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 2020

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 2020 with the comparative figures for the corresponding year in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	NOTES	**2020** **US$'000**	2019 US$'000 (restated)
Continuing operations			
Revenue	3		
Sales		**168,313**	24,151
Interest income		**19,324**	19,562
Dividend income		**5,860**	5,338
Rental income		**2,860**	3,003
		196,357	52,054
Cost of sales		**(122,119)**	(16,164)
Gross profit		**74,238**	35,890
Other income and other gains and losses	4	**(31,890)**	(5,627)
Distribution and selling expenses		**(45,982)**	(5,166)
Administrative expenses		**(48,410)**	(40,288)
Loss on fair value changes of financial assets at fair value through profit or loss		**(148,812)**	(33,118)
Loss on fair value changes of investment properties		**(2,010)**	(230)
Loss on deemed disposal of interests in an associate		**(1,334)**	—

	NOTES	2020 US$'000	2019 US$'000 (restated)
(Impairment loss on) reversal of impairment loss on financial assets under expected credit losses model, net		**(122)**	3,497
Impairment loss on property, plant and equipment and right-of-use assets		**(93,845)**	—
Gain on disposal of a subsidiary		**—**	1,026
Share of result of a joint venture		**(768)**	(130)
Share of result of an associate		**207**	318
Finance costs	5	**(16,929)**	(11,961)
Loss before taxation	6	**(315,657)**	(55,789)
Taxation	7	**(943)**	(236)
Loss for the year from continuing operations		**(316,600)**	(56,025)
Discontinued operations			
Profit (loss) for the year from discontinued operations		**21,504**	(17,259)
Loss for the year		**(295,096)**	(73,284)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss :			
Exchange differences arising on translation of foreign operations		**7,391**	9,269
Release of exchange reserve upon disposal of subsidiaries		**(6,377)**	—
Other comprehensive income for the year		**1,014**	9,269
Total comprehensive expense for the year		**(294,082)**	(64,015)
(Loss) profit for the year attributable to owners of the Company :			
Continuing operations		**(297,197)**	(52,439)
Discontinued operations		**21,504**	(17,259)
		(275,693)	(69,698)

	NOTES	2020 US$'000	2019 US$'000 (restated)
Loss for the year attributable to non-controlling interests			
Continuing operations		**(19,403)**	(3,578)
Discontinued operations		**—**	(8)
		(19,403)	(3,586)
		(295,096)	(73,284)
Total comprehensive expense attributable to:			
Owners of the Company		**(274,255)**	(59,908)
Non-controlling interests		**(19,827)**	(4,107)
		(294,082)	(64,015)
LOSS PER SHARE			
From continuing and discontinued operations			
Basic (US cents)	8	**(0.71)**	(0.18)
From continuing operations			
Basic (US cents)	8	**(0.77)**	(0.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	NOTES	**2020** **US$'000**	2019 US$'000 (restated)
Non-current assets			
Property, plant and equipment		**320,007**	480,744
Right-of-use assets		**14,736**	—
Exploration and evaluation assets		**31,719**	33,675
Investment properties		**48,599**	52,402
Goodwill		**—**	—
Interests in an associate		**—**	7,024
Interests in a joint venture		**4,154**	4,922
Financial assets at fair value through profit or loss		**70,516**	61,721
Club membership		**2,437**	2,437
Pledged bank deposits		**22,216**	54,581
Deposit for acquisition of property, plant and equipment		**1,046**	—
		515,430	697,506
Current assets			
Inventories		**21,889**	24,488
Trade and other receivables	9	**23,977**	9,751
Loan receivables		**36,052**	28,274
Amount due from a joint venture		**4,042**	4,042
Financial assets at fair value through profit or loss		**289,203**	355,084
Derivative financial instruments		**72**	29
Bank balances and cash		**61,877**	124,159
		437,112	545,827
Current liabilities			
Trade and other payables and accruals	10	**15,263**	18,493
Provision for an onerous contract		**—**	1,368
Tax payable		**1,608**	5,994
Bank borrowings – amount due within one year		**31,470**	1,283
Lease liabilities		**1,827**	—
Guarantee liability		**40,100**	40,100
		90,268	67,238

	NOTE	2020 US$'000	2019 US$'000 (restated)
Net current assets		**346,844**	478,589
Total assets less current liabilities		**862,274**	1,176,095
Non-current liabilities			
Bank borrowings – amount due after one year		**442,585**	430,952
Deferred tax liabilities		**675**	—
Lease liabilities		**17,376**	—
Obligations under finance lease		**—**	14,806
Provision for mine rehabilitation cost		**23,127**	53,816
Provision for an onerous contract		**—**	4,106
		483,763	503,680
		378,511	672,415
Capital and reserves			
Share capital	11	**496,132**	496,132
Reserves		**(100,966)**	173,289
Equity attributable to owners of the Company		**395,166**	669,421
Non-controlling interests		**(16,655)**	2,994
		378,511	672,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

CST Group 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 2020 annual report.

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

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.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

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

2.1 HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leased properties and mining trucks and equipment in Canada was determined on a portfolio basis; and
iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities range from 5% - 7%.

