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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 985)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2021

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 2021 with the comparative figures for the corresponding year in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

		2021 US\$'000	2020 US\$'000
	NOTES		
Continuing operations			
Revenue	3		
Sales		28,100	168,313
Interest income		25,766	19,324
Dividend income		22,077	5,860
Rental income		2,767	2,860
		78,710	196,357
Cost of sales		(40,898)	(122,119)
Gross profit		37,812	74,238
Other income and other gains and losses	4	71,446	(31,890)
Distribution and selling expenses		(10,137)	(45,982)
Administrative expenses		(34,711)	(48,410)
Gain (loss) on fair value changes of financial assets at fair value through profit or loss		338,020	(148,812)
Loss on fair value changes of investment properties		(4,266)	(2,010)
Gain (loss) on deemed disposal of interests in an associate		59	(1,334)

		2021 US\$'000	2020 US\$'000
	NOTES		
Impairment loss on financial assets under expected credit losses model, net		(1,350)	(122)
Impairment loss on property, plant and equipment and right-of-use assets		—	(93,845)
Share of result of a joint venture		2,036	(768)
Share of result of an associate		—	207
Finance costs	5	<u>(9,164)</u>	<u>(16,929)</u>
Profit (loss) before taxation	6	389,745	(315,657)
Taxation	7	<u>(603)</u>	<u>(943)</u>
Profit (loss) for the year from continuing operations		389,142	(316,600)
Discontinued operations			
Profit for the year from discontinued operations		<u>—</u>	<u>21,504</u>
Profit (loss) for the year		<u>389,142</u>	<u>(295,096)</u>
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss :</i>			
Exchange differences arising on translation of foreign operations		(16,237)	7,391
Reclassification of cumulative translation reserve upon disposal of foreign operations		<u>582</u>	<u>(6,377)</u>
Other comprehensive (expense) income for the year		<u>(15,655)</u>	<u>1,014</u>
Total comprehensive income (expense) for the year		<u>373,487</u>	<u>(294,082)</u>
Profit (loss) for the year attributable to owners of the Company:			
Continuing operations		386,589	(297,197)
Discontinued operations		<u>—</u>	<u>21,504</u>
		<u>386,589</u>	<u>(275,693)</u>

		2021	2020
		US\$'000	US\$'000
	<i>NOTES</i>		
Profit (loss) for the year attributable to non-controlling interests:			
Continuing operations		2,553	(19,403)
Discontinued operations		<u>—</u>	<u>—</u>
		2,553	(19,403)
		389,142	(295,096)
Total comprehensive income (expense) attributable to:			
Owners of the Company		370,127	(274,255)
Non-controlling interests		3,360	(19,827)
		373,487	(294,082)
			(restated)
EARNINGS (LOSS) PER SHARE			
From continuing and discontinued operations			
Basic (US cents)	8	79.92	(56.99)
			(restated)
From continuing operations			
Basic (US cents)	8	79.92	(61.44)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

		2021	2020
		US\$'000	US\$'000
	NOTES		
Non-current assets			
Property, plant and equipment		342,213	320,007
Right-of-use assets		12,110	14,736
Exploration and evaluation assets		35,785	31,719
Investment properties		47,411	48,599
Interests in an associate		—	—
Interests in a joint venture		6,190	4,154
Loan receivables		64,885	—
Financial assets at fair value through profit or loss		110,771	70,516
Club membership		2,437	2,437
Pledged bank deposits		25,206	22,216
Deposit for acquisition of property, plant and equipment		—	1,046
		<u>647,008</u>	<u>515,430</u>
Current assets			
Inventories		10,746	21,889
Trade and other receivables	9	8,324	23,977
Loan receivables		3,705	36,052
Amount due from a joint venture		4,042	4,042
Financial assets at fair value through profit or loss		603,634	289,203
Derivative financial instruments		—	72
Bank balances and cash		49,262	61,877
		<u>679,713</u>	<u>437,112</u>
Current liabilities			
Trade and other payables and accruals	10	9,699	15,263
Tax payable		1,761	1,608
Derivative financial instruments		44	—
Bank borrowings – amount due within one year		36,660	31,470
Lease liabilities		16,812	1,827
Guarantee liability		40,100	40,100
		<u>105,076</u>	<u>90,268</u>

		2021	2020
	<i>NOTE</i>	US\$'000	US\$'000
Net current assets		<u>574,637</u>	<u>346,844</u>
Total assets less current liabilities		<u>1,221,645</u>	<u>862,274</u>
Non-current liabilities			
Bank borrowings – amount due after one year		440,540	442,585
Deferred tax liabilities		1,226	675
Lease liabilities		846	17,376
Provision for mine rehabilitation cost		<u>27,035</u>	<u>23,127</u>
		<u>469,647</u>	<u>483,763</u>
		<u>751,998</u>	<u>378,511</u>
Capital and reserves			
Share capital	11	620	496,132
Reserves		<u>764,673</u>	<u>(100,966)</u>
Equity attributable to owners of the Company		<u>765,293</u>	395,166
Non-controlling interests		<u>(13,295)</u>	<u>(16,655)</u>
		<u>751,998</u>	<u>378,511</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

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 Annual Report 2021 of the Company.

