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CST GROUP LIMITED
中譽集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 985)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2018

AUDITED ANNUAL RESULTS

The board of directors (the "Board") of CST Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2018 (the "Year") with the comparative figures for the corresponding year in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	NOTES	**2018 US$'000**	2017 US$'000
Revenue	3	**32,417**	26,937
Cost of sales	4	**(11,000)**	(8,545)
Gross profit		**21,417**	18,392
Other income, expenses, gains and losses	5	**20,007**	(4,908)
Distribution and selling expenses		**(7)**	(1,404)
Administrative expenses		**(26,251)**	(28,092)
Impairment loss recognised in respect of exploration and evaluation assets		**(379)**	(7,508)
Write-off of exploration and evaluation assets		**—**	(139)
Impairment loss recognised on goodwill		**(19,907)**	(61,763)
Loss on inventories written down to net realisable value		**(5,905)**	(9,233)
Impairment loss recognised on available-for-sale investments		**(23,561)**	(8,164)

	NOTES	2018 US$'000	2017 US$'000
Gain (loss) on fair value changes of financial assets at fair value through profit or loss		**16,303**	(199,836)
Gain on fair value changes of investment properties		**4,999**	2,603
Share of result of a joint venture		**2,978**	(3,549)
Share of result of an associate		**(21)**	(751)
Finance costs	6	**(416)**	(625)
Loss before taxation	7	**(10,743)**	(304,977)
Taxation	8	**(524)**	(291)
Loss for the year		**(11,267)**	(305,268)
Loss for the year attributable to:			
Owners of the Company		**(12,719)**	(304,977)
Non-controlling interests		**1,452**	(291)
		(11,267)	(305,268)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss :			
Exchange differences arising on translation of foreign operations		**4,448**	(8,088)
Loss arising from fair value changes of an available-for-sale investment		**(22,957)**	(2,080)
Reclassification adjustment upon impairment on an available-for-sales investment		**21,715**	3,322
Share of other comprehensive expense of an associate		**—**	(40)
		3,206	(6,886)
Total comprehensive expense for the year		**(8,061)**	(312,154)
Total comprehensive expense attributable to:			
Owners of the Company		**(10,609)**	(311,860)
Non-controlling interests		**2,548**	(294)
		(8,061)	(312,154)
Loss per share			
Basic and diluted	9	**US(0.03)cents**	US(0.79)cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	NOTES	2018 US$'000	2017 US$'000
Non-current assets			
Property, plant and equipment	10	**28,997**	3,481
Exploration and evaluation assets		**—**	—
Investment properties		**55,174**	46,962
Goodwill		**—**	19,017
Interests in associates		**6,706**	—
Interests in a joint venture		**5,052**	2,074
Available-for-sale investments		**63,204**	56,637
Pledged bank deposits		**38,244**	44,840
Deposit of acquisition of property, plant and equipment		**17,597**	—
		214,974	173,011
Current assets			
Inventories		**3,159**	7,417
Trade and other receivables	11	**6,115**	30,975
Loan receivables		**192,449**	5,154
Amount due from a joint venture		**4,042**	4,042
Financial assets at fair value through profit or loss		**287,804**	297,453
Derivative financial instruments		**66**	—
Bank balances and cash		**93,581**	299,947
		587,216	644,988
Current liabilities			
Trade and other payables	12	**6,369**	8,882
Provision for an onerous contract		**1,453**	6,456
Amount due to a non-controlling interest		**—**	256
Tax payable		**5,691**	5,172
Bank borrowings - amount due within one year		**1,275**	—
		14,788	20,766

	NOTE	2018 US$'000	2017 US$'000
Net current assets		**572,428**	624,222
Total assets less current liabilities		**787,402**	797,233
Non-current liabilities			
Bank borrowings - amount due after one year		**12,836**	—
Provision for mine rehabilitation cost		**23,862**	23,744
Provision for an onerous contract		**10,159**	18,174
		46,857	41,918
		740,545	755,315
Capital and reserves			
Share capital	13	**496,132**	496,132
Reserves		**237,312**	247,921
Equity attributable to owners of the Company		**733,444**	744,053
Non-controlling interests		**7,101**	11,262
		740,545	755,315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL

CST Group Limited (formerly known as NetMind Financial Holdings Limited) (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 2018 annual 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 consolidated financial statements are presented in United States dollars ("US$"), which is different from the Company's functional currency of Hong Kong dollars ("HK$"). The management adopted US$ as presentation currency as the management controls and monitors the performance and financial position of the Group based on US$. 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 22 September 2017, the Company's name was changed from "NetMind Financial Holdings Limited" to "CST Group Limited" with effect from 22 September 2017.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (the "Group") has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to Hong Kong Accounting Standards ("HKAS") 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in 2018 annual report. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in 2018 annual report, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2021.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

Debt instruments classified as loan receivables carried at amortised cost as disclosed in 2018 annual report: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9.

