CST GROUP LIMITED
中譽集團有限公司

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of CST Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2022 with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
		2022	2021
	NOTES	**US$'000**	US$'000
		(unaudited)	(unaudited)
Revenue	4		
Sales		**104,090**	—
Interest income		**1,889**	12,350
Dividend income		**4,299**	10,055
Rental income		**1,121**	1,390
		111,399	23,795
Cost of sales		**(57,027)**	(8,945)
Gross profit		**54,372**	14,850
Other income and other gains and losses	5	**(53,592)**	(5,712)
Distribution and selling expenses		**(14,571)**	—
Administrative expenses		**(20,425)**	(14,537)
Loss on fair value changes of financial assets at fair value through profit or loss		**(42,910)**	(470,724)
(Loss) gain on fair value changes of investment properties		**(541)**	4,728

		Six months ended 30 September	
		2022	2021
	NOTES	**US$'000**	US$'000
		(unaudited)	(unaudited)
Reversal of impairment loss on financial assets under expected credit loss model, net		**1,245**	63
Share of result of a joint venture		**(506)**	151
Share of result of an associate		**(3,094)**	—
Finance costs	6	**(6,776)**	(3,676)
Loss before taxation		**(86,798)**	(474,857)
Taxation	7	**(52)**	(191)
Loss for the period	8	**(86,850)**	(475,048)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**14,792**	2,518
Other comprehensive income for the period		**14,792**	2,518
Total comprehensive expense for the period		**(72,058)**	(472,530)
Loss for the period attributable to:			
- Owners of the Company		**(82,235)**	(473,088)
- Non-controlling interests		**(4,615)**	(1,960)
		(86,850)	(475,048)

	NOTE	Six months ended 30 September 2022 US$'000 (unaudited)	2021 US$'000 (unaudited)
Total comprehensive expense for the period attributable to:			
- Owners of the Company		**(66,239)**	(470,347)
- Non-controlling interests		**(5,819)**	(2,183)
		(72,058)	(472,530)
LOSS PER SHARE			
- Basic (US cents)	9	**(17.00)**	(97.80)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2022

	NOTES	**As at 30 September 2022 US$'000 (unaudited)**	As at 31 March 2022 US$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**326,373**	365,777
Right-of-use assets	10	**898**	1,669
Exploration and evaluation assets	10	**32,830**	36,012
Investment properties		**27,657**	32,691
Interests in a joint venture		**4,900**	5,406
Interests in an associate		**—**	3,094
Financial assets at fair value through profit or loss		**137,343**	127,778
Club membership		**2,437**	2,437
Pledged bank deposits		**26,009**	26,706
		558,447	601,570
Current assets			
Inventories		**36,233**	28,807
Other receivables	11	**5,715**	8,067
Loan receivables		**34,669**	74,067
Amount due from an associate		**6,392**	6,392
Amount due from a joint venture		**4,042**	4,042
Financial assets at fair value through profit or loss		**65,535**	75,421
Bank balances and cash		**71,627**	51,665
		224,213	248,461
Current liabilities			
Trade and other payables and accruals	12	**14,650**	8,472
Tax payable		**1,788**	1,844
Bank and other borrowings – amount due within one year		**460,131**	99,679
Lease liabilities		**782**	1,366
Guarantee liability		**40,100**	40,100
		517,451	151,461

	NOTE	As at 30 September 2022 US$'000 (unaudited)	As at 31 March 2022 US$'000 (audited)
Net current (liabilities) assets		**(293,238)**	97,000
Total assets less current liabilities		**265,209**	698,570
Non-current liabilities			
Bank and other borrowings – amount due after one year		**14,806**	376,171
Deferred tax liabilities		**1,914**	2,112
Lease liabilities		**152**	390
Provision for mine rehabilitation cost		**25,475**	27,125
Amount due to non-controlling interests		**8,272**	6,124
		50,619	411,922
		214,590	286,648
Capital and reserves			
Share capital	13	**620**	620
Reserves		**235,186**	301,424
Equity attributable to owners of the Company		**235,806**	302,044
Non-controlling interests		**(21,216)**	(15,396)
		214,590	286,648

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"). Its immediate holding company is Atlas Keen Limited and the ultimate controlling party is Mr. Chiu Tao, who is also the chairman of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the interim report 2022.

