000
At 1 January	**25,825**	12,528
Loss allowance recognised in profit or loss during the year	**45,629**	13,297
At 31 December	**71,454**	25,825

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. After the reporting period, the Group received letter of commitment from its customer that these customers will repay all outstanding amount within 12 months. Loss allowance for such trade receivables of approximately US$71,078,000 (2020: US$25,231,000) has been made in the consolidated financial statements as at 31 December 2021.

As at 31 December 2021, the Group's trade receivables with carrying values of approximately US$36,533,000 (2020: US$36,533,000) have been pledged to secure banking facilities granted to the Group.

24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 **US$'000**	2020 US$'000
Loan receivables from a company (note i)	**9,285**	8,007
Deposits	**5**	29
Prepayments	**1**	1
Other receivables (note ii)	**2,007**	1,997
	11,298	10,034
Less: loss allowance (notes i and ii)	**(7,422)**	(1,746)
	3,876	8,288

24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Notes:

(i) Loan receivables

As at 31 December 2021, the amount represents a loan with the principal amount of approximately US$6,389,000 (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$2,896,000 (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.

During the year ended 31 December 2021, in determining the lifetime ECL for the loan receivable, the directors of the Company have taken into account the historical default experience, the financial position of the counterparty, as well as the future prospects of the industries in which the debtor operate, various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets individually occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during both years.

As at 31 December 2021, the carrying amounts of loan receivables is approximately US$3,169,000 (2020: US$6,609,000), with accumulated loss allowance of approximately US$6,116,000 (2020: US$1,398,000).

(ii) The Group measures the loss allowance for other receivables at an amount equal to 12-month ECL or lifetime ECL. The Group recognised ECL for other receivables based on the internal credit rating of receivables as follows:

	Expected loss rate %	**Gross carrying amount US$'000**	**Loss allowance US$'000**
At 31 December 2021			
Performing	**–**	**23**	**4**
Default	**65.7%**	**1,984**	**1,302**
		2,007	**1,306**

	Expected loss rate %	Gross carrying amount US$'000	Loss allowance US$'000
At 31 December 2020			
Performing	–	5	–
Doubtful	17.5%	1,992	348
		1,997	348

24. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(ii) (continued)

The movement in the loss allowance for other receivables is set out below:

	2021 US$'000	2020 US$'000
At 1 January	**348**	414
Loss allowance (reversal of loss allowance) recognised in profit or loss during the year	**958**	(66)
At 31 December	**1,306**	348

25. CASH AND CASH EQUIVALENTS

Bank balances earned interest at floating rates based on daily bank deposit rates which range from 0.1% to 0.3% per annum (2020: 0.1% to 0.3% per annum).

26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2019, the Group decided to dispose the entire, 33.3% of equity interest in an associate ("Pembinaan Sponge Iron"), as management has the view that results of the business is behind their expectation. The Directors expect the disposals will be completed before the end of December 2020. As the marketing process has already begun before 31 December 2019, the assets with a carrying amount of approximately US$18,363,000 have been classified as held for sale in the consolidated statement of financial position as at 31 December 2019.

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 (note 39).

During the year ended 31 December 2020, the Group acquired properties located in PRC of approximately RMB9,397,000 (equivalent to approximately US$1,533,000) in connection with the consideration received from the disposal of an equity investment designated at FVTOCI (note 21). Such properties were disposed to a Group's creditor, an independent third party, for the purpose of settlement of trade payable of approximately US$1,879,000. As a result, gain on disposal of non-current assets classified as held for sale of approximately US$346,000 has been recognised during the year ended 31 December 2020.

27. TRADE PAYABLES

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

	2021 US$'000	2020 US$'000
Within 90 days	**963**	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.

28. OTHER PAYABLES AND ACCRUALS

	2021	2020
	US$'000	US$'000
Other payables (note i)	**2,094**	2,468
Interest payables (note ii)	**20,048**	21,900
Accruals	**887**	855
	23,029	25,223

Notes:

(i) Included in other payables as at 31 December 2021, approximately US$201,000 (2020: US$360,000) represented the amount due to directors of the Company. The amounts are unsecured, interest-free and no repayment on demand.

(ii) Included in interest payables was an amount of approximately US$20,048,000 (2020: US$21,900,000) which represented the aggregate accrued interests in default in connection with the In Default Borrowings and Cross-default Borrowings.

29. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

	2021	2020
	US$'000	US$'000
Ultimate holding company		
Cosmo Field	**60,000**	60,000

As at 31 December 2021, the Group has two (2020: two) interest-free loans from the ultimate holding company with aggregate amount of US$60,000,000 (2020: US$60,000,000).

(a) On 27 September 2018, the Company and Cosmo Field entered a shareholder loan agreement ("Shareholder Loan 1") with an outstanding amount of US$20,000,000 to agree to extend the repayment date of Shareholder Loan 1 to 27 September 2019. The shareholder Loan 1 is unsecured and interest-free.

(b) On 27 September 2018, the Company and Cosmo Field entered a shareholder loan agreement ("Shareholder Loan 2") with an outstanding amount of US$40,000,000 to agree to extend the repayment date of Shareholder Loan 2 to 27 September 2019. The Shareholder Loan 2 is unsecured and interest-free.

29. AMOUNT DUE TO ULTIMATE HOLDING COMPANY (continued)

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 at the High Court of Hong Kong in relation to 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 Loan 2 as mentioned above) 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 2 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 Loan 2 to Industrial Bank. The Group believes that the Default on Industrial Bank Loan will trigger cross-defaults of other borrowings and loans of the Group.

30. BANK AND OTHER BORROWINGS

	2021 **US$'000**	2020 US$'000
Bank loans	**36,533**	36,533
Other loan	**18,150**	18,150
	54,683	54,683

	2021 **US$'000**	2020 US$'000
Secured	**36,533**	36,533
Unsecured	**18,150**	18,150
	54,683	54,683

30. BANK AND OTHER BORROWINGS (continued)

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2021	2020
	US$'000	US$'000
Within one year	**54,683**	54,683

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

(b) As at 31 December 2021, certain of the Group's bank loans amounting to US$36,533,000 (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 (2020: US$36,533,000) and were guaranteed by the Company and a director of the Company.

(c) On 10 December 2018, the Group's 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 instalments with the first instalment 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 (the "High Court") for the failing to fulfil his obligation as guarantor to settle the amount of HK$308,758,494 (the "OCBC outstanding amount"). 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.

30. 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 HK$141,800,000 (equivalent to US$18,150,000) and total interest accrued and other payable under the loan agreement but unpaid amount approximately to HK$62,392,000 (equivalent to US$7,986,000) 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.

On 1 September 2021, the Company and the independent lender entered into supplemental agreement pursuant to which the independent lender agreed to adjust the interest rate from 3% per month to 5% per annum starting from 26 September 2019 and the default interest rate adjusted from 5% per month to 0% per annum starting from 26 September 2019.

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

(f) As at 31 December 2021, the accrued interests for the bank loans and other loan are recorded in interest payable (note 28) was approximately US$8,791,000 and US$6,915,000 respectively (2020: US$5,334,000 and US$13,885,000 respectively).

31. NOTES AND BONDS

	2021 **US$'000**	2020 US$'000
Notes		
– Note 1 (note a)	**31,297**	25,264
– Note 2 (note b)	**18,000**	18,000
	49,297	43,264
Corporate bond (note c)	**2,522**	2,522
	51,819	45,786

	2021 **US$'000**	2020 US$'000
Analysed as:		
Current liabilities	**51,819**	45,786

31. NOTES AND BONDS (continued)

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.

(3) Guarantees

The Note 1 prior to the final redemption date without the prior written consent of the holders of the Note 1.

31. NOTES AND BONDS (continued)

Notes: (continued)

(a) (continued)

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.

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)(i) 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.

31. NOTES AND BONDS (continued)

Notes: (continued)

(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 31 December 2021, the accrued interests for Note 2 are recorded in interest payable (note 28) was approximately US$3,477,000 (2020: US$2,199,000).

31. NOTES AND BONDS (continued)

Notes: (continued)

(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 approximately HK$21,019,178 (equivalent to approximately US$2,690,000) ("I-Access debt") 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 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 approximately US$38,400) to I-Access subsequently in May and June 2020 which in accordance with the extended payment schedule, but failed to pay the third installment of HK$5,000,000 (equivalent to approximately US$640,000) by the installment due date of 31 July 2020.

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 19 October 2021, in which no winding-up order was made, and it was ordered that the next winding up petition hearing shall be held on 30 March 2022.