Listed equity securities and unlisted equity securities classified under available-for-sale investments as disclosed in 2018 annual report, these securities qualified for designation as measured at FVTOCI under HKFRS 9: however, the Group has not elected the option for designating these securities to be measured at FVTOCI and will measure these securities at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Upon initial application of HKFRS 9, net fair value gains relating to these securities would be adjusted to retained earnings as at 1 April 2018.

The unlisted securities other than equity securities give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding amount accordingly will be measured at fair value with subsequent fair value gains or losses to be recognised in profit or loss.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its accounts receivables as required or permitted under HKFRS 9. Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 April 2018 would not be materially increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables, loan receivables and amount due from joint venture. Such further impairment recognised under expected credit loss model would reduce the opening retained earnings and increase the deferred tax assets at 1 April 2018.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands classified as investment properties while other operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of US$2,479,000 as disclosed in 2018 annual report. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

In addition, the Group currently considers refundable rental deposits paid of US$309,000 and refundable rental deposits received of US$106,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

3. 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 year is as follows:

	2018	2017
	US$'000	US$'000
Sale of copper cathodes	**12,527**	13,468
Residential rental income	**583**	540
Office rental income	**2,399**	258
Dividend income from trading of securities	**3,208**	10,479
Interest income from financial assets at fair value through profit or loss ("FVTPL")	**8,047**	876
Interest income from money lending business	**5,653**	1,316
	32,417	26,937

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. This is also the basis upon which the Group is arranged and organised.

Specifically, the Group's operating and reportable segments under HKFRS 8 were organised into five main operating divisions - (i) mining business, (ii) investment in financial instruments, (iii) property investment, (iv) money lending and (v) e-logistics platform.

Under HKFRS 8, segment information is based on internal management reporting information that is regularly reviewed by the executive directors, being CODM of the Group. The measurement policies of the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements. The CODM assess segment profit or loss using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (other income, expenses, gains and losses (except for reversal of provision for an onerous contract), central administration costs, finance costs, share of result of a joint venture and share of result of an associate).

Segment revenue and results

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

	Segment revenue		Segment results	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Mining business	**12,527**	13,468	**3,365**	(17,673)
Investments in financial instruments	**11,255**	11,355	**3,298**	(200,600)
Property investment	**2,982**	798	**7,073**	2,595
Money lending	**5,653**	1,316	**5,471**	338
E-logistics platform	**—**	—	**(20,070)**	(64,578)
	32,417	26,937	**(863)**	(279,918)
Other income, expenses, gains and losses (except for reversal of provision for an onerous contract)			**5,176**	(4,908)
Central administration costs			**(17,597)**	(15,226)
Finance costs			**(416)**	(625)
Share of result of a joint venture			**2,978**	(3,549)
Share of result of an associate			**(21)**	(751)
Loss before taxation			**(10,743)**	(304,977)

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

Segment assets

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

	2018	2017
	US$'000	US$'000
Segment assets:		
— Mining business	**53,278**	72,877
— Investments in financial instruments	**355,190**	375,558
— Property investment	**55,240**	46,962
— Money lending	**192,449**	5,154
— E-logistics platform	**114**	19,267
Total segment assets	**656,271**	519,818
Unallocated assets:		
— Bank balances and cash	**83,099**	283,527
— Property, plant and equipment	**27,989**	1,804
— Others	**34,831**	12,850
	145,919	298,181
Consolidated total assets	**802,190**	817,999

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable and operating segments other than certain bank balances and cash, certain property, plant and equipment, certain other receivables, interests in associates and interests in a joint venture. The Group's liabilities are not included in report received by CODM as the management is of the opinion that the liabilities have insignificant impact on the financial position of respective segments. Therefore, no segment liabilities are presented.

Other segment information

2018

	Mining business US$'000	Investments in financial instruments US$'000	Property investment US$'000	Money lending US$'000	E-logistics platform US$'000	Unallocated US$'000	Total US$'000
Amounts included in the measure of segment results or segment assets:							
Gain on fair value changes of investment properties	**—**	**—**	**4,999**	**—**	**—**	**—**	**4,999**
Additions to non-current assets (Note)	**586**	**—**	**—**	**—**	**—**	**26,834**	**27,420**
Deprecation on property, plant and equipment	**(646)**	**—**	**—**	**—**	**(47)**	**(644)**	**(1,337)**
Gain on fair value changes of financial assets at FVTPL	**—**	**16,303**	**—**	**—**	**—**	**—**	**16,303**
Impairment loss recognised on goodwill	**—**	**—**	**—**	**—**	**(19,907)**	**—**	**(19,907)**
Impairment loss recognised on available-for-sale investments	**—**	**(23,561)**	**—**	**—**	**—**	**—**	**(23,561)**
Impairment loss on exploration and evaluation assets recognised in profit or loss	**(379)**	**—**	**—**	**—**	**—**	**—**	**(379)**
Loss on inventories written down to net realisable value	**(5,905)**	**—**	**—**	**—**	**—**	**—**	**(5,905)**
Reversal of provision for an onerous contract	**13,193**	**—**	**—**	**—**	**—**	**—**	**13,193**