	At 1 April 2019 US$'000
Operating lease commitments disclosed as at 31 March 2019	1,221
Lease liabilities discounted at relevant incremental borrowing rates	(15)
Less: Recognition exemption - short-term leases	(1,031)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	175
Add: Obligations under finance lease recognised at 31 March 2019 (Note)	14,806
Lease liabilities as at 1 April 2019	14,981
Analysed as	
Current	45
Non-current	14,936
	14,981

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use-assets US$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	175
Amounts included in property, plant and equipment under HKAS 17:	
Assets previously under finance lease (Note)	14,615
	14,790
By class:	
Leased properties	175
Mining trucks and equipment	14,615
	14,790

Note: In relation to assets previously under finance lease, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to US$14,615,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance lease of US$14,806,000 to lease liabilities as non-current liabilities respectively at 1 April 2019.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 April 2019. However, effective 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustment	Carrying amounts under HKFRS 16 at 1 April 2019
	US$'000	US$'000	US$'000
Non-current assets			
Right-of-use assets	—	14,790	14,790
Property, plant and equipment	480,744	(14,615)	466,129
Current liabilities			
Lease liabilities	—	45	45
Non-current liabilities			
Lease liabilities	—	14,936	14,936
Obligations under finance lease	14,806	(14,806)	—

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 16	Covid-19-Related Rent Concession[5]
Amendments to HKFRS 3	Definition of a Business[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 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
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 2020
5 Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

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

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. REVENUE/SEGMENT INFORMATION

Revenue

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

	2020	2019
	US$'000	US$'000
		(restated)
Continuing operations		
Sale of coal	**168,313**	24,151
	168,313	24,151
Revenue from contracts with customers		
Residential rental income	**478**	596
Office rental income	**2,382**	2,407
Dividend income from trading of securities	**5,860**	5,338
Interest income from financial assets at fair value through profit or loss	**17,090**	10,037
Interest income from money lending business	**2,234**	9,525
Total revenue	**196,357**	52,054
Timing of revenue recognition		
A point in time	**168,313**	24,151

Leases	**2020** **US$'000**	2019 US$'000
For operating leases :		
Lease payments that are fixed	2,860	3,003

Sale of coal (recognised at a point in time)

The Group sells coal directly to customers. The revenue is recognised when the performance obligation is fulfilled upon the control of goods has been transferred, being coal passes the vessel's rail at the port of shipment. The payment from customers will be made to the Group within 14 days from the date of lading.

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 assessment of segment performance 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 four (2019: five) main operating divisions - (i) mining business, (ii) investment in financial instruments, (iii) property investment and (iv) money lending.

Discontinued operations (sale of copper cathodes and e-logistics business)

During the year ended 31 March 2020, the operations of sale of copper cathodes included in the mining business segment and the e-logistics business segment were discontinued. Therefore, the segment information does not include any amounts for these discontinued operations. The comparative figures in the revenue and segment information have been restated to conform with the current year's presentation.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

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 and other gains and losses, loss on deemed disposal of interests in an associate, 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:

Continuing operations

	Segment revenue		**Segment results**	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
		(restated)		(restated)
Mining business	**168,313**	24,151	**(112,023)**	(9,569)
Investment in financial instruments	**22,950**	15,375	**(122,725)**	(22,719)
Property investment	**2,860**	3,003	**355**	2,236
Money lending	**2,234**	9,525	**1,944**	9,444
	196,357	52,054	**(232,449)**	(20,608)
Other income and other gains and losses			**(31,890)**	(5,627)
Loss on deemed disposal of interests in an associate			**(1,334)**	—
Central administration costs			**(32,494)**	(17,781)
Finance costs			**(16,929)**	(11,961)
Share of result of a joint venture			**(768)**	(130)
Share of result of an associate			**207**	318
Loss before taxation from continuing operations			**(315,657)**	(55,789)

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

Segment assets and liabilities

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

	2020	2019
	US$'000	US$'000
		(restated)
Segment assets:		
Continuing operations		
— Mining business	**420,841**	561,535
— Investments in financial instruments	**378,316**	425,306
— Property investment	**52,591**	54,454
— Money lending	**37,853**	31,957
Total segment assets	**889,601**	1,073,252
Assets relating to discontinued operations	—	36,347
Unallocated assets:		
— Bank balances and cash	**17,422**	81,983
— Property, plant and equipment	**28,069**	28,516
— Right-of-use assets	**3,884**	N/A
— Others	**13,566**	23,235
	62,941	133,734
Consolidated total assets	**952,542**	1,243,333
Segment liabilities:		
Continuing operations		
— Mining business	**525,748**	515,067
— Investments in financial instruments	**30,213**	—
— Property investment	**11,195**	13,257
— Money lending	**—**	985
Total segment liabilities	**567,156**	529,309
Liabilities relating to discontinued operations	—	40,034
Unallocated liabilities:		
— Other payables and accrual	**2,847**	1,575
— Lease liabilities	**4,028**	N/A
	6,875	1,575
Consolidated total liabilities	**574,031**	570,918

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, right-of-use assets, certain other receivables, interests in associates and interests in a joint venture and amount due from a joint venture. All liabilities are allocated to operating segments other than certain other payables and accrual and certain lease liabilities.