On 29 December 2021, the Company have been noticed that I-Access have signed a debt assignment with an independent third party ("Transferee Holder") to transfer its obligations included the receivables of outstanding principal HK$19,700,000 (equivalent to approximately US$2,522,000) with accrued interest to the Transferee Holder. On 31 March 2022, I-Access has agreed to Withdraw Winding Up Petition which was initially scheduled to be heard on 30 March 2022 and the Company entered into a debt waiver agreement pursuant to which the Transferee Holder agreed to unconditionally and irrevocably waive the outstanding principal HK$19,700,000 (equivalent to approximately US$2,522,000) with accrued interest.

As at 31 December 2021, the accrued interests for the corporate bond are recorded in interest payable (note 28) was approximately US$865,000 (2020: US$482,000).

32. PROVISION FOR REHABILITATION

Provision for rehabilitation primarily relate to the mine site rehabilitation.

The following is the provision for rehabilitation recognised by the Group and movement is set out as below:

	2021 US$'000	2020 US$'000
At 1 January	**525**	509
Unwinding of discount (note 11)	**51**	16
At 31 December	**576**	525

Provision for rehabilitation is calculated at the net present value of estimated future net cash flows of the mine site rehabilitation, amounting to approximately US$576,000 (2020: US$525,000) discounted at 6.4% per annum at 31 December 2021 (2020: 6.4% per annum). The discount rate reflects the current market assessments of the time value of money and the risks specific to the provision.

33. DEFERRED TAX LIABILITIES

The following is the analysis of the deferred tax liabilities, before set off certain deferred tax assets against deferred liabilities of the same taxable entity, for the financial reporting purposes:

	2021 US$'000	2020 US$'000
Deferred tax liabilities	**2,922**	2,930

33. DEFERRED TAX LIABILITIES (continued)

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the year:

	Fair value adjustments arising from acquisition of subsidiaries US$'000	**Tax losses** US$'000	**Accelerated tax depreciation** US$'000	**Total** US$'000
At 1 January 2020 and 31 December 2020	2,923	(2)	9	2,930
Exchange alignment	(8)	–	–	(8)
At 31 December 2021	**2,915**	**(2)**	**9**	**2,922**

As at 31 December 2021, no deferred tax asset has been recognised in respect of unused tax losses of approximately US$26,719,000 (2020: US$13,972,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

As at 31 December 2021, the Group has deductible temporary difference of approximately US$47,762,000 (2020: US$46,175,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

34. SHARE CAPITAL

	Number of shares '000	**Share capital** US$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	3,000,000	3,867
Issued and fully paid:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	1,500,000	1,934

35. COMMITMENT

The Group had the following commitments at the end of the reporting period:

(a) Mining fee

The Group has agreed to pay Gema Impak Sdn. Bhd. ("Gema Impak") a mining fee of MYR40 per tonne of iron ore products extracted from Ibam Mine and sold by Capture Advance.

(b) Subcontracting fee

Pursuant to the mining sub-contract in relation to Ibam Mine entered into between the Group and the mining contractor, a third party, which has been renewed on 26 December 2016 and continues to be effective until the expiry of the mining lease or any renewal thereof, whichever is later unless otherwise determined by mutual consent of the parties to the mining sub-contract, the mining contractor shall mine and produce iron ore products at Ibam Mine using the machinery or equipment provided by the Group. If the production volume is equal to or less than 30 thousand tonnes per month, the service fee for the mining contractor is MYR200 per tonne of iron ore produced, if the production volume exceeds 30 thousand tonnes per month, the service fee should be re-negotiated and agreed between the Group and the mining contractor.

36. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks to secure the bank borrowing, granted to the Group:

	2021	2020
	US$'000	US$'000
Trade receivables	**36,533**	36,533

37. RELATED PARTY TRANSACTIONS

(a) Banking facilities

For the years ended 31 December 2021 and 2020, a director of the Company, Mr. Li, provided guarantee for the grant of banking facilities to the Group.

For the years ended 31 December 2021 and 2020, a director of the Company, 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 years ended 31 December 2021 and 2020, a director of the Company, Mr. Li and Cosmo field provided guarantee for the issued 7% fixed coupon guaranteed note of the Group.

37. RELATED PARTY TRANSACTIONS (continued)

(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:

	2021	2020
	US$'000	US$'000
Short-term benefits	**283**	594
Post-employment benefits	**–**	9
	283	603

38. RETIREMENT BENEFIT SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 (equivalent to US$192) per month, to the MPF Scheme, in which the contribution is matched by employees.

As stipulated by rules and regulations in the PRC, subsidiaries in the PRC are required to contribute to a state-managed retirement plan for all its employees at a certain percentage of the basic salaries of its employees. The state-managed retirement plan is responsible for the entire pension obligations payable to all retired employees. Under the state-managed retirement plan, the Group has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions.