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

The condensed 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. BASIS OF PREPARATION

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

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately US$293 million as at 30 September 2022. The Group's current liabilities as at 30 September 2022 included bank and other borrowings of approximately US$460 million that are repayable within 12 months from the end of the reporting period, included in which is an outstanding bank borrowings with principal amount of approximately US$408 million belonged to CST Canada Coal Limited ("CCC"), a non-wholly own subsidiary of the Company ("CCC Bank Borrowing") with a maturity of 5 years which is due on 17 July 2023. The CCC Bank Borrowing was designated for acquiring the mining business of CCC in 2018 and is secured by the equity investments in CST-Grande Cache Cayman Limited, which is an indirect non-wholly own subsidiary of the Company and indirect beneficiary holding company of CCC and its subsidiaries, that its repayment is non-recourse to the Company and its other subsidiaries. The management of the Group has an on-going discussion with the bank for the renewal of the CCC Bank Borrowing and expects the CCC Bank Borrowing will be renewed upon maturity. The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from the end of the reporting period, and are of the opinion that the Group will have sufficient working capital to operate on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in Group's annual consolidated financial statements for the year ended 31 March 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. 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 period is as follows:

	Six months ended 30 September	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
Sale of coal	**104,090**	—
	104,090	—
Revenue from contract with customers		
Residential rental income	**—**	122
Office rental income	**1,121**	1,268
Dividend income	**4,299**	10,055
Interest income from financial assets at fair value through profit or loss	**74**	10,374
Interest income from money lending business	**1,815**	1,976
Total revenue	**111,399**	23,795
Disaggregation of revenue from contracts with customers		
Sale of coal	**104,090**	—

Timing of revenue recognition		
A point in time	**104,090**	—
Leases		
Operating lease payments that are fixed (Note)	**1,121**	1,390

Note: There is no income relating to variable lease payments that do not depend on an index or a rate during both periods.

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 "Operating Segments" ("HKFRS 8") were organised into four main operating divisions - (i) mining business, (ii) investment in financial instruments, (iii) property investment and (iv) money lending.

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 CODM. 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 assesses 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, 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 Six months ended 30 September		**Segment results Six months ended 30 September**	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Mining business	**104,090**	—	**19,011**	(15,321)
Investment in financial instruments	**4,373**	20,429	**(38,074)**	(451,762)
Property investment	**1,121**	1,390	**372**	5,742
Money lending	**1,815**	1,976	**3,106**	185
	111,399	23,795	**(15,585)**	(461,156)
Other income and other gains and losses			**(53,592)**	(5,712)
Central administration costs			**(7,245)**	(4,464)

Finance costs	**(6,776)**	(3,676)
Share of result of a joint venture	**(506)**	151
Share of result of an associate	**(3,094)**	—
Loss before taxation	**(86,798)**	(474,857)

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:

	As at 30 September 2022 US$'000 (unaudited)	As at 31 March 2022 US$'000 (audited)
Segment assets:		
— Mining business	**446,607**	460,098
— Investment in financial instruments	**215,209**	208,275
— Property investment	**29,519**	35,622
— Money lending	**34,788**	74,234
Total segment assets	**726,123**	778,229
Unallocated assets:		
— Bank balances and cash	**15,703**	22,148
— Property, plant and equipment	**20,326**	22,008
— Right-of-use assets	**842**	1,582
— Others	**19,666**	26,064
	56,537	71,802
Consolidated total assets	**782,660**	850,031
Segment liabilities:		
— Mining business	**544,294**	536,633
— Investment in financial instruments	**6,410**	6,410
— Property investment	**2,480**	10,148
— Money lending	**568**	29
Total segment liabilities	**553,752**	553,220
Unallocated liabilities:		
— Lease liabilities	**876**	1,662
— Others	**13,442**	8,501
	14,318	10,163
Consolidated total liabilities	**568,070**	563,383