2017

	Mining business US$'000	Investments in financial instruments US$'000	Property investment US$'000	Money lending US$'000	E-logistics platform US$'000	Unallocated US$'000	Total US$'000
Amounts included in the measure of segment results or segment assets:							
Gain on fair value changes of investment properties	—	—	2,603	—	—	—	2,603
Additions to non-current assets (Note)	1,617	—	23,270	—	—	43	24,930
Deprecation on property, plant and equipment	(351)	—	—	—	(86)	(196)	(633)
Loss on fair value changes of financial assets at FVTPL	—	(199,836)	—	—	—	—	(199,836)
Impairment loss recognised on goodwill	—	—	—	—	(61,763)	—	(61,763)
Impairment loss recognised on interests in an associate	—	—	—	—	—	(8,207)	(8,207)
Impairment loss recognised on available-for-sale investments	—	(8,164)	—	—	—	—	(8,164)
Impairment loss on exploration and evaluation assets recognised in profit or loss	(7,508)	—	—	—	—	—	(7,508)
Loss on inventories written down to net realisable value	(9,233)	—	—	—	—	—	(9,233)
Write-off of exploration and evaluation assets	(139)	—	—	—	—	—	(139)

Note: Additions to non-current assets comprise property, plant and equipment, an investment property and exploration and evaluation assets.

Geographical information

A geographical analysis of the Group's revenue from external customers is presented based on the geographical market where listed securities are traded for investments in financial instruments segment, geographical location where the goods sold are delivered for mining business segment, geographical location of the properties for property investment segment; while information about the carrying amount of non-current assets, excluding financial instruments, pledged bank deposits, interests in associates and interests in a joint venture, is presented based on the geographical location of the assets, as follows:

	Revenue from external customers		**Carrying amounts of non-current assets**	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
The People's Republic of China (the "PRC"), other than Hong Kong	**237**	204	**6,910**	25,130
Hong Kong	**9,371**	12,327	**65,894**	19,547
Australia	**12,527**	13,468	**914**	1,513
The United Kingdom (the "UK")	**2,190**	62	**28,050**	23,270
Singapore	**8,047**	876	**—**	—
Others	**45**	—	**—**	—
	32,417	26,937	**101,768**	69,460

Information about major customers

Revenue from mining business in Australia from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 March	
	2018	2017
	US$'000	US$'000
Customer A	**12,527**	13,468

4. COST OF SALES

	2018	2017
	US$'000	US$'000
Contractor fee	**12,127**	6,477
Depreciation	**570**	275
Staff costs	**—**	747
Direct materials	**30**	1,419
Electricity	**—**	5,015
Others	**—**	365
Movement in inventories	**(1,727)**	(5,753)
	11,000	8,545

5. OTHER INCOME, EXPENSES, GAINS AND LOSSES

	2018	2017
	US$'000	US$'000
Bank interest income	**2,826**	1,673
Net foreign exchange gain	**1,093**	282
Reversal of provision for an onerous contract	**13,193**	—
Fair value gain on derivative financial instruments	**62**	—
Impairment loss recognised on interests in an associate	**—**	(8,207)
Others	**2,833**	1,344
	20,007	(4,908)

6. FINANCE COSTS

	2018	2017
	US$'000	US$'000
Effective interest expense on provision for mine rehabilitation cost	**53**	432
Effective interest expense on provision for an onerous contract	**—**	193
Interest expense on bank borrowing	**363**	—
	416	625

7. LOSS BEFORE TAXATION

	2018	2017
	US$'000	US$'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration	**10,308**	10,360
Contributions to retirement benefit scheme to employees	**113**	781
Other staff costs	**3,212**	5,605
Total staff costs	**13,633**	16,746
Less: amount capitalised in		
Exploration and evaluation assets	**(328)**	(353)
Inventories	**—**	(747)
Total staff costs included in administrative expenses	**13,305**	15,646
Auditor's remuneration	**432**	457
Depreciation on property, plant and equipment	**1,798**	1,263
Cost of inventories recognised as an expense	**16,905**	17,778
Minimum lease payments paid under operating leases in respect of rented premises	**643**	741
and after crediting:		
Gain on disposal of property, plant and equipment	**105**	11
Gross rental income less direct operating expenses of US$354,000 (2017: US$236,000) from investment properties that generated rental income during the year	**2,628**	562

8. TAXATION

	2018	2017
	US$'000	US$'000
Current tax:		
PRC	**21**	**20**
Australian withholding tax	**237**	**271**
UK	**266**	**—**
Taxation for the year	**524**	**291**

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision is made for Hong Kong Profits Tax as the Hong Kong group entities have no assessable profit during both years.

