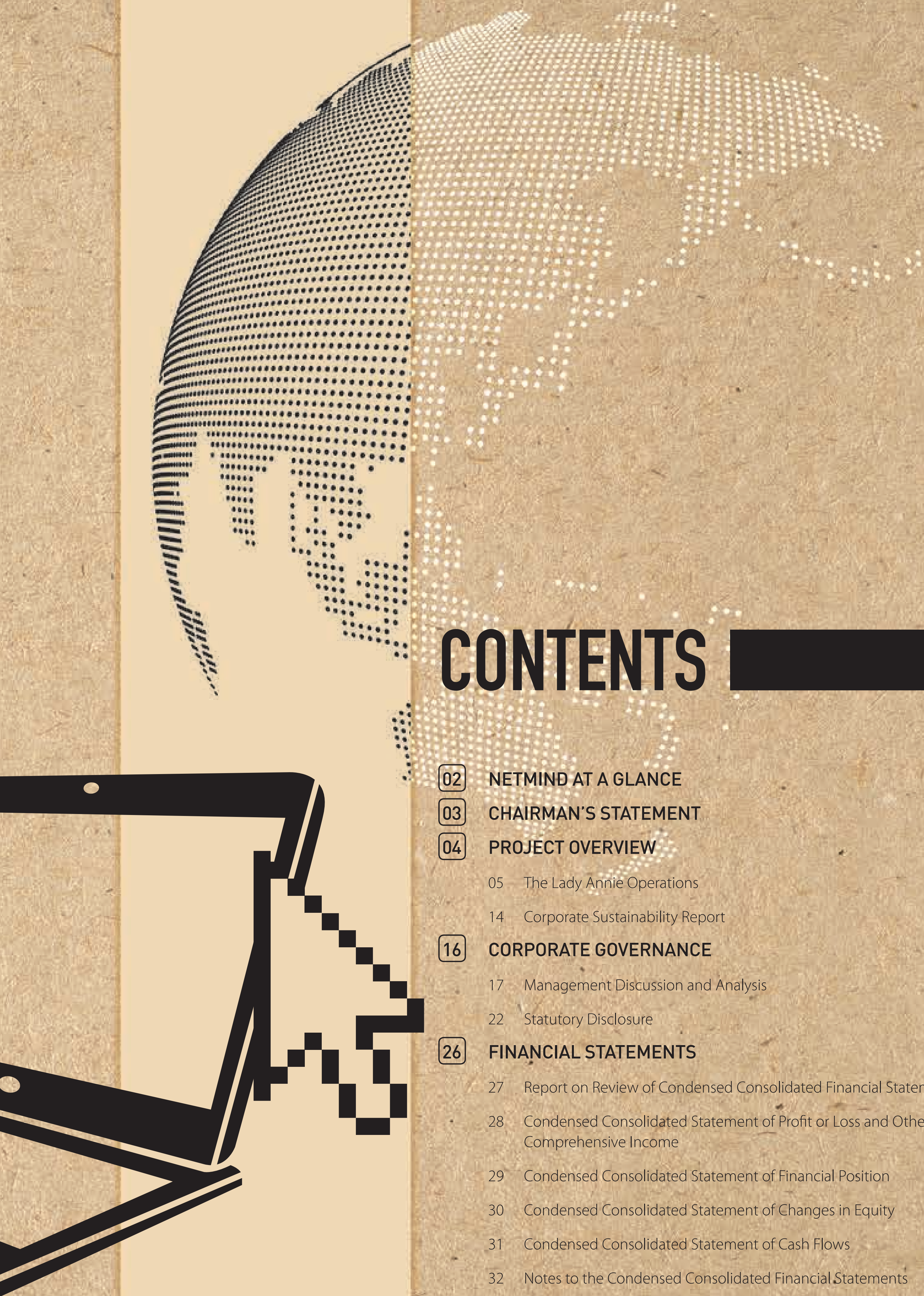
NetMind Financial Holdings Limited
網智金控集團有限公司

THIS WAY UP

INTERIM REPORT 2016



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NETMIND AT A GLANCE

Dear Shareholders,

I hereby report to our shareholders that NetMind Financial Holdings Limited and its subsidiaries (collectively referred to as the "Group") recorded a loss of approximately US$82,000,000 for the six months ended 30 September 2016. The loss is mainly attributable to continuous decline of copper production and significant decrease in revenue. Under the influence of a volatile financial market, we recorded a loss on fair value changes of financial assets at fair value through profit or loss. Furthermore, the e-logistics platform business in China also recognised an impairment loss on goodwill.

Factors including persistently low copper prices, diminishing copper reserves, a fluctuating financial market as well as uncertainties looming ahead will affect the overall performance of the Group, and the Group will face greater challenges. The Group will actively identify and explore business opportunities so as to lay a solid foundation for the Group's long-term development. With our experienced management team, the Group will strive hard to enhance corporate value and maximize shareholders' return.

I would like to thank our staff for their vital contributions and dedication to the growth of NetMind Financial Holdings Limited, as well as our shareholders for their continued support. I look forward to announcing more developments and achievements in the years to come.

Sincerely yours,

Chiu Tao
Chairman

24 November 2016

PROJECT OVERVIEW

CST Minerals Lady Annie Pty Limited comprises a copper mine and processing facility in North West Queensland, Australia. The mine is situated approximately 120km north-west of Mount Isa, the regional mining centre.

THE LADY ANNIE OPERATIONS

PROJECT DESCRIPTION AND LOCATION

CST Minerals Lady Annie Pty Limited ("Lady Annie Operations/Lady Annie") comprises a copper mine and processing facility in North West Queensland, Australia. The mine is situated approximately 120km north-west of Mount Isa, the regional mining centre.

Lady Annie Operations is owned 100% by NetMind Financial Holdings Limited (the "Company"). The mining operation consists of a number of open-pit deposits that feed ore into a heap leach facility. The resulting solution then undergoes solvent extraction and electrowinning in the adjacent processing plant to produce London Metal Exchange Grade A equivalent copper cathode.

Lady Annie Operations also controls approximately 2,800km^2 of highly prospective exploration tenements that are located around the Lady Annie mine and across the three geological provinces of the world renowned Mount Isa Inlier (Figure 1). North West Queensland is a major base metals province and contains most of the state's giant orebodies, including Mount Isa, Century, Cannington, Ernest Henry, Osborne and Dugald River. The region produces approximately 75% of the value of metallic minerals recovered in Queensland and is Australia's largest source of copper. *(Queensland Department of Natural Resources and Mines 2014)*

