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DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITIONS OF CHINA EVERGRANDE NOTES

THE ACQUISITIONS

On 20 July 2021, the Purchaser acquired an aggregate principal amount of US\$11 million (equivalent to approximately HK\$85.80 million) of 10.5% China Evergrande Notes Due 2024 on the open market at an aggregate consideration (including unpaid interest accrued) of approximately US\$6.81 million (equivalent to approximately HK\$53.12 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 Acquisitions, when aggregated with Previous Acquisitions in the last 12 months exceeds 5% but is less than 25%, the Acquisitions aggregated with the Previous Acquisitions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

THE ACQUISITIONS

On 20 July 2021, the Purchaser acquired an aggregate principal amount of US\$11 million (equivalent to approximately HK\$85.80 million) of the 10.5% China Evergrande Notes Due 2024 on the open market at an aggregate consideration (including unpaid interest accrued) of approximately US\$6.81 million (equivalent to approximately HK\$53.12 million).

The 10.5% China Evergrande Notes Due 2024 was issued by China Evergrande, information of which is stated in the section headed “INFORMATION OF SCENERY JOURNEY AND CHINA EVERGRANDE ” in this announcement. The 10.5% China Evergrande Notes Due 2024 was issued on 11 April 2019 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 10.5% China Evergrande Notes Due 2024 cannot be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the sellers of the 10.5% China Evergrande Notes Due 2024 and their respective beneficial owners are Independent Third Parties.

PREVIOUS ACQUISITIONS

The Purchaser acquired an aggregate principal amount of US\$7 million (equivalent to approximately HK\$54.60 million) of 11.5% China Evergrande Notes Due 2022 at an aggregate consideration (including unpaid interest accrued) of approximately US\$5.94 million (equivalent to approximately HK\$46.33 million) in the period between 24 December 2020 to 19 July 2021. The Previous Acquisitions in aggregate did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules at the relevant time.

The 11.5% China Evergrande Notes Due 2022 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 11.5% China Evergrande Note Due 2022 was issued on 24 January 2020 and was listed on SGX-ST.

INFORMATION OF THE GROUP

The principal business activities of the Group are (i) exploration, development and mining of mineral resources, (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, cultural tourism business, 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 10.5% China Evergrande Notes Due 2024 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 IMPLICATION

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 5% but is less than 25%, the Acquisitions aggregated with the Previous Acquisitions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are 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:

“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
“10.5% China Evergrande Notes Due 2024”	the 10.5% senior notes due 2024 in the aggregate notional amount of US\$300 million issued by China Evergrande, which will mature on 11 April 2024
“Acquisitions”	the acquisitions of 10.5% China Evergrande Notes Due 2024 in the aggregate consideration (including unpaid interest accrued) of approximately US\$6.81 million (equivalent to approximately HK\$53.12 million)
“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
“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

“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 an aggregate principal amount of US\$7 million (equivalent to approximately HK\$54.60 million) of 11.5% China Evergrande Notes Due 2022 at an aggregate consideration (including unpaid interest accrued) of approximately US\$5.94 million (equivalent to approximately HK\$46.33 million) in the period between 24 December 2020 to 19 July 2021
“Scenery Journey”	Scenery Journey Limited (景程有限公司), a company incorporated in the British Virgin Islands, an indirectly wholly owned subsidiary of China Evergrande
“SGX-ST”	Singapore Exchange Securities Trading Limited
“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
Yeung Bik Shan
Company Secretary

Hong Kong, 20 July 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.