NetMind Financial Holdings Limited
網智金控集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 985)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of NetMind Financial Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2016 with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
	NOTES	**US$'000**	US$'000
		(unaudited)	(unaudited)
Revenue	4	**16,804**	38,981
Cost of sales	5	**(3,301)**	(16,631)
Gross profit		**13,503**	22,350
Other income and other gains and losses	6	**(1,586)**	(4,615)
Distribution and selling expenses		**(1,141)**	(1,505)
Administrative expenses		**(10,380)**	(11,187)
Write-off of exploration and evaluation assets		**(139)**	—
Impairment loss recognized on goodwill		**(12,332)**	—
Loss on inventories written down to net realisable value		**(4,872)**	(20,729)
Impairment loss recognised on available-for-sale investments		**(8,164)**	(4,522)
(Loss) gain on fair value changes of financial assets at fair value through profit or loss		**(54,558)**	46,552
Gain on fair value changes of investment properties		**878**	684
Share of result of a joint venture		**(2,150)**	(7,700)
Share of result of an associate		**(425)**	—
Finance costs	7	**(216)**	(159)

	NOTES	Six months ended 30 September **2016** **US$'000** **(unaudited)**	2015 US$'000 (unaudited)
(Loss) profit before taxation		**(81,582)**	19,169
Taxation	8	**(151)**	(563)
(Loss) profit for the period	9	**(81,733)**	18,606
(Loss) profit for the period attributable to:			
Owners of the Company		**(81,558)**	18,606
Non-controlling interests		**(175)**	—
		(81,733)	18,606
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss :			
Exchange differences arising on translation of foreign operations		**(2,202)**	(6,882)
Loss arising from fair value changes of an available-for-sale investment		**(3,322)**	(8,158)
Reclassification adjustment upon impairment on an available-for-sale investment		**3,322**	—
Exchange differences arising on translation of foreign operations from an associate		**(5)**	—
Other comprehensive expense for the period		**(2,207)**	(15,040)
Total comprehensive (expense) income for the period		**(83,940)**	3,566
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(83,768)**	3,566
Non-controlling interests		**(172)**	—
		(83,940)	3,566
(Loss) earnings per share			
Basic and diluted	10	**US(0.21)cents**	US0.06cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 SEPTEMBER 2016

	NOTES	**As at 30 September 2016 US$'000 (unaudited)**	As at 31 March 2016 US$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**3,852**	3,755
Exploration and evaluation assets	12	**7,378**	6,558
Investment properties		**21,967**	21,089
Goodwill		**73,176**	88,278
Interests in an associate		**7,640**	9,527
Interests in a joint venture		**3,473**	5,623
Available-for-sale investments		**54,168**	61,008
Financial assets at fair value through profit or loss		**9,826**	8,508
Pledged bank deposits		**53,374**	52,962
		234,854	257,308
Current assets			
Inventories		**9,035**	11,337
Trade and other receivables	13	**4,605**	19,221
Loan receivable		**—**	18,172
Amount due from a joint venture		**4,042**	4,042
Financial assets at fair value through profit or loss		**698,878**	768,005
Bank balances and cash		**86,586**	44,450
		803,146	865,227
Current liabilities			
Trade and other payables	14	**9,785**	7,157
Provision for an onerous contract		**6,175**	6,279
Amount due to a non-controlling interest		**256**	256
Tax payable		**5,040**	4,897
		21,256	18,589

	NOTE	As at 30 September 2016 US$'000	As at 31 March 2016 US$'000
Net current assets		**781,890**	846,638
Total assets less current liabilities		**1,016,744**	1,103,946
Non-current liabilities			
Provision for mine rehabilitation cost		**23,441**	23,346
Provision for an onerous contract		**21,266**	24,623
		44,707	47,969
		972,037	1,055,977
Capital and reserves			
Share capital	15	**496,132**	496,132
Reserves		**476,013**	559,781
Equity attributable to owners of the Company		**972,145**	1,055,913
Non-controlling interests		**(108)**	64
		972,037	1,055,977

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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) exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments, (iii) property investment, (iv) money lending and (v) e-logistics platform.

