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## **DISCLOSEABLE TRANSACTION ACQUISITION OF NOTES**

### **THE ACQUISITION**

The Board announces that on 22 January 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, acquired through UBS the Notes to be issued by the Issuer in the aggregate principal amount of US\$25 million (equivalent to approximately HK\$195 million) for a total consideration of US\$25 million (equivalent to approximately HK\$195 million).

### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition by the Purchaser exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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**Issuer:** Scenery Journey Limited 景程有限公司, a company incorporated with limited liability in the British Virgin Islands, an indirectly wholly owned subsidiary of China Evergrande

**Offering Price:** 100% of the principal amount with respect to the 2022 Notes; and  
100% of the principal amount with respect to the 2023 Notes.

**Interest:** The 2022 Notes will bear interest from and including 24 January 2020 at the rate of 11.5% per annum and will mature on 24 October 2022. Interest will be payable semi-annually in arrears on 24 January and 24 July of each year, beginning on 24 July 2020 except that the last interest period will be from and including 24 July 2022 to but excluding 24 October 2022.

The 2023 Notes will bear interest from and including 24 January 2020 at the rate of 12% per annum and will mature on 24 October 2023. Interest will be payable semi-annually in arrears on 24 January and 24 July of each year, beginning on 24 July 2020 except that the last interest period will be from and including 24 July 2023 to but excluding 24 October 2023.

Total issue size: 2022 Notes  
US\$2,000 million (equivalent to approximately HK\$15.60 billion)

2023 Notes  
US\$2,000 million (equivalent to approximately HK\$15.60 billion)

Principal Amount of the Notes acquired: 2022 Notes  
US\$12.50 million (equivalent to approximately HK\$97.50 million)

2023 Notes  
US\$12.50 million (equivalent to approximately HK\$97.50 million)

Ranking of the Notes: The Notes are (1) general obligations of the Issuer, (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, (3) at least pari passu in right of payment with all the unsecured, unsubordinated indebtedness of the Issuer, including the Existing Notes, (4) guaranteed by Tianji Holding, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (5) effectively subordinated to the secured obligations of the Tianji Holding, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor, and (6) effectively subordinated to all existing and future obligations of the non-guarantor subsidiaries.

Optional Redemption: 2022 Notes  
  
At any time prior to 24 July 2022, the Issuer may, upon giving not less than 30 days' nor more than 60 days' notice to the holders and the Trustee, at its option redeem the 2022 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 24 July 2022, the Issuer may, upon giving not less than 30 days' nor more than 60 days' notice to the holders and the Trustee, redeem up to 35% of the aggregate principal amount of the 2022 Notes at a redemption price of 111.5% of the principal amount of the 2022 Notes redeemed, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time from and including 24 July 2022 to but excluding 24 October 2022, the Issuer may, upon giving not less than 15 days' nor more than 30 days' notice to the holders and the Trustee, at its option redeem the 2022 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.

### 2023 Notes

On or after 24 October 2021, the Issuer may on any one or more occasions redeem all or any part of the 2023 Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the respective period indicated below:

	<u>Redemption Price</u>
From (and including) 24 October 2021 to (excluding) 24 October 2022	106%
From (and including) 24 October 2022 to (excluding) 24 July 2023	103%

At any time prior to 24 October 2021, the Issuer may, upon giving not less than 30 days' nor more than 60 days' notice to the holders and the Trustee, at its option redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 24 October 2021, the Issuer may, upon giving not less than 30 days' nor more than 60 days' notice to the holders and the Trustee, redeem up to 35% of the aggregate principal amount of the 2023 Notes at a redemption price of 112% of the principal amount of the 2023 Notes redeemed, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

At any time from and including 24 July 2023 to but excluding 24 October 2023, the Issuer may, upon giving not less than 15 days' nor more than 30 days' notice to the holders and the Trustee, at its option redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.