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 principal activities of each of its principal subsidiaries are set out in note 40 of the Annual Report 2021 of the Company.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the amendments to HKFRSs in the current year 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.

Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

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 and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021 ⁶
Amendments to HKFRS 16	Covid-19-Related Rent Concession ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2021

⁶ Effective for annual periods beginning on or after 1 April 2021

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:

	2021 US\$'000	2020 US\$'000
Continuing operations		
Sale of coal	<u>28,100</u>	<u>168,313</u>
Revenue from contracts with customers	28,100	168,313
Residential rental income	369	478
Office rental income	2,398	2,382
Dividend income	22,077	5,860
Interest income from financial assets at FVTPL	19,475	17,090
Interest income from money lending business	<u>6,291</u>	<u>2,234</u>
Total revenue	<u><u>78,710</u></u>	<u><u>196,357</u></u>
Timing of revenue recognition		
A point in time	<u><u>28,100</u></u>	<u><u>168,313</u></u>
Leases		
Operating lease payments that are fixed (Note)	<u><u>2,767</u></u>	<u><u>2,860</u></u>

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

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 (2020: four) 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)

The operations of sale of copper cathodes included in the mining business segment and the e-logistics business segment were discontinued in the prior year. Therefore, the segment information reported on this note does not include any amounts for these discontinued operations.

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, gain (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	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Mining business	28,100	168,313	(31,439)	(112,023)
Investments in financial instruments	41,552	22,950	369,154	(122,725)
Property investment	2,767	2,860	(2,250)	355
Money lending	6,291	2,234	4,859	1,944
	78,710	196,357	340,324	(232,449)
Other income and other gains and losses			71,446	(31,890)
Gain (loss) on deemed disposal of interests in an associate			59	(1,334)
Central administration costs			(14,956)	(32,494)
Finance costs			(9,164)	(16,929)
Share of result of a joint venture			2,036	(768)
Share of result of an associate			—	207
Profit (loss) before taxation			389,745	(315,657)

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:

	2021	2020
	US\$'000	US\$'000
Segment assets:		
Continuing operations		
— Mining business	431,162	420,841
— Investments in financial instruments	727,390	378,316
— Property investment	50,386	52,591
— Money lending	68,824	37,853
Total segment assets	<u>1,277,762</u>	<u>889,601</u>
Unallocated assets:		
— Bank balances and cash	6,908	17,422
— Property, plant and equipment	25,740	28,069
— Right-of-use assets	2,443	3,884
— Others	13,868	13,566
	<u>48,959</u>	<u>62,941</u>
Consolidated total assets	<u><u>1,326,721</u></u>	<u><u>952,542</u></u>
Segment liabilities:		
Continuing operations		
— Mining business	528,244	525,748
— Investments in financial instruments	28,785	30,213
— Property investment	11,683	11,195
— Money lending	29	—
Total segment liabilities	<u>568,741</u>	<u>567,156</u>
Unallocated liabilities:		
— Other payables and accrual	3,380	2,847
— Lease liabilities	2,602	4,028
	<u>5,982</u>	<u>6,875</u>
Consolidated total liabilities	<u><u>574,723</u></u>	<u><u>574,031</u></u>

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, interests in an associate 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

2021 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	—	—	(4,266)	—	—	(4,266)
Additions to non-current assets	2,799	—	—	—	1,604	4,403
Depreciation on property, plant and equipment	(17,598)	—	—	—	(3,205)	(20,803)
Depreciation on right-of-use assets	(283)	—	—	—	(1,702)	(1,985)
Gain on fair value changes of financial assets at FVTPL	—	338,020	—	—	—	338,020
Share of result of a joint venture	—	—	—	—	2,036	2,036
Interest revenue	—	19,475	—	6,291	—	25,766
Interest expense	(8,102)	(528)	(365)	—	(169)	(9,164)
Income tax expense	(442)	—	(133)	(28)	—	(603)

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	14,990	—	—	—	7,115	22,105
Depreciation 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)

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 financial instruments and club membership, is presented based on the geographical location of the assets, as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
The People's Republic of China (the "PRC"), other than Hong Kong	239	280	6,278	6,037
Hong Kong	25,199	5,524	51,694	42,458
Canada	28,100	168,313	361,925	348,042
The United Kingdom (the "UK")	2,159	2,102	23,812	22,678
Singapore	19,028	16,675	—	—
Others	3,985	3,463	—	—
	78,710	196,357	443,709	419,215

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	
	2021 US\$'000	2020 US\$'000
Customer A	13,887	51,432
Customer B	10,687	29,496
Customer C	N/A ¹	26,070
Customer D	N/A ¹	23,754

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group

4. OTHER INCOME AND OTHER GAINS AND LOSSES

Continuing operations

	2021 US\$'000	2020 US\$'000
Other income		
Bank and other interest income	225	1,017
Government grant (Note)	1,138	—
Others	641	—
	<u>2,004</u>	<u>1,017</u>
Other gains and losses		
Fair value (loss) gain on derivative financial instruments	(118)	46
Gain on disposal of property, plant and equipment	631	7
Gain on disposal of subsidiary	216	—
Net foreign exchange gain (loss)	67,309	(34,289)
Others	1,404	1,329
	<u>69,442</u>	<u>(32,907)</u>
	<u>71,446</u>	<u>(31,890)</u>

Note: During the year ended of 31 March 2021, the Group recognised government grant of US\$1,138,000 (2020: nil) in respect of Covid-19-related subsidies, of which US\$300,000 (2020: nil) is related to Employment Support Scheme provided by government in Hong Kong.