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

Under the applicable corporate tax law in the UK, the tax rate is 19% 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.

9. LOSS PER SHARE

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

	2018	2017
	US$'000	US$'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(12,719)**	(304,977)

	Number of share	
	2018	2017
	'000	'000
Number of ordinary shares for the purposes of basic and diluted loss per share	**38,698,309**	38,698,309

Both basic and diluted loss per share were the same in 2018 and 2017 as there were no potential ordinary shares in issue for both 2018 and 2017.

10. PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress	Mine property and development assets	Plant and equipment	Leasehold land and buildings	Leasehold improve-ments	Furniture and equipment	Motor vehicles	Vessel	Software	Aircraft	Properties, plant and equipment under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
COST												
At 1 April 2016	2,722	205,306	26,540	6,507	392	1,881	942	3,942	183	—	—	248,415
Exchange adjustments	—	(291)	(54)	(8)	—	(2)	5	—	(14)	—	—	(364)
Additions	—	9	—	—	13	17	413	12	—	—	—	464
Disposals/write-off	—	—	(94)	—	—	—	(56)	(94)	—	—	—	(244)
At 31 March 2017	2,722	205,024	26,392	6,499	405	1,896	1,304	3,860	169	—	—	248,271
Exchange adjustments	—	467	79	13	—	—	3	—	18	—	—	580
Additions	—	207	—	—	10	19	71	74	—	19,300	7,360	27,041
Disposals/write-off	—	—	(28)	—	—	(41)	(246)	(48)	—	—	—	(363)
At 31 March 2018	2,722	205,698	26,443	6,512	415	1,874	1,132	3,886	187	19,300	7,360	275,529
DEPRECIATION AND IMPAIRMENT												
At 1 April 2016	2,722	205,306	24,963	5,083	336	1,715	828	3,707	—	—	—	244,660
Exchange adjustments	—	(291)	(40)	(8)	—	(2)	—	—	—	—	—	(341)
Provided for the year	—	9	314	34	29	66	107	31	43	—	—	633
Eliminated on disposals/write-off	—	—	(65)	—	—	—	(3)	(94)	—	—	—	(162)
At 31 March 2017	2,722	205,024	25,172	5,109	365	1,779	932	3,644	43	—	—	244,790
Exchange adjustments	—	467	79	13	—	—	3	—	14	—	—	576
Provided for the year	—	207	371	34	15	56	93	31	47	483	—	1,337
Eliminated on disposals/write-off	—	—	(13)	—	—	(39)	(74)	(45)	—	—	—	(171)
At 31 March 2018	2,722	205,698	25,609	5,156	380	1,796	954	3,630	104	483	—	246,532
CARRYING VALUES												
At 31 March 2018	—	—	834	1,356	35	78	178	256	83	18,817	7,360	28,997
At 31 March 2017	—	—	1,220	1,390	40	117	372	216	126	—	—	3,481

Capital work in progress represents the construction of mine structures and mining site infrastructure and processing facilities.

Depreciation on the mine property and development assets of items in area of interest where mine production commenced is provided using the unit of production method based on the actual production volume over the total estimated proved and probable ore reserves of the copper mines.

The property, plant and equipment, except for capital work in progress, mine property and development assets, and properties, plant and equipment under construction, are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Plant and equipment	20% - 33%, or over the life of the mines whichever is shorter
Leasehold land and buildings	2%
Leasehold improvements	20% - 33%, or over the terms of the leases whichever is shorter
Furniture and equipment	10% - 25%
Motor vehicles	25%
Vessel	10% - 25%
Software	25%
Aircraft	10%

Depreciation expense of property, plant and equipment of US$9,000 and US$570,000 (2017: US$9,000 and US$275,000) incurred during the year ended 31 March 2018 were capitalised as part of exploration and evaluation assets and inventories, respectively. US$1,041,000 (2017: US$914,000) of these capitalised costs was charged to profit or loss as cost of goods sold during the year.