Other segment information

2020

Continuing operations

	Mining business US$'000	Investments in financial instruments US$'000	Property investment US$'000	Money lending US$'000	Unallocated US$'000	Total US$'000
Amounts included in the measure of segment results or segment assets:						
Loss on fair value changes of investment properties	**—**	**—**	**(2,010)**	**—**	**—**	**(2,010)**
Additions to non-current assets (Note)	**14,990**	**—**	**—**	**—**	**7,115**	**22,105**
Deprecation on property, plant and equipment	**(44,690)**	**—**	**—**	**—**	**(2,084)**	**(46,774)**
Depreciation on right-of-use assets	**(1,241)**	**—**	**—**	**—**	**(581)**	**(1,822)**
Loss on fair value changes of financial assets at FVTPL	**—**	**(148,812)**	**—**	**—**	**—**	**(148,812)**
Impairment loss on property, plant and equipment and right-of-use assets	**(93,845)**	**—**	**—**	**—**	**—**	**(93,845)**
Share of result of a joint venture	**—**	**—**	**—**	**—**	**(768)**	**(768)**
Share of result of an associate	**—**	**—**	**—**	**—**	**207**	**207**
Interest revenue	**—**	**17,090**	**—**	**2,234**	**—**	**19,324**
Interest expense	**(15,573)**	**(877)**	**(404)**	**—**	**(75)**	**(16,929)**
Income tax expense	**(719)**	**—**	**(188)**	**—**	**(36)**	**(943)**

2019

Continuing operations

	Mining business US$'000 (restated)	Investments in financial instruments US$'000	Property investment US$'000	Money lending US$'000	Unallocated US$'000	Total US$'000 (restated)
Amounts included in the measure of segment results or segment assets:						
Loss on fair value changes of investment properties	—	—	(230)	—	—	(230)
Additions to non-current assets (Note)	502,561	—	—	—	2,616	505,177
Deprecation on property, plant and equipment	(11,227)	—	—	—	(2,089)	(13,316)
Loss on fair value changes of financial assets at FVTPL	—	(33,118)	—	—	—	(33,118)
Share of result of a joint venture	—	—	—	—	(130)	(130)
Share of result of an associate	—	—	—	—	318	318
Interest revenue	—	10,037	—	9,525	—	19,562
Interest expense	(11,493)	—	(468)	—	—	(11,961)
Income tax expense	—	—	(151)	(85)	—	(236)

Note: Additions to non-current assets comprise property, plant and equipment and right-of-use assets (2019: property and equipment and exploration and evaluation assets).

Geographical information

A geographical analysis of the Group's revenue from continuing operations 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 are sold for mining business segment, geographical location of the properties for property investment segment; while information about the carrying amount of non-current assets, excluding those relating to discontinued operations, financial instruments, deposit for acquisition on financial instruments, club membership and pledged bank deposits, is presented based on the geographical location of the assets, as follows:

	Revenue from external customers		**Carrying amounts of non-current assets**	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
		(restated)		(restated)
The People's Republic of China (the "PRC"), other than Hong Kong	**280**	250	**6,037**	6,335
Hong Kong	**5,524**	14,490	**42,458**	61,847
Canada	**168,313**	24,151	**348,042**	485,525
The United Kingdom (the "UK")	**2,102**	2,157	**22,678**	24,682
Singapore	**16,675**	10,037	**—**	—
Others	**3,463**	969	**—**	—
	196,357	52,054	**419,215**	578,389

Information about major customers

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

	Year ended 31 March	
	2020	2019
	US$'000	US$'000
		(restated)
Customer A[1]	N/A[2]	12,220
Customer B[1]	**51,432**	N/A[2]
Customer C[1]	**29,496**	N/A[2]
Customer D[1]	**26,070**	N/A[2]
Customer E[1]	**23,754**	N/A[2]

[1] Revenue from sale of coal
[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2020 US$'000	2019 US$'000 (restated)
Continuing operations		
Bank and other interest income	**1,017**	1,125
Fair value gain (loss) on derivative financial instruments	**46**	(33)
Gain on disposal of property, plant and equipment	**7**	—
Net foreign exchange loss	**(34,289)**	(7,020)
Others	**1,329**	301
	(31,890)	(5,627)

5. FINANCE COSTS

	2020 US$'000	2019 US$'000
Continuing operations		
Interest expense on lease liabilities	**1,165**	798
Interest expense on bank borrowings	**15,764**	11,163
	16,929	11,961

6. LOSS BEFORE TAXATION

	2020 US$'000	2019 US$'000 (restated)
Continuing operations		
Loss before taxation from continuing operations has been arrived at after charging:		
Directors' remuneration	**11,061**	11,326
Contributions to retirement benefit scheme to employees	**667**	262
Other staff costs	**30,267**	12,564
Total staff costs	**41,995**	24,152
Less: amount capitalised in cost of producing the inventories	**(22,645)**	(6,501)
Total staff costs included in administrative expenses	**19,350**	17,651
Auditor's remuneration	**567**	624
Depreciation on property, plant and equipment	**46,774**	13,316

Depreciation of right-of-use-assets	**1,822**	N/A
Minimum lease payments paid under operating leases in respect of rented premises	**N/A**	723
Short term leases expense	**957**	N/A

and after crediting:

Gain on disposal of property, plant and equipment	**7**	—
Gross rental income less direct operating expenses of US$417,000 (2019: US$416,000) from investment properties that generated rental income during the year	**2,443**	2,587

7. TAXATION

	2020	2019
	US$'000	US$'000
		(restated)
Continuing operations		
Current tax:		
Charge for the year:		
PRC	**28**	25
Hong Kong	**—**	57
UK	**160**	126
Underprovision in prior year		
Hong Kong	**36**	28
	224	236
Deferred tax	**719**	—
Taxation for the year	**943**	236

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million of one of the Group entities operating in Hong Kong. No provision for taxation in Hong Kong has been made as the Group's assessable profits derived in Hong Kong during the year.

Under the applicable corporate tax law in the UK, the tax rate is 19% of the estimated assessable profits.

