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CST MINING GROUP LIMITED
中科礦業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 985)

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

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of CST Mining Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2015 with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 September 2015

		Six months ended 30 September	
		2015	2014
		US$'000	US$'000
	Notes	**(unaudited)**	(unaudited)
Revenue	4	**38,981**	70,074
Cost of sales	5	**(16,631)**	(45,602)
Gross profit		**22,350**	24,472
Other income and other gains and losses	6	**(4,615)**	(3,730)
Distribution and selling expenses		**(1,505)**	(3,308)
Administrative expenses		**(11,187)**	(12,436)
Gain on disposal of an available-for-sale investment		**–**	336
Impairment loss recognised on an available-for-sale investment		**(4,522)**	(17,479)
Gain on fair value changes of financial assets at fair value through profit or loss		**46,552**	91,133
Gain (loss) on fair value changes of investment properties		**684**	(98)
Loss on inventories written down to net realisable value		**(20,729)**	–
Finance costs	7	**(159)**	(885)
Share of (loss) profit of a joint venture		**(7,700)**	5,323
Profit before taxation		**19,169**	83,328
Taxation	8	**(563)**	1,013
Profit for the period, attributable to owners of the Company	9	**18,606**	84,341

	Notes	Six months ended 30 September 2015 US$'000 (unaudited)	2014 US$'000 (unaudited)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(6,882)**	(2,881)
Loss arising from fair value changes of an available-for-sale investment		**(8,158)**	**–**
Other comprehensive expense for the period		**(15,040)**	(2,881)
Total comprehensive income for the period, attributable to owners of the Company		**3,566**	81,460
EARNINGS PER SHARE			
Basic and diluted	10	**US0.06 cents**	US0.31 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	Notes	**As at 30 September 2015 US$'000 (unaudited)**	As at 31 March 2015 US$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**3,639**	4,518
Exploration and evaluation assets	12	**27,198**	28,709
Investment properties		**21,360**	20,676
Financial assets at fair value through profit or loss		**9,925**	8,281
Available-for-sale investments		**89,287**	100,545
Pledged bank deposits		**49,006**	52,781
Interests in a joint venture		**4,732**	12,432
		205,147	227,942
Current assets			
Inventories		**18,550**	40,954
Trade and other receivables	13	**34,817**	7,606
Amount due from a joint venture		**4,045**	4,037
Financial assets at fair value through profit or loss		**766,369**	634,481
Bank balances and cash		**55,611**	99,503
		879,392	786,581
Current liabilities			
Trade and other payables	14	**6,670**	7,002
Amount due to a non-controlling interest		**256**	256
Tax payable		**5,117**	4,602
		12,043	11,860

	Notes	**As at 30 September 2015 US$'000 (unaudited)**	As at 31 March 2015 US$'000 (audited)
Net current assets		**867,349**	774,721
Total assets less current liabilities		**1,072,496**	1,002,663
Non-current liability			
Provision for mine rehabilitation cost		**23,451**	25,377
		1,049,045	977,286
Capital and reserves			
Share capital	15	**416,645**	347,414
Reserves		**632,406**	629,878
Equity attributable to owners of the Company		**1,049,051**	977,292
Non-controlling interests		**(6)**	(6)
		1,049,045	977,286

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 September 2015

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the interim report.

The Company is an investment holding company with its subsidiaries engaged in (i) acquisition, exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments and (iii) property investment.

The condensed consolidated financial statements are presented in United States dollars ("USD"), which is different from the Company's functional currency of Hong Kong dollars ("HKD"). The management adopted USD as presentation currency as the management controls and monitors the performance and financial position of the Group based on USD. Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for the investment properties and certain financial instruments which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE/SEGMENT INFORMATION

Revenue

Revenue represents revenue arising on sale of copper cathodes, property rental income and dividend income and interest income. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 September	
	2015	2014
	US$'000	US$'000
	(unaudited)	(unaudited)
Sale of copper cathodes	**27,523**	61,427
Residential rental income	**331**	258
Office rental income	**106**	130
Dividend income from trading of securities	**10,549**	7,632
Interest income from financial assets at fair value through profit or loss	**472**	627
	38,981	70,074

Segment Information

Information provided to the chief operating decision maker ("CODM"), representing the executive directors of the Company, for the purposes of resource allocation and performance assessment focuses on types of business. The Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