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 right-of-use assets, certain other receivables, club membership, interests in an associate, amount due from an associate, interests in a joint venture and amount due from a joint venture. All liabilities are allocated to operating segments other than certain lease liabilities, certain other payables and accrual, certain tax payable and amount due to non-controlling interests.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
Other income		
Bank and other interest income	**234**	74
Government grant (Note)	**99**	359
Others	**2,159**	1,105
	2,492	1,538
Other gains and losses		
Net foreign exchange loss	**(56,085)**	(7,308)
Net gain on disposal of property, plant and equipment	**1**	—
Fair value gain on derivative financial instruments	**—**	44
Gain on disposal of a subsidiary	**—**	14
	(56,084)	(7,250)
	(53,592)	(5,712)

Note: During the period ended 30 September 2022, the Group recognised government grant of US$99,000 (30 September 2021: US$359,000) in respect of Covid-19-related subsidies. There was an amount of US$99,000 (30 September 2021: US$300,000) related to Employment Support Scheme provided by the government in Hong Kong during the period ended 30 September 2022.

6. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
Interest expense on bank borrowings	**6,413**	3,314
Interest expense on lease liabilities	**170**	226
Interest expense on other borrowings	**193**	136
	6,776	3,676

7. TAXATION

	Six months ended 30 September	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
The charge comprises:		
Current tax:		
People's Republic of China ("PRC")	**12**	12
United Kingdom ("UK")	**40**	42
	52	54
Deferred tax	**—**	137
Taxation for the period	**52**	191

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and 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 of the qualifying group entity 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.

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% for both periods.

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

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

8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Directors' remuneration	**3,377**	3,239
Contributions to retirement benefit scheme to employees	**311**	34
Other staff costs	**15,694**	3,322
Total staff costs	**19,382**	6,595
Less: amount capitalised in inventories	**(12,088)**	—
Total staff costs included in administrative expenses	**7,294**	6,595

Depreciation on property, plant and equipment	**17,819**	9,745
Depreciation of right-of-use-assets	**805**	946
	18,624	10,691
Less: amount capitalised in inventories	**(16,259)**	(7,220)
	2,365	3,471
Cost of inventories recognised as an expense	**57,027**	8,945

9. LOSS PER SHARE

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

	Six months ended 30 September	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(82,235)**	(473,088)
Number of shares		
	'000	'000
Number of ordinary shares for the purpose of basic loss per share	**483,729**	483,729

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

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND EXPLORATION AND EVALUATION ASSETS

During the six months ended 30 September 2022, the Group incurred expenditures on capital work in progress included in property, plant and equipment of US$7,356,000 (30 September 2021: nil) and other property, plant and equipment of US$976,000 (30 September 2021: nil).

During the six months ended 30 September 2022 and 30 September 2021, the Group did not incur any expenditures to the exploration and evaluation assets.

During the six months ended 30 September 2021, right-of-use asset amounted to US$9,442,000 (30 September 2022: nil) was reclassified to property, plant and equipment when the Group obtained the ownership of the underlying assets.

11. OTHER RECEIVABLES

	As at 30 September 2022 US$'000 (unaudited)	As at 31 March 2022 US$'000 (audited)
Amounts due from brokers	**140**	1,043
Deposits and prepayments	**4,724**	6,287
Goods and services tax receivables	**851**	647
Others	**—**	90
Total other receivables	**5,715**	8,067

12. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	As at 30 September 2022 US$'000 (unaudited)	As at 31 March 2022 US$'000 (audited)
Trade payables (aged within 30 days)		
- arising from mining operation (Note)	**875**	491
Other payables and accruals	**13,775**	7,981
Total trade and other payables and accruals	**14,650**	8,472

Note: 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.

13. SHARE CAPITAL

	Number of shares '000	Share capital US$'000
Ordinary shares of HK$0.01 each		
Authorised		
At 1 April 2021, 31 March 2022 (audited) and 30 September 2022 (unaudited)	1,000,000,000	1,282,052
Issued and fully paid		
At 1 April 2021, 31 March 2022 (audited) and 30 September 2022 (unaudited)	483,729	620

14. DIVIDEND

No dividend was paid or proposed during the interim period (30 September 2021: nil). The directors of the Company have determined that no dividend will be proposed in respect of the interim period (30 September 2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL RESULTS

For the six months ended 30 September 2022 (the "Period"), the Company and its subsidiaries (collectively referred to as the "Group") recorded a loss after tax of approximately US$86.9 million, representing a decrease of 81.7% as compared to a net loss of US$475.0 million for 30 September 2021. Such significant decrease in loss was mainly due to the decrease in loss on fair value changes of financial assets at fair value through profit or loss ("FVTPL") as compared to that for the six months ended 30 September 2021.

