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DISCLOSEABLE TRANSACTION FURTHER DISPOSALS OF CHINA EVERGRANDE NOTES

FURTHER DISPOSALS

Reference is made to the announcement of the Company dated 11 October 2021 in relation to the Aggregated Disposals.

Subsequent to the Disposal, the Vendor further disposed of the China Evergrande Notes in the secondary market for a respective consideration of approximately US\$6,373,450 (exclusive of transaction costs) (equivalent to approximately HK\$49,712,910) during the period from 12 October 2021 to 1 December 2021 (both days inclusive).

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Further Disposals (both on its own and on an aggregated basis with the Aggregated Disposals) is more than 5% but less than 25%, the Further Disposals constitute 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.

FURTHER DISPOSALS

Reference is made to the announcement of the Company dated 11 October 2021 in relation to the Aggregated Disposals (the “**Announcement**”).

Subsequent to the Disposal, the Vendor further disposed of the China Evergrande Notes in the secondary market for a respective consideration of approximately US\$6,373,450 (exclusive of transaction costs) (equivalent to approximately HK\$49,712,910) during the period from 12 October 2021 to 1 December 2021 (both days inclusive).

Details of the Further Disposals are as follows:

Period: From 12 October 2021 to 1 December 2021 (both days inclusive)

Vendor: Skytop Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

Issuer: 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 the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the People's Republic of China

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Scenery Journey and China Evergrande are third parties independent of the Company and its connected persons

Aggregate nominal value of the China Evergrande Notes disposed of under the Further Disposals: 8.25% China Evergrande Notes: US\$1,000,000 (equivalent to approximately HK\$7,800,000)

9.5% China Evergrande Notes: US\$2,000,000 (equivalent to approximately HK\$15,600,000)

10% China Evergrande Notes: US\$2,000,000 (equivalent to approximately HK\$15,600,000)

10.5% China Evergrande Notes: US\$3,000,000 (equivalent to approximately HK\$23,400,000)

11.5% China Evergrande Notes: US\$13,000,000 (equivalent to approximately HK\$101,400,000)

12% China Evergrande Notes: US\$12,500,000 (equivalent to approximately HK\$97,500,000)

Aggregate consideration (exclusive of transaction costs) received under the Further Disposals: 8.25% China Evergrande Notes: approximately US\$330,000 (equivalent to approximately HK\$2,574,000)

9.5% China Evergrande Notes: approximately US\$469,000 (equivalent to approximately HK\$3,658,200)

10% China Evergrande Notes: approximately US\$434,000 (equivalent to approximately HK\$3,385,200)

10.5% China Evergrande Notes: approximately US\$690,000 (equivalent to approximately HK\$5,382,000)

11.5% China Evergrande Notes: approximately US\$2,266,500 (equivalent to approximately HK\$17,678,700)

12% China Evergrande Notes: approximately US\$2,183,950 (equivalent to approximately HK\$17,034,810)

The entire consideration for the Further Disposals have been/will be settled by cash

Maturity date of the China Evergrande Notes:

8.25% China Evergrande Notes: 23 March 2022

9.5% China Evergrande Notes: 29 March 2024

10% China Evergrande Notes: 11 April 2023

10.5% China Evergrande Notes: 11 April 2024

11.5% China Evergrande Notes: 24 October 2022

12% China Evergrande Notes: 24 October 2023

Coupon rate and interest income:

8.25% per annum (for 8.25% China Evergrande Notes)

9.5% per annum (for 9.5% China Evergrande Notes)

10% per annum (for 10% China Evergrande Notes)

10.5% per annum (for 10.5% China Evergrande Notes)

11.5% per annum (for 11.5% China Evergrande Notes)

12% per annum (for 12% China Evergrande Notes)

The interest income received of the Group attributable to China Evergrande Notes disposed of by the Vendor under the Further Disposals amounted to approximately US\$5,155,000 (equivalent to approximately HK\$40,209,000)

INFORMATION OF THE COUNTERPARTY

As the Further Disposals were made through the Company's security brokers (which are and whose beneficial owners are third parties independent of the Company and its connected persons) and conducted on the open market, the identities of the buyers 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 buyers of the China Evergrande Notes and their respective beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE FURTHER DISPOSALS

As disclosed in the Announcement, the Directors are cautious and concerned about the recent development of China Evergrande and have been monitoring disclosures made by China Evergrande. The Directors do not see much improvement in the financial position of China Evergrande.