Mining business – Australia	—	exploration, mining, processing and sale of copper in Australia
Investments in financial instruments	—	trading of securities, available-for-sale investments and bonds / convertible notes
Property investment	—	properties letting

Segment revenue and results

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

	Segment revenue Six months ended 30 September		**Segment results Six months ended 30 September**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Mining business – Australia	**27,523**	61,427	**(14,757)**	4,662
Investments in financial instruments	**11,021**	8,259	**51,353**	82,567
Property investment	**437**	388	**960**	123
	38,981	70,074	**37,556**	87,352
Other income and other gains and losses			**(4,615)**	(3,730)
Central administrative costs			**(5,913)**	(4,713)
Share-based payment expenses			**–**	(19)
Finance costs			**(159)**	(885)
Share of (loss) profit of a joint venture			**(7,700)**	5,323
Profit before taxation			**19,169**	83,328

All of the segment revenue reported above is generated from external customers.

Segment results represent the results of each segment without allocation of other income and other gains and losses, central administrative costs, share-based payment expenses, finance costs and share of (loss) profit of a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Other segment information

Six months ended 30 September 2015

Amount included in the measure of segment results:

	Mining business - Australia	Investments in financial instruments	Property investment	Unallocated	Consolidated
	US$'000 (unaudited)	US$'000 (unaudited)	US$'000 (unaudited)	US$'000 (unaudited)	US$'000 (unaudited)
Depreciation	1,298	-	-	117	1,415
Staff costs	3,178	-	-	795	3,973

Six months ended 30 September 2014

Amount included in the measure of segment results:

	Mining business -Australia	Investments in financial instruments	Property investment	Unallocated	Consolidated
	US$'000 (unaudited)	US$'000 (unaudited)	US$'000 (unaudited)	US$'000 (unaudited)	US$'000 (unaudited)
Depreciation	828	-	-	138	966
Staff costs	10,581	-	-	802	11,383

5. COST OF SALES

	Six months ended 30 September	
	2015	2014
	US$'000	US$'000
	(unaudited)	(unaudited)
Electricity	**4,424**	5,693
Diesel/fuel	**486**	3,934
Direct materials	**6,076**	11,301
Equipment rental	**482**	257
Staff costs	**1,889**	8,091
Drilling & blasting, earthmoving & haulage	**1,493**	10,731
Overhead	**582**	2,559
Maintenance	**1,018**	964
Depreciation	**521**	1,870
Production stripping cost capitalised	**–**	(1,470)
Movement in inventories	**(340)**	1,672
	16,631	45,602

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2015	2014
	US$'000	US$'000
	(unaudited)	(unaudited)
Bank interest income	**795**	1,073
Net foreign exchange loss	**(5,909)**	(4,953)
Others	**499**	150
	(4,615)	(3,730)

7. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	US$'000	US$'000
	(unaudited)	(unaudited)
Interest on other borrowings wholly repayable within five years	**–**	24
Effective interest expense on provision for mine rehabilitation cost	**159**	861
	159	885

8. TAXATION

	Six months ended 30 September	
	2015	2014
	US$'000	US$'000
	(unaudited)	(unaudited)
The charge (credit) comprises:		
Current tax:		
People's Republic of China	**11**	13
Australian withholding tax	**147**	213
Australian corporate income tax	**405**	–
Deferred tax	**–**	(1,239)
Taxation charge (credit) for the period	**563**	(1,013)

Under the applicable corporate tax law in Australia, the tax rate is 30% of the estimated assessable profits.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No tax is payable on the profit arising in Hong Kong since the assessable profit is wholly absorbed by the tax losses brought forward for both periods.

9. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2015	2014
	US$'000	US$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation on property, plant and equipment	**1,415**	966
Directors' remuneration, including share-based payment expenses (six months ended 30 September 2015: Nil and six months ended 30 September 2014: US$24,000)	**2,792**	2,359

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the profit for the period of US$18,606,000 (six months ended 30 September 2014: US$84,341,000) and weight average number of 30,373,718,797 ordinary shares (six months ended 30 September 2014: 27,098,308,961 ordinary shares) in issue during the period.

The computation of diluted earnings per share for both periods does not assume the exercise of the Company's outstanding share options as the exercise prices of those share options were higher than the average market price for both periods.