Under the applicable corporate tax law in Alberta, Canada, the tax rate is 26% of the estimated assessable profits. No provision for taxation in Canada has been made as no assessable profit derived in Canada for both years.

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%.

8. LOSS PER SHARE

FROM CONTINUING OPERATIONS

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2020	2019
	US$'000	US$'000
Loss figures are calculated as follow :		
Loss for the year attributable to owners of the Company	**(275,693)**	(69,698)
Less: Profit (loss) for the period from discontinued operations	**21,504**	(17,259)
Loss for the purpose of calculating basic loss per share from continuing operations	**(297,197)**	(52,439)

	Number of share	
	2020	2019
	'000	'000
Number of ordinary shares for the purpose of basic loss per share	**38,698,309**	38,698,309

FROM CONTINUING AND DISCONTINUED OPERATIONS

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

	2020	2019
	US$'000	US$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(275,693)**	(69,698)

	Number of share	
	2020	2019
	'000	'000
Number of ordinary shares for the purposes of basic loss per share	**38,698,309**	38,698,309

FROM DISCONTINUED OPERATIONS

Basic earnings per share for the discontinued operations is US0.06 cents per share (2019: loss US0.04 cents per share), based on the profit for the year from the discontinued operations of US$21,504,000 (2019: loss of US$17,259,000) and the denominators detailed above for basic loss per share.

No diluted loss per share is presented as there were no potential ordinary shares in issue during both years.

9. TRADE AND OTHER RECEIVABLES

	2020	2019
	US$'000	US$'000
Trade receivables	**4,907**	980
Amounts due from brokers	**582**	666
Deposits and prepayments	**9,061**	5,096
Goods and Services Tax ("GST") receivables	**4,312**	225
Interest income receivables	**5,083**	2,068
Other receivables	**32**	716
	23,977	9,751

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

	2020	2019
	US$'000	US$'000
0 – 60 days	**4,907**	980

Trade receivable as at 31 March 2020 represents trade receivable from sales of coal in Canada (2019: sales of copper cathodes in Australia). The balance is due on two weeks after delivery. Management believes that no impairment allowance under the expected credit loss model is recognised in respect of the balance as the Group has considered the consistently zero historical default rate in connection with payments as adjusted forward-looking information. The Group does not hold any collateral over the balance. There is no trade receivable from sales of copper operation as at 31 March 2020 due to the disposal of copper mining business during the current year.

No trade receivables are past due as at 31 March 2020 and 31 March 2019.

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	2020	2019
	US$'000	US$'000
		(restated)
Trade payables (aged within 30 days)	**3,332**	4,541
Other payables and accruals	**11,931**	13,952
	15,263	18,493

The comparative figures of interest payable arising from bank borrowings has been restated to conform with the current year's presentation.

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

Other payables also include GST payable to the Alberta Government of US$11,000 (2019: US$57,000 payable to the Australian and Alberta Government), in respect of sales made in Alberta, Canada (2019: Australia and Alberta, Canada) under relevant rules and regulations. There is no trade and other payables from copper operation as at 31 March 2020 due to the disposal of copper mining business during the current year.

11. SHARE CAPITAL

	Number of shares	Share capital
Ordinary shares of HK$0.10 each :		
		US$'000
Authorised		
At 1 April 2018, 31 March 2019 and 31 March 2020	100,000,000,000	1,282,052
Issued and fully paid		
At 1 April 2018, 31 March 2019 and 31 March 2020	38,698,308,961	496,132

12. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

13. EVENT AFTER THE REPORTING PERIOD

The continuing outbreak of the COVID-19 has adverse impact on the Group's operations. The directors of the Company has resolved to suspend its coal mining operations at the Grande Cache coal mine located near Grande Cache, Alberta (the "Mine") to ensure worker safety in accordance with applicable public health guidelines, and to prevent an outbreak of COVID-19 among the workforce at the Mine and in the remote community of Grande Cache on 13 May 2020. The extent of the suspension of the Mine cannot be estimated at the reporting date due to the uncertainties of the outbreak. The management will continue to closely monitor the situation and will take all necessary and appropriate measures to reduce the impact of the pandemic to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL RESULTS

The total revenue from continuing operations of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2020 (the "Year") was approximately US$196.36 million. This was an increase of approximately 277% compared to last year. The majority of this increase in revenue is mainly attributable to the Group's coal mine in Canada, which was acquired in July 2018, resumed production in September 2018 and started contributing revenue to the Group from December 2018. Revenue from this coal mine for the Year was approximately US$168.31 million whereas the revenue from the coal mine for the previous year was approximately US$24.15 million. As Lady Annie Operations was disposed of in July 2019, the revenue from this discontinued operation was low for the Year. The operating revenue which Lady Annie Operations contributed to the Group for the Year was approximately US$4.92 million whereas the operating revenue of the previous year was approximately US$14.66 million.

Dividends from securities trades and interest income from financial assets, interest income from money lending and rental income represented approximately 11.69%, 1.14% and 1.46% respectively of total revenue from continuing operations for the Year. Compared with the previous year, there was an approximately US$38.35 million increase in gross profit, representing an increase of approximately 106.85%.