5. FINANCE COSTS

	2021 US\$'000	2020 US\$'000
Interest expense on lease liabilities	1,012	1,165
Interest expense on bank borrowings	8,023	15,764
Interest expense on other borrowings	129	—
	<u>9,164</u>	<u>16,929</u>

6. PROFIT (LOSS) BEFORE TAXATION

	2021 US\$'000	2020 US\$'000
Continuing operations		
Profit (loss) before taxation from continuing operations has been arrived at after charging (crediting):		
Directors' remuneration	7,591	11,061
Contributions to retirement benefit scheme to employees	256	667
Other staff costs	12,590	30,267
	<u>20,437</u>	<u>41,995</u>

Less: amount capitalised in cost of producing the inventories	<u>(4,532)</u>	<u>(22,645)</u>
Total staff costs included in administrative expenses	<u>15,905</u>	<u>19,350</u>
Auditor's remuneration	552	567
Depreciation on property, plant and equipment	19,865	46,774
Depreciation of right-of-use-assets	2,923	1,822
Short term leases expense	—	957
(Net of reversal) loss on inventories write down to net realisable value	(1,070)	2,571
Cost of inventories recognised as an expense and after crediting:	40,898	122,119
Gain on disposal of property, plant and equipment	631	7
Gross rental income less direct operating expenses of US\$415,000 (2020: US\$417,000) from investment properties that generated rental income during the year	<u>2,352</u>	<u>2,443</u>

7. TAXATION

	2021 US\$'000	2020 US\$'000
Continuing operations		
Current tax:		
Charge for the year:		
PRC	24	28
Hong Kong	28	—
UK	109	160
Underprovision in prior year		
Hong Kong	—	36
	<u>161</u>	<u>224</u>
Deferred tax	<u>442</u>	<u>719</u>
Taxation for the year	<u>603</u>	<u>943</u>

Under the applicable corporate tax law in the UK, the tax rate is 19% (2020: 19%) of the estimated assessable profits.

Under the applicable corporate tax law in Alberta, Canada, the tax rate is 26% (2020: 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 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. EARNINGS (LOSS) PER SHARE

FROM CONTINUING OPERATIONS

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

	2021 US\$'000	2020 US\$'000
Earnings (loss) figures are calculated as follow:		
Profit (loss) for the year attributable to owners of the Company	386,589	(275,693)
Less: Profit for the year from discontinued operations	<u>—</u>	<u>21,504</u>
Profit (loss) for the purpose of calculating basic earnings (loss) per share from continuing operations	<u>386,589</u>	<u>(297,197)</u>

Number of shares

	2021 '000	2020 '000 (restated)
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	<u>483,729</u>	<u>483,729</u>

FROM CONTINUING AND DISCONTINUED OPERATIONS

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

	2021 US\$'000	2020 US\$'000
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	<u>386,589</u>	<u>(275,693)</u>

Number of shares

	2021 '000	2020 '000 (restated)
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	<u>483,729</u>	<u>483,729</u>

FROM DISCONTINUED OPERATIONS

Basic earnings per share for the discontinued operations is US4.45 cents per share for the year ended 31 March 2020 (2021: nil), based on the profit for the year from the discontinued operations of US\$21,504,000 (2021: nil) and the denominators detailed above for basic earnings per share.

The weighted average number of ordinary shares for the year and prior year has been adjusted and restated for the shares consolidation in note 11.

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

9. TRADE AND OTHER RECEIVABLES

	2021 US\$'000	2020 US\$'000
Trade receivable	—	4,907
Amounts due from brokers	115	582
Deposits and prepayments	3,603	9,061
Goods and Services Tax ("GST") receivables	67	4,312
Interest income receivables	4,539	5,083
Other receivables	—	32
	<u>8,324</u>	<u>23,977</u>

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

	2021 US\$'000	2020 US\$'000
0 – 60 days	<u>—</u>	<u>4,907</u>

Trade receivable as at 31 March 2020 represents trade receivable from sales of coal in Canada (2021: nil). The balance was due on two weeks after delivery. Management believed that no impairment allowance under the expected credit loss model was recognised in respect of the balance as the Group has considered the consistently zero historical default rate in connection with payments and forward-looking information. The Group did not hold any collateral over the balance.

No trade receivables are past due as at 31 March 2020 (2021: nil).