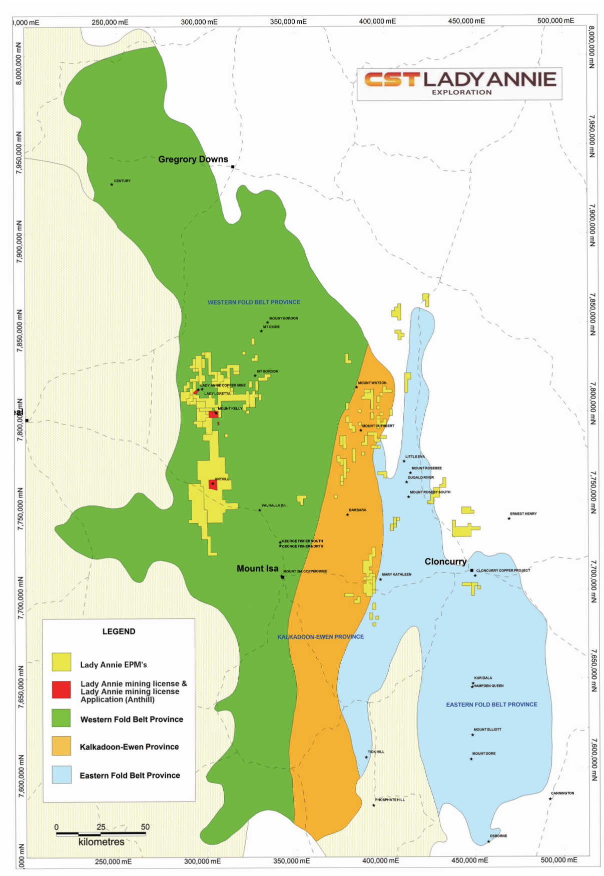


Figure 1: Location of Lady Annie Copper Mines (Lady Annie and Mount Kelly) with Tenements, Major Deposits and Towns — Mount Isa Inlier.

1. OPERATING RESULTS

The table below provides certain key operation information for Lady Annie Operations for the six months ended 30 September 2016 (the "Period") and 2015 respectively.

Key operational information

		2016	2015
Mined	Total material (tonnes)	—	—
	Ore (tonnes)	—	—
	Ore grade (copper %)	—	—
	Contained copper (tonnes)	—	—
Stacked	Ore (tonnes)	—	841,744
	Ore grade (copper %)	—	0.52
	Contained copper (tonnes)	—	4,357
Production	Copper cathode (tonnes)	**1,124**	4,296
Sales	Copper cathode (tonnes)	**1,105**	4,752
	Average price (US$/tonne)	**4,843**	5,792
	Revenue (US$'000)	**5,352**	27,523

The table below provides the expenditure of Lady Annie Operations on exploration, mining and development activities for the Period.

	US$'000
Administration	**5**
Camp expense	**23**
Consultancy and contractor expense	**152**
Consumables	**58**
Drilling and assays expenses	**385**
Machinery and equipment	**32**
Staff cost	**15**
Tenement and mining leases fee	**70**
Others	**240**
Total	**980**

2. OPERATIONS UPDATE

Mining, ore crushing and stacking still remained being suspended for the Period, due to unfavorable market conditions.

Small scale leaching from existing heap leach pads continued and Lady Annie Operations produced 1,124 tonnes of copper cathode during the six months period up to the end of September 2016.

Options have been reviewed in extending the life of the heap leach drawdown, by engaging a service partner to assist with proven heap leach recovery extension options focusing on the heap leach residue material. These activities were commenced at the beginning of October this year.

3. EXPLORATION

3.1 Competent Person Statement

The following information that relates to exploration results is based on information compiled by, or overseen by Mr Alasdair Smith ("Mr Smith") BSc Geology, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Smith is a full time employee of Lady Annie Operations and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a competent person, as defined in the "Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves" (JORC56 Code 2012 Edition). Mr Smith consents to the inclusion in this section of the matters based on his information in the form and context in which it appears.

3.2 Overview of Exploration Activities

Activity for the Period focused on scoping out the potential size of a resource at the Enterprise copper discovery on EPM17527 and further collaboration with the Commonwealth Scientific and Industrial Research Organisation ("CSIRO").

Work programmes included:

1. A Resource development programme at the Enterprise copper discovery including:

   a) Completion of the Reverse Circulation ("RC") and Diamond Drilling ("DD") programme that commenced in February 2016 and evaluation of laboratory assay results to 'scope out' the potential size and grade of mineralisation.

   b) Prospect scale geological mapping.

   c) Surface geochemical sampling (termite mounds) along the strike extent of the Enterprise Fault Zone in areas of shallow cover.

   d) Petrography on DD and RC samples.

   e) Photo Imagery and Digital Elevation Model ("DEM") survey by drone.

2. Development of the 'Uncover Cloncurry' Project with CSIRO.

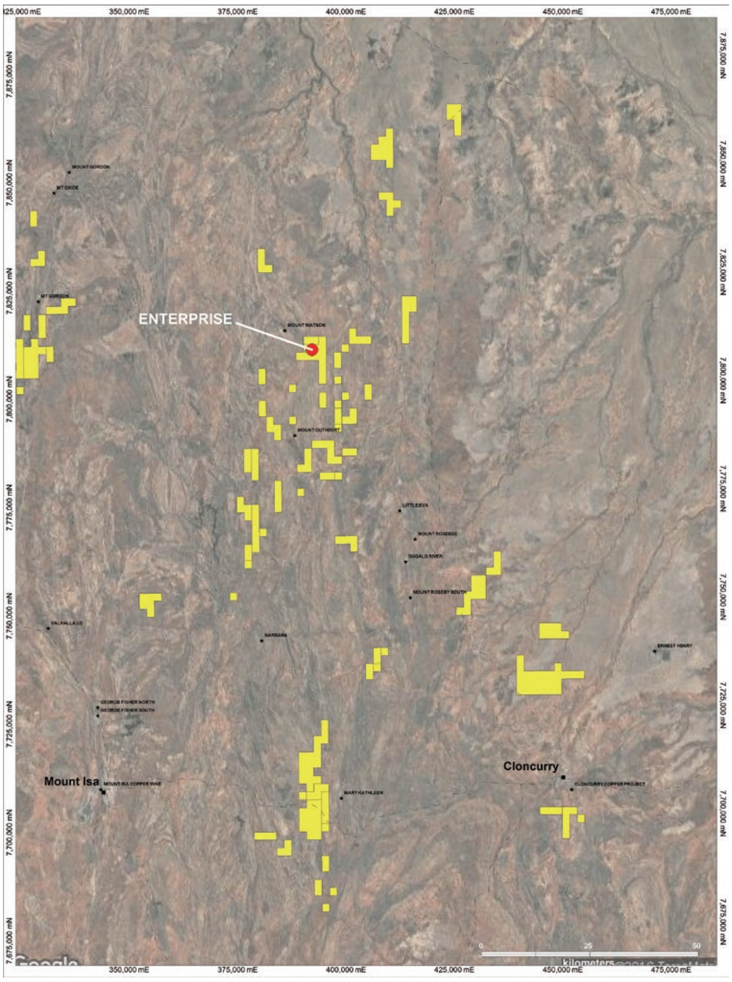


Figure 2: Location of Enterprise copper discovery with Lady Annie tenements, major deposits and towns on Google image

Table 1: Summary of Drilling Metres Completed During April 2016

	DD		RC		Total	
Drilling Target	**Metres**	**Holes**	**Metres**	**Holes**	**Metres**	**Holes**
Enterprise copper discovery — Central Tenement Area	216.3	2	4,947	33	5,163.3	35
Total	216.3	2	4,947	33	5,163.3	35

3.3 Enterprise RC/DD Programme and Evaluation of Assay Results

The Enterprise copper discovery was made with 4 RC drill holes (ENTRC 1 – 4) from the 25 October – 29 October 2015, as part of a regional drill programme carried in the Eastern Tenement Area from the 3 October – 29 October 2015. Further drilling (in 2 stages) was proposed for early 2016 after the completion of a ground geophysical survey (induced potential and magnetics) over the area in December 2015 returned promising anomalies that were spatially associated with the known mineralisation.