Revenue derived from property investments remains stable despite the social unrest and the COVID-19 pandemic that took place in Hong Kong during the second half of the Year. Compared with last year, revenue from property investment decreased slightly by approximately 4.76%. Rental income provided a steady cash flow to the Group over the Year. Dividends from securities trades and interest income on financial assets increased by approximately 49.27% year-on-year. The increase was mainly driven by interest income from investments in debt securities. However, financial markets fluctuated significantly during the Year as a result of ongoing trade disputes between United States and China, anti-government unrest in Hong Kong and the COVID-19 pandemic. The Group recorded a loss on fair value changes of financial assets at fair value through profit or loss of approximately US$148.81 million as compared to a loss on fair value changes of financial assets through profit or loss of approximately US$33.12 million in last year.

Of the approximately US$148.81 million loss on fair value changes of financial assets at fair value through profit or loss, the unrealised loss and realised loss were approximately US$123.54 million and approximately US$25.27 million respectively. The continuing anti-government unrest in Hong Kong, global economic and political instability, especially the uncertain development of the US-China trade dispute and the United States of America's unpredictable diplomatic and trade policy, as well as the COVID-19 pandemic will continue to shake investor confidence and dampen market expectations as conditions remain volatile in the near future.

As of 31 March 2020, there is no financial asset weighted with a value of 5% or more of the Group's total assets. Set out below are the financial assets weighted 5% or above of the net asset value of the Group as of 31 March 2020:

Stock Code	Name of Stock/Note/Fund	Principal Business	Number of Share/Note/ Fund Held	% of Shareholding held by the Group 31.03.2020	Investment Cost USD'000	Market Value 31.03.2020 USD'000	% to the Group's Net Assets 31.03.2020	Realised Gain on change in fair value for the year ended 31.03.2020 USD'000	Unrealised Gain/(Loss) on change in fair value for the year ended 31.03.2020 USD'000
Equity securities listed in Hong Kong									
708	Evergrande Health Industry Group Limited	"Internet+" community health management, international hospitals, elderly care and rehabilitation, as well as the investment in high technology new energy vehicle manufacture	42,180,000	0.49%	61,304.59	30,607.54	8.09%	-	(31,905.38)*
Financial assets other than equity securities listed in Hong Kong									
	Nexus Asian Hybrid Credit Fund – Class Z Unrestricted – Series 1	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	37,064.5858		41,909.94	38,523.38	10.18%	-	(4,257.37)*
	9.5% China Evergrande Senior Note 2024	Property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the People's Republic of China (the "PRC")	50,000,000		50,000.00	35,562.50	9.40%	-	(14,187.50)*
	8.75% China Evergrande Senior Note 2025	Property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC	50,000,000		49,987.25	35,108.50	9.28%	-	(12,579.00)*
	Nexus Emerging Opportunities Fund ROM Segregated Portfolio – Class S	The Fund is a 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.	28,327.5176		28,205.13	31,823.88	8.41%	-	3,618.75
	11% Scenery Journey Senior Note 2020	An indirectly wholly owned subsidiary of China Evergrande Group which principal businesses include properties (including development, investment, management, construction and other property related service), hotel and fast consuming industry in PRC	20,000,000		20,000.00	19,027.20	5.03%	-	(2,047.80)*
Total					**251,406.91**	**190,653.00**	**50.39%**	**-**	**(61,358.30)**

** Investment cost of these securities represented the initial acquisition costs for 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. Unrealised gain/(loss) on changes in fair value were recognised at the end of the respective years. Unrealised gain/(loss) on changes in fair value of these financial assets for the year ended 31 March 2020 excluded the amounts recognised in prior years.*

Due to volatile conditions in the Hong Kong financial markets, the market value of the shares of Evergrande Health Industry Group Limited ("Evergrande Health") has decreased and incurred an unrealised loss for the Year. According to its 2019 annual report, Evergrande Health had a revenue of approximately RMB5.64 billion and a loss of approximately RMB4.95 billion for the year ended 31 December 2019. The loss was mainly due to the expansion of the business scale of the New Energy Vehicle Segment and a significant increase in research and development expenses, administrative expenses and interest expenses. According to its 2019 annual report, the first vehicle type "Hengchi 1" is expected to debut in 2020. The full range of products will gradually commence mass production from 2021. The construction of production bases in Guangdong and Shanghai will be completed in the second half of 2020, with production to be commenced in 2021. The first phase of planned production capacity for both production bases will be 200,000 vehicles. The Group is optimistic about the prospects of Evergrande Health in the medium to long term, subject to market conditions. The Group has no intention to realise this investment at present.

China Evergrande Group, the issuer of 9.5% senior notes 2024 and 8.75% senior notes 2025, is one of the largest property investment companies in mainland China. Its business includes property development, property investment and property management, new energy vehicle business, hotel operations, finance business, internet business and a health industry business in PRC. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The notes themselves are traded on the Singapore Exchange OTC market. The issuer does not have any record of default on any previously issued notes. The Group has received a total interest income of approximately US$9.13 million from the two senior notes for the Year and more than US$25 million total interest income received so far. The Group will hold the notes in order to generate stable income and to capture investment value from potential appreciation and will continue to hold these notes.

The fair value of the Nexus Asian Hybrid Credit Fund Series1 of 31 March 2020 has decreased resulting in an unrealized loss of approximately US$4.26 million for the Year. The outbreak of COVID-19 and the unexpected plunge of oil prices in March 2020 caused a significant reset for financial assets worldwide. In turn, the performance of the Nexus Asian Hybrid Credit Fund Series1 was affected. Nevertheless, this fund has good performance records previously. Moving forward, the Group is optimistic about the potential of this investment and believes it will create financial returns.