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.

Pursuant to special resolution passed by the shareholders of the Company on 16 May 2016, the Company's name was changed from "CST Mining Group Limited" to "NetMind Financial Holdings Limited" with effect from 17 May 2016.

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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

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 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations

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, dividend income and interest income. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Sale of copper cathodes	**5,352**	27,523
Residential rental income	**272**	331
Office rental income	**102**	106
Dividend income from trading of securities	**10,418**	10,549
Interest income from financial assets at fair value through profit or loss	**471**	472
Interest income from money lending business	**189**	—
	16,804	38,981

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: (i) mining business, (ii) investment in financial instruments, (iii) property investment, (iv) money lending and (v) e-logistics platform.

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**	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Mining business	**5,352**	27,523	**(5,809)**	(14,757)
Investments in financial instruments	**10,889**	11,021	**(52,714)**	51,353
Property investment	**374**	437	**1,096**	960
Money lending	**189**	—	**189**	—
e-logistics platform	**—**	—	**(14,482)**	—
	16,804	38,981	**(71,720)**	37,556
Other income and other gains and losses			**(1,331)**	(4,615)
Central administrative costs			**(5,740)**	(5,913)
Finance costs			**(216)**	(159)
Share of result of a joint venture			**(2,150)**	(7,700)
Share of result of an associate			**(425)**	—
(Loss) profit before taxation			**(81,582)**	19,169

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 (except for provision for an onerous contract), central administrative costs, finance costs, share of result of a joint venture and share of result of an associate. 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 2016

Amount included in the measure of segment results

	Mining business US$'000 (unaudited)	Investments in financial instruments US$'000 (unaudited)	Property investment US$'000 (unaudited)	Money lending US$'000 (unaudited)	e-logistics platform US$'000 (unaudited)	Unallocated US$'000 (unaudited)	Total US$'000 (unaudited)
Depreciation	**156**	**—**	**—**	**—**	**45**	**99**	**300**
Staff costs	**1,700**	**—**	**—**	**—**	**1,350**	**857**	**3,907**

Six months ended 30 September 2015

Amount included in the measure of segment results

	Mining business US$'000 (unaudited)	Investments in financial instruments US$'000 (unaudited)	Property investment US$'000 (unaudited)	Money lending US$'000 (unaudited)	e-logistics platform US$'000 (unaudited)	Unallocated US$'000 (unaudited)	Total US$'000 (unaudited)
Depreciation	1,298	—	—	—	—	117	1,415
Staff costs	3,178	—	—	—	—	795	3,973

5. COST OF SALES

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Electricity	**3,442**	4,424
Diesel/fuel	**161**	486
Direct materials	**1,411**	6,076
Equipment rental	**3**	482
Staff costs	**745**	1,889
Drilling & blasting, earthmoving & haulage	**—**	1,493
Overhead	**174**	582
Maintenance	**8**	1,018
Depreciation	**134**	521
Movement in inventories	**(2,777)**	(340)
	3,301	16,631

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Bank interest income	**673**	795
Net foreign exchange loss	**(785)**	(5,909)
Provision for an onerous contract	**(255)**	—
Impairment loss recognised on interest in an associate	**(1,457)**	—
Others	**238**	499
	(1,586)	(4,615)

7. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Effective interest expense on provision for mine rehabilitation cost	**175**	159
Effective interest expense on provision for an onerous contract	**41**	—
	216	159

8. TAXATION

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
The charge comprises:		
Current tax:		
People's Republic of China ("PRC")	**10**	11
Australian withholding tax	**141**	147
Australian corporate income tax	**—**	405
Taxation charge for the period	**151**	563

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 tax losses brought forward for both periods.

9. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging:		
Depreciation on property, plant and equipment	**532**	1,415
Directors' remuneration	**3,054**	2,792

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the loss for the period of US$81,558,000 (six months ended 30 September 2015: profit for the period of US$18,606,000) and weighted average number of 38,698,308,961 ordinary shares in issue during the period (six months ended 30 September 2015: 30,373,718,797 ordinary shares).