Stage 1 (holes ENTRC/DD 5, 8, 9 and ENTRC 6, 7, 10, 11) of the resource development drilling programme commenced on 25 February 2016 and was completed on 14 March 2016. Results from the Stage 1 drilling were positive for copper mineralisation, increasing the strike of ore grade mineralised intercepts (from the 4 discovery holes ENTRC 1 – 4) from 180m to 360m with the strike remaining open to the north-west, south-east and down dip.

Stage 2 commenced on 14 March 2016 and was completed on 30 April 2016. The Stage 2 drill programme was designed to 'scope out' the extent of copper mineralisation with holes on lines 120m apart, and 40m apart along lines. Drilling during the Period totalled 33 RC for 4,947m and 2 RC/DD hole for 348m RC (pre-collar) and 216.3m DD.

The assay results for Stage 2 drilling do not significantly extend the strike of the main mineralised zone comprising holes ENTRC 01-04, ENTRCD 05, ENTRC 06-07, ENTRC 11-12 and ENTRC 14 however; the zone (~480m on a strike of ~320°) remains open to depth. The average grade of additional mineralised intersections was less than those returned from the 4 discovery holes (ENTRC 1 – 4).

This confirmed that the mineralised body comprises a high grade core surrounded by a low grade halo. Mineralised intersections were achieved from drilling of several satellite zones identified from termite mound sampling and geological mapping however; none of these proved to be of sufficient size to warrant further drilling.

In summary, the RC and DD programmes completed at Enterprise from 25 October 2015 to 30 April 2016 totalled 6,742m and 354.8m respectively.

3.4 Prospect Scale Geological Mapping

A prospect scale geological map for the Enterprise copper discovery was completed during July – August 2016 (Figure 3).

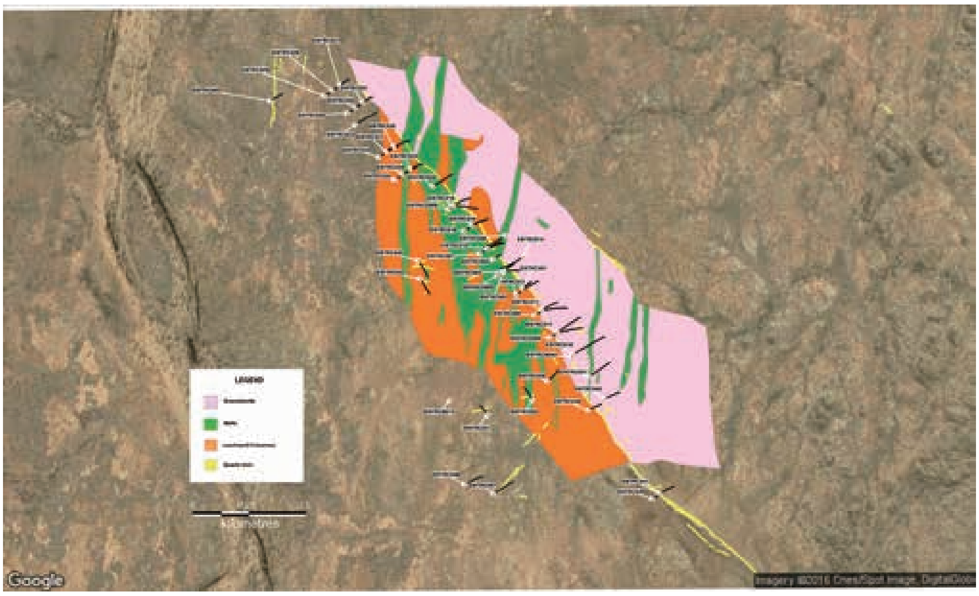


Figure 3: Drill hole location plan with drill traces and prospect geology on Google image — Enterprise

Table 2: Significant RC and DD Sample Assay Results for Cu — Enterprise

Hole	From (m)	To (m)	Interval Width (m)	Cu (ppm)	Cu (%)
ENTRC002	31	59	28	13,216	1.322
ENTRC003	24	43	19	18,507	1.851
ENTRC004	50	84	34	13,920	1.392
ENTRCD005	133	156	23	6,132	0.613
ENTRC006	152	182	30	8,731	0.873
ENTRCD009	224.2	230	5.8	27,332	2.733
ENTRC011	72	85	13	16,495	1.650
ENTRC012	116	139	23	7,357	0.736
ENTRC014	101	120	19	6,528	0.653

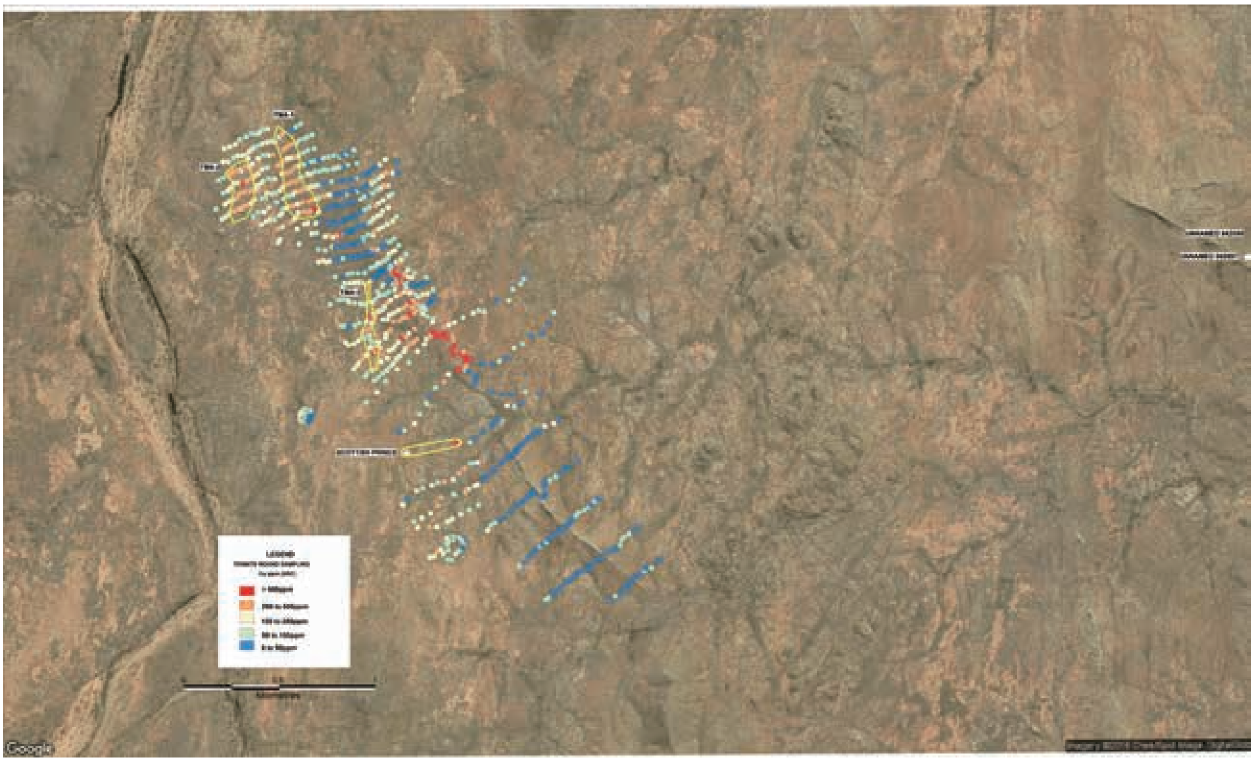


Figure 4: Termite Mound Sampling Assay Results for Copper on Google Image — Enterprise