In view of the above, and given the changing market and economic conditions, the Directors are of the view that:

- a. the Group should continue to reduce its risk exposure on the investments in the China Evergrande Senior Notes; and
- b. the Further Disposals provide an immediate liquidity to the Group, and allow the Group to re-allocate the proceeds for other investment opportunities when they arise.

The Directors consider the Further Disposals are in the interest of the Company and its shareholders as a whole.

Since the Further Disposals were conducted through open market, the Directors consider that the Further Disposals were on normal commercial terms and were fair and reasonable.

FINANCIAL EFFECTS OF THE FURTHER DISPOSALS AND USE OF PROCEEDS

It is expected that the Group will record a loss of approximately US\$21,600,000 (equivalent to approximately HK\$168,480,000) for the financial year ending 31 March 2022 as a result of the Further Disposals, subject to auditors' review.

The proceeds from the Further Disposals (exclusive of transaction costs), which amounting to approximately US\$6,373,450 (equivalent to approximately HK\$49,712,910), will be used for other business/investment opportunities, or as general working capital of the Group.

INFORMATION OF THE GROUP AND THE VENDOR

The principal 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 Vendor 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.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Further Disposals (both on its own and on an aggregated basis with the Aggregated Disposals) is more than 5% but less than 25%, the Further Disposals constitute 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.

The Group may made further disposal of its investment in China Evergrande Senior Notes. The Company will make further announcement when appropriate.

SHAREHOLDERS AND OTHER POTENTIAL INVESTORS SHALL EXERCISE CAUTION WHEN DEALING IN SHARES OF THE COMPANY.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“8.25% China Evergrande Notes”	the 8.25% senior notes due 2022 in the aggregate notional amount of US\$1,000 million issued by China Evergrande, which will mature on 23 March 2022
“9.5% China Evergrande Notes”	the 9.5% senior notes due 2024 in the aggregate notional amount of US\$1,000 million issued by China Evergrande, which will mature on 29 March 2024
“10% China Evergrande Notes”	the 10% senior notes due 2023 in the aggregate notional amount of US\$450 million issued by China Evergrande, which will mature on 11 April 2023
“10.5% China Evergrande Notes”	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
“11.5% China Evergrande Notes”	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”	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
“Aggregated Disposals”	the Disposal and the Previous Disposals
“Board”	the board of Directors of the Company
“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)
“China Evergrande”	China Evergrande Group, 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: 3333)
“China Evergrande Notes”	the 8.25% China Evergrande Notes in the nominal value of US\$1,000,000 (equivalent to approximately HK\$7,800,000), 9.5% China Evergrande Notes in the nominal value of US\$2,000,000 (equivalent to approximately HK\$15,600,000), 10% China Evergrande Notes in the nominal value of US\$2,000,000 (equivalent to approximately HK\$15,600,000), 10.5% China Evergrande Notes in the nominal value of US\$3,000,000 (equivalent to approximately HK\$23,400,000), 11.5% China Evergrande Notes in the nominal value of US\$13,000,000 (equivalent to approximately HK\$101,400,000); and 12% of China Evergrande Note in the nominal value US\$12,500,000 (equivalent to approximately HK\$97,500,000) disposed of by the Vendor in the Further Disposals
“China Evergrande Senior Notes”	offshore senior notes issued by China Evergrande or its subsidiaries
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposals of the 10.5% China Evergrande Notes and 11.5% China Evergrande Notes with both of nominal values of US\$4,000,000 (equivalent to approximately HK\$31,200,000) by the Vendor in the secondary market on 11 October 2021
“Further Disposals”	the disposals of the China Evergrande Notes by the Vendor in the secondary market during the period from 12 October 2021 to 1 December 2021 (both days inclusive)

“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Disposals”	the disposals of the 8.25% China Evergrande Notes in the aggregate nominal value of US\$4,000,000 (equivalent to approximately HK\$31,200,000), 9.5% China Evergrande Notes in the aggregate nominal value of US\$3,700,000 (equivalent to approximately HK\$28,860,000); and 10.5% China Evergrande Notes in the aggregate nominal value of US\$12,000,000 (equivalent to approximately HK\$93,600,000), by the Vendor in the secondary market during the period from 6 October 2021 to 10 October 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Skytop Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	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, 1 December 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 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.