11. DIVIDEND

No dividends were paid, declared or proposed during both periods. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

12. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND EXPLORATION AND EVALUATION ASSETS

During the six months ended 30 September 2015, the Group incurred expenditures on mine property and development assets of US$165,000 (six months ended 30 September 2014: US$2,304,000) and other property, plant and equipment of US$82,000 (six months ended 30 September 2014: US$49,000).

During the six months ended 30 September 2015, the Group incurred expenditures on exploration and evaluation assets of US$896,000 (six months ended 30 September 2014: US$1,583,000).

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2015 US$'000 (unaudited)	As at 31 March 2015 US$'000 (audited)
Trade receivables	**3,647**	2,919
Other receivables	**31,170**	4,687
Total trade and other receivables	**34,817**	7,606

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date.

	As at 30 September 2015 US$'000 (unaudited)	As at 31 March 2015 US$'000 (audited)
0-60 days	**3,647**	2,919

Trade receivables as at 30 September 2015 and 31 March 2015 mainly represent trade receivables from sales of copper cathodes in Australia. The balance is due on the fifth working days of the following month after delivery. Management believes that no impairment allowance is necessary in respect of this balance as it is settled subsequently in full. The Group does not hold any collateral over this balance.

Included in other receivables are deposit paid for an acquisition of an investment, amounting to US$2,000,000 (31 March 2015: Nil) and Goods and Services Tax recoverable to set-off expenditures incurred in mining operation in the future in accordance with the relevant tax laws and regulation in Australia, amounting to US$792,000 (31 March 2015: US$995,000).

14. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	As at 30 September 2015 US$'000 (unaudited)	As at 31 March 2015 US$'000 (audited)
Trade payables		
0 - 30 days	**701**	1,171
Other payables	**5,969**	5,831
Total trade and other payables	**6,670**	7,002

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

On 31 May 2010, the Group acquired the entire issued share capital of CST Minerals Lady Annie Pty Limited ("CSTLA") at cash consideration of AUD130,000,000, equivalent to approximately US$110,073,000, and an additional contingent consideration. Based on the relevant agreement, the Group is required to pay (i) an additional amount of AUD2,500,000 upon the production of the first 10,000 tonnes of copper cathode from CSTLA and (ii) a further AUD2,500,000 upon the delineation of additional ore reserves containing 25,000 tonnes of contained copper. Obligation stated in (i) of AUD2,500,000, equivalent to approximately US$1,752,000 (31 March 2015: AUD2,500,000, equivalent to approximately US$1,908,000) and (ii) of AUD2,500,000, equivalent to approximately US$1,752,000 (31 March 2015: AUD2,500,000, equivalent to approximately US$1,908,000) represents the estimated fair value of the Group's obligation as at 31 May 2010 and has been fully provided. Production of the first 10,000 tonnes was completed in the year ended 31 March 2012 and AUD2,500,000, equivalent to approximately US$2,607,000, was fully settled during the year ended 31 March 2013. As at 30 September 2015, the additional ore reserves are not yet delineated and the remaining AUD2,500,000, equivalent to approximately US$1,752,000, was included in other payables.

Other payables also included Goods and Services Tax payable and Royalty payable to the Australian Government of US$45,000 and US$485,000 (31 March 2015: US$25,000 and US$680,000), respectively, in respect of sales made in Australia under relevant rules and regulations.

15. SHARE CAPITAL

	Number of shares	Share capital US$'000
Ordinary shares of HK$0.10 each:		
Authorised		
At 1 April 2014, 30 September 2014, 1 April 2015 and 30 September 2015	50,000,000,000	641,026
Issued and fully paid		
At 1 April 2014, 30 September 2014 and 1 April 2015	27,098,308,961	347,414
Placing of shares (Note)	5,400,000,000	69,231
At 30 September 2015 (unaudited)	32,498,308,961	416,645

Note: On 12 June 2015, the Company completed a placing of 5,400,000,000 shares at a subscription price of HK$0.10 per placing share. Details of the placing are set out in the Company's announcement dated 12 June 2015.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Company and its subsidiaries (collectively referred to as the "Group") for the period ended September 30, 2015 (the "Period") was approximately US$38.98 million. This was a decrease of approximately 44.37% when compared with the same period of last year. Operating revenue generated by Lady Annie Operations fell from approximately US$61.43 million to US$27.52 million, representing a decrease of approximately 55.19% over the Period. Copper production volume was scaled down due to sustained low copper market prices and the diminishing of copper reserves. In turn, copper sales decreased significantly during the Period. Nevertheless, the application of effective cost control measures lowered production costs and improved the gross profit margin, as a whole. Compared with the same period last year, there was an approximately US$2.12 million decrease in gross profit, a drop of approximately 8.67%. However, the gross profit margin increased from approximately 34.92% from the same period last year, to approximately 57.34% of the Period. Dividends from trading securities and interest income from financial assets, and rental income, represented approximately 28.27% and 1.12% of the total revenue respectively over the Period.