Revenue

The total revenue of the Group for the Period was approximately US$111.4 million (2021: US$23.8 million). This represented a significant increase of approximately 368.1% as compared with the corresponding period of prior year. The increase was mainly attributable to resumption of coal sales activities that generated the revenue in coal business of approximately US$104.1 million.

Other income and other gains and losses

During the Period, the total other income and other gains and losses for the Period was a loss of approximately US$53.6 million (2021: US$5.7 million). It mainly comprised of the following: (i) receipt of an aggregated amount of "Anthill Production Payment" of approximately AUD2.7 million (equivalent to approximately US$1.9 million) which related to disposal of Australia mining business in May 2019, details were disclosed in the Company's announcement dated 23 July 2021, and (ii) a net foreign exchange loss of approximately US$56.1 million mainly due to a strong US dollar against Canadian dollar (2021: US$7.3 million).

Cost of sales

Cost of sales mainly included coal mining costs, coal processing costs and other relevant operating expenses. As compared with corresponding period of prior year, the cost of sales during the Period increased by approximately 540.4% from US$8.9 million to approximately US$57.0 million due to resumption of coal production and sales activities.

Distribution and Selling expenses

Distribution and selling expenses were approximately US$14.6 million for the Period (2021: Nil), which primarily included expenses relating to railway transportation, royalty fees and terminal charges.

Administrative expenses

Administrative expenses mainly comprised of staff costs, depreciation and amortization cost and other expenses. The Group's administrative expenses increased approximately 40.7% from US$14.5 million to approximately US$20.4 million for the Period as compared with corresponding period of prior year. The increase was mainly attributable to resumption of coal mine operation in Canada.

Finance costs

Finance costs mainly comprised of bank loan interest. Finance costs increased from US$3.7 million for the corresponding period of prior year to approximately US$6.8 million for the Period, representing an increase of approximately 83.8%. The increase was primarily due to increase in loan interest rate during the Period.

SEGMENT INFORMATION

A. Mining business

During the Period, CST Canada Coal Limited ("CST Coal") had sold 318,700 tonnes of coking coal and generated a revenue of approximately US$104.1 million (2021: Nil). The cost of sales and distribution and selling expenses relatively incurred were approximately US$57.0 million (2021: US$8.9 million) and US$14.6 million (2021: Nil).

The administrative expenses in mine site increased approximately 171.0% to US$8.4 million (2021: US$3.1 million) as compared with the corresponding period of prior year. It was mainly due to resumption of operation and increase of employees in mine site for ramping up the operation.

Due to the depreciation of Canadian dollar against US dollar, a loss of foreign exchange of approximately US$54.1 million (2021: US$8.0 million) was recognised in the other income and other gains and losses.

As at the end of each Reporting period, the Group reviewed in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" ("HKAS 36") with auditors on its mining property assets in Canada mine operations. In 2020, an impairment of US$93.8 million was recognized when after reviewing with the auditors the carrying amount of certain mine properties exceeded the recoverable amount. The recoverable amount of each cash generating unit has been estimated using its fair value less costs of disposal.

In 2022, it was noted that mining operations had resumed after significant improvements in medical treatment and prevention of COVID-19 infections in Alberta, and there was significant improvement in the S&P Global Platts Premium Low Volatile Coal FOB Australia price. Based on the aforesaid factors, there were indicators that there may be a requirement under HKAS

36 to reverse some of the impairment provision previously recognized.

Management updated the major assumptions in the model previously used for impairment testing in 2020. The recoverable amount of each cash generating unit has been estimated using its fair value less costs of disposal. After reviewing the assumptions with auditors, it was determined that the recoverable value of the coal mine assets as at 31 March 2022 was approximately US$343.8 million, it exceeded the carrying value of the coal mine assets of approximately US$310.8 million and accordingly a reversal of the previous provision of approximately US$32.9 million was recognized in the profit or loss.

For the six months ended 30 September 2022, the Group had reviewed with auditors the list of key assumptions used in the Annual Report 2022 and there were no impairment indicators noted, or any requirement to reverse the previously recognized impairment.