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for the period ended 30 September 2015. All such exercisable share options expired at the year ended 31 March 2016, therefore no diluted loss per share was applicable for the period ended 30 September 2016.

11. DIVIDEND

No dividends were paid, declared or proposed during the 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 2016, the Group incurred expenditures on mine property and development assets of US$9,000 (six months ended 30 September 2015: US$165,000) and other property, plant and equipment of US$439,000 (six months ended 30 September 2015: US$82,000).

During the six months ended 30 September 2016, the Group incurred expenditures on exploration and evaluation assets of US$971,000 (six months ended 30 September 2015: US$896,000).

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 US$'000 (unaudited)	As at 31 March 2016 US$'000 (audited)
Trade receivables	**448**	2,472
Other receivables	**4,157**	16,749
Total trade and other receivables	**4,605**	19,221

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 2016 US$'000 (unaudited)	As at 31 March 2016 US$'000 (audited)
0 – 60 days	**448**	2,472

Trade receivables as at 30 September 2016 and 31 March 2016 mainly represent trade receivables from sales of copper cathodes in Australia. The balances is due on the fifth working day 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 amount due from brokers amounting to US$992,000 (31 March 2016: US$13,845,000) and prepayment to brokers amounting to US$1,755,000 (31 March 2016: US$598,000).

14. TRADE AND OTHER PAYABLES

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

	As at 30 September 2016 US$'000 (unaudited)	As at 31 March 2016 US$'000 (audited)
Trade payables		
0 – 30 days	**326**	349
Other payables	**9,459**	6,808
Total trade and other payables	**9,785**	7,157

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$1,908,000 (31 March 2016: AUD2,500,000, equivalent to approximately US$1,914,000) and (ii) of AUD2,500,000, equivalent to approximately US$1,908,000 (31 March 2016: AUD2,500,000, equivalent to approximately US$1,914,000) 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 US$2,607,000 was fully settled during the year ended 31 March 2013. As at 30 September 2016, the additional ore reserves are not yet delineated and the remaining AUD2,500,000, equivalent to approximately US$1,908,000 (31 March 2016: AUD2,500,000 equivalent to approximately US$1,914,000), was included in other payables.

Other payables also include Goods and Services Tax payable and Royalty payable to the Australian Government of US$2,000 and US$102,000 (31 March 2016: US$2,000 and US$301,000) 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 2015, 30 September 2015 and 1 April 2016	50,000,000,000	641,026
Increase in authorised share capital (Note i)	50,000,000,000	641,026
At 30 September 2016	100,000,000,000	1,282,052
Issued and fully paid		
At 1 April 2015	27,098,308,961	347,414
Issuance of shares upon subscriptions (Note ii)	5,400,000,000	69,231
At 30 September 2015	32,498,308,961	416,645
Issued in consideration for the acquisition of subsidiaries (Note iii)	6,200,000,000	79,487
At 1 April 2016 and 30 September 2016 (unaudited)	38,698,308,961	496,132

Notes:

(i) By an ordinary resolution passed at the extraordinary general meeting on 16 May 2016, the Company's authorised share capital was increased from HK$5,000,000,000 divided into 50,000,000,000 ordinary shares of HK$0.10 each to HK$10,000,000,000 divided into 100,000,000,000 ordinary shares of HK$0.10 each by creation of additional 50,000,000,000 ordinary shares of HK$0.10 each.

(ii) On 12 June 2015, 5,400,000,000 ordinary shares were allotted and issued at HK$0.10 per share to independent third parties. The gross proceeds from the agreement were approximately US$69,000,000, equivalent to HK$540,000,000 which are intended to be used for funding future investments and general working capital of the Group. Details of the transaction are disclosed in the announcements of the Company dated 29 May 2015 and 12 June 2015.