Compared with the corresponding period last year, revenue derived from property investments increased by approximately 12.63%, resulting from stable occupancy rates and increased rental rates for newly signed rental contracts. Rental income provided steady cash flow to the Group over the Period, and this is expected to continue in the future. As the economy was benefited from the good overall performance of the financial markets in 2014, more dividend income was received from securities investments during the Period. Compared to the previous year, dividends from trading securities and interest income on financial assets increased by approximately 33.44% period-on-period. The instability of the global economy, slowing economic growth in the People's Republic of China, and international terrorism affected financial market trends -- creating instability during the Period. Hence, the overall performance of the Group's investment portfolio was not as strong as the same period of the previous year. The Group's investment portfolio recorded a net gain of approximately US$42.03 million for the Period, compared to a net gain of approximately US$74.00 million for the corresponding period last year. The instability of the global economic environment will continue to affect the sentiment of both investors and the market, as the aforementioned unfavorable factors will continue to shake confidence. Market conditions are likely to remain volatile into the second half of this financial year.

Due to persistent low copper prices and demand, and diminishing copper reserves, the Group reviewed the carrying value of Lady Annie Operations' assets. The Group then wrote down the carry value of inventories by approximately US$20.73 million. No such write down was made in the same period last year. Other losses of approximately US$4.62 million were recorded for the Period, which compare to a loss of approximately US$3.73 million for the same period last year. The higher losses are mainly due to a further devaluation of the Australian dollar against the US dollar. Due to fair value of the joint venture's investment decreased compared to the value at the end of last financial year, it recorded a loss for the Period. The Group then shared approximately US$7.70 million loss of the joint venture. Overall, the Group recorded a profit after taxation of approximately US$18.61 million for the Period, while there was a profit after taxation of approximately US$84.34 million for the same period last year.

Net Asset Value

As of September 30, 2015, the Group held bank balances and cash totaling approximately US$55.61 million. A bank deposit of approximately US$49.01 million was pledged, mostly to cover the mine rehabilitation costs for operating a mining business (as mandated by the government of Queensland, Australia), and as a guarantee to the electric power supplier for the Lady Annie mine site. Fair value of available-for-sale investments and fair valued financial assets through profit and loss were approximately US$89.29 million and US$776.29 million, respectively. During the Period, an one year HK$150.00 million revolving loan facility with an interest rate of 1% over HIBOR/LIBOR was granted by a bank to a subsidiary of the Company. The Company has provided a guarantee to the bank for the facility. The facility was not utilized during the Period. As of September 30, 2015, the Group had no outstanding loans or borrowings from banks or other financial institutions. As such, based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio was zero. The net asset value of the Group amounted to approximately US$1.05 billion.

Human Resources

As of September 30, 2015, the Group had 34 staff (including directors of the Company) in Hong Kong and 63 staff in Australia. Staff costs (excluding directors' emoluments) were approximately US$4.05 million for the Period. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong. In addition, the Group provided other staff benefits, such as medical benefits.

Furthermore, the Group has a share option scheme and details of this scheme and the movement of the share options are disclosed under the heading "Statutory Disclosure" in 2015 interim report.

Exposure to Fluctuations in Exchange Rates

The Group conducts most of its business in U.S. dollars, Australian dollars, Renminbi and Hong Kong dollars. Foreign currency exposure to U.S. dollars is minimal, as the Hong Kong dollar is pegged to the U.S. dollar. The exposure to Renminbi is also minimal, as business conducted in Renminbi represents only a very small portion of the Group's total business in terms of revenue. The Group is primarily exposed to foreign currency risk in Australian dollars.