During the Period, CST Coal did not have any exploration activities and did not incur any exploration expenditure.

A summary of the financial results of CST Coal for the Period is detailed below:

	Six months ended 30 September	
	2022	2021
	US$'000	US$'000
Revenue	**104,090**	—
Cost of sales	**(57,027)**	(8,945)
Gross profit (loss)	**47,063**	(8,945)
Other income and other gains and losses	**(53,736)**	(7,319)
Distribution and selling expenses	**(14,571)**	—
Administrative expenses*	**(8,403)**	(3,124)
Finance costs*	**(6,484)**	(3,249)
Loss before taxation	**(36,131)**	(22,637)
Taxation	**—**	(137)
Loss after taxation	**(36,131)**	(22,774)

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

B. Property investment

In July 2021, the Group had disposed of its Hong Kong investment properties through disposal of subsidiaries. Details of the disposal were disclosed in the Company's announcement dated 21 July 2021. During the Period, the Group only held investment properties in the People's Republic of China ("PRC") and Scotland.

Below is a summary of certain information on the property investment business of the Group:

	Six months ended 30 September	
	2022	2021
	US$ million	US$ million
Rental income		
- PRC	**0.1**	**0.1**
- Hong Kong	**—**	**0.1**
- Scotland	**1.0**	**1.2**
	1.1	**1.4**

	30 September 2022	31 March 2022
	US$ million	US$ million
Fair value of investment properties		
- PRC	**6.0**	7.3
- Scotland	**21.7**	25.4
	27.7	32.7

During the Period, the total rental income decreased approximately 21.4% to US$1.1 million (2021: US$1.4 million) as compared with the corresponding period of prior year. Since Hong Kong's investment properties were fully disposed, there was no rental income generated in Hong Kong region during the Period as compared with corresponding period of prior year. Despite the persistence of global COVID-19 pandemic, the rental income from the PRC and Scotland remained stable.

As of 30 September 2022, the fair value of the investment properties decreased by 15.3% to US$27.7 million (31 March 2022: US$32.7 million) mainly due to the downturn of market price in PRC commercial property and a strong US dollar against both Chinese Renminbi and British Pound Sterling.

C. Money lending

Below is a summary of certain information on the money lending business of the Group:

	Six months ended 30 September	
	2022	2021
	US$ million	US$ million
Interest income from money lending	**1.8**	2.0
Provision of bad debt*	**—**	—
Range of interest rate (%)	**5% - 10%**	5% - 7%

** Provision of bad debt excludes the expected credit loss for accounting purpose.*

	30 September 2022 US$ million	31 March 2022 US$ million
Loan receivables	**34.7**	74.1

The interest income from money lending business was approximately US$1.8 million (2021: US$2.0 million), which decreased by approximately 10.0% as compared with the corresponding period of the prior year. The decrease was due to the reduction of lending activities during the Period. Given the prolonged continuation of the coronavirus epidemic and the market uncertainties in Hong Kong, the Group has continuously adopted a cautious and prudent approach towards growing this business. As of 30 September 2022, the loan receivables of the Group were approximately US$34.7 million (31 March 2022: US$74.1 million). Among the receivables, US$33.4 million were unsecured and US$1.3 million were secured. The range of interest rate was 5% to 10% (2021: 5% to 7%). Further details of loan receivables will be disclosed in note 16 of the Interim Report 2022 of the Company. During the Period, the Group has not recorded any bad debt on its money lending business.

The Group conducted its money lending business mainly through Sun Power Finance Limited, a wholly-owned subsidiary of the Company.

The Group's lending business has a unique business strategy with emphasis on the provision of sizeable loans to corporate and high net-worth individuals instead of the mass consumer market. These borrowers mostly are acquired through referrals and introductions from the Company's senior management.

The Group has established and maintained internal controls to ensure the effectiveness of its credit risk assessment in evaluating the creditworthiness of potential borrowers. The loan terms would be generally arrived at after considering a combination of factors including prevalent market interest rates, the financial strength of the borrowers and the collaterals offered. The Group retained an independent professional valuer to conduct impairment and expected credit loss assessment on the outstanding loans for each reporting period end date. The business is overseen by the Investment and Management Committee of the Company which is responsible for on-going monitoring of loan recoverability and debt collection, identifying potential problems and recommending mitigating measures. The related internal control procedures were disclosed in the Corporate Governance section of Annual Report 2022 of the Company.