Rating:

The Notes are expected to be assigned a rating of B2 by Moody's Investors Service, or Moody's, and B by Standard & Poor's Ratings Services, or S&P. Hengda Real Estate has been assigned a long-term corporate credit rating of B+ with a stable outlook by S&P, a corporate family rating of B1 with a stable outlook by Moody's and a long-term foreign currency issuer default rating of B+ with a stable outlook by Fitch Ratings.

Listing: The Notes are to be listed on SGX-ST

## **INFORMATION OF THE GROUP**

The principal business activities of the Group are (i) exploration, development and mining of mineral resources materials, (ii) investment in financial instruments, (iii) property investment and (iv) money lending.

The Purchaser is an indirect wholly-owned subsidiary of the Company. It is incorporated in Hong Kong with limited liability and is principally engaged in investment in securities and acts as an investment holding company.

## **INFORMATION OF THE ISSUER**

The Issuer is a company incorporated in the British Virgin Islands, an indirectly wholly owned subsidiary of China Evergrande and the issuer of the Notes. China Evergrande, a company incorporated in Cayman Islands with limited liability, the share of which are listed on the Main Board of the Stock Exchange. China Evergrande and its subsidiaries are principally engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Issuer and China Evergrande and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **REASONS FOR, AND THE BENEFITS OF, THE ACQUISITION**

The Acquisition forms part of the Group's principal business activities in investment in financial instruments and presents an opportunity for the Group to have a stable return.

As the interest rate of the Notes is higher than the interest rates of the HK\$ fixed deposits / US\$ fixed deposit offered by commercial banks in Hong Kong and the Acquisition would provide the Group with a higher and stable return, the Directors consider that the Acquisition is fair and reasonable and is in the interest of the Company and its shareholders as a whole.

The Acquisition is funded by internal resources of the Company.

## **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition by the Purchaser exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

2022 Notes	US\$ denominated senior notes due 2022 in the aggregate amount of US\$2,000 million to be issued by the Issuer
2023 Notes	US\$ denominated senior notes due 2023 in the aggregate amount of US\$2,000 million to be issued by the Issuer
“Acquisition”	the acquisition of the Notes through UBS in the aggregate principal amount of US\$25 million (equivalent of approximately HK\$195 million) for a total consideration of US\$25 million (equivalent of approximately HK\$195 million) on 22 January 2020
“Board”	the board of the Directors
“China Evergrande”	China Evergrande Group, a company incorporated in Cayman Islands with limited liability, the share of which are listed on the Main Board of the Stock Exchange (stock code: 3333)
“Company”	CST Group Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 985)
“Director(s)”	the director(s) of the Company
“Existing Notes”	the Issuer’s outstanding 11% senior notes due 2020, the Issuer’s outstanding 9% senior notes due 2021, the Issuer’s outstanding 13% senior notes due 2022 and the Issuer’s outstanding 13.75% senior notes due 2023
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hengda Real Estate”	恒大地產集團有限公司(Hengda Real Estate Group Co., Ltd), a company established in the PRC with limited liability, a non-wholly owned subsidiary of 廣州市凱隆置業有限公司(Guangzhou Kailong Real Estate Company Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of China Evergrande
“Hong Kong”	the Hong Kong Special Administrative Region of the ‘PRC
“Issuer”	Scenery Journey Limited 景程有限公司, a company incorporated with limited liability in the British Virgin Islands, an indirectly wholly owned subsidiary of China Evergrande and the issuer of the Notes

“JV Subsidiary Guarantors”	subsidiaries of Tianji Holding that will provide limited-recourse guarantee for the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the 2022 Notes and the 2023 Notes
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Skytop Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	the subsidiaries of Tianji Holding which guarantee the Notes
“Tianji Holding”	Tianji Holding Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Hengda Real Estate
“Trustee”	Citicorp International Limited, as the trustee of the Notes
“UBS”	UBS AG Hong Kong Branch (UBS AG is incorporated in Switzerland with limited liability)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

*For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.8.*

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

Hong Kong, 22 January 2020

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