During the Period, the Australian dollar depreciated against U.S. dollar, causing exchange losses for the Group. More information can be found in note 6 to the Condensed Consolidated Financial Statements. Management will continue to monitor the Group's foreign currency risk and will consider hedging its exchange rate exposure, should the need arise.

Lady Annie

The Lady Annie Operations principally comprised of the Lady Annie mining area, the Mount Kelly mining area, and the Mount Kelly processing plant and tenements is located in the Mount Isa district of north-western Queensland, Australia. The Mount Isa Inlier hosts several known copper oxide and sulphide resources and several notable copper and lead-zinc silver mines. Tenements held by the Lady Annie project cover approximately 2,940 square kilometres, and include 14 mining leases and 63 exploration permits for minerals.

A summary of the financial results for the Period for Australian Group is set out below:

	Six months ended 30 September	
	2015	2014
	US$'000	US$'000
Revenue	**27,523**	61,427
Cost of sales	**(16,631)**	(45,602)
Gross profit	**10,892**	15,825
Other income and other gains	**3,210**	1,548
Distribution and selling expenses	**(1,505)**	(3,308)
Administrative expenses	**(3,415)**	(5,723)
Finance costs*	**(159)**	(861)
Loss on inventories written down to net realisable value	**(20,729)**	–
Profit (loss) profit before taxation	**(11,706)**	7,481
Depreciation in administrative expenses	**323**	454
Depreciation in cost of sales	**975**	374
Total depreciation	**1,298**	828

*Inter companies financial charges of the Australian Group was not included

Non-HKFRS Financial Measure

The term "C1 operating cost" is a non-HKFRS performance measure reported in this "Management Discussion and Analysis" and it is prepared on a per-pound of copper sold basis. The term C1 operating cost does not have a standardized meaning prescribed by HKFRS and therefore may not be comparable to similar measures presented by other issuers. C1 operating cost is a common performance measure in the copper industry and it is prepared and presented herein on a basis consistent with industry standard definitions. C1 operating cost includes all mining and processing costs, mine site overheads and realization costs through to refined metal.

The table below provides, a reconciliation of Lady Annie Operations C1 operating cost measures to the statement of comprehensive income in the financial statements of the Lady Annie Operations for the period indicated.

	Six months ended 30 September	
	2015	2014
	US$'000	US$'000
Cash costs as reported in the income statement:		
Direct and indirect mining cost	**20,737**	41,912
Adjustment for change in inventory	**(794)**	(313)
Total operating costs	**19,943**	41,599
Copper sold (tonnes)	**4,752**	8,728
Copper sold (in thousand pounds)	**10,476**	19,242
C1 operating cost per pound of copper	**US$1.90/lb**	US$2.16/lb

The Company believes that, in addition to conventional measures prepared in accordance with HKFRS, certain investors use the above tool and information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with HKFRS.

Significant Events

On May 28, 2015, the Company and Kingston Securities Limited ("Kingston") entered into a placing agreement, pursuant to which the Company had conditionally agreed to place through Kingston, on a best effort basis, up to 5,400,000,000 new shares of the Company at a placing price of HK$0.10 per placing share and to not less than six placees, with beneficial owners consisting of independent third parties. The maximum gross proceeds and net proceeds from the placing would be HK$540.00 million and HK$531.80 million, respectively. The net proceeds from the placing are intended to be used for the Group's existing principal activities and business, for funding future potential investments of the Group, and for general working capital. The placing shares would be allotted and issued pursuant to the general mandate granted to the directors of the Company at the annual general meeting held on September 26, 2014, and the placing was completed on June 12, 2015. Details of the placing were disclosed in the Company's announcements dated May 28, 2015 and June 12, 2015.

On November 4, 2015, Equal Sun Limited (a wholly-owned subsidiary of the Company) as Purchaser; Grandwin Enterprises Limited ("Grandwin"), Zhongjing Industry (Group) Hong Kong Limited ("Zhongjing"), Mr. Howard Wong ("Mr. Wong") and Mr. Chan Boon Ho Peter ("Mr. Chan") as Vendors; and Mr. Gao Yang and Mr. Leung Pak To as Guarantors entered into the sale and purchase agreement. Pursuant to the sale and purchase agreement, the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire issued share capital of Planet Smooth Limited (the "Target Company") (the "Sale Shares"). The aggregate consideration shall be US$80.00 million (equivalent to approximately HK$620.00 million) (the "Consideration") for the Sale Shares in accordance with the sale and purchase agreement. The Consideration shall be satisfied by the Purchaser for the Vendors by the allotment and issuance of shares by the Company (the "Share(s)") at an issue price of HK$0.10 per share (the "Consideration Shares"). The Consideration Shares, comprising 6,200,000,000 Shares, represent approximately 19.08% of the existing issued share capital of the Company and approximately 16.02% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. The completion of the sale and purchase agreement is subject to fulfillment of certain condition precedents, which includes obtaining listing approval of the Consideration Shares from the Stock Exchange of Hong Kong Limited. The acquisition was completed on November 12, 2015. Details of the acquisition and the completion were disclosed in the Company's announcements dated November 4, 2015 and November 12, 2015 respectively.