D. Investment in financial instruments

Below are summaries of certain information on the investment in financial instruments of the Group:

	30 September 2022	31 March 2022
	US$ million	US$ million
Fair value of financial assets at FVTPL		
Listed shares	**31.6**	31.5
Debt securities	**10.4**	21.0
Fund and unlisted equity investments	**160.9**	150.7
	202.9	203.2

	Six months end 30 September	
	2022	2021
	US$ million	US$ million
Income received from financial assets at FVTPL		
Dividend from listed shares	**0.2**	1.0
Interest from debt securities	**0.1**	10.4
Dividend from fund and unlisted equity investments	**4.1**	9.1
	4.4	20.5
Fair value change of financial assets at FVTPL		
Listed shares:		
- Realised gain on disposal	**0.1**	0.9
- Unrealised loss on fair value change	**(7.8)**	(296.6)
	(7.7)	(295.7)
Debt securities:		
- Realised gain on disposal	**—**	0.1
- Unrealised loss on fair value change	**(10.6)**	(136.6)
	(10.6)	(136.5)
Fund and unlisted equity investments:		
- Realised loss on disposal	**—**	(5.6)
- Unrealised loss on fair value change	**(24.6)**	(32.9)
	(24.6)	(38.5)
	(42.9)	(470.7)

As of 30 September 2022, the Group held a financial asset at FVTPL portfolio amounted to approximately US$202.9 million (31 March 2022: US$203.2 million) measured at market or fair value.

During the Period, the portfolio generated a dividend and interest revenue in total amount of approximately US$4.4 million (2021: US$20.5 million). It comprised of the following: (i) approximately US$0.2 million (2021: US$1.0 million) of dividend income from listed shares, (ii) approximately US$0.1 million (2021: US$10.4 million) interest income from debt securities, and (iii) approximately US$4.1 million (2021: US$9.1 million) of dividend income from fund and unlisted equity investments.

a. Listed shares

As of 30 September 2022, the total market value of listed shares held by the Group was approximately US$31.6 million (31 March 2022: US$31.5 million). The Group has invested in various categories of listed companies and their weightings to the total market value of the portfolio are as below:

Category of listed companies	**Weighting to total market value of portfolio (%)**
Banking and Finance	21.24%
Manufacturing	4.82%
Motor Vehicle	6.65%
Property & Construction	4.52%
Travel & Leisure	52.59%
Others	10.18%
	100.00%

During the Period, the Group recorded a realized gain on disposal of listed securities of approximately US$0.1 million (2021: US$0.9 million) and an unrealized loss on fair value changes in the listed securities of approximately US$7.8 million (2021: US$296.6 million). The unrealized loss was mainly due to a decline in the price of listed share investments under volatility of the stock market. However, it represented a significant decrease of 97.4% in loss as compared with the corresponding period of prior year.

b. Debt securities

As of 30 September 2022, the carrying amount of the debt securities held by the Group was approximately US$10.4 million (31 March 2022: US$21.0 million). The Group primarily held various senior notes of China Evergrande Group ("China Evergrande") and Scenery Journey Limited, which is an indirect wholly-owned subsidiary of China Evergrande (the "Evergrande Notes").

Due to the outburst of China Evergrande liquidity crisis, China Evergrande was not able to repay the notes interest to the holders of Evergrande Notes. Thus, no notes interest was received from the Evergrande Notes (2021: US$10.2 million). Overall, an unrealised loss on fair value change of approximately US$10.6 million (2021: US$136.6 million) was recognized in profit or loss during the Period.

c. ***Fund and unlisted equity Investments***

During the Period, the Group invested approximately US$36.1 million in funds and unlisted equity investments, which were mainly payment for the commitment of existing funds and acquisition of new unlisted equity investments. As of 30 September 2022, the Group held fund and unlisted equity investments in total of approximately US$160.9 million at fair value (31 March 2022: US$150.7 million). During the Period, the Group had received dividend income in total of US$4.1 million (2021: US$9.1 million) from its fund investment portfolio, representing a decrease of approximately 54.9% as compared with corresponding period of the prior year.