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	2021 US\$'000	2020 US\$'000
Trade payables (aged within 30 days)		
- arising from mining operation (Note a)	99	3,332
- arising from investment in financial instruments operation (Note b)	2,151	—
Other payables and accruals	<u>7,449</u>	<u>11,931</u>
	<u>9,699</u>	<u>15,263</u>

Notes:

- (a) 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.
- (b) The settlement terms of trade payable arising from ordinary course of business of dealing in securities from financial institution are settled two days after trade date.

Other payables also include GST payable to the Alberta Government of US\$12,000 (2020: US\$11,000 payable to the Alberta Government), in respect of sales made in Alberta, Canada under relevant rules and regulations.

11. SHARE CAPITAL

	Number of shares		Share capital	
	2021 '000	2020 '000	2021 US\$'000	2020 US\$'000
Ordinary shares of HK\$0.01 (2020: HK\$0.1) each				
Authorised				
At beginning of year	100,000,000	100,000,000	1,282,052	1,282,052
Share consolidation	(98,750,000)	—	—	—
Effects of Capital Reorganisation	998,750,000	—	—	—
At the end of year	<u>1,000,000,000</u>	<u>100,000,000</u>	<u>1,282,052</u>	<u>1,282,052</u>
Issued and fully paid				
At beginning of year	38,698,309	38,698,309	496,132	496,132
Share consolidation	(38,214,580)	—	—	—
Effects of Capital Reorganisation	—	—	(495,512)	—
At the end of year	<u>483,729</u>	<u>38,698,309</u>	<u>620</u>	<u>496,132</u>

12. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL RESULTS

For the year ended 31 March 2021 (the “Year”), the Company and its subsidiaries (collectively referred to as the “Group”) had achieved a profit after tax of approximately US\$389.1 million (2020: loss after tax of US\$295.1 million). The turnaround from loss to profit was mainly due to: (i) a gain on fair value changes of financial assets at fair value through profit or loss (“FVTPL”) of approximately US\$338.0 million (2020: a loss of US\$148.8 million), (ii) no provision of impairment on property, plant and equipment and right-of-use assets was made (2020 : a provision of US\$93.8 million), and (iii) a net foreign exchange gain of approximately US\$67.3 million (2020: a loss of US\$34.3 million).

Revenue

The total revenue of the Group for the Year was approximately US\$78.7 million (2020: US\$196.4 million). This represented a significant decrease of approximately 60.0% as compared with the prior year. The decrease was mainly due to the suspension of coal mining operation in Canada.

Other Income and Other Gains and Losses

During the Year, the total other income and other gains and losses for the Year was a gain of approximately US\$71.4 million (2020: a loss of US\$31.9 million). It mainly comprised of the following: (i) government grant of approximately US\$1.1 million on COVID-19 subsidies (2020: nil) and (ii) a net foreign exchange gain of approximately US\$67.3 million due to strong Canadian dollar against US dollar (2020: a loss of US\$34.3 million).

Cost of Sales, Distribution and Selling Expenses and Administrative Expenses

As compared with the prior year, the cost of sales, distribution and selling expenses, and administrative expenses fell from US\$122.1 million, US\$46.0 million and US\$48.4 million to US\$40.9 million, US\$10.1 million and US\$34.7 million respectively, all mainly due to the decrease of sale of coal products in Canada and better cost control.

Finance Costs

The strong exchange rate of Canadian dollar against US dollar caused the finance cost on US dollar-based borrowing between CST Canada Coal Limited (“CST Coal”) and China Minsheng Banking Corp. Ltd. (“CMBC”) to fall by approximately 45.6%. Accordingly, the Group’s overall finance costs decreased from approximately US\$16.9 million in prior year to approximately US\$9.2 million for the Year.

SEGMENT INFORMATION

A. Mining Business

Revenue generated from the coal mining business in Alberta, Canada fell substantially because of the suspension of its operations, details of which were disclosed in the Company's announcement dated 13 May 2020. During the Year, the revenue from the coal mining business was approximately US\$28.1 million (2020: US\$168.3 million), compared with the prior year, it has decreased about 83.3%.

Besides the decrease of revenue, cost of sales, distribution and selling expenses and administrative expenses also decreased approximately 66.5%, 78.0% and 51.0% relatively because of the suspension of operations.

Due to the appreciation of Canadian dollar against US dollar, a gain of foreign exchange of approximately US\$66.7 million (2020: a loss of US\$32.9 million) was recognised in the other income and other gains and losses.

In 2020, an impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each cash generating unit has been estimated using its fair value less costs of disposal. An impairment amounted to approximately US\$93.8 million in relation to the coal mine assets was recognised. During the Year, the Group had reviewed with auditors the list of key assumptions used in 2020 when making the said impairment. There were no impairment indicators noted, or any requirement to reverse the previously recognized impairment.

On 26 May 2021, the Alberta Government announced a 3 Stage easing of COVID-19 restrictions for the province. At the moment, Alberta was at Stage 2 (effective from 10 June 2021). Stage 3 will be effective on 1 July 2021. At Stage 3, most public health restrictions will be lifted.