3.5 Termite Mound Geochemical Sampling Programme

The Enterprise copper discovery is overlain with a shallow layer of sheet-wash (cover) material that makes soil sampling ineffective. During March 2016, an orientation traverse of termite mound sampling was carried out over the core of the Enterprise copper mineralisation to determine if this method of sampling would prove successful at identifying the mineralised zones beneath the cover that had already been identified from drilling. If successful termite mound sampling could be used to quickly identify new zones for follow-up drill testing. The survey proved successful and sampling was progressively extended, first north-west along the main mineralised zone and then south-west of the main zone across areas where surface mapping had identified copper mineralisation in quartz and quartz-carbonate vein arrays. In addition, sampling (at 240m line spacing) was completed across the south-east extension of the main zone. A total of 861 termite samples were collected (636 of these were collected during April 2016) and analysed on site with portable XRF.

This sampling delineated a series of anomalies that are defined by the <200ppm contour (Figure 4). To the north-west of the main zone, anomaly TMA1 measures 500mx100m and corresponds to quartz-carbonate veining, with malachite and pitting identified from mapping. A second anomaly (TMA2), sub-parallel and immediately west of TMA1, has a strike of 300m. A third anomaly (TMA3), immediately west of the main zone, occurs over a cluster of quartz veins trending approximately 120° and 050°. A fourth anomaly, south of the main zone was coincident with the Scottish Prince workings.

Table 3: Significant Termite Mound Sample Assay Results from Portable XRF Analysis — Enterprise

Site ID	MGA94 East	MGA94 North	Cu ppm (XRF)	Area
10360-06	389900	7809795	6,227	Enterprise Main Area
5000-34	390183	7809427	3,246	Enterprise Main Area
20160305-11	390119	7809494	2,936	Enterprise Main Area
5000-40	390258	7809358	2,008	Enterprise Main Area
AH251	389459	7810154	1,931	TMA1
5000-28	390101	7809506	1,718	Enterprise Main Area
5000-39	390258	7809373	1,700	Enterprise Main Area
PM004	389949	7809778	1,660	Enterprise Main Area
AH209	389596	7810020	1,616	Enterprise North
20160305-12	390141	7809499	1,546	Enterprise Main Area
5000-06	389901	7809809	1,431	Enterprise Main Area
5000-29	390143	7809492	1,348	Enterprise Main Area
5000-27	390087	7809517	1,283	Enterprise Main Area
MH-1018	390287	7809373	1,263	Enterprise Main Area
5000-35	390194	7809397	1,106	Enterprise Main Area
5000-36	390231	7809401	1,091	Enterprise Main Area
5000-04	389886	7809832	1,043	Enterprise Main Area
5000-09	389912	7809766	1,042	Enterprise Main Area
20160305-10	390089	7809496	981	Enterprise Main Area
AH294	389435	7810200	951	TMA1
10360-07	389897	7809786	946	Enterprise Main Area
10360-05	389908	7809810	839	Enterprise Main Area
AH520	389793	7809418	832	TMA3
5000-38	390257	7809387	820	Enterprise Main Area
PM029	389749	7809600	768	TMA3
5000-30	390159	7809484	746	Enterprise Main Area
5000-33	390199	7809442	723	Enterprise Main Area
20160305-13	390144	7809511	715	Enterprise Main Area
AH250	389468	7810158	690	TMA1
5000-43	390228	7809324	670	Enterprise Main Area
5000-51	390207	7808940	600	TMA Scottish Prince
MH-1020	390221	7809311	571	Enterprise Main Area
PM051	389962	7809665	561	Enterprise Main Area
5000-44	390217	7809311	560	Enterprise Main Area
AH522	389764	7809402	554	TMA3
PM079	389968	7809609	539	Enterprise Main Area
5000-07	389905	7809772	527	Enterprise Main Area
AH508	389919	7809479	515	Between Enterprise and TMA3
AH361	389092	7810288	505	TMA2

3.6 Petrography on DD and RC Samples

Petrographic studies of RC and DD samples from Enterprise confirmed that the lithologies south-west of the main mineralised zone are dominated by clastic/volcaniclastic (gritty sandstone) rock derived from a granitoid source, whereas lithologies north-east of the main mineralised zone are predominantly monzonites. The paragenetic sequence of minerals is interpreted to be as follows:

Early

- Quartz (finer grained) – early veining – Minor
- Albite (infill and alteration) – Minor
- Biotite ± magnetite, quartz, titanite – infill veins and alteration - Major
- Quartz ± amphibole (trace), pyrite ± sphalerite ± galena, chlorite, chalcopyrite veins – infill - Major. Chalcopyrite is late (but linked temporally) & sphalerite ± galena seems to pre-date chalcopyrite
- Chlorite – vein (infill) and major alteration – Major

Late

- Quartz-chlorite
- Carbonate – veins (infill). Fluorite – timing unclear but post quartz – Minor

The early albite stage is ubiquitous in the region and not related to mineralisation. The remainder is interpreted as an evolving down temperature (probably magmatic) system introduced via focused fracturing and re-fracturing along a major shear zone. The magnetite/biotite early component suggests saline, high temperature fluids (400-600°C).

The following extended quartz-sulphide stage contains rare early amphibole (actinolite?) suggesting decreasing temperature with the later precipitating chlorite-chalcopyrite indicating 350-400°C accompanied by declining salinity. The late chlorite overprint (sub 350°C) completes a common sequence in the region. High temperature magnetite involvement is also common in the district. The sequence indicates that the Enterprise system is of Iron Oxide Copper Gold type.

3.7 Photo Imagery and Digital Elevation Model ("DEM") Survey by Drone

In order to improve surveying and aid field mapping, a drone survey was completed at Enterprise during April 2016. Previously, the only available photographic imagery was low resolution data from Google Earth. The drone successfully flew 3 rectangular blocks (each measuring 500m x 1km) across the main mineralised zone. A composite, high resolution digital image was produced which proved invaluable for surface mapping and sampling. As part of the drone survey, 3D DEM data was also captured.