Outlook

Due to persistent low copper market prices and demand, and diminishing copper reserves, Lady Annie Operations rescheduled its copper production program and downscaled the volume of copper production. Sales of copper, in turn, significantly decreased during the Period. However, with the implementation of many cost control measures that lowered production costs, such as strengthening planning processes, controlling spending, broadening supply outsourcing, and rearranging shifts, Lady Annie Operations improved the gross profit margin. It is expected that copper production will be lower but stable, and that sales will remain low through the second half of this financial year compared to last financial year. Nevertheless, management of the Lady Annie Operations will closely monitor the overall costs, in order to maintain a desirable gross profit margin.

The first development stage for the Anthill project is close to an end. Negotiations with traditional land owners have been finalized, and agreements were signed in July of this year. We are expecting the mining license to be granted in the coming months. Furthermore, the exploration program will continue seeking new discoveries in order to extend the lifespan and increase the value of Lady Annie Operations.

The Group also pushed forward the expansion and investment in its internet business. We welcomed Mr. Chen Weixing to our team as an Executive Director on November 2, 2015. Mr. Chen brings with him years of experience in China's internet industry, most famously as the founder of the smartphone taxi app Kuaidi Dache. In another exciting development, the Group announced the acquisition of First Cargo Holdings Limited ("First Cargo") on November 4, 2015 through which the Company will have full effective control over First Cargo's financing and operations. The acquisition was completed on November 12, 2015. Addressing the increasing demand for logistics services in China, First Cargo also offers great value with its market-leading e-logistics platform which leverages the traditional logistics sector's transition towards mobile internet technology in China's "Internet Plus" era. The addressable market is huge and offers great growth potential, with third-party general road freight in China reaching RMB 2.1 trillion in 2014. We will able to expand First Cargo and we are dedicated to developing it into one of the largest logistics eco-system in the country over the long-term. The Group will continue to monitor the development of internet services and other related businesses in China as we look for further investment opportunities that will create new market opportunities and enhance value for our shareholders.

In the time ahead, the Group will continue to pursue potential investment opportunities that will bring added value. Furthermore, we will seek new business solutions to diversify our revenue sources. Internal resources and/or other effective sources of funding may be used to fund future investments, if opportunities arise, and depending on the nature of any such investments and market conditions. Meanwhile, management will continue to strengthen its operations within other existing businesses of the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has, during the six months ended 30 September 2015 complied the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not performed by the same individual. The Company did not name any officer with the title of "Chief Executive Officer". Mr. Hui Richard Rui is the general manager of the Group (the "General Manager") and assumed the duty of "Chief Executive Officer" who is responsible for managing and smoothing the business operations of the Group while Mr. Chiu Tao, the Chairman, remains to be responsible for leading the Board in the overall strategic development of the Group. The Board believes that there is an effective and sufficient segregation of duties between the Chairman and the General Manager.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiry, all directors of the Company confirmed that they had complied with the required standard as set out in the Model Code during the six months ended 30 September 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE

The 2015 interim report has been reviewed by the Company's audit committee which comprises three independent non-executive directors of the Company and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
CST Mining Group Limited
Chiu Tao
Executive Director and Chairman

Hong Kong, 26 November 2015

As at the date of this announcement, the Board comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, Mr. Lee Ming Tung, Mr. Kwan Kam Hung, Jimmy, Mr. Yeung Kwok Yu, Mr. Tsui Ching Hung and Mr. Chen Weixing as executive directors of the Company; and (ii) Mr. Yu Pan, Ms. Tong So Yuet and Ms. Ma Yin Fan as independent non-executive directors of the Company.