The Alberta Government had previously relaxed restrictions and then shortly afterwards re-imposed restrictions (in November/December 2020 and April 2021) when COVID-19 infections and hospitalization cases increased significantly. CST Coal is monitoring the situation closely, in particular that the 3 Stage relaxation of the restrictions in Alberta do not follow with restrictions being re-imposed (as in November /December 2020 and April 2021) as a result of an increase in COVID-19 infections and hospitalization cases.

Accordingly, in order to protect both our employees and local communities' health and safety in Grande Cache, as well as complying with the guidelines of the Alberta Government with regards to COVID-19, no decision has been made by CST Coal, at the moment, on the timing to resume the Company's coal mine operations.

During the Year, CST Coal did not have any exploration activities and did not incur any exploration expenditure. The coal mine is under care and maintenance since May 2020.

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

	2021 US\$'000	2020 US\$'000
Revenue	28,100	168,313
Cost of sales	(40,898)	(122,119)
Gross (loss) profit	(12,798)	46,194
Other income and other gains and losses	69,035	(32,194)
Distribution and selling expenses	(10,137)	(45,982)
Administrative expenses*	(8,219)	(16,774)
Impairment on property, plant and equipment and right-of-use assets	—	(93,845)
Finance costs*	(8,102)	(15,572)
Profit (loss) before taxation	29,779	(158,173)

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

B. Property Investment

The Group has property investments (both commercial and residential) in Hong Kong, China and Scotland respectively. For details, please refer to “Particulars of Properties Held by the Group” of the annual report of the Company for the Year.

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

	2021 US\$ million	2020 US\$ million
Rental income		
- China	0.2	0.3
- Hong Kong	0.4	0.5
- Scotland	2.2	2.1
	<u>2.8</u>	<u>2.9</u>
Fair value of investment properties		
- China	6.3	6.0
- Hong Kong	17.3	19.9
- Scotland	23.8	22.7
	<u>47.4</u>	<u>48.6</u>

During the Year, the rental income was approximately US\$2.8 million (2020: US\$2.9 million). Despite the continuance of the global COVID-19 pandemic, revenue derived from property investments has been comparatively stable. Compared with the prior year, rental income mildly decreased by approximately 3.4%. It provided a steady cash flow to the Group over the Year.

As of 31 March 2021, the fair value of the investment properties has decreased by approximately 2.5% to US\$47.4 million (2020: US\$48.6 million) mainly due to decline of property value in Hong Kong.

C. Money Lending

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

	2021 US\$ million	2020 US\$ million
Interest income from money lending	6.3	2.2
Loan receivables as of 31 March 2021	<u>68.6</u>	<u>36.1</u>
Provision of bad debt*	<u>—</u>	<u>—</u>
Range of interest rate (%)	<u>5% - 24%</u>	<u>12% - 24%</u>

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

The interest income from money lending business was approximately US\$6.3 million (2020: US\$2.2 million). As compared with the prior year, it represented an increase of approximately 186.4%. The increase in loan interest income was due to the higher average amount of loans advanced to borrowers during the Year. As of 31 March 2021, the loan receivables of the Group was US\$68.6 million (2020: US\$36.1 million). The range of interest rate was 5% to 24% (2020: 12% to 24%). All of them were unsecured. Like prior year, the Group has not recorded any bad debt on its money lending business.

D. Investment in Financial Instruments

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

	2021 US\$ million	2020 US\$ million
Fair value of financial assets at FVTPL		
Listed shares	343.3	49.5
Debt securities	178.7	156.4
Fund and unlisted equity investments	<u>192.4</u>	<u>153.8</u>
	<u>714.4</u>	<u>359.7</u>
Income received from financial assets at FVTPL		
Dividend from listed shares	0.4	2.5
Interest from debt securities	19.5	17.1
Dividend from fund and unlisted equity investments	<u>21.7</u>	<u>3.4</u>
	<u>41.6</u>	<u>23.0</u>
Fair value change of financial assets at FVTPL		
Listed shares:		
- Realised gain (loss) on disposal	6.9	(27.9)
- Unrealised gain (loss) on fair value change	<u>283.5</u>	<u>(47.5)</u>
	<u>290.4</u>	<u>(75.4)</u>

Debt securities:		
- Realised gain on disposal	1.6	—
- Unrealised gain (loss) on fair value change	26.2	(47.1)
	<u>27.8</u>	<u>(47.1)</u>
Fund and unlisted equity investments:		
- Realised gain on disposal	4.6	2.6
- Unrealised gain (loss) on fair value change	15.2	(28.9)
	<u>19.8</u>	<u>(26.3)</u>
	<u><u>338.0</u></u>	<u><u>(148.8)</u></u>

As of 31 March 2021, the Group held a financial asset at FVTPL portfolio amounted to approximately US\$714.4 million (2020: US\$359.7 million) measured at market or fair value.