The Group operates the EPF Scheme for all qualifying employees in Malaysia. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 1.25% of relevant payroll costs, capped at MYR4,000 (equivalent to US$977) per month, to the EPF Scheme, in which the contribution is matched by employees.

During the year ended 31 December 2021, the total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately US$24,000 (2020: US$34,000) represents contributions payable to these schemes by the Group in respect of the respective accounting period.

39. CHANGE IN OWNERSHIP INTEREST IN A SUBSIDIARY

During the year ended 31 December 2020, the Group had the following change in its ownership interest in a subsidiary that do not result in a loss of control.

Acquisition of additional interest in a subsidiary

On 13 July 2020, the Group acquired of an additional 9.12% issued shares of Pacific Mining Resources, increasing its ownership interest from 90.88% to 100%, as consideration of approximately US$21,975,000 in exchange for a 33.33% equity interest in Pembinaan Sponge Iron. The carrying amount of the net assets of Pacific Mining Resources was approximately US$1,690,000.

Upon the date of completion of share transfer transaction, this resulted in a decreased in non–controlling interests of approximately US$1,690,000 and an decrease in equity attributable to owners of the Company of approximately US$20,285,000. The non-controlling interests in Pacific Mining Resources were measured by reference to the proportionate share of the net assets of Pacific Mining.

A schedule of the effect of share transfer transaction during the year ended 31 December 2020 is as follow:

	2020 US$'000
Carrying amount of non-controlling interest acquired	21,975
Less: Consideration paid for acquisition of additional interest in Pacific Mining Resources	(1,690)
Difference recognised in other reserves within equity	20,285

The fair value of the consideration shares was reference to the fair value of Pembinaan Sponge Iron on the date of share transfer transaction, which was performed by an independent valuation from, International Valuation Limited.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable US$'000 (note 28)	Bank loans US$'000 (note 30)	Other loan US$'000 (note 30)	Notes US$'000 (note 31)	Bonds US$'000 (note 31)	Lease liabilities US$'000 (note 20)	Total US$'000
At 1 January 2021	**21,900**	**36,533**	**18,150**	**43,264**	**2,522**	**32**	**122,401**
Financing cash flows:							
– Repayments	**–**	**–**	**–**	**–**	**–**	**(12)**	**(12)**
Non-cash changes:							
– Accrued interests	**6,026**	**–**	**–**	**6,033**	**–**	**2**	**12,061**
– Lease derecognised due to termination	**–**	**–**	**–**	**–**	**–**	**(22)**	**(22)**
– Income from waiver of interest expense on other borrowing	**(7,878)**	**–**	**–**	**–**	**–**	**–**	**(7,878)**
At 31 December 2021	**20,048**	**36,533**	**18,150**	**49,297**	**2,522**	**–**	**126,550**

	Interest payable US$'000 (note 28)	Bank loans US$'000 (note 30)	Other loan US$'000 (note 30)	Notes US$'000 (note 31)	Bonds US$'000 (note 31)	Lease liabilities US$'000 (note 20)	Total US$'000
At 1 January 2020	9,834	36,533	18,150	38,393	2,479	254	105,643
Financing cash flows:							
– Repayments	–	–	–	–	(38)	(13)	(51)
Non-cash changes:							
– Accrued interests	12,066	–	–	4,871	81	2	17,020
– Lease derecognised due to termination	–	–	–	–	–	(253)	(253)
– New lease recognised	–	–	–	–	–	42	42
At 31 December 2020	21,900	36,533	18,150	43,264	2,522	32	122,401

41. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 US$'000	2020 US$'000
Non-current assets			
Investments in subsidiaries	(a)	**150,073**	154,131
Current assets			
Cash and cash equivalents		**61**	61
Current liabilities			
Other payables and accruals		**11,605**	16,864
Financial guarantee liabilities		**9,459**	6,771
Other borrowing		**18,150**	18,150
Notes and bonds		**51,819**	45,760
Amount due to fellow subsidiaries		**1,791**	1,791
Amount due to ultimate holding company		**60,000**	60,000
		152,824	149,336
Net current liabilities		**(152,763)**	(149,275)
Net (liabilities) assets		**(2,690)**	4,856
Capital and reserves			
Share capital		**1,934**	1,934
Reserves	(b)	**(4,624)**	2,922
(Capital deficiencies) total equity		**(2,690)**	4,856

41. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes:

(a) Investments in subsidiaries

	2021 US$'000	2020 US$'000
Investment cost in a subsidiary	**50**	50
Amounts due from subsidiaries	**155,767**	156,500
Less: loss allowance on amounts due from subsidiaries	**(5,744)**	(2,419)
	150,073	154,131

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

(b) Movements in reserves

	Share premium US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2020	47,541	(28,549)	18,992
Loss and total comprehensive expense for the year	–	(16,070)	(16,070)
At 31 December 2020 and 1 January 2021	**47,541**	**(44,619)**	**2,922**
Loss and total comprehensive expense for the year	**–**	**(7,546)**	**(7,546)**
At 31 December 2021	**47,541**	**(52,165)**	**(4,624)**

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 December 2021 and 2020 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operation	Class of shares held	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity interest and voting power attributable to the Company Direct 2021	Direct 2020	Indirect 2021	Indirect 2020	Principal activities
Capture Advantage Company Limited	BVI	Ordinary	US$50,000	**100%**	100%	**–**	–	Investment holding
Best Sparkle Development Limited	BVI	Ordinary	US$50,000	**–**	–	**100%**	100%	Investment holding
Pacific Mining Resources Sdn. Bhd.	Malaysia	Ordinary	MYR10,000	**–**	–	**100%**	100%	Iron ore mining and production
Capture Advance Sdn. Bhd.	Malaysia	Ordinary	MYR15,000,000	**–**	–	**100%**	100%	Iron ore mining and production
Capture Bukit Besi Sdn. Bhd.	Malaysia	Ordinary	MYR2	**–**	–	**100%**	100%	Inactive
China Bright Industries Limited	Hong Kong	Ordinary	HK$100	**–**	–	**100%**	100%	Sale of iron ore and trading of commodities
China Bright (Pte.) Limited	Singapore	Ordinary	Singapore Dollars 1	**–**	–	**100%**	100%	Inactive
3W Development Limited	Hong Kong	Ordinary	HK$10,000	**–**	–	**100%**	100%	Investment holding
Keen Wise Asia Investment Limited	Hong Kong	Ordinary	HK$1	**–**	–	**100%**	100%	Investment holding
Shenzhen Shihua Information Technology Limited* 深圳實樺信息科技有限公司 (note i)	PRC	Contributed	RMB5,000,000	**–**	–	**100%**	100%	Investment holding and provision of finance operation
Value Source Ventures Limited	BVI	Ordinary	–	**–**	–	**100%**	100%	Inactive

Note:

(i) The nature of the legal entity established in PRC is limited liability company.

None of the subsidiaries has issued any debt securities outstanding at the end of both years or at any time during both years.

* *For identification purpose only*

43. MAJOR NON-CASH TRANSACTIONS

(i) On 1 September 2021, the Company and the independent lender entered into supplemental agreement pursuant to which the independent lender agreed to adjust the interest rate from 3% per month to 5% per annum starting from 26 September 2019 and the default interest rate adjusted from 5% per month to 0% per annum starting from 26 September 2019. Income from waived of interest expense on other borrowings approximately of US$7,878,000 was recognised during the year ended 31 December 2021 and offset with accrued interest of other borrowings included in interest payables. Details of other borrowings is set out in note 30(d).

(ii) During the year ended 31 December 2021, the Group disposal property, plant and equipment with carrying amount approximately of US$481,000 at a consideration receivable approximately of US$79,000. As a result, loss on disposal of property, plant and equipment approximately of US$402,000 recognised during the year ended 31 December 2021.

(iii) During the year ended 31 December 2021, pursuant to the termination of lease agreements entered into with an independent landlord, the carrying amount of right-of-use assets and lease liabilities of approximately US$22,000 and US$22,000 (2020: US$216,000 and US$253,000) were derecognised respectively.

(iv) During the year ended 31 December 2020, the Group entered an offset agreement of trade payables and trade receivables of approximately US$8,234,000 with an independent third party.

(v) During the year ended 31 December 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.

(vi) During the year ended 31 December 2020, the Group settled trade payables of approximately US$26,000 with carrying amount of motor vehicles of approximately US$26,000. As a result, no gain or loss on disposal of property, plant and equipment recognised during the year ended 31 December 2020.