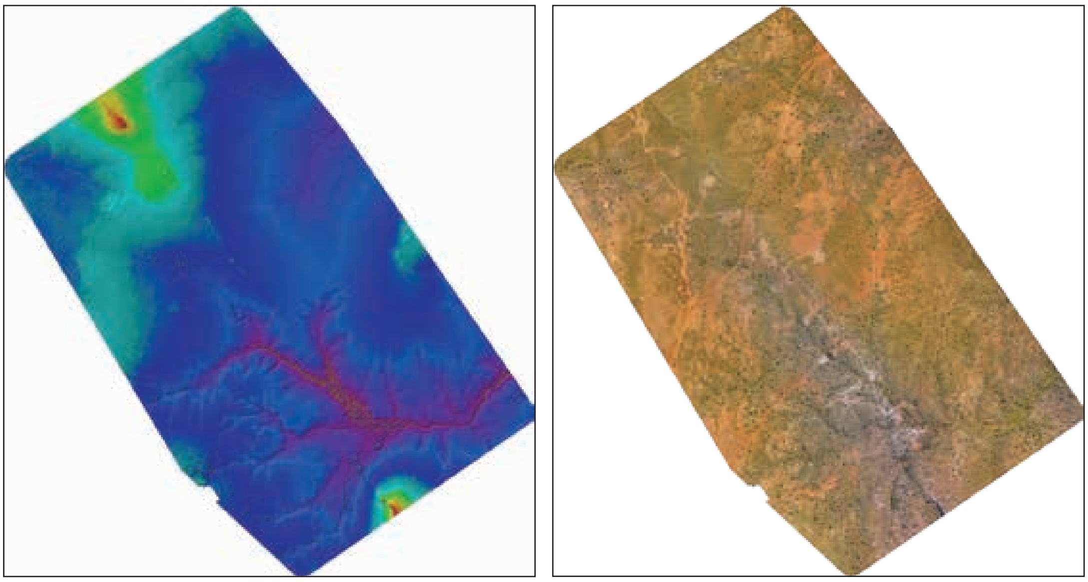


Figure 5: Drone Digital Elevation Model (DEM) thematic map with associated high resolution photo image — Enterprise

3.8 Lady Annie and CSIRO Collaboration

The association between Lady Annie and CSIRO continued in 2015-2016 with Lady Annie joining an Industry/CSIRO collaboration in the Eastern Fold Belt (Cloncurry region) of the Mount Isa Inlier called 'Uncover Cloncurry'. The collaboration was for 1 year (1 July 2015 – 30 June 2016) and designed to characterise samples from 20 mineral deposits across the Eastern Fold Belt, to increase the understanding of mineral systems and localisation of ore. This study is expected to greatly enhance the possibility for exploration success in the region going forward. Final reports from the study are expected during Q4 2016.

4. MINERAL RESOURCES AND RESERVES

There is no update on mineral resources and reserves since the last mineral resources estimate disclosed in 2016 Annual Report of the Company.

HEALTH, SAFETY, ENVIRONMENT & COMMUNITY

Health and Safety

The Safety Department continued to deliver Nationally Accredited competencies to employees in accordance with legislative requirements and site-based standards. A High Voltage Switching course was delivered by an external provider to ensure the site had the required competency to re-establish electrical supply after power failures.

The Mines Rescue training continued to be delivered with the adoption of all employees forming the site Mines Rescue Team. This strategy was adopted due to the limited staff numbers and the legislative requirement to ensure adequate response to any emergency is maintained.

The ongoing focus for all employees and contractors is to ensure a high degree of safety focus and that hazard identification is maintained for all tasks. The importance of incident reporting procedures and hazard identification will continue to be highlighted to all employees and visitors. The site employees continue to expand in job roles and responsibilities and ensuring site policies and established procedures are followed, will be of critical importance.

Environment

The Environment Department has continued with the emphasis of streamlining the collection and collation of environmental data necessary to meet the obligations set through legislative requirements. New technology has been utilised for survey and drainage analysis of process areas resulting in faster, safer and higher quality data gathering, allowing for cheaper and better quality surface water management decisions to be made, as well as having a range of other benefits.

Environmental regulatory reporting obligations for State and Federal Government Agencies have been ongoing with the Plan of Operations, Annual Return for the Environmental Authority, National Pollutant Inventory, Receiving Environment Monitoring Program and Water Licensing reporting completed within the six months ended 30 September 2016.

The Anthill mining lease project has continued to progress with the remaining outstanding agreements underway. It is anticipated that the mining license will be granted once these are completed.

INDIGENOUS AND COMMUNITY RELATIONS

Indigenous Relations

Cultural heritage is a vital component of Lady Annie Operations and Anthill project in which recognition and respect for cultural heritage of the Kalkadoon, Indjalandji-Dhidhanu and Mitakoodi people who have customary connections to country in which we operate on. As part of this, Cultural Heritage Clearances are conducted by traditional owners within the region to ensure a diligent and cooperative approach when conducting exploration activity.

Lady Annie Operations continues to work closely with the Kalkadoon, Indjalandji-Dhidhanu and Mitakoodi traditional owners for current and future project in respect of native title, cultural heritage, and employment and business opportunities and continues participation with ongoing Cultural Awareness training as provided by the relevant traditional owner people. This also includes contractors to site who are working on the country.

The Cultural Awareness training is designed to educate participants in the importance of the recognition, protection and conservation of cultural heritage, and to explain the relationship of the traditional owner people with the project area and the natural environment as a whole. The training promotes an understanding of, and respect for, the traditional owner's culture, knowledge and traditional practices.

COMMUNITY RELATIONS

Lady Annie Operations relationship with communities of Mount Isa, Camooweal and Cloncurry and the North West Queensland and North Queensland regions has consolidated through its involvement with community events and activities by sponsorship, donations and in-kind support, employment and business opportunities.

The Exploration Department maintains close relations with landholders over the broad area of Lady Annie exploration tenements as well as contributing to ongoing community and stakeholder engagement with other stakeholders such as; Calton Hills Station and Yelvertoft Station, Kalkadoon, Indjalandji-Dhidhanu and Mitakoodi people, business partners and regulators on a regular and needs basis. Lady Annie Operations continues to provide support to the Yelvertoft Camp draft, Royal Flying Doctor Service and Mount Isa Rescue Helicopter.

CORPORATE GOVERNANCE

The Company recognised the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance.

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 31.03.2016	Market Value 31.03.2016 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
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 Lenders 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 US$'000	2015 US$'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 US$'000	2015 US$'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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 30 September 2016, the interests and short positions of the directors and the chief executives of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were disclosed as follows:

Long positions in shares/underlying shares of the Company

	Number of *shares/underlying shares				
Name of Director	Personal interests	Share options	Total	Approximate % of the issued share capital of the Company	
Chen Weixing ("Mr. Chen")	6,240,000,000	—	6,240,000,000	16.12%	(Notes)
Chiu Tao	3,900,000,000	—	3,900,000,000	10.08%	

Notes:

(a) Calculation of the approximate % of personal interests to the issued share capital of the Company is based on the total number of issued shares of the Company as at 30 September 2016, i.e. 38,698,308,961 shares; and

(b) Mr. Chen is deemed to be interested in 6,240,000,000 new shares of the Company at HK$0.10 per share which he has conditionally agreed to subscribe for pursuant to the subscription agreement entered with the Company on 15 March 2016.