As at 31 March 2018, the recoverable amount of cash-generating units for the mining of copper on the Group's property, plant and equipment is US$914,000 (2017: US$1,513,000). No impairment loss has been recognised during the year ended 31 March 2018.

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	US$'000	US$'000
Trade receivable	**1,021**	1,180
Other receivables	**5,094**	29,795
Total trade and other receivables	**6,115**	30,975

Aging of trade receivable (based on invoice dates, which approximated the respective revenue recognition dates)

	2018	2017
	US$'000	US$'000
0–60 days	**1,021**	1,180

Trade receivable as at 31 March 2018 represents trade receivable from sales of copper cathodes in Australia. The balances is due on the fifth working days of the following month after delivery. Management believes that no impairment allowance is necessary in respect of this balance as it is settled subsequently in full. The Group does not hold any collateral over this balance.

No trade receivables are past due but not impaired as at 31 March 2018.

Included in other receivables is amount due from broker amounting to US$1,075,000 due to either deposits for acquisition of securities investments or disposal of securities investments as at 31 March 2018 (2017: US$21,468,000). The amount has been fully repaid or utilised subsequent to 31 March 2018.

As at 31 March 2017, a deposit for potential investments amounting to US$5,234,000 is also included in the other receivables. The potential investments were subsequently lapsed and the deposit was received.

12. TRADE AND OTHER PAYABLES

	2018	2017
	US$'000	US$'000
Total trade payables (aged within 30 days)	**99**	298
Other payables	**6,270**	8,584
	6,369	8,882

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$1,916,000 (2017: AUD2,500,000, equivalent to approximately US$1,911,000 and (ii) of AUD2,500,000, equivalent to approximately US$1,916,000 (2017: AUD2,500,000, equivalent to approximately US$1,911,000) 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 31 March 2018, the additional ore reserves are not yet delineated and the remaining AUD2,500,000, equivalent to approximately US$1,916,000 (2017: AUD2,500,000, equivalent to approximately US$1,911,000) was included in other payables.

Other payables also include Goods and Services Tax payable and Royalty payable to the Australian Government of US$59,000 and nil (2017: US$42,000 and US$118,000), respectively, in respect of sales made in Australia under relevant rules and regulations.

13. SHARE CAPITAL

	Number of shares	Share capital
Ordinary shares of HK$0.10 each		
Authorised		
At 1 April 2016	50,000,000,000	HK$5,000,000,000
Increase in authorised share capital (Note)	50,000,000,000	HK$5,000,000,000
At 31 March 2017 and 31 March 2018	100,000,000,000	HK$10,000,000,000
		US$'000
Issued and fully paid		
At 1 April 2016, 31 March 2017 and 31 March 2018	38,698,308,961	496,132

Note : 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.

14. DIVIDEND

The Board of the Company does not recommend the payment of any dividend. (2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND RESULTS

The revenue of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2018 (the “Year”) was approximately US$32.42 million. This was an increase of approximately 20.34% compared to revenue recorded last year. Operating revenue generated by Lady Annie Operations fell from approximately US$13.47 million to approximately US$12.53 million, representing a decrease of approximately 6.99% over the Year. The decrease was due to low copper production arising from reduced copper reserves.

Compared to the previous year, there was an approximately US$3.03 million increase in gross profit, representing a relative increase of approximately 16.45%. Dividends from securities trades and interest income from financial assets, interest income from money lending and rental income represented approximately 34.72%, 17.44% and 9.20% respectively of total revenue for the Year.

Compared with last year, revenue derived from property investments increased significantly by approximately 273.68%, which was mainly attributable to rental income generated by the March 2017 acquisition of a Scottish property through an indirect subsidiary of which the Group owned a 51% equity interest. Rental income provided steady cash flow to the Group over the Year, and this trend is expected to continue into next year. During the Year, dividends from securities trades and interest income on financial assets decreased slightly by approximately 0.88% year-on-year. Due to an upturn in the financial market during the Year, the Group recorded a gain on fair value changes of financial assets at fair value through profit or loss of approximately US$16.30 million, while there was a loss on fair value changes of financial assets at fair value through profit or loss of approximately US$199.84 million last year.