(iii) On 12 November 2015, the Company issued 6,200,000,000 ordinary shares to independent third parties for acquisition of effective 91.81% equity interest in Planet Smooth Limited and its subsidiaries. Details of the transaction are disclosed in the announcements of the Company dated 4 November 2015 and 12 November 2015.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Financial Results

The revenue of the Company and its subsidiaries (collectively referred to as the "Group") for the period ended 30 September 2016 (the "Period") was approximately US$16.80 million. This was a decrease of approximately 56.89% compared with revenue recorded during the corresponding period last year. Operating revenue generated by Lady Annie Operations fell from approximately US$27.52 million to US$5.35 million, representing a reduction of approximately 80.55% when compared with that recorded during the corresponding period last year. The volume of copper production was further scaled down due to stagnant, low copper market prices and the diminishing of copper reserves. In turn, copper sales decreased significantly during the Period.

Nevertheless, through effective cost control measures, production costs were kept at a manageable level, which maintained the gross profit margin, as a whole. Compared with the corresponding period of the previous year, there was an approximately US$8.85 million decrease in gross profit, a drop of approximately 39.58%. Dividends from trading securities and interest income from financial assets, rental income, and interest income from money lending represented approximately 64.80%, 2.23% and 1.12% of the total revenue, respectively over the Period.

Compared with the same period last year, revenue derived from property investments moderately decreased by approximately 14.42%, as a result of a reduction in occupancy rates. Rental income provided steady cash flow to the Group over the Period, and this is expected to continue in the future. Dividends from trading securities and interest income on financial assets slightly decreased by approximately 1.20% period-on-period. Instability in the global economy, the United Kingdom's decision to withdraw from the European Union (the "EU"), slowing growth in the People's Republic of China (the "PRC"), and international terrorism have contributed to uncertainty in financial markets, creating volatility. Hence, the overall performance of the Group's investment portfolio during the Period was disappointing. The general securities market in Hong Kong was also unstable. With the devaluation of the Renminbi ("RMB"), fluctuation of crude oil prices, the UK's unexpected decision to exit the EU, and speculation over interest rate increases in the United States of America ("US") impacted market performance. The Group recorded a loss on fair value changes of financial assets at fair value through profit or loss of approximately US$54.56 million for the Period, while there was a gain on fair value changes of financial assets at fair value through profit or loss of approximately US$46.55 million during the corresponding period of last year. Information on the fair value changes of financial assets at fair value through profit or loss is set out below:

Stock Code	Name	Fair Value change 30.09.2016 USD'000	% of shareholding held by the Company 30.09.2016	Market Value 30.09.2016 USD'000	% of shareholding held by the Company 30.09.2015	Market Value 30.09.2015 USD'000
Equity securities listed in Hong Kong						
412	China Innovative	**(23,443)**	**8.66%**	**179,020**	8.61%	202,463
3333	China Evergrande	**(7,510)**	**0.57%**	**52,473**	0.57%	59,983
2066	Shengjing Bank	**(16,850)**	**2.91%**	**45,910**	3.39%	70,609
136	HengTen Networks	**10,498**	**0.93%**	**43,306**	0.93%	32,808
1051	G-Resources	**(3,031)**	**8.16%**	**40,469**	8.06%	42,291
330	Esprit Holdings	**(5,924)**	**2.50%**	**39,221**	2.50%	45,145
279	Freeman FinTech	**9,837**	**3.46%**	**36,173**	3.46%	26,337
1031	Kingston Financial	**(6,371)**	**0.55%**	**29,250**	0.55%	35,621
708	Evergrande Health	**(10,917)**	**2.66%**	**29,211**	2.66%	40,129
996	Carnival Group	**(4,128)**	**1.43%**	**27,718**	1.55%	31,846
	Others	**(4,871)**		**90,265**		102,343

	Fair Value change	% of shareholding held by the Company	Market Value	% of shareholding held by the Company	Market Value
	30.09.2016	30.09.2016	30.09.2016	30.09.2015	30.09.2015
	USD'000		USD'000		USD'000
Financial assets other than equity securities listed in Hong Kong					
Nexus Strategic Investments Fund	**(105)**		**4,261**		4,366
Nexus Emerging Opportunities Fund	**6,716**		**71,712**		64,399
Nexus Asian Hybrid Credit Fund	**296**		**8,397**		8,101
Others (including equity securities outside Hong Kong and unlisted debt securities)	**1,245**		**11,318**		10,072
Total	**(54,558)**		**708,704**		**776,513**