* Ordinary shares unless otherwise specified

Save as disclosed above, as at 30 September 2016, none of the directors or the chief executives of the Company or their respective associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code required to be disclosed in accordance with the Listing Rules.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF PERSONS OTHER THAN DIRECTORS AND CHIEF EXECUTIVES

As at 30 September 2016, so far as known to the directors or the chief executives of the Company, the following persons are the shareholders (other than the directors or chief executives of the Company) who had 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 be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

Long positions in shares and underlying shares of the Company

Name of Shareholder	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital	
Wong Howard	Beneficial owner	5,186,920,000	13.40%	
Cheung Chung Kiu ("Mr. Cheung")	Beneficial owner/Interest of a controlled corporation	2,575,861,856	6.66%	(Notes)

Notes:

These securities represent relevant interests in respect of:

(a) 1,950,840,000 shares held by Bondic International Holdings Limited, directly and solely owned by Mr. Cheung;

(b) 175,021,856 shares held by Bookman Properties Limited, directly wholly-owned by Ferrex Holdings Limited which is directly wholly-owned by Yugang International (B.V.I.) Limited ("Yugang BVI"). Yugang BVI is directly wholly-owned by Yugang International Limited. Yugang International Limited is directly owned by Chongqing Industrial Limited as to 34.33% of the entire issued share capital. Chongqing Industrial Limited is directly solely owned by Mr. Cheung; and

(c) 450,000,000 shares held by Gold Faith Investments Limited, wholly-owned by Konco Limited which is directly wholly-owned by The Cross-Harbour (Holdings) Limited. The Cross-Harbour (Holdings) Limited is directly owned by Honway Holdings Limited as to 41.66% of the entire issued share capital. Honway Holdings Limited is directly wholly-owned by Y.T. Investment Holdings Limited which is directly wholly-owned by Y.T. Realty Group Limited. Y.T. Realty Group Limited is directly owned by Funrise Limited as to 34.14% of the entire issued share capital. Funrise Limited is directly wholly-owned by Yugang BVI.

As such, Mr. Cheung is deemed to be interested in the shares held by Bondic International Holdings Limited, Bookman Properties Limited and Gold Faith Investments Limited.

Save as disclosed above, as at 30 September 2016, the Company has not been notified by any person (other than the directors or the chief executives of the Company) who had 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 be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has, during the six months ended 30 September 2016 complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of 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 be 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 as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct regarding director's securities transactions. In response to specific enquiries, all the directors of the Company confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 September 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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 2016 Interim Report has been reviewed by the Company's audit committee which comprises Mr. Yu Pan, Ms. Tong So Yuet and Ms. Ma Yin Fan, all of them are independent non-executive Directors, 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.

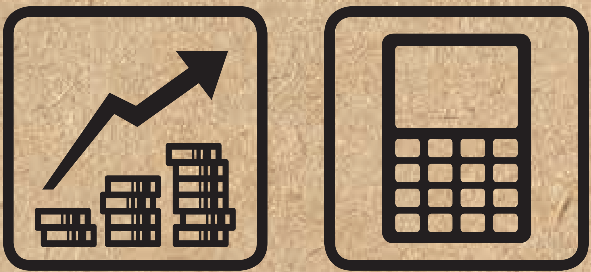
By order of the Board

Chiu Tao
Chairman

Hong Kong, 24 November, 2016

FINANCIAL STATEMENTS

The condensed consolidated financial statements of NetMind Financial Holdings Limited and its subsidiaries set out on pages 28 to 47, which comprise the condensed consolidated statement of financial position as of 30 September 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes.



TO THE BOARD OF DIRECTORS OF NETMIND FINANCIAL HOLDINGS LIMITED

(FORMERLY KNOWN AS CST MINING GROUP LIMITED)
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of NetMind Financial Holdings Limited (formerly known as CST Mining Group Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 47, which comprise the condensed consolidated statement of financial position as of 30 September 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 November, 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	NOTES	Six months ended 30 September 2016 US$'000 (unaudited)	2015 US$'000 (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 recognised on goodwill	14	**(12,332)**	—
Loss on inventories written down to net realisable value		**(4,872)**	(20,729)
Impairment loss recognised on available-for-sale investments	15	**(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	13	**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)
(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**	US0.06 cents

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	13	**21,967**	21,089
Goodwill	14	**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	15	**54,168**	61,008
Financial assets at fair value through profit or loss	16	**9,826**	8,508
Pledged bank deposits	17	**53,374**	52,962
		234,854	257,308
Current assets			
Inventories		**9,035**	11,337
Trade and other receivables	18	**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	16	**698,878**	768,005
Bank balances and cash		**86,586**	44,450
		803,146	865,227
Current liabilities			
Trade and other payables	19	**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
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	20	**23,441**	23,346
Provision for an onerous contract	21	**21,266**	24,623
		44,707	47,969
		972,037	1,055,977
Capital and reserves			
Share capital	22	**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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (Note a)	Other capital reserve US$'000 (Note b)	Investment revaluation reserve US$'000	Share options reserve US$'000	Exchange reserve US$'000	(Accumulated losses)/ Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 April 2015 (audited)	347,414	497,483	987	128,275	8,886	512	3,157	(9,422)	977,292	(6)	977,286
Profit for the period	—	—	—	—	—	—	—	18,606	18,606	—	18,606
Other comprehensive expense for the period	—	—	—	—	(8,158)	—	(6,882)	—	(15,040)	—	(15,040)
Total comprehensive expense for the period	—	—	—	—	(8,158)	—	(6,882)	18,606	3,566	—	3,566
Lapse of share option	—	—	—	—	—	(489)	—	489	—	—	—
Issue of new ordinary shares	69,231	—	—	—	—	—	—	—	69,231	—	69,231
Transaction costs attributable to issue of new ordinary shares	—	(1,038)	—	—	—	—	—	—	(1,038)	—	(1,038)
At 30 September 2015 (unaudited)	416,645	496,445	987	128,275	728	23	(3,725)	9,673	1,049,051	(6)	1,049,045
At 1 April 2016 (audited)	**496,132**	**507,573**	**987**	**128,275**	**—**	**—**	**176**	**(77,230)**	**1,055,913**	**64**	**1,055,977**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(81,558)**	**(81,558)**	**(175)**	**(81,733)**
Other comprehensive (expense) income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**(2,210)**	**—**	**(2,210)**	**3**	**(2,207)**
At 30 September 2016 (unaudited)	**496,132**	**507,573**	**987**	**128,275**	**—**	**—**	**(2,034)**	**(158,788)**	**972,145**	**(108)**	**972,037**

Notes:

(a) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange, in connection with the Group reorganisation completed in January 1994.

(b) The other capital reserve of the Group represents the balance of the credit arising from the cancellation of paid up capital in previous years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	NOTE	Six months ended 30 September 2016 US$'000 (unaudited)	2015 US$'000 (unaudited)
Net cash from (used in) operating activities		**44,253**	(108,092)
Investing activities			
Purchase of property, plant and equipment	12	**(448)**	(452)
Additions to exploration and evaluation assets	12	**(966)**	(691)
Amounts advanced to a joint venture		**—**	(8)
Increase in pledged bank deposit		**(591)**	(577)
Proceeds on disposal of property, plant and equipment		**15**	—
Net cash used in investing activities		**(1,990)**	(1,728)
Financing activities			
Proceeds from issue of ordinary shares		**—**	69,231
Payment for transaction costs attributable to issue of new ordinary shares		**—**	(1,038)
Net cash from financing activities		**—**	68,193
Net increase (decrease) in cash and cash equivalents		**42,263**	(41,627)
Effect of foreign exchange rate changes		**(127)**	(2,265)
Cash and cash equivalents at the beginning of the period		**44,450**	99,503
Cash and cash equivalents at the end of the period, represented by bank balances and cash		**86,586**	55,611

1. GENERAL

The Company was 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 this 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.