Save as disclosed above, there was no other single investment in the Group's financial instruments that was considered as significant investment, which has a carrying amount accounting for more than 5% of the Group's total assets as of 30 September 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As of 30 September 2022, the Group held bank balances and cash amounted to approximately US$71.6 million (31 March 2022: US$51.7 million).

Borrowings and pledged of assets

In June 2021, a financial institution granted a three-year loan facility to two subsidiaries of the Company at the amount of HK$35 million and HK$15 million respectively. Both interest rate was fixed at 6% and secured by certain fixed assets and securities held by the Group. As of 30 September 2022, the total outstanding balance of these two loans was HK$50 million.

Since 2017, an indirect non-wholly owned subsidiary of the Company was granted a bank loan of GBP10.41 million secured by a Scottish property owned by such subsidiary, with a fixed interest rate for four years and by a pledge of equity interest in the parent company of such subsidiary. In June 2022, as agreed with bank, the Group has extended the loan for one year with average interest rate of 3.1%. As of 30 September 2022, the outstanding balance of this bank loan was approximately GBP1.1 million (equivalent to approximately US$1.2 million), inclusive of interest accrued.

The Group, through its subsidiary, CST Coal, acquired certain mining assets of Grande Cache Coal LP in Canada in 2018, and assumed bank borrowings from China Minsheng Banking Corp., Ltd ("CMBC") amounting to approximately US$409.41 million ("CMBC Loan"). The CMBC Loan carry an interest rate of 1.2% over 3 months LIBOR and are repayable in 5 years. The loan is non-recourse to the Company 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 ("CST -Grande Cache"), which is an indirect beneficiary holding company of CST Coal; and (iii) corporate guarantees from each of 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 30 September 2022, the outstanding balance of the principal of this bank loan was approximately US$408.4 million. In July 2021, CST Coal was further granted a loan facility from CMBC for settlement of a financial lease in the amount of approximately US$14.8 million. The interest rate was fixed at 5.0% per annum. As of 30 September 2022, the total outstanding balance of these two loans was US$467.3 million, inclusive of interest accrued. The Company has not given any guarantee for these loans from CMBC.

Based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio of the Group was 200.8% (31 March 2022: 152.7%).

As of 30 September 2022, CST Coal was holding approximately US$26.0 million of pledged bank deposit (31 March 2022: US$26.7 million). The pledged deposit was intended to cover the rehabilitation costs for operating the mining business in Canada (as mandated by the government of Alberta, Canada).

NET CURRENT LIABILITIES

The Group recorded net current liabilities as of 30 September 2022 of approximately US$293.2 million (31 March 2022: net current assets of US$97.0 million), of which current assets were approximately US$224.2 million (31 March 2022: US$248.5 million) and current liabilities were approximately US$517.4 million (31 March 2022: US$151.5 million). The current liabilities mainly included the outstanding balance of US$408.4 million of CMBC Loan principal. Because the maturity of this loan is less than twelve months from current interim reporting date and thus being classified as current liabilities of the Group. The loan is non-recourse to the Company and secured by the equity investments in CST -Grande Cache and its subsidiaries. The Group has an on-going discussion with the bank for the renewal of the CMBC Loan. The management of the Group had prepared a detailed cash flow forecast of the Group which covers a period of twelve months from the end of the reporting period. The directors of the Company are of the opinion that the Group will have sufficient working capital and the current liabilities position would not have any adverse financial effect to the Group's liquidity or gearing position, and the Group has ability to continue as a going concern.

CAPITAL STRUCTURE

During the Period, the Company has not conducted any equity fund raising activities. As of 30 September 2022, the total number of issued shares was 483,728,862 (31 March 2022: 483,728,862).

NET ASSET VALUE

As of 30 September 2022, the net asset value of the Group amounted to approximately US$214.6 million (31 March 2022: US$286.6 million). As compared to 31 March 2022, it was decreased by approximately 25.1%. The decrease in net asset value was due to the combination of net loss for the Period of approximately US$86.9 million and other comprehensive income for the Period of approximately US$14.8 million.