The Group subscribed the Nexus Emerging Opportunities Fund ROM Segregated Portfolio (the "Fund") on 18 March 2020. The Fund is an open-ended and a credit oriented hedge fund. It seeks to capture attractive risk adjusted returns through investing in credit or credit related opportunities within the Asia-Pacific region. The Fund is managed by Nexus Capital Management Limited and Nexus Investment Advisors Limited. The identity, background and experience of the investment managers and the principle terms of the Fund are referred to in the announcements of the Company dated 18 March 2020 and 7 April 2020. As of 31 March 2020, the fair value of the Fund has increased by approximately 12.83% compared to its investment cost. The Group believe that the Fund has potential for appreciation.

The 11% Scenery Journey senior note 2020 was issued by Scenery Journey Limited which is an indirectly wholly-owned subsidiary of China Evergrande Group. The note is traded on the Singapore Exchange OTC market. The market value of this note decreased as at 31 March 2020 resulting in an unrealized loss of approximately US$2.05 million. However, the unrealized loss is approximately US$0.97 million compared to the face value of the note. This amount is far less than the total interest income, which is approximately US$3.30 million, the Group has received so far. This note will be due in November this year, the Group will hold it to the due date for receiving the full amount of the note.

Interest income from the money lending business significantly decreased by approximately US$7.29 million compared to the previous year, representing a decrease of approximately 76.55%. The economy of Hong Kong is on a downward trend due to the anti-government unrest as well as the outbreak of COVID-19. The Group is more cautious and prudent toward its money lending business, affecting the overall performance of the business. The interest income from the money lending business was approximately US$9.53 million in the previous year.

The Canada coal mine has contributed to the significant revenue increases in the Group's mining business; however, it has also increased the costs and expenses of the Group as a whole. Along with the increase in revenue from selling coking coal, the distribution and selling expenses and the administrative expenses of the Group increased from approximately US$5.17 million and approximately US$40.29 million respectively in the previous year to approximately US$45.98 million and US$48.41 million respectively for the Year. Additionally, the Group assumed bank borrowings in the amount of approximately US$409.41 million as a result of acquiring the Canada coal mine (please refer to below section headed "Net Asset Value" for bank borrowings details). Thus, the finance cost of the Group has a big leap since last year. As the finance cost in respect of the US$409.41 million loan in last year only covered the period from July 2018 to March 2019, the total finance cost increased from approximately US$11.96 million for last year to approximately US$16.93 million for the Year representing approximately 41.53% increase. As the US$409.41 million loan is a loan in US dollar, the decrease of the exchange rate of Canadian dollar against US dollar during the Year caused an exchange loss of approximately US$34.29 million. The exchange loss for last year was approximately US$7.02 million.

Due to the impact of the outbreak of COVID-19 pandemic on the operation of the Canada coal mine, the Company has resolved to suspend its coal mining operations to ensure worker safety in accordance with applicable public health guidelines, and to prevent an outbreak of COVID-19 among the workforce at the mine and in the remote community, the mine will be placed into care and maintenance status. Having discussed with the auditors of the Company subsequent to the suspension of the coal mining operation, an impairment loss for property, plant and equipment, and right-to-use assets in the amount of approximately US$93.85 million was made due to the impact of COVID-19 pandemic and projected revenue under current operating conditions.

During the Year, the Group disposed of the Australia Group which owns the Lady Annie Operations in Australia in July. The Group recorded a gain of approximately US$24.01 million from the disposal. As reported in previous financial reports and business update of the Company, having seen no improvement of the then market conditions and hoping to save relevant expenses, the Company has decided to cease its e-logistic platform business on 27 November 2019. Cessation of the e-logistic platform business would not have a material impact on the operation of the Group. A subsidiary which indirectly held an e-logistic company in mainland China was disposed of by the end of the Year, details of this disposal will be disclosed in the "Notes to the Consolidated Financial Statements" of the Company's 2020 annual report. Overall, the Group recorded an after tax loss of approximately US$295.10 million for the Year. After-tax loss in the previous year was approximately US$73.28 million.

NET ASSET VALUE

As of 31 March 2020, the Group held bank balances and cash totaling approximately US$61.88 million, excluding approximately US$22.22 million held in pledged bank deposits. The pledged deposits are intended to cover rehabilitation costs for operating the mining business in Canada (as mandated by the government of Alberta, Canada). The total value of the financial assets at fair value through profit and loss were approximately US$359.72 million.

During the Year, a bank granted one year HK$150.00 million and HK$500.00 million revolving loans with an interest rate of 1.00% over HIBOR/LIBOR and 0.90% over HIBOR/LIBOR respectively to a subsidiary of the Company. The Company provided a guarantee to the bank for the two facilities. For the HK$500.00 million facility, approximately HK$235.46 million which is equivalent to approximately US$30.19 million has been utilized during the Year which was secured by certain securities held by the Group with carrying amount of approximately HK$699.65 million which is equivalent to approximately US$89.70 million. Due to the unexpected impairment on property, plant and equipment and right-of-use assets of the Canada coal mine, the undertakings of gearing ratio and net assets value under the bank facility cannot be complied with. The Group is in the process of getting waiver from the bank. The HK$150.00 million facility was not utilized during the Year.

Since 2017, an indirect non-wholly owned subsidiary was granted a loan of GBP10.41 million secured by a Scottish property owned by such subsidiary with a fixed interest rate of 3.73% per annum for four years and by pledge of equity interest in the parent company of such subsidiary, for refinancing the Scottish property. As of 31 March 2020, the outstanding balance of this bank loan was approximately GBP8.16 million, equivalent to approximately US$10.06 million.