4. REVENUE/SEGMENT INFORMATION (continued)

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 US$'000 (unaudited)	2015 US$'000 (unaudited)	**2016 US$'000 (unaudited)**	2015 US$'000 (unaudited)
Mining business	**5,352**	27,523	**(5,809)**	(14,757)
Investment 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.

4. REVENUE/SEGMENT INFORMATION (continued)

Other segment information

Six months ended 30 September 2016
Amount included in the measure of segment results:

	Mining business US$'000 (unaudited)	Investment in financial instruments US$'000 (unaudited)	Property investment US$'000 (unaudited)	Money lending US$'000 (unaudited)	e-logistics platform US$'000 (unaudited)	Unallocated US$'000 (unaudited)	Consolidated 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$'000 (unaudited)	Investment in financial instruments US$'000 (unaudited)	Property investment US$'000 (unaudited)	Unallocated US$'000 (unaudited)	Consolidated 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 US$'000 (unaudited)	2015 US$'000 (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 US$'000 (unaudited)	2015 US$'000 (unaudited)
Bank interest income	**673**	795
Net foreign exchange loss	**(785)**	(5,909)
Provision for an onerous contract	**(255)**	—
Impairment loss recognised on interests in an associate	**(1,457)**	—
Others	**238**	499
	(1,586)	(4,615)

7. FINANCE COSTS

	Six months ended 30 September 2016 US$'000 (unaudited)	2015 US$'000 (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 US$'000 (unaudited)	2015 US$'000 (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

8. TAXATION (continued)

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

Under the Law of the PRC 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 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. INVESTMENT PROPERTIES

	US$'000
Fair value at 1 April 2016 (audited)	21,089
Unrealised fair value changes recognised in profit or loss	878
Fair value at 30 September 2016 (unaudited)	21,967
Fair value at 1 April 2015 (audited)	20,676
Unrealised fair value changes recognised in profit or loss	413
Fair value at 31 March 2016 (audited)	21,089

The Group's investment properties in Hong Kong and the PRC as at 30 September 2016 and 31 March 2016 were valued by an independent qualified professional valuer not connected with the Group. The valuations were arrived at by reference to market evidence of transaction prices for similar properties. The increase in fair value of investment properties of US$878,000 has been recognised directly in profit or loss for the six months ended 30 September 2016 (six months ended 30 September 2015: US$684,000).

14. GOODWILL

Goodwill of US$73,176,000 (31 March 2016: US$88,278,000) is solely related to the e-logistics platform business which is considered as a cash generating unit ("CGU") of the Group.

Goodwill is tested at least annually for impairment at each financial year end date or whenever there are any indications of impairment. As at 30 September 2016, an impairment test was carried out because there was shortfall on the start up revenue generating activities in the original business plan of the e-logistics platform business segment in the PRC. Therefore, the management has performed an impairment assessment at the end of the period.

The recoverable amount of the e-logistics platform business CGU was based on its value in use and was determined with the assistance of an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at discount rate of 30.5% (31 March 2016: 27.9%). Cash flows after the five-year period were extrapolated using a 3% (31 March 2016: 3%) growth rate in considering the economic condition of the market.

14. GOODWILL (continued)

The growth rate used to extrapolate cash flow projections beyond the five-year period do not exceed the long-term average growth rate for the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows which include budgeted sales and gross margin. Such estimation is based on the industry information and management's expectation for the market development including the fluctuation in e-logistics business in the current economic environment.

During the six months ended 30 September 2016, the carrying amount of the assets allocated to the unit was determined to be higher than its recoverable amount and an impairment loss of US$12,332,000 (six months ended 30 September 2015: nil) was recognised. The impairment loss was allocated fully to the goodwill and is presented as a separate financial statement line item in the condensed consolidated statement of profit or loss and other comprehensive income.

15. AVAILABLE-FOR-SALE INVESTMENTS

Details of the available-for-sale investments are set out below:

	As at 30 September 2016 US$'000 (unaudited)	As at 31 March 2016 US$'000 (audited)
Unlisted equity securities (Note a)	**51,961**	51,961
Less: Impairment loss recognised	**(44,588)**	(39,746)
	7,373	12,215
Equity securities listed in Hong Kong (Note b)	**44,358**	46,356
Club membership	**2,437**	2,437
	54,168	61,008

15. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes:

(a)(i) As at 1 April 2015, the Group held 23,800,000 shares of a private and unlisted company ("Investee Company") incorporated in the Cayman Islands whose subsidiaries are principally engaged in securities trading, investment holding and provision of brokerage and financial services, which represents approximately 2.59% of the issued shares in the Investee Company.

Afterwards, the Investee Company issued 124,688,000 more shares to other investors and the Group's shareholding of the Investee Company was diluted to 2.28%.

On 15 September 2015, Leadton Corp. ("Leadton"), a wholly-owned subsidiary of the Company, signed an agreement with other ten shareholders of the Investee Company to set up a company incorporated in the Republic of Marshall Islands ("Company A"). Leadton and the other ten shareholders have an aggregate shareholding of 26.96% in the Investee Company. Under the agreement, Company A was interspersed between 1) Leadton and the other ten shareholders and 2) the Investee Company. Also, Leadton and the other ten shareholders exchanged every one share of the Investee Company for one share of Company A. Upon the completion, Leadton has 8.46% equity interests in Company A. Such share transfer was completed on 2 October 2015.

Subsequently, Company A issued 8,400,000 more shares to another new investor. Therefore, Leadton's equity interests in Company A was diluted from 8.46% to 8.22%.

Company A purchased another 47,138,400 shares of the Investee Company through borrowing. Afterwards, the Company A's shareholding in the Investee Company increased from 26.96% to 30.11% (the Group's effective shareholding in Investee Company increased from 2.28% to 2.48%). During the period ended 30 September 2016, Company A disposed of all the shares of the Investee Company and significant loss was resulted from the disposal. Company A invested in other debt instruments afterwards.

These unlisted equity securities are measured at cost less impairment at the end of the reporting period because variability in the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

The management has engaged independent professional valuer to determine the fair value of Company A. The valuer applied a discount rate of 30% (31 March 2016: 20.14%) for the lack of liquidity of the business operation being valued due to the fact that it is not a listed company. The inputs of the valuation are the price to book ratio and the liquidity discount. Following such assessment, an impairment loss of US$1,279,000 was recognised during the period ended 30 September 2016 (six months ended 30 September 2015: Nil).

(ii) As at 30 September 2016 and 31 March 2016, the Group held 52,479 equity shares of a private and unlisted company incorporated in the Cayman Islands which is engaged in securities investing business. It represents approximately 2.19% of the issued share capital of the investee company.

The unlisted equity securities are measured at cost less impairment at the end of the reporting period because variability in the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the period, the management engaged an independent professional valuer to determine the fair value of this investment with reference to publicly available information of comparable companies applying a marketability discount. The valuer adopts the market approach to determine the valuation parameters derived from market prices and financial data of listed companies in a similar business and with a similar business model as that of the company being valued. The valuer applied a discount rate of 30% (31 March 2016: 30%) for the lack of liquidity of business operation being valued due to the fact that it is not a listed company. An impairment loss of US$3,563,000 related to this unlisted investment was recognised in profit or loss for the six months ended 30 September 2016 (six months ended 30 September 2015: US$4,522,000).