(vii) During the year ended 31 December 2020, the Group has disposed an equity investment designated at FVTOCI at a consideration of approximately US$4,277,000, including (i) a settlement of a Group subsidiary's debt of approximately US$2,744,000; and (ii) properties located in PRC of approximately RMB9,397,000 (equivalent to approximately US$1,533,000). At the date of disposal, the fair value of such investment was approximately US$2,046,000 and the cumulative loss on disposal was US$8,723,000 transferred from fair value reserve to accumulated losses upon the disposal.

43. MAJOR NON-CASH TRANSACTIONS (continued)

(viii) During the year ended 31 December 2020, the Group settled trade payables of approximately US$1,879,000 with carrying amount of three properties of approximately US$1,533,000. As a result, gain on disposal of non-current assets classified as held for sale of approximately US$346,000 has been recognised during the year ended 31 December 2020.

(ix) During the year ended 31 December 2020, the Group entered into the new arrangements in respect of lease of office. Right-of-use assets and lease liabilities of approximately US$42,000 were recognised at the commencement of the lease.

(x) During the year ended 31 December 2020, the Group settled trade payables of approximately US$128,000 through partial repayment of loan receivable.

44. EVENTS AFTER REPORTING PERIOD

(a) Impact of COVID-19 outbreak

The COVID-19 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. Given the ongoing nature of these circumstances, the related impact on the consolidated results of operations, cash flows and financial conditions of the Group could not be reasonably estimated at this stage and will be reflected in the consolidated financial statements for the year ending 31 December 2022.

(b) Litigations

As disclosed in the announcements dated 19 March 2021, 5 May 2021, 31 May 2021, 6 June 2021, 11 June 2021, 20 June 2021, 21 June 2021, 19 October 2021 and 23 March 2022 in relation to the winding up petition presented against the Company. I-Access, the Petitioner has agreed to withdraw winding up petition which was initially scheduled to be heard on 30 March 2022, while the Petitioner reserved its rights to present new wind-up petition in future.

FIVE YEAR SUMMARY OF FINANCIAL INFORMATION

Financial results	For the year ended 31 December				
(USD'000)	**2021**	2020	2019	2018	2017
Continuing operations					
REVENUE	**23,978**	27,855	1,055,195	1,447,008	1,104,616
Cost of sales	**(23,814)**	(28,426)	(1,043,615)	(1,428,623)	(1,088,089)
Gross (loss) profit	**164**	(571)	11,580	18,385	16,527
Other income	**9,217**	1,756	1,792	1,862	3,398
Selling and distribution expenses	**–**	(32)	(778)	(267)	(770)
Administrative and other expenses	**(2,970)**	(4,247)	(5,263)	(6,655)	(9,696)
Impairment loss on financial assets, net of reversal	**(51,305)**	(13,335)	(14,236)	–	–
Reversal of impairment loss (impairment loss) on remeasurement of non-current assets held for sale	**–**	3,612	(31,636)	–	–
Finance costs	**(12,112)**	(17,036)	(18,345)	(10,057)	(5,444)
Share of loss of an associate	**–**	–	–	(1)	–
(Loss) Profit before tax from continuing operations	**(57,006)**	(29,853)	(56,886)	3,267	4,015
Income tax credit (expenses)	**–**	252	(223)	(733)	(600)
(Loss) Profit for the year	**(57,006)**	(29,601)	(57,109)	2,534	3,415
Other comprehensive (expenses) income that may be reclassified subsequently to profit or loss:					
Changes in fair value of available-for-sale investments	**–**	–	–	–	(76)
Income tax effect	**–**	–	–	–	19
	–	–	–	–	(57)
Exchange differences on translation of foreign operations	**–**	–	–	(371)	1,828
Other comprehensive income (expenses) that will not be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of financial statements from functional currency to presentation currency	**(602)**	139	116	–	–
Fair value change in financial assets at fair value through other comprehensive income	**(679)**	(2,990)	(5,275)	(8,541)	–
Income tax effect	**–**	–	–	1,452	–
	(1,281)	(2,990)	(5,275)	(7,089)	–

FIVE YEAR SUMMARY OF FINANCIAL INFORMATION

Financial results	For the year ended 31 December				
(USD'000)	**2021**	2020	2019	2018	2017
Loss on disposal of financial assets at fair value through other comprehensive income	**–**	(2,046)	–	–	–
Other comprehensive (expenses) income for the year, net of tax	**(1,281)**	(4,897)	(5,159)	(7,460)	1,771
Total comprehensive (expenses) income for the year, net of tax	**(58,287)**	(34,498)	(62,268)	(4,926)	5,186
(Loss) Profit for the year attributable to:					
Owners of the Company	**(57,006)**	(29,601)	(57,110)	2,534	3,415
Non-controlling interests	**–**	–	1	–	–
	(57,006)	(29,601)	(57,109)	2,534	3,415
Total comprehensive (expense) income for the year attributable to:					
Owners of the Company	**(58,287)**	(34,450)	(62,293)	(4,926)	5,186
Non-controlling interests	**–**	(48)	25	–	–
	(58,287)	(34,498)	(62,268)	(4,926)	5,186