The Group through its subsidiary CST Canada Coal Limited (“CST Coal”) acquired mining assets of Grande Cache Coal LP (“GCC”) in Canada in 2018, and assumed bank borrowings from China Minsheng Banking Corp., Ltd. amounting to approximately US$409.41 million. The bank borrowings carry an interest rate of 1.20% over 3 months LIBOR and repayable in 5 years. The borrowings are non-recourse and secured by (i) a fixed and floating charge over all present and future assets and undertakings of CST Coal; (ii) charges over all shares in CST-Grande Cache Cayman Limited, which is an indirect beneficiary holding company of CST Coal; and (iii) corporate guarantees from each of the shareholders of each member of the CST Coal project group which includes four subsidiaries of the Company. The four subsidiaries are Gold Grace Limited which is the sole shareholder of CST Coal, Excel Fame Limited which is the sole shareholder of Gold Grace Limited, CST-Grande Cache Cayman Limited which is the sole shareholder of Excel Fame Limited and Sonicfield Global Limited which is a majority shareholder of CST-Grande Cache Cayman Limited. As of 31 March 2020, the outstanding balance of this bank loan was approximately US$408.41 million. As of 31 March 2020, the Group had certain equipment under financial lease in the amount of approximately US$14.81 million with an average lease term of three years. The interest rate under finance lease is fixed at respective contract dates at 7.00% per annum. Based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio was 123.61%. The net asset value of the Group amounted to approximately US$378.51 million.

HUMAN RESOURCES

As of 31 March 2020, the Group had 351 staff (including Company directors). Staff costs (excluding directors' emoluments) were approximately US$30 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, Chinese renminbi, Hong Kong dollars, British Pound Sterling and Canadian dollars. Foreign currency exposure to US dollars is minimal, as the Hong Kong dollar is pegged to the US dollar. Exposure to the Chinese renminbi is also minimal, as business conducted in Chinese renminbi represents a marginal proportion of the Group's total business in terms of revenue. Foreign currency exposure to the British Pound Sterling is very limited too as the rental income generated from the Scottish property will be used to repay the loan facility granted by a local Scottish bank to refinance the property in Scotland. The Group's primary source of foreign exchange risk is derived from the Australian dollar and Canadian dollar. However, as the Group's Australian mine was disposed during the Year, there is now no foreign exchange risk posed by the Australian dollar. With respect to Canadian coal mines, there is not any hedging policy for the Canadian dollar. 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 OPERATION

The Lady Annie Operations, in 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.

As of 14 March 2019, a share sale agreement was signed to dispose of all the Group's interest in the Australia Group (including three Australia subsidiaries) (the "Disposal of Lady Annie") which owns the Lady Annie Operations. The Disposal of Lady Annie was approved by shareholders of the Company (the "Shareholders") in the extraordinary general meeting held on 17 June 2019 (the "2019 EGM") and completed on 19 July 2019. The Disposal of Lady Annie will enable the Group to realise cash thereby improving liquidity and the working capital condition of the Group.

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

	2019 April to July US$'000	April 2018 to March 2019 US$'000
Revenue	**4,924**	14,660
Cost of sales	**(4,857)**	(16,384)
Gross profit (loss)	**67**	(1,724)
Other income and other gains and losses	**4,610**	(8,587)
Administrative expenses	**(1,308)**	(6,468)
Write-off of exploration and evaluation assets	**-**	(166)
Profit (loss) before taxation	**3,369**	(16,945)

CST COAL MINE

The Company via its indirect non-wholly owned subsidiary CST Coal completed on 18 July 2018 (Alberta, Canada time) the acquisition of the mining assets of Grande Cache Coal LP. The Company has an 88% interest in CST Coal.

The mining assets of CST Coal are located in West Central Alberta, Canada approximately 400 kilometres west of the City of Edmonton, the capital of the Province of Alberta in Canada. The mine site is approximately 20 kilometres north of Grande Cache in the Municipal District of Greenview. It is accessed via Highway 40, a two-lane, paved provincial highway which connects Grande Cache to the major, east-west provincial Highway 16. It is also serviced by a branch line of the Canadian National Railway ("CN"), which connects to the main east-west line of CN, allowing access to the major coal export terminals in British Columbia.

In Alberta, coal tenure is held through coal leases granted by the province. Surface and underground mining rights are also granted by the province first through a mine permit, then by a mine license for each individual mining area. CST Coal currently has approximately 29,968 hectares under coal lease.

As at 31 March 2020, CST Coal had 48,262 tonnes of CST Premium Low Volatile coking coal in its stockpile at the load-out area, 21,667 tonnes in transit to the port and had a stockpile of 62,602 tonnes at the port.

During the Year, CST Coal did not have any exploration activities and did not incur any exploration expenditure as it dedicated its efforts to refurbishing the equipment and operating its No. 8 mine surface mine.