During the Year, the portfolio generated a dividend and interest income in total amount of approximately US\$41.6 million (2020: US\$23.0 million). It comprised of the following: (i) approximately US\$0.4 million (2020: US\$2.5 million) of dividend income from listed shares, (ii) approximately US\$19.5 million (2020: US\$17.1 million) of interest income from debt securities, and (iii) approximately US\$21.7 million (2020: US\$3.4 million) of dividend income from fund and unlisted equity investments.

a. Listed Shares

As of 31 March 2021, the total market value of listed shares held by the Group was approximately US\$343.3 million (2020: US\$49.5 million). The Group has invested in different categories of listed companies and their weightings to the total market value of the portfolio are as below:

<u>Category of listed companies</u>	<u>Weighting to total market value of portfolio (%)</u>
Automobile (New Energy)	91.04%
Banking and Finance	5.79%
Energy	0.61%
Properties & Construction	2.34%
Others	0.22%
	<u>100.00%</u>

During the Year, the Group recorded a realised gain on disposal of listed shares of approximately US\$6.9 million (2020: a loss of US\$27.9 million) and an unrealized gain on fair value changes in listed shares of approximately US\$283.5 million (2020: a loss of US\$47.5 million). The unrealized gain was mostly contributed by the increase of fair value of the Group's investment on the listed shares of China Evergrande New Energy Vehicle Group Limited ("China Evergrande Vehicle", HKEX stock code: 708) at the amount of approximately US\$282.0 million, in contrast to a decrease of fair value of approximately US\$31.9 million in prior year.

The Group held 42,180,000 ordinary shares in China Evergrande Vehicle, which represented approximately 0.4% of its issued shares. The investment cost was approximately US\$61.3 million. As of 31 March 2021, the carrying value of the Group's investment in China Evergrande Vehicle amounted to approximately US\$312.6 million, which represented approximately 23.6% of the Group's total assets.

China Evergrande Vehicle is principally engaged in the business of health management and manufacturing and sales of new energy vehicles under the umbrella of real estate giant, China Evergrande Group ("China Evergrande", HKEX stock code: 3333). According to China Evergrande Vehicle's 2020 annual report, revenue for the year ended 31 December 2020 was approximately RMB 15.49 billion. Most of the revenue was generated in the health management segment. For the year ended 31 December 2020, China Evergrande Vehicle recorded a loss of approximately RMB 7.67 billion which was mainly due to increase of marketing expenses, finance costs and research and development ("R&D") expenses in new energy vehicles business.

Dedicated to the global R&D and promotion of new energy vehicles applications, China Evergrande Vehicle adhered to its core technology vision of "achieving world-class core technology and proprietary intellectual property rights", and its quality goal of "achieving world-class product quality", and has established a full industry chain of new energy vehicles covering automobile manufacturing, electric motor control, power batteries, vehicle sales, smart charging, shared mobility and other aspects.

China Evergrande Vehicle cooperated with global automotive engineering technology leaders and top styling and design masters to simultaneously develop and design fourteen vehicle models, nine of which have been released. It also built advanced intelligent manufacturing bases in Tianjin, Shanghai, Guangzhou and other locations. China Evergrande Vehicle strived to become the world's largest and most powerful new energy vehicle enterprise, with a goal of achieving annual production and sales volume of over 1 million vehicles by 2025 and 5 million vehicles by 2035, respectively.

China Evergrande Vehicle is now endeavored to facilitate the mass production of the nine Hengchi models of new energy vehicle, and continue to devote itself to the innovation of new energy vehicle technologies. The Group is optimistic about the prospects of China Evergrande Vehicle in the medium to long term, subject to market conditions. The Group has no intention to realise this investment at present.

b. Debt Securities

As of 31 March 2021, the carrying amount of the debt securities held by the Group was approximately US\$178.7 million (2020: US\$156.4 million). The Group held various senior notes of China Evergrande and Scenery Journey Limited, which is an indirect wholly-owned subsidiary of China Evergrande (the "Evergrande Notes") in an aggregated market value of approximately US\$171.6 million (2020: US\$146.9 million), which represented approximately 12.9% of the Group's total assets. The interest rates and maturity dates of the Evergrande Notes vary from 6.25% to 12% and from June 2021 to June 2025 respectively.

China Evergrande 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, cultural tourism business, finance business, internet business and health industry business in China.

The following financial information was extracted from the annual report 2020 of China Evergrande:

	Year ended 31 December	
	2020	2019
	RMB million	RMB million
Revenue	507,248	477,561
Profit before income tax	68,245	74,172
Profit after income tax	31,400	33,542
Net assets	350,431	358,537

Although the market prices of Evergrande Notes fluctuated during the Year, the issuers of the Evergrande Notes do not have any record of default on any issued Evergrande Notes. During the Year, the Evergrande Notes generated an aggregated notes interest income of approximately US\$19.0 million (2020: US\$16.7 million) to the Group.