Information concerning the Group's 10 largest financial assets as of 31 March 2018 is detailed below:

Stock Code	Name of Stock/Note/ Fund	Principal Business	Number of Share/Note/ Fund Held	% of Shareholding held by the Group 31.03.2018	Investment Cost USD	Market Value 31.03.2018 USD	% to the Group's Net Assets 31.03.2018	Realised Gain on change in fair value for the year ended 31.03.2018 USD	Unrealised Gain/(Loss) on change in fair value for the year ended 31.03.2018 USD	
Equity securities listed in Hong Kong										
1031	Kingston Financial Group Limited	Provision of securities brokerage, underwriting & placements, margin & IPO financing, corporate finance advisory services, futures brokerage & asset management services; providing gaming & hospitality service in Macau	75,296,000	0.55%	8,125,735.90	33,883,200.00	4.58%	-	9,460,266.67	*
1051	G-Resources Group Limited	Principal investment business, financial services business, money lending business and real property business	2,207,389,165	8.16%	103,940,461.79	20,658,898.60	2.79%	-	(20,941,897.21)	*
1231	Newton Resources Ltd	Trading business of iron ore, other commodities and construction materials and the mining business carried at the Yanjiazhuang Mine	186,498,000	4.66%	20,503,228.21	17,215,200.00	2.32%	-	1,195,500.00	*
32	The Cross-Harbour (Holdings) Limited	Electronic toll operation; motoring school operation; tunnel operation and treasury management business	6,078,000	1.63%	5,383,685.90	9,974,153.85	1.35%	-	919,492.31	*
2136	Lifestyle China Group Limited	Operation of department stores and supermarket business in the PRC and restaurant business	32,300,000	2.02%	8,406,282.05	9,151,666.67	1.24%	-	745,384.62	
329	OCI International Holdings Limited	Principally engaged in securities trading and investments, provision of financial advisory services and trading of wines	40,668,000	3.84%	3,301,826.92	7,038,692.31	0.95%	-	(2,711,200.00)	*
Financial assets other than equity securities listed in Hong Kong										
	Nexus Emerging Opportunities Fund Alpha SP	Fund with no specific investment objective and restriction on the investment of assets	25,475.7916		30,282,961.54	55,919,400.78	7.55%	-	5,327,018.59	*
	9.5% China Evergrande Senior Note	Properties (including development, investment, management, construction and other property related service), hotel and fast consuming industry in PRC	50,000,000		50,000,000.00	51,745,000.00	6.99%	-	(3,567,500.00)	*
	8.75% China Evergrande Senior Note	Properties (including development, investment, management, construction and other property related service), hotel and fast consuming industry in PRC	50,000,000		49,987,250.00	50,065,000.00	6.76%	-	77,750.00	
	Nexus Asian Hybrid Credit Fund	Multi-strategy credit oriented hedge fund which seeks to capture attractive risk adjusted return through investing in credit or credit related opportunities within the Asia-Pacific region	7,497.6025		7,585,344.00	8,020,847.43	1.08%	-	(454,635.12)	*
Total					**287,516,776.31**	**263,672,059.64**	**35.61%**	**0.00**	**(9,949,820.14)**	

* *Purchase costs of these securities represented the initial acquisition costs of the respective costs of the respective securities. Some of the financial assets were acquired by the Group in prior years. Financial assets acquired in prior years were subject to fair value adjustments. Unrealized gains/(losses) on change in fair value were recognized at the end of the respective financial year. Unrealized gains/(losses) on change in the fair value of these financial assets for the year ended 31 March 2018 excluded amounts recognized in prior years.*

Of the approximately US$16.30 million gain on fair value changes of financial assets at fair value through profit or loss, the unrealized loss and realized gain was approximately US$14.24 million and US$30.54 million respectively. The Group's overall investment portfolio recorded a net loss of approximately US$7.26 million for the Year, compared to a net loss of approximately US$208.00 million for the previous year. Global economic and political instability, especially unpredictable U.S. diplomatic and trade policy will continue to shake investors' confidence and dampen market expectations as conditions remain volatile in the year to come. The Group is exploring opportunities to diversify its revenue and mitigate these risks.

Interest income from the money lending business was more than 4 times of last year's amount as the Group has become more active in this business and has generated higher profits. During the Year, approximately US$5.65 million in interest income was generated by the money lending business. The interest income from the money lending business was approximately US$1.32 million in the previous year.

As stated in the interim report of the Group, for the six months ended on 30 September 2017, the Group had considered halting the allocation of additional resources to the Group's internet logistics service in the PRC (the "E-logistics Platform Business"). Due to this consideration, no further allocation of extra resources, an impairment loss totalling approximately US$19.91 million was recognized in the Year.

Due to diminishing copper reserves, copper production was further reduced during the Year. The Group then made a provision for an impairment loss in respect of exploration and evaluation assets of approximately US$0.38 million. There was no write-off of exploration and evaluation assets. The carrying value of inventories was written down by approximately US$5.91 million. In the previous year, the impairment loss and write-off with respect to exploration and evaluation assets was approximately US$7.51 million and US$0.14 million respectively, with a written down carrying value of inventories of approximately US$9.23 million. After making cost adjustments to account for power supply expenses during the Year, a reversal of provision for an onerous contract regarding committed power supply expenses was recorded in the amount of approximately US$13.19 million. No provision for an onerous contract was provided in previous year. Due to an increase in the fair value of the joint venture's investment relative to its value at the end of the Year, an overall gain was recorded. The Group shared an approximately US$2.98 million gain from the joint venture. While in last year, the shared loss of the joint venture was approximately US$3.55 million. Overall, the Group recorded an after tax loss of approximately US$11.27 million for the Year. After tax loss was approximately US$305.27 million in the previous year.