CAPITAL COMMITMENT

As of 30 September 2022, the capital commitment of the Group was approximately US$15.6 million (31 March 2022: US$16.6 million). It was primarily related to capital commitments of fund investments of the Group.

CONTINGENT LIABILITY

As of 30 September 2022, the Group had no contingent liability (31 March 2022: Nil).

MATERIAL ACQUISITIONS, DISPOSALS AND FUTURE PLAN FOR MATERIAL INVESTMENT

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures, and future plan for material investments during the Period.

HUMAN RESOURCES

As of 30 September 2022, the Group had 323 staff (2021: 63). Staff costs (excluding directors' emoluments) were approximately US$16.0 million (2021: US$3.4 million) for the Period. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong and Registered Retirement Savings Plan in Canada respectively, and provided other staff benefits, such as medical benefits.

FOREIGN EXCHANGE RISK

The Group conducts most of its business in US 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 limited too as the rental income generated from the Scottish property is used to repay the loan facility granted by a local Scottish bank.

The Group's primary source of foreign exchange risk is derived from Canadian dollar. With respect to coal mining business in Canada, the Group had no 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.

SIGNIFICANT EVENTS

In September 2022, due to the strike action by longshore workers (the "Strike"), Westshore Terminals, Canada's biggest export coal terminal, was under suspension of operations. The Strike had affected the operation of the business of CST Coal. CST Coal was not able to sell or export any of its coal to any of its customers because of the Strike. CST Coal had issued notice of Force Majeure to those customers pursuant to the respective contracts. In October 2022, Westshore Terminals announced that an agreement with the members of Local 520 of the International Longshore and Warehouse Union had been reached and Westshore Terminals resumed full operations. Following the resumption of operations of Westshore Terminals, CST Coal had closely work with the logistic services providers, Canadian National Railway and Westshore Terminals, to resume its export of steelmaking coal. Details were disclosed in the Company's announcements dated 29 September and 18 October 2022 respectively.

OUTLOOK

The COVID-19 pandemic (the "Pandemic") continues to spread around the world, and dragged down global economic growth. In the face of high inflation, supply chain problems, the Russia-Ukraine war and the China-US conflicts, the volatility in the financial markets has driven the revaluation of assets, where the overall investment sentiment has become cautious.

As the coal mine of CST Coal resumed operation steadily, the impact of the Pandemic on the Group's mining business is expected to fade away gradually. The Group believes that its mining business will contribute more stable revenue in the second half of 2023 financial year. The Group will actively monitor the trend of the international coking coal market to enhance the overall efficiency of its mining business.

Looking forward, the global economic and geopolitical conflicts will likely remain uncertain. In the face of heated inflation and tightened monetary policy, the Group will pay close attention to market dynamics, strengthen its risk management, adopt a prudent approach amid the high-interest landscape, look for new investment opportunities and strive to bring better returns to shareholders.

INTERIM DIVIDEND

The board of directors of the Company (the "Board") has resolved not to declare an interim dividend for the six months ended 30 September 2022 (30 September 2021: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2022, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the following deviation:

- according to code provision F.2.2 of the CG Code, Mr. Chiu Tao, the Chairman of the Board, should have attended the annual general meeting of the Company held on 28 September 2022 ("2022 AGM"). However, Mr. Chiu Tao was unable to attend the 2022 AGM due to other business commitments. Mr. Hui Richard Rui, executive director and General Manager of the Company, who took the chair of the 2022 AGM, together with other members of the Board who attended the 2022 AGM were of sufficient calibre and knowledge for answering questions at the 2022 AGM.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding director's securities transactions. Having made specific enquiry, all directors of the Company confirmed that they had complied with the required standards as set out in the Model Code throughout the six months ended 30 September 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 September 2022 has been reviewed by the Company's audit committee which comprises 3 members namely Ms. Ma Yin Fan, Mr. Yu Pan and Mr. Leung Hoi Ying, all of them are independent non-executive directors of the Company, and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
CST Group Limited
Wah Wang Kei, Jackie
Company Secretary and Executive Director

Hong Kong, 28 November 2022

As at the date of this announcement, the board of directors of the Company comprises (i) Mr. Chiu Tao (Chairman), Mr. Han Xuyang, Mr. Hui Richard Rui, Mr. Kwan Kam Hung, Jimmy 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.