As the interest rates of the Evergrande Notes are higher than the interest rates of the HK\$ fixed deposits/US\$ fixed deposit offered by commercial banks in Hong Kong, the investment in Evergrande Notes would provide the Group with a higher and stable return. The Group increased its holding of Evergrande Notes on 25 September 2020, 16 November 2020, 18 November 2020 and 19 November 2020 at an aggregated consideration of US\$8.6 million, US\$7.9 million, US\$4.4 million and US\$4.5 million respectively. Details of the four acquisitions of Evergrande Notes were disclosed in the Company's announcement dated 25 September 2020, 16 November 2020, 18 November 2020 and 19 November 2020 and in a circular of the Company dated 24 December 2020.

c. Fund and Unlisted Equity Investments

As of 31 March 2021, the Group held fund and unlisted equity investments in total of approximately US\$192.4 million (2020: US\$153.8 million) at fair value. As compared with the prior year, the carrying amount of the funds portfolio increased approximately US\$38.6 million. The increase is mainly due to the increase of fair value of funds and unlisted equity investments of approximately US\$19.8 million (2020 : a decrease of US\$26.3 million). During the Year, the Group had received dividend income in total of approximately US\$21.7 million (2020: US\$3.4 million) from its fund investment portfolio.

Except for the investments on listed shares of China Evergrande Vehicle and Evergrande Notes as disclosed above, there was not any single investment in the Group's financial assets at FVTPL portfolio that was considered as significant investment, which has a carrying amount accounting for more than 5% of the Group's total assets as at 31 March 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2021, the Group held bank balances and cash amounted to approximately US\$49.3 million (2020: US\$61.9 million).

Borrowings and Pledged of Assets

During the Year, a bank granted a one-year HK\$500 million revolving loan to a subsidiary of the Company. Of the HK\$500 million facility, approximately HK\$207.7 million, which is equivalent to approximately US\$26.6 million, was utilized as of 31 March 2021. The interest rate was 0.9% over HIBOR. This revolving loan was secured by certain securities held by the Group with carrying amount of approximately HK\$646.3 million which is equivalent to approximately US\$82.9 million and a guarantee given by the Company.

Since 2017, an indirect non-wholly owned subsidiary of the Company 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 a pledge of equity interest in the parent company of such subsidiary. As of 31 March 2021, the outstanding balance of this bank loan was approximately GBP7.2 million (equivalent to approximately US\$9.9 million). The loan will expire in July 2021. The Group is negotiating with the relevant bank for extension of the loan.

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 CMBC amounting to approximately US\$409.4 million.

The bank borrowings carry an interest rate of 1.2% over 3 months LIBOR and are 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 2021, the outstanding balance of the principal of this bank loan was approximately US\$408.41 million. As of 31 March 2021, CST Coal had certain equipment under financial lease in the amount of approximately US\$14.81 million. The interest rate under the finance lease is fixed at 7% per annum. Because of the COVID-19 pandemic and the suspension of operations of coal mine, CST Coal has been able to negotiate a reduction of such interest rate to 5% per annum with effect from June 2020.

Based on the balance of all outstanding loans and borrowings from financial institutions, and total equity, the gearing ratio of the Group was 61.1% (2020: 123.6%).

As of 31 March 2021, CST Coal was holding approximately US\$25.2 million (2020: US\$22.2 million) of pledged bank deposit. 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).

Current Ratio

As of 31 March 2021, the Group's current assets and current liabilities were approximately US\$679.7 million (2020: US\$437.1 million) and US\$105.1 million (2020: US\$90.3 million) respectively. the Group's current ratio, expressed as current assets to current liabilities, was approximately 6.5 (2020: 4.8).

NET ASSET VALUE

As of 31 March 2021, the net asset value of the Group amounted to approximately US\$752.0 million (2020: US\$378.5 million). As compared with the prior year, it increased approximately 98.7%.

DIVIDEND

The board of directors of the Company (the "Board") has resolved not to declare any final dividend for the Year (2020: nil).

CAPITAL COMMITMENT

As of 31 March 2021, the capital commitment of the Group was approximately US\$5.4 million (2020: US\$20.2 million). It was mainly related to capital commitments of fund investments of the Group.

CONTINGENT LIABILITY

As of 31 March 2021, the Group had no contingent liability (2020: nil).

MATERIAL ACQUISITIONS, DISPOSAL AND FUTHER 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 Year.

HUMAN RESOURCES

As of 31 March 2021, the Group had 69 staff (2020: 351). Staff costs (excluding directors' emoluments) were approximately US\$12.8 million (2020: US\$30 million) for the Year. Staff remuneration packages are normally reviewed annually. The Group participated in the Mandatory Provident Fund Scheme in Hong Kong and Registered Retirement Savings Plan in Canada respectively. The Group also 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 very 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 its Canada's coal business, it does not have any hedging policy for 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

- (1) On 13 May 2020, the Company announced the suspension of operations of CST Coal, the Group's mining business in Canada, due to impacts of the COVID-19 outbreak on the operation. The coal mine near Grande Cache, Alberta, Canada was placed into care and maintenance status. Details of the suspension were disclosed in the Company's announcement dated 13 May 2020.
- (2) On 17 July 2020, Atlas Keen Limited (a British Virgin Islands incorporated company directly owned by Mr. Chiu Tao, Chairman and executive director of the Company, the "Offeror") and the Company jointly announced that Get Nice Securities Limited would, for and on behalf of the Offeror, make a voluntary conditional cash offer to acquire all the issued shares of the Company other than those shares already owned or agreed to be acquired by the Offeror and its parties in concert on the basis of HK\$0.028 in cash for each share (the "Offer"). As at the date of the joint announcement, there were 38,698,308,961 shares in issue. The Company had no other outstanding shares, options, warrants, derivatives, other securities convertible or exchangeable into shares or other relevant securities of the Company.

