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## **MAJOR TRANSACTION IN RELATION TO ACQUISITIONS OF CHINA EVERGRANDE NOTES**

### **THE ACQUISITIONS**

On 16 November 2020, the Purchaser acquired an aggregate principal amount of US\$3.00 million (equivalent to approximately HK\$23.40 million) of 9% China Evergrande Notes Due 2021 and an aggregate principal amount of US\$5.50 million (equivalent to approximately HK\$42.90 million) of 11.5% China Evergrande Notes Due 2022 on the open market at an aggregate consideration of approximately US\$2.92 million (equivalent to approximately HK\$22.78 million) and approximately US\$4.96 million (equivalent to approximately HK\$38.69 million) respectively.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions, when aggregated with Previous Acquisitions in the last 12 months exceeds 25% but is less than 100%, the Acquisitions aggregated with the Previous Acquisitions constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisitions. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving of the Acquisitions, the Company has obtained written Shareholders' approval from Mr. Chiu and Atlas Keen, who together interested in 28,886,929,095 Shares, representing approximately 74.64% of the issued share capital of the Company as at the date of this announcement. As a result, no general meeting is required to be convened for the approval of the Acquisitions.

### **DESPATCH OF CIRCULAR**

A circular, providing further details of the Acquisitions, will be despatched to the Shareholders as soon as possible, which is expected to be on or before 8 December 2020.

## **THE ACQUISITIONS**

On 16 November 2020, the Purchaser acquired an aggregate principal amount of US\$3.00 million (equivalent to approximately HK\$23.40 million) of 9% China Evergrande Notes Due 2021 and an aggregate principal amount of US\$5.50 million (equivalent to approximately HK\$42.9 million) of 11.5% China Evergrande Notes Due 2022 on the open market at an aggregate consideration of approximately US\$2.92 million (equivalent to approximately HK\$22.78 million) and approximately US\$4.96 million (equivalent to approximately HK\$38.69 million) respectively.

The China Evergrande Notes were issued by Scenery Journey, information of which is stated in the section headed “INFORMATION OF SCENERY JOURNEY AND CHINA EVERGRANDE” in this announcement. The 9% China Evergrande Notes Due 2021 was issued on 6 March 2019 and was listed on SGX-ST. The 11.5% China Evergrande Note Due 2022 was issued on 24 January 2020 and was listed on SGX-ST.

As the Acquisitions were made through the Company’s security brokers (which are and whose beneficial owners are Independent Third Parties) and conducted on the open market, the identities of the sellers of the China Evergrande Notes cannot be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the sellers of the China Evergrande Notes and their respective beneficial owners are Independent Third Parties.

## **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 SCENERY JOURNEY AND CHINA EVERGRANDE**

Scenery Journey is a limited company incorporated in British Virgin Islands. It is an indirectly wholly-owned subsidiary of China Evergrande.

China Evergrande is a limited company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 3333). China Evergrande is principally engaged in property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in PRC.

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

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

The Acquisitions are funded by internal resources of the Company.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions, when aggregated with Previous Acquisitions in the last 12 months exceeds 25% but is less than 100%, the Acquisitions aggregated with the Previous Acquisitions constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisitions. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving of the Acquisitions, the Company has obtained written Shareholders' approval from Mr. Chiu and Atlas Keen, who together interested in 28,886,929,095 Shares, representing approximately 74.64% of the issued share capital of the Company as at the date of this announcement. As a result, no general meeting is required to be convened for the approval of the Acquisitions.

## **DESPATCH OF CIRCULAR**

A circular, providing further details of the Acquisitions, will be dispatched to the Shareholders as soon as possible, which is expected to be on or before 8 December 2020.

## **DEFINITIONS**

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

“11.5% China Evergrande Notes Due 2022”	the 11.5% senior notes due 2022 in the aggregate notional amount of US\$2,000 million issued by Scenery Journey, which will mature on 24 October 2022
“12% China Evergrande Notes Due 2023”	the 12% senior notes due 2023 in the aggregate notional amount of US\$2,000 million issued by Scenery Journey, which will mature on 24 October 2023
“6.25% China Evergrande Notes Due 2021”	the 6.25% senior notes due 2021 in the aggregate notional amount of US\$500 million issued by China Evergrande, which will mature on 28 June 2021
“8.9% China Evergrande Notes Due 2021”	the 8.9% senior notes due 2021 in the aggregate notional amount of US\$200 million issued by China Evergrande, which will mature on 24 May 2021
“9% China Evergrande Notes Due 2021”	the 9% senior notes due 2021 in the aggregate notional amount of US\$600 million issued by Scenery Journey, which will mature on 6 March 2021

“Acquisitions”	the acquisitions of China Evergrande Notes in the aggregate consideration of approximately US\$7.88 million
“Atlas Keen”	Atlas Keen Limited, a company incorporated in British Virgin Islands with limited liability and wholly-owned by Mr. Chiu, which is interested in 24,986,929,095 Shares (representing approximately 64.56% of the issued share capital of the Company as at the date of this announcement)
“Board”	the board of the Directors
“China Evergrande”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, the share of which are listed on the Main Board of the Stock Exchange (stock code: 3333)
“China Evergrande Notes”	the 9% China Evergrande Notes Due 2021 and the 11.5% China Evergrande Notes Due 2022
“Company”	CST Group Limited, a company incorporated in the 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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s)(as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chiu”	Mr. Chiu Tao, (i) the chairman and an executive Director of the Company and (ii) the sole director and sole shareholder of Atlas Keen, is interested in 3,900,000,000 Shares (representing approximately 10.08% of the issued share capital of the Company as at the date of this announcement)
“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

“Previous Acquisitions”	Previous acquisitions by the Purchaser of the 11.5% China Evergrande Notes Due 2022 and the 12% China Evergrande Notes Due 2023 in January 2020 ; and 6.25% China Evergrande Notes Due 2021 and 8.9% China Evergrande Notes Due 2021 in September 2020, particulars of which are disclosed in the Company’s announcements dated 22 January 2020 and 25 September 2020 respectively
“Scenery Journey”	Scenery Journey Limited (景程有限公司), a company incorporated in the British Virgin Islands with limited liability, an indirectly wholly-owned subsidiary of China Evergrande
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	The ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 16 November 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.*