Assets and Liabilities	As at 31 December				
(USD'000)	**2021**	2020	2019	2018	2017
Non-current Assets	**19,762**	22,478	32,386	87,960	47,857
Current Assets	**153,370**	212,510	243,976	214,657	254,584
Total Assets	**173,132**	234,988	276,362	302,617	302,441
Non-current Liabilities	**(3,498)**	(3,466)	(3,606)	(3,319)	(24,634)
Current Liabilities	**(193,908)**	(197,509)	(182,270)	(146,487)	(170,070)
Total Liabilities	**(197,406)**	(200,975)	(185,876)	(149,806)	(194,704)
Equity attributable to:					
Equity Shareholders of the Company	**(24,274)**	34,013	88,748	151,098	107,737
Non-controlling interest	**–**	–	1,738	1,713	–
(Capital deficiencies)/total equity	**(24,274)**	34,013	90,486	152,811	107,737

GLOSSARY

In this annual report, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"AGM"	the annual general meeting of the Company
"Articles of Association" or "Articles"	the articles of association of the Company which is effective from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Best Sparkle"	Best Sparkle Development Ltd., a company incorporated in the BVI with limited liability on 25 August 2010, an indirect subsidiary of the Company.
"Board of Directors" or "Board"	the board of Directors of the Company
"business day"	any day (other than Saturday, Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAA Resources", "Company", "we", "us" or "our"	CAA Resources Limited (優庫資源有限公司), a company incorporated in the Cayman Islands on 25 April 2012 under the Companies Law CAP. 22 and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it
"Capture Advance"	Capture Advance Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares on 15 November 2007 and which is wholly owned by Best Sparkle Development Limited, and an indirect wholly-owned subsidiary of the Company
"Capture Advantage"	Capture Advantage Co., Ltd. a company incorporated in the BVI with limited liability on 23 August 2010, and which is a directly wholly-owned subsidiary of the Company

"Capture Bukit Besi"	Capture Bukit Besi Sdn Bhd., a company incorporated in Malaysia as a private company limited by shares on 30 September 2013, an indirect subsidiary of the Company
"CG Code"	Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules
"Chengdu Hande"	成都漢德投資管理有限公司 (Chengdu Hande Investment Management Co., Ltd.), a limited liability company established in the PRC on 19 November 2003, which is owned by Mr. Li Dongming, Mr. Li Yang, Mr. Wang Er and Ms. Li Xiaolan and is deemed as a connected person of our Company under the Listing Rules
"Chief Executive Officer"	the chief executive (as defined in the SFO) of the Company
"China" or "PRC"	the People's Republic of China. For the purpose of this report and for geographical reference only and except where the context requires, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman I s lands, as amended and supplemented from time to time
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected transaction(s)"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules, and in the context of this annual report means the controlling shareholders of our Company, namely Cosmo Field and Mr. Li Yang, and Controlling Shareholder means any one of them
"Cosmo Field"	Cosmo Field Holdings Limited (宇田控股有限公司), a company incorporated in the BVI with limited liability on 26 March 2012, and which is wholly owned by Mr. Li Yang
"COSO"	The Committee of Sponsoring Organizations of the Treadway Commission, a joint initiative dedicated to the development of frameworks and guidance on enterprise risk management, international control and fraud deterrence