A summary of the financial results of CST Coal during the Year is detailed below:

	2020 **CAD'000**	2019 CAD'000
Revenue	**224,058**	32,286
Cost of sales	**(162,564)**	(21,609)
Gross profit	**61,494**	10,677
Other income and other gains and losses	**(42,856)**	(7,700)
Distribution and selling expenses	**(61,211)**	(6,907)
General and administrative expenses*	**(22,330)**	(16,482)
Impairment on property, plant and equipment and right-of-use assets	**(124,926)**	-
Finance costs*	**(20,730)**	(15,363)
Loss before taxation	**(210,559)**	(35,775)

* *Inter-company financial charges and management fee were not included.*

Significant Events

As of 14 March 2019, Top Gallery Investment Limited, an indirect wholly-owned subsidiary of the Company (the "Seller"), Kombi Mining Pty Ltd (the "Purchaser 1") and Bentley Resources Pte Ltd (the "Purchaser 2") (together the "Purchasers"), CST Minerals Australia Pty Ltd, an indirect wholly owned subsidiary of the Company (the "Target Company"), CST Minerals Exploration Pty Ltd and CST Minerals Lady Annie Pty Limited (both of the companies are wholly-owned subsidiaries of the Target Company, together with the Target Company referred to as the ("Target Group") had entered into a share sale agreement (the "Agreement"). According to the Agreement, (i) the Seller has agreed to sell and the Purchaser 1 has agreed to purchase 100 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company, at the amount of AUD1.00 (approximately HK$5.54); (ii) the Seller has agreed to sell and the Purchaser 2 has agreed to purchase the loan provided by the Seller to the Target Company in an aggregated principal and interest outstanding of approximately AUD262.55 million (approximately HK$1.45 billion) at the consideration of approximately AUD22.66 million (approximately HK$125.51 million), subject to adjustment; and (iii) each member of the Target Group has agreed to jointly and severally guarantee to the Seller regarding the Purchaser 2's prompt and complete observance and performance of certain obligations of the Purchaser 2 under the Agreement (collectively the "Disposal"). As the Disposal constitutes a major transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange, approval from Shareholders is required. Details of the Disposal were disclosed in the Company's announcements dated 14 March 2019, 30 April 2019 and 17 May 2019, as well as in the circular dated 24 May 2019.

The Disposal was approved by Shareholders in the 2019 EGM. The Disposal was completed on 19 July 2019. Details of the poll results of the 2019 EGM and the completion of the Disposal were disclosed in the Company's announcements dated 17 June 2019 and 19 July 2019 respectively.

On 15 October 2019, Ease Link Investments Limited, an indirect wholly-owned subsidiary of the Company, as purchaser, Falloncroft Limited, as vendor and South Shore Holdings Limited, a listed company whose shares are listed on the Stock Exchange (stock code: 577), as vendor's guarantor entered into an Acquisition Agreement in relation to the sale and purchase of 10% equity interests of and shareholder's loan due from Uni-Dragon Limited at cash considerations of HK$150 million (the "Transaction"). The long stop date of the Transaction has been extended from 14 April 2020 to 14 June 2020 and further extended to 13 July 2020. The Transaction is pending for completion. Details of the Transaction and the extension of the long stop dates were disclosed in the Company's announcements dated 15 October 2019, 24 October 2019, 6 April 2020 and 12 June 2020 respectively.

On 13 May 2020, the Company announced the suspension of the operations of CST Coal, the Group's mining business in Canada, due to the impact of outbreak of COVID-19 on the operation. The coal mine (the "Mine") near Grande Cache, Alberta, Canada will be placed into care and maintenance status. Details of the suspension were disclosed in the Company's announcement dated 13 May 2020.

OUTLOOK

Looking ahead to the fiscal year 2021, global political and economic policies remain uncertain in general, and economic growth is expected to stay subdued. The outbreak of COVID-19 at the end of 2019 has sent shockwaves through global manufacturing, investment and consumption. At present, as the full impact of the pandemic on the world economy is unknown, the short term outlook of the Group's business remains highly unclear. Going forward, the Group will continue to maintain a prudent approach by focusing on its main businesses to increase their scale and return, thereby improving the financial performance of the Group. Meanwhile, the Group will proactively seek potential market opportunities to improve its business portfolio and diversify its resource allocation.

For the Group's mining business, due to the impact of the COVID-19 outbreak, the Group resolved to suspend the mining operations at the Mine in May 2020. The Mine has now been placed on care-and-maintenance status and the scheduled resumption of production and operations is yet to be determined due to the ongoing uncertainties related to the pandemic.

In terms of investment in financial instruments, the Group remains cautiously optimistic about the capital markets as world economic growth is expected to slow down and we anticipate that the local government will continue to utilize loose monetary policy. The Group will strive to expand asset allocation capabilities by adjusting its portfolio management strategy and diversifying its investment portfolio, as well as allocating part of its resources to investment products which can generate stable income.

In terms of property investment, the Group's property investments in Scotland, Hong Kong and Mainland China are expected to continue to generate stable rental income for the Group and all have the potential to appreciate in value. Amid the COVID-19 pandemic, the Group will pay close attention to the development of the property investment market, make appropriate strategy adjustment from time to time and seek desirable property projects to strengthen its property asset portfolio when the opportunities arise.

In terms of the money lending business, due to the downturn in the local economy and uncertainty of the local business environment, the Group will grow its money lending business with a more cautious and prudent strategy. The Group will maintain a balance between business growth and risk management.

Moreover, the Group will further explore business opportunities to facilitate long-term development and continue to 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 27 September 2019 ("2019 AGM"). However, Mr. Chiu Tao was unable to attend the 2019 AGM due to another business commitment. Mr. Hui Richard Rui, executive director and General Manager of the Company, who took the chair of the 2019 AGM, together with other members of the Board who attended the 2019 AGM were of sufficient calibre and knowledge for answering questions at the 2019 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. Ma Yin Fan, Mr. Yu Pan and Mr. Leung Hoi Ying. 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, 29 June 2020

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. Tsui Ching Hung and Mr. Wah Wang Kei, Jackie as executive directors of the Company and (ii) Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.