Details of the Offer were disclosed in the Company and the Offeror's joint announcements dated 17 July 2020, 7 August 2020, 28 August 2020, 8 September 2020 and 11 September 2020, and in the Composite Document dated 28 August 2020.

The Offer was completed on 25 September 2020, details of which were disclosed in the Company and the Offeror's joint announcement dated 25 September 2020.

- (3) On 29 October 2020, the Board proposed to implement capital reorganisation (the "Capital Reorganisation") involving:
 - (a) every eighty (80) issued existing shares of HK\$0.10 each was consolidated into one (1) issued consolidated share of HK\$8.00 each, and every eighty (80) unissued existing shares of HK\$0.10 each was consolidated into one (1) unissued consolidated share of HK\$8.00 each (the "Share Consolidation").
 - (b) capital reduction immediately upon completion of the Share Consolidation, the issued share capital of the Company was reduced by (a) rounding down the number of consolidated shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a consolidated share in the issued share capital of the Company arising from the Share Consolidation; and (b) cancelling the paid up capital of the Company to the extent of HK\$7.99 on each of the then issued consolidated shares such that the nominal value of each issued consolidated share was reduced from HK\$8.00 to HK\$0.01 (the "Capital Reduction"). The credit arising from the Capital Reduction was applied to offset against the balance of the accumulated losses of the Company up to the effective date of the Capital Reduction.
 - (c) sub-division of consolidated shares on the basis that every unissued consolidated share in the authorised share capital of the Company shall be sub-divided into eight hundred (800) new shares of HK\$0.01 each.

The Board also proposed to change the board lot size for trading on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from 8,000 existing shares to 1,000 new shares (the “Change of Board Lot Size”).

Details of the Capital Reorganisation and the Change of Board Lot Size were disclosed in the Company’s announcements dated 29 October 2020, 1 December 2020 and 19 January 2021, as well as in the circular of the Company dated 13 November 2020.

The Capital Reorganisation was effective on 4 February 2021. Upon the Capital Reorganisation becoming effective, the board lot size for trading of the shares on the Stock Exchange was changed from 8,000 shares to 1,000 new shares, details of which were disclosed in the Company’s announcement dated 3 February 2021.

OUTLOOK

Looking ahead to the fiscal year 2022, amid the ongoing pandemic, we see continued challenging economic conditions and market environment of the Group’s businesses. However, as the massive rollout of vaccination programs further advances globally, and supportive monetary and fiscal policies remain in place around the world, we expect economic activities to further recover in the second half of 2021. The Group will adhere to a flexible and prudent approach. We shall focus on our principal businesses to build a solid revenue base and to further improve our financial performance.

In respect of our mining business, the definitive schedule of the resumption of production and operations is yet to be determined due to ongoing uncertainties related to the pandemic in Canada. The Group will closely follow developments related to the outbreak and will consider resuming the mining business when risks are more manageable.

Regarding investments in financial instruments, the global financial market is expected to remain complicated and volatile. The Group will proactively navigate amongst economic and policy shifts, and exercise judgment on market dynamics, to achieve asset appreciation by actively adjusting its asset allocation strategy, and diversifying its investment portfolio, with a view to achieve capital appreciation and securing steady investment income with relatively higher certainty.

On the property investment front, with local demand becoming stabilized, the rental markets in Scotland and Hong Kong are expected to bottom out in 2021, meaning the worst would be past. The Group will closely follow developments in the property investment market and continue to seek opportunities of property projects with good potential to strengthen its property investment portfolios, while improving its operational efficiency.

As to the money lending business, the Group will remain prudent in maintaining its risk management policy to control the quality of its lending portfolios, making a balance between profitability and risk management.

The Group will continue to closely monitor market developments and explore potential opportunities to pursue other businesses and/or expansion of the reach of the Group’s principal businesses into other geographical areas, for a stronger future development of the Group. The Company believes that diversification will drive the long-term development of the Group, and thus deliver better returns to our 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 25 September 2020 (“2020 AGM”). However, Mr. Chiu Tao was unable to attend the 2020 AGM due to another business commitment. Mr. Hui Richard Rui, executive director and General Manager of the Company, who took the chair of the 2020 AGM, together with other members of the Board who attended the 2020 AGM were of sufficient calibre and knowledge for answering questions at the 2020 AGM.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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 OF FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the Year have been reviewed by the audit committee of the Company. 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
Yeung Bik Shan
Company Secretary

Hong Kong, 25 June 2021

As at the date of this announcement, the Board comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, 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.