GLOSSARY

"Deed of Non-Competition"	a deed of non-competition entered into on 9 June 2013 between the Company and each of Mr. Li Yang and Cosmo Field, as covenantors, each of Mr. Li Yang and Cosmo Field in favour of the Company (for ourselves and for the benefit of each member of our Group) that he/it shall not, and shall procure his/its associates (other than members of our Group) not to, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of any member of our Group
"Director(s)"	the director(s) of the Company
"ESG"	Environment, Social and Governance as referred in Appendix 27 of the Listing Rules
"ESG Reporting Guide"	Guide on Environment, Social and Governance Reporting set out in Appendix 27 of the Listing Rules
"Gema Impak"	Gema Impak Sdn. Bhd., a company incorporated in Malaysia on 4 December 2006 with Pacific Mining holding 50% shareholding interest in Gema Impak as nominee, the details of which is set out in our announcement dated 7 November 2014
"Group", "we" or "us"	Our Company and our subsidiaries at the relevant time, or where the context refers to any time prior to our Company becoming the holding company of our current subsidiaries, our current subsidiaries and the business carried on by such subsidiaries or (as the case may be) our predecessors, and "our" shall be construed accordingly
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hua Heng"	Hua Heng Investments Limited (華恒投資有限公司), a company incorporated in the BVI with limited liability on 23 March 2012, our Shareholder
"Ibam Mine"	the mining site in respect of which the Mining Lease is granted and is located in Lot 27887 (PA 143236), Sungai Cipai, Mukim Keratong, Daerah Rompin, Pahang, Malaysia

"IFRSs"	International Financial Reporting Standards, which comprise standards and interpretations approved by International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect
"Independent Technical Advisor" or "Geos Mining"	Geos Mining, an Independent Third Party and the Competent Person (which has the meaning ascribed to it under Chapter 18 of the Listing Rules) appointed by our Company in respect of the Listing, and a specialist independent geological and mineral exploration consultants based in Sydney, Australia and operating in accordance with Australian laws and professional codes of ethics
"Independent Third Party(ies)"	persons or companies which are independent of and not connected with (within the meaning of the Listing Rules) any of the Directors, Chief Executive Officers, Substantial Shareholders of the Company or any of its subsidiaries and their respective associates, and "Independent Third Party" means any of them
"inferred resource"	part of the iron ore resource for which tonnage, grade and mineral content can be estimated with a low level of confidence as defined by the JORC Code
"iron ore products"	the products produced from our iron ore crushing and beneficiation facilities in the form of iron ore concentrates and iron ore fines
"JORC"	the Australasian Joint Ore Reserves Committee
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
"Kt"	thousand tonnes, which is weight unit of measure for iron ore either on dry basis or on wet basis
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on 3 July 2013
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Main Board"	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

GLOSSARY

"Malaysian Companies Act 1965"	the Companies Act 1965 of Malaysia and any subsequent amendment(s) thereof
"mining volume"	the aggregate volume of produced ore volume excluding stripping rock volume
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MOU"	memorandum of understanding
"Mt"	million tonnes, which is weight unit of measure for iron ore either on dry basis or on wet basis
"Nomination Committee"	the nomination committee of the Board
"Pacific Mining"	Pacific Mining Resources Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares on 31 August 2007, and which is an indirect wholly-owned subsidiary of the Company
"probable reserves"	the economically mineable part of an indicated resource, and in some circumstances, a measured resource, as defined by the JORC Code, which includes diluting materials and allowances for losses which may occur when the material is mined
"Project Ibam"	the mining project carried out at the Ibam Mine pursuant to the Mining Agreement
"Prospectus"	the prospectus dated 30 June 2013 issued by the Company in connection with the Global Offering and the Listing
"Red Sun Resources"	Red Sun Resources Sdn. Bhd., a company incorporated in Malaysia as a private company limited by shares which the interest on a parcel of land located at Bukit Besi, Terengganu, Malaysia would be transferred
"Remuneration Committee"	the remuneration committee of the Board
"RM"	Malaysian Ringgit, the lawful currency of Malaysia
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary share(s) with a nominal value of HKD0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 12 April 2013
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under section 2 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD", "US dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent
"3W Development"	3W Development Limited, a company incorporated in Hong Kong as a private company Limited by shares on 25 February 2014 and which is an indirect wholly-owned subsidiary of the Company

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Yang
(Co-Chairman and Chief Executive Officer)
Mr. Ng Khing Yeu *(Co-Chairman)*
(appointed on 25 March 2022)
Ms. Li Xiaolan
Mr. Wang Er

Independent Non-Executive Directors

Dr. Li Zhongquan
Dr. Wang Ling
Mr. Leung Yiu Cho (appointed on 11 March 2022)

AUDIT COMMITTEE

Mr. Leung Yiu Cho *(Chairman)*
Dr. Wang Ling
Dr. Li Zhongquan

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

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

AUTHORISED REPRESENTATIVES

Mr. Li Yang
Mr. Chen Kun

COMPANY SECRETARY

Mr. Chen Kun (Solicitor of HKSAR)

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 1101, Tower 1,
Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road,
Lai Chi Kok, Kowloon,
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