NET ASSET VALUE

As of 31 March 2018, the Group held bank balances and cash totalling approximately US$93.58 million, excluding approximately US$38.24 million held in pledged bank deposits. The pledged deposits are mostly for covering rehabilitation costs related to the operation of the mining business (as required by the government of Queensland, Australia), and as a guarantee to the electric power supplier of the Lady Annie mine site. Fair value of available-for-sale investments and financial assets at fair value through profit and loss was approximately US$63.20 million and US$287.80 million, respectively. During the Year, a bank granted a one-year HK$150.00 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 Year. During the Year, an indirect non-wholly owned subsidiary was granted a loan of GBP10.41 million with a fixed interest rate of 3.73% per annum for four years, for refinancing the Scottish property owned by the non-wholly owned subsidiary. The Scottish property was pledged to the bank as security to the loan. As of 31 March 2018, the outstanding balance of this bank loan was approximately GBP9.96 million equivalent to approximately US$14.11 million. Based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio was 1.91%. The net asset value of the Group amounted to approximately US$740.55 million.

HUMAN RESOURCES

As of 31 March 2018, the Group's total number of staff (including Company directors) was 38. Staff costs (excluding directors' emoluments) were approximately US$3.33 million for the Year. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong, and provided other staff benefits, such as medical benefits.

FOREIGN EXCHANGE RISK

The Group conducts most of its business in US dollars, Australian dollars, Renminbi, Hong Kong dollars and British Pound. Foreign currency exposure to US dollars is minimal, as the Hong Kong dollar is pegged to the US dollar. Exposure to the Renminbi is also minimal, as business conducted in Renminbi represents a marginal portion of the Group's total business in terms of revenue. The foreign currency exposure to British Pound is very limited as the rental income generated from the Scottish property will be used to repay the loan facility granted by a local Scottish bank for refinancing the property in Scotland. The Group's primary source of foreign exchange risk is derived from the Australian dollar. However, as the Group's mining operations in Australia are scaling down, the foreign exchange risk posed by the Australian dollar is decreasing. Management will continue to monitor the Group's foreign exchange risk and will consider hedging its exchange rate exposure should the need arise.

LADY ANNIE

Lady Annie Operation, 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.

A summary of the financial results for the Australian Group over the Year is detailed below:

	2018	2017
	US$'000	US$'000
Revenue	**12,527**	13,468
Cost of sales	**(11,000)**	(8,545)
Gross profit	**1,527**	4,923
Other income, expenses, gains and losses	**16,370**	2,105
Distribution and selling expenses	**(7)**	(546)
Administrative and overhead expenses	**(6,682)**	(5,172)
Finance costs*	**(37)**	(625)
Loss on inventories written down to net realisable value	**(5,905)**	(9,233)
Written-off of exploration and evaluation assets	**-**	(139)
Impairment losses on exploration and evaluation assets	**(379)**	(7,508)
Profit (Loss) before taxation	**4,887**	(16,195)

* *Inter-company financial charges of the Australian Group were not included*

Non-HKFRS Financial Measure

The term "C1 operating cost" is a non-HKFRS performance measure included 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. C1 operating cost is a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with industry standard definitions. C1 operating costs include all mining and processing costs, mine site overheads and realization costs through to refined metal.

The table below reconciles Lady Annie Operations' C1 operating costs to the statement of comprehensive income in the financial statements of Lady Annie Operations for the financial year indicated.

	2018	2017
	US$'000	US$'000
Cash costs as reported in the income statement:		
Direct and indirect mining cost	**18,712**	19,049
Adjustment for change in inventory	**(5,471)**	(6,065)
Total operating costs	**13,241**	12,984
Copper sold (tonnes)	**1,950**	2,542
Copper sold (in thousand pounds)	**4,299**	5,604
C1 operating cost per pound of copper	**US$3.08/lb**	US$2.32/lb

The Company believes that in addition to conventional measures prepared in accordance with HKFRS, certain investors will use the above tool and related information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation nor as a substitute for measures of performance prepared in accordance with HKFRS.