15. AVAILABLE-FOR-SALE INVESTMENTS (continued)

(b) As at 30 September 2016, the Group's available-for-sale investments included equity securities listed in Hong Kong, which represents 2,419,569,625 shares, approximately 8.94% shareholding (31 March 2016: 2,347,926,918 shares, approximately 8.84% shareholding) in G-Resources Group Limited ("G-Resources"), incorporated in Bermuda, with a carrying amount of US$44,358,000 as at 30 September 2016 (31 March 2016: US$46,356,000). The increase in shareholding is due to the receipt of scrip dividend of 71,642,707 ordinary shares during the period. The listed equity securities are stated at fair values which have been determined based on quoted market bid prices available on the Stock Exchange. During the period ended 30 September 2016, a fair value loss amounting to US$3,322,000 was recognised in the investment revaluation reserve and was reclassified to profit or loss as the loss is considered prolonged and significant (six months ended 30 September 2015: US$8,158,000).

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2016 US$'000 (unaudited)	As at 31 March 2016 US$'000 (audited)
Held for trading investments (current assets)		
Equity securities – listed in Hong Kong	**613,016**	689,575
Equity securities – listed outside Hong Kong	**1,254**	1,375
Investment funds	**84,608**	77,055
	698,878	768,005
Designated at fair value through profit or loss (non-current assets)		
Unlisted debt securities (Note)	**9,826**	8,508
	708,704	776,513

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair values of the investment funds are determined with reference to the values of the underlying assets of the funds which are provided by the counterparty financial institutions.

Note: As at 30 September 2016 and 31 March 2016, the unlisted debt securities represent the unlisted unsecured bond (the "Bond") issued by a private company incorporated in the Cayman Islands with principal amount of HK$147,000,000, equivalent to approximately US$18,846,000.

The Bond carries coupon rate of 5% per annum, and is redeemable by the issuer at any time after thirty days from date of issue before maturity at its principal amount together with interest accrued at the redemption date. The Bond is payable upon maturity on 9 October 2020.

At 30 September 2016, the fair value of the debt component of the Bond is determined as discounted cash flows using the prevailing market interest rate of 25.19% (31 March 2016: 27.19%) while the fair value of the embedded derivative of the early redemption option of the issuer is determined using Hull-White Model by an independent professional valuer. A gain on fair value changes of US$1,318,000 was recognised in profit or loss during the six months ended 30 September 2016 (six months ended 30 September 2015: US$1,644,000).

17. PLEDGED BANK DEPOSITS

The Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. At the end of the reporting period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contracts. These guarantees are backed by collateral deposits which amounted to US$25,421,000 as at 30 September 2016 (31 March 2016: US$25,298,000).

Another US$27,953,000 (31 March 2016: US$27,664,000) represents deposit placed by the Group to banks as required by the government of Queensland, Australia for operating in the mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets the government's requirements in note 20.

18. 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 balance 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).

19. TRADE AND OTHER PAYABLES

The following is an 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.

20. PROVISION FOR MINE REHABILITATION COST

In accordance with relevant rules and regulations in Australia, the Group is obligated to bear the cost of rehabilitation upon the closure of the Group's copper mines. The provision for rehabilitation cost has been estimated in accordance with the local rules and regulations in the aforesaid region.

Rehabilitation cost has been estimated based on the current regulatory requirements and determined based on the net present value of future cash expenditures upon rehabilitation, and which is expected to result in cash outflow for CSTLA of such mine rehabilitation cost in July 2018. Rehabilitation cost is capitalised as part of mine property and development assets in property, plant and equipment, and is amortised over the life of the mine on a unit-of-production basis.

During the six months ended 30 September 2016 and 2015, there was no movement in the provision for mine rehabilitation cost. No payment was made in both periods for rehabilitation works.

21. PROVISION FOR AN ONEROUS CONTRACT

As at 30 September 2016, the committed power supply expenses of a non-cancellable power supply contracts with lease term expiring over 36 months. During the six months ended 30 September 2016, additional provision of US$255,000 was made due to change of accounting estimates on the usage of power. As at 30 September 2016, US$3,653,000 was realised and transferred from provision for an onerous contract to other payable. No payment was made in both periods for the onerous contract for six months ended 30 September 2016 and 2015.

22. 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

22. SHARE CAPITAL (continued)

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 28 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 both periods.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets	Fair value as at 30 September 2016 US$'000	Fair value as at 31 March 2016 US$'000	Fair value hierarchy	Valuation technique(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Available-for-sale investments						
Equity securities listed in Hong Kong ("HK")	44,358	46,356	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets designated at fair value through profit or loss						
Equity securities listed in HK	613,016	689,575	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity securities listed in overseas	1,254	1,375	Level 1	Quoted bid prices in an active markets	N/A	N/A
Investment funds	84,608	77,055	Level 2	Net asset value per share or unit provided by the financial institutions	N/A	N/A
Unlisted debt securities	9,826	8,508	Level 3	Discounted cash flows and Hull-White model	Discount rate	The higher the discount rate, the lower the fair value
					Risk free rate	The higher the risk free rate, the lower the fair value
					Option adjusted spread	The higher the option adjusted spread, the lower the fair value
					Liquidity premium	The higher the liquidity premium, the lower the fair value

Note: For the unlisted debt securities, the most significant unobservable input is the discount rate. If the discount rate to the valuation model was 0.5% higher/lower while the other variables were held constant, the total carrying amount of these unlisted investments would decrease/increase by US$145,000 and US$148,000 respectively (31 March 2016: US$133,000 and US$136,000).

There were no transfers between Levels 1, 2 and 3 in both periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	US$'000
At 1 April 2016 (audited)	**8,508**
Gain on fair value changes recognised in profit or loss	**1,318**
At 30 September 2016 (unaudited)	**9,826**

Of the total gain on fair value changes of financial assets at FVTPL, gain of US$1,318,000 (six months ended 30 September 2015: US$1,644,000) related to financial assets at FVTPL with Level 3 fair value measurement is included. Fair value gains or losses on financial assets at FVTPL are included in the condensed consolidated statement of profit or loss and other comprehensive income.

Fair value measurements and valuation process
The directors of the Company has closely monitored the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. For Level 3 investment, the Group engages third party independent qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the models.

The Group engages the valuers to perform the valuations of the unlisted debt securities required for financial reporting purposes. As a part of the valuation process, the management reports the findings reviewed by the directors of the Company semi-annually.

Information about the valuation techniques and inputs used in determining the fair value of various assets is disclosed above.

24. RELATED PARTY DISCLOSURES

Key management personnel compensation
The remuneration of executive directors who are also key management during the period was as follows:

	Six months ended 30 September	
	2016	2015
	US$'000	US$'000
	(unaudited)	(unaudited)
Short-term benefits	**3,048**	2,785
Post-employment benefits	**6**	7
	3,054	2,792

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui *(General Manager)*
Mr. Lee Ming Tung *(Chief Financial Officer)*
Mr. Kwan Kam Hung, Jimmy
Mr. Yeung Kwok Yu
Mr. Tsui Ching Hung
Mr. Chen Weixing

Independent Non-executive Directors

Mr. Yu Pan
Ms. Tong So Yuet
Ms. Ma Yin Fan
Mr. Leung Hoi Ying

COMPANY SECRETARY

Mr. Chow Kim Hang

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Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

Hang Seng Bank Limited

STOCK CODE

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