The Group's overall investment portfolio recorded a total loss of approximately US$62.72 million for the Period, compared to a net gain of approximately US$42.03 million over the same period last year. Global economic and political instability will continue to dampen investor and market sentiment as market conditions remain volatile. The Group is also exploring opportunities to diversify its revenue, and having received its Money Lender license, it kicked off its money lending business in the fourth quarter of the previous financial year. During the Period, approximately US$0.19 million in interest income was generated by money lending and the Group will prudently develop this segment of business.

Due to persistent low copper prices, diminishing copper reserves and the Company's further down-scaling of its copper production, the carry value of inventories was written down by approximately US$4.87 million. Over the same period last year, the carry value of inventories was written down by approximately US$20.73 million. As driven by the rapid increase of new platform in the e-logistics industry, intensified industry competition, depreciation of RMB as well as slowing down of growth rate of registered users, a provision for goodwill impairment of US$12.33 million was made for the Period. Overall, the Group recorded an after-tax loss of approximately US$81.73 million for the Period, whereas an after-tax profit of approximately US$18.61 million was recorded for the same period last year.

Net Asset Value

As of 30 September 2016, the Group held bank balances and cash totaling approximately US$86.59 million. Bank deposits of approximately US$53.37 million were pledged, mostly to cover 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 financial assets at fair value through profit and loss were approximately US$54.17 million and US$708.70 million, respectively. During the Period, a bank granted a one year HK$150 million revolving loan with an interest rate of 1% over HIBOR/LIBOR to a subsidiary of the Company. The Company provided a guarantee to the bank for this facility, but the facility was not utilized during the Period. As of 30 September 2016, 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$972.04 million.

Human Resources

As of 30 September 2016, the Group had 34 staff (including Company directors) in Hong Kong, 8 staff in Australia and 63 staff in the PRC. Staff costs (excluding directors' emoluments) were approximately US$3.91 million for the Period. Staff remuneration packages are normally reviewed annually and the Group also participated in the Mandatory Provident Fund Scheme in Hong Kong, and provided other staff benefits, such as medical benefits.

Exposure to Fluctuations in Exchange Rates

The Group conducts most of its business in US dollars, Australian dollars, RMB and Hong Kong dollars. Foreign currency exposure to US dollars is minimal, as the Hong Kong dollar is pegged to the US dollar. Exposure to RMB is also minimal during the Period, as business conducted in RMB still represents only a small portion of the Group's total business in terms of revenue. The Group is primarily exposed to foreign currency risk from Australian dollars. As the Group's mining operation in Australia is scaling down, its exposure of foreign currency risk from Australian dollars is comparatively reduced. 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 Operations

Lady Annie Operations, located in the Mount Isa district of north-western Queensland, Australia, is principally comprised of the Lady Annie mining area, the Mount Kelly mining area, and the Mount Kelly processing plant and tenements. 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 kilometers including 14 mining leases and 63 exploration permits for minerals.

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

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
Revenue	**5,352**	27,523
Cost of sales	**(3,301)**	(16,631)
Gross profit	**2,051**	10,892
Other income and other gains	**666**	3,210
Distribution and selling expenses	**(265)**	(1,505)
Administrative expenses	**(2,585)**	(3,415)
Finance costs*	**(216)**	(159)
Loss on inventories written down to net realisable value	**(4,872)**	(20,729)
Written off of exploration and evaluation assets	**(139)**	---
Loss before taxation	**(5,360)**	(11,706)
Depreciation in administrative expenses	**19**	323
Depreciation in cost of sales	**371**	975
Total depreciation	**390**	1,298

* 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 is prepared on a per-pound of copper sold basis. The term C1 operating cost does not have any standardized meaning prescribed by HKFRS and therefore may not be comparable to similar measures presented by other issuers. However, it remains a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with standard industry definitions. C1 operating costs include 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	
	2016	2015
	US$'000	US$'000
Cash costs as reported in the income statement:		
Direct and indirect mining cost	**8,097**	20,737
Adjustment for change in inventory	**(2,299)**	(794)
Total operating costs	**5,798**	19,943
Copper sold (tonnes)	**1,105**	4,752
Copper sold (in thousand pounds)	**2,436**	10,476
C1 operating cost per pound of copper	**US$2.38/lb**	US$1.90/lb

