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**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
10% INTERESTS IN UNI-DRAGON LIMITED**

Reference is made to the announcement of the Company in relation to, amongst others, the acquisition of 10% interests in Uni-Dragon dated 15 October 2019 (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company wishes to provide further information on the Transaction.

Consideration for the Acquisition

The Consideration of HK\$150 million for the Sale Shares and the Sale Loan was determined after taking into account, amongst others, the following factors:

- (a) the preliminary valuation of the Property of approximately HK\$4.33 billion as at 31 March 2019 (the “**Preliminary Valuation**”);
- (b) the amount of the Bank Loan and the adjustment to the value of the Property by subtracting the amount of the Bank Loan from the value of the Property of approximately HK\$4.33 billion as determined by the Preliminary Valuation; and
- (c) the potential benefits that the Company may derive from the positive prospects of the Macau property market by acquiring a stake in a property project in Macau.

In connection with the Preliminary Valuation, the Company understands that the Preliminary Valuation was performed by Greater China Appraisal Limited (“**Greater China**”), an independent professional valuer engaged by South Shore. Greater China is a regulated firm under The Royal Institution of Chartered Surveyors and a corporate member of The International Valuation Standards Council. For details of the Preliminary Valuation, including the valuation methodology adopted, please refer to the 2019 annual report of South Shore dated 5 August 2019 (the “**South Shore 2019 Annual Report**”).

Taking into account of, amongst others, the relevant disclosure in the South Shore 2019 Annual Report, the Directors consider that the Preliminary Valuation is fair and reasonable.

Potential provision of the shareholder's loan to Uni-Dragon

As stated in the Announcement, on Completion, Ease Link shall advance to Uni-Dragon as an interest-free shareholder's loan (the "**Ease Link Shareholder's Loan**") in the amount of not exceeding HK\$50 million for debt service payments of New Concordia in respect of the Bank Loan in proportion to its shareholding in Uni-Dragon. On the same basis, Falloncroft, Fine Intellect and All Fame shall also advance to Uni-Dragon as interest-free shareholders' loans in the amount of not exceeding HK\$250 million, HK\$100 million and HK\$100 million, respectively.

Upon Completion, it is contemplated that the Company will become one of the investors of Uni-Dragon by indirectly holding 10% of the issued shares of Uni-Dragon. Given that the Ease Link Shareholder's Loan, if provided, will be used to refinance the Bank Loan owing by New Concordia to the Lender, the Directors consider that the provision of the Ease Link Shareholder's Loan could reduce the interest expenses of Uni-Dragon and hence improve the financial performance of Uni-Dragon. Therefore, in light of the purpose of the loan and the Company's investment in Uni-Dragon, the Directors consider that it is in the interests of the Company and its shareholders as a whole to provide a one-off shareholder's loan to Uni-Dragon to refinance the Bank Loan.

In view of the above, the Directors consider that the terms of the Acquisition Agreement, the Shareholders' Agreement and the transactions contemplated thereunder (including the Group's total commitment for the Transaction of HK\$200 million) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Information on the Uni-Dragon Group

The unaudited proforma financial information of the Uni-Dragon Group for each of the two years ended 31 March 2018 and 2019 assuming the Restructuring would have been completed on 1 April 2017 is set out below:

	For the year ended 31 March	
	2019	2018
	HK\$ million	HK\$ million
Revenue	-----	-----
Profit/(Loss) before taxation	(4,368)	(1,299)
Profit/(Loss) after taxation	(4,368)	(1,299)

The unaudited proforma combined net liabilities of Uni-Dragon amounted to approximately HK\$5.67 billion as at 31 March 2019. Liabilities of the Uni-Dragon Group other than the Bank Loan and the shareholder's loan amounted to approximately HK\$544 million as at 31 March 2019 and it is expected that they shall be fully settled by Falloncroft on or before Completion.

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

Hong Kong, 24 October 2019

As at the date of this announcement, the Board comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, Mr. Lee Ming Tung, Mr. Kwan Kam Hung, Jimmy, Mr. Tsui Ching Hung and Mr. Wah Wang Kei, Jackie as executive directors of the Company; and (ii) Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.