Significant Events

1. The Company held an annual general meeting on 22 September 2017 (the "AGM"). During the AGM, a special resolution was passed to change the English name of the Company from "NetMind Financial Holdings Limited" to "CST Group Limited" as well as the dual foreign Chinese name, which was changed from "網智金控集團有限公司" to "中譽集團有限公司". Both name changes became effective on 22 September 2017. Details of the Change of Company name were disclosed in the Company's announcements dated 17 August 2017 and 10 October 2017 and circular dated 24 August 2017.

2. On 22 December 2017, the Company's indirect wholly-owned subsidiary, Sonicfield Global Limited ("Sonicfield") and China Minsheng Banking Corp., Ltd., Hong Kong Branch ("CMBC") entered into a restructuring implementation agreement (the "Restructuring Implementation Agreement") to implement the proposed restructuring of the indebtedness of Grande Cache Coal LP ("GCC") in accordance with the terms set out therein. On the same date, Sonicfield and Deloitte Restructuring Inc. (the "Vendor") which was appointed as the receiver of all the assets including GCC mines in Canada, entered into an asset purchase agreement (the "Asset Purchase Agreement") to acquire the relevant coking coal mining assets and properties whose transfer to Sonicfield is being facilitated by the Vendor (the "Acquisition").

The Company entered into the Restructuring Implementation Agreement and Asset Purchase Agreement to facilitate the implementation of the proposed restructuring of indebtedness of GCC and the Acquisition. Details of the proposed restructuring of the indebtedness and the Acquisition were disclosed in the Company's announcements dated 5 January 2018, 9 January 2018 and 26 January 2018, as well as in a circular dated 8 March 2018.

The Restructuring Implementation Agreement, Assets Purchase Agreement and transactions contemplated thereunder (the "Transactions") were approved by shareholders of the Company in the extraordinary general meeting held on 28 March 2018 (the "EGM"). The Transactions are pending completion. Details of the poll results of the EGM were disclosed in the Company's announcement dated 28 March 2018.

OUTLOOK

The global economy experienced steady growth in 2017. Despite new uncertainties in both political and economic policies, the Group maintains a positive attitude towards the global economic prospects of 2018. Regardless of geopolitical outcomes, the Group will continue to optimize its business portfolio, diversify its resources allocations, and explore potential market opportunities to create greater value for shareholders.

For the Group's mining business, the Group plans to further broaden and diversify its portfolio. Copper reserves in the Lady Annie mine site are mostly depleted. Although a mining license for the Anthill project was granted in October 2017, the Group, in light of reserves levels of Anthill project and mining costs, will thoroughly consider all factors including market conditions before adopting further actions. With regards to the coking coal business, this market has picked up in recent years and the demand for high-quality, hard coking coal has gradually grown. The development of emerging markets is expected to further boost demand and improve the price outlook for high-quality hard coking coal in the future. The Group plans to resume operations and production in the Canadian Grande Cache coal mines as soon as possible following the completion of the Acquisition to maximize market opportunity.

Demand for the money lending business in Hong Kong is expected to remain robust and generate stable revenue for the Group. The Group will continue to sensibly expand this business and actively bring in new credit-worthy customers.

The Group is optimistic about the prospects for its property investments, given the relative strength and health of the global economy. The Group's properties in Scotland, Hong Kong and Mainland China are expected to continue generating stable rental income for the Group and all have potential for appreciation in value.

The Group will actively seek diversified investments to increase the value of its financial instruments business. The Group will boldly face both opportunities and uncertainties in the investment environment, prudently adapt to unexpected market changes, monitor market risks, and explore new growth drivers.

Going forward, the Group will continue to develop its major businesses to increase scale and revenue as well as to improve the Group's financial performance. Moreover, the Group will further explore more business opportunities to facilitate long-term development and create value for shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Year, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except for the following deviations:

(i) under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate 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.

(ii) according to code provision E.1.2 of the CG Code, Mr. Chiu Tao, the chairman of the Board, should have attended the annual general meeting of the Company held on 22 September 2017 ("2017 AGM"). However, Mr. Chiu Tao was unable to attend the 2017 AGM due to another business commitment. Mr. Hui Richard Rui, executive director and General Manager of the Company, who took the chair of the 2017 AGM, together with other members of the Board who attended the 2017 AGM were of sufficient calibre and knowledge for answering questions at the 2017 AGM.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Year.

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 code of conduct regarding director's securities transactions. Having made specific enquiry, all directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the Year.

REVIEW BY AUDIT COMMITTEE

The results for the Year have been reviewed by the Company's audit committee. The audit committee comprises Ms. Tong So Yuet, Mr. Yu Pan and Ms. Ma Yin Fan. All of them are independent non-executive directors of the Company.

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

Hong Kong, 27 June 2018

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, Mr. Chen Weixing and Mr. Wah Wang Kei, Jackie 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.