The Company believes that, in addition to conventional measures prepared in accordance with HKFRS, certain investors may want to 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

The Company held an extraordinary general meeting on 16 May 2016 (the "EGM"). In the EGM, an ordinary resolution was passed to increase authorized share capital from HK$5 billion divided into 50 billion shares, to HK$10 billion divided into 100 billion shares, by creating 50 billion new shares at a value of HK$0.10 in capital of the Company. A special resolution was also passed in the EGM to change the English name of the Company from "CST Mining Group Limited" to "NetMind Financial Holdings Limited" and 網智金控集團有限公司 being adopted as the Company's new dual foreign name. The said change of the Company's English name and the said adoption of new dual foreign name became effective on 17 May 2016. Details of the authorized capital increase and the Company's name change were disclosed in the Company's announcements dated 15 March 2016, 20 April 2016 and 31 May 2016, and circular dated 21 April 2016.

Outlook

During the Period, the Group grew its e-logistics platform business while continuing to operate its mining business. The Group successfully completed its strategic transformation to an integrated holding company covering both e-logistics and mining businesses.

The logistics market in the PRC is fragmented and underdeveloped in information technology. In the "Internet +" era, the Group sees opportunities through changing the traditional operational model of the logistics industry by implementing its technology capabilities and achieving "Intelligent Logistics." Leveraging its rich experience in the mobile internet industry and advanced technology, the Group's "First Cargo" platform gathers customer requests through the mobile App, WeChat service account and the website. The truckers owners and shippers are then optimally matched based on comprehensive big data analysis, thus significantly enhancing the freight efficiency. The Group will also provide comprehensive cargo insurance services to protect cargo security.

In recent years, the e-logistics industry saw a large number of new platforms and intensified industry competition. Facing new challenges, the growth rate of the Group's e-logistics platform business is slowing down as a whole. The Group will review its financial position from time to time in order to formulate appropriate cost effective and efficient measures which include but not limited to improve the functions of the platform, enhance operational efficiency and customer service quality and introduce new value-added services to response challenges. At the same time, the Group will adopt flexible marketing and development strategies to further enhance the e-logistics platform.

During the Period, output from the Group's copper business further decreased due to persistently low copper prices as well as diminishing copper reserves. Through effectively controlling costs, Lady Annie will keep operating costs at a manageable level. In order to maintain operation, Lady Annie has cooperated with an independent company for reprocessing the existing heap leach pad and producing copper cathodes since October 2016. In addition to closely monitoring the production costs and all relevant market situations, the Group has been carefully considering the appropriate course of action in relation to the Group's copper mining operations. Future options might include further downscaling operational size, increasing the outsourcing of operational activities, or temporarily suspending production.

Looking forward, the Group will continue to monitor the development of internet services and other related businesses as it looks for further investment and development opportunities. The Group will continue to strengthen its current businesses, pursue potential investment opportunities that bring added value, actively seek new business solutions to diversify its revenue sources, and maximize value for its shareholders. Internal resources and/or other effective sources of funding may be used to fund future investment opportunities, which will be closely assessed according to the nature of any such investments and prevailing market conditions.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has, during the six months ended 30 September 2016 complied with the code provisions of 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 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 THE 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 own code of conduct regarding director's securities transactions. Based on specific enquiry of all directors of the Company, the Directors have confirmed that they complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

REVIEW BY AUDIT COMMITTEE

The unaudited interim results for the six months ended 30 September 2016 has been reviewed by the Company's audit committee which comprises Mr. Yu Pan, Ms. Tong So Yuet and Mr. Ma Yin Fan, all of them are 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
NetMind Financial Holdings Limited
Chiu Tao
Executive Director and Chairman

Hong Kong, 24 November 2016

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, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.