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**ATLAS KEEN LIMITED**  
*(Incorporated in the British Virgin Islands with  
limited liability)*

**CST GROUP LIMITED**  
**中譽集團有限公司**  
*(Incorporated in the Cayman Islands with  
limited liability)*  
**(Stock Code: 985)**

**(1) PROPOSED PRIVATIZATION OF CST GROUP LIMITED BY WAY  
OF A SCHEME OF ARRANGEMENT;  
(2) PROPOSED WITHDRAWAL OF LISTING OF SHARES;  
AND  
(3) RESUMPTION OF TRADING**

**Financial Adviser to the Offeror**

 **結好證券有限公司**  
**GET NICE SECURITIES LIMITED**

**INTRODUCTION**

On 31 August 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatization of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares, and the voluntary withdrawal of the listing of the Shares on the Stock Exchange.

## **THE PROPOSAL**

If the Proposal is approved and implemented, pursuant to the Scheme,

- (1) all Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment to each Scheme Shareholder of the Cancellation Price in cash for each Scheme Share cancelled;
- (2) the issued share capital of the Company will be reduced by the cancellation of the Scheme Shares. Immediately after such reduction, the Company will issue to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled such that the issued share capital of the Company will be restored to its amount in issue immediately before the capital reduction. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid; and
- (3) the listing of the Shares on the Stock Exchange will be withdrawn pursuant to Rule 6.15 of the Listing Rules.

The Cancellation Price of HK\$1.00 for each Scheme Share represents a premium of approximately 61.29% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on the Last Trading Day.

## **CONDITIONS OF THE PROPOSAL AND THE SCHEME**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfillment or waiver (as applicable) of the conditions as described in the section headed “CONDITIONS OF THE PROPOSAL AND THE SCHEME” of this joint announcement below. All of the Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and as the Executive may consent), failing which the Scheme will lapse.

## **FINANCIAL RESOURCES**

The Offeror intends to finance the consideration payable by the Offeror through the Loan Facility. The Loan Facility is secured by, among others, (i) a share charge of all the Shares currently held and all the Shares to be owned by the Offeror and Mr. Chiu after the Scheme becomes effective in favour of Get Nice Securities; and (ii) a share charge of the entire issued share capital of the Offeror in favour of Get Nice Securities. Get Nice Securities, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to discharge its obligation in respect of the full implementation of the Scheme.

## **IMPLEMENTATION OF THE PROPOSAL AND VOLUNTARY WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the voluntary withdrawal of the listing of the Shares on the Stock Exchange, in accordance with Rule 6.15(2) of the Listing Rules, immediately following the Effective Date. The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the voluntary withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, *inter alia*, further details of the Scheme.

## **SCHEME SHARES, COURT MEETING AND EGM**

Only Disinterested Scheme Shareholders may vote at the Court Meeting on the resolution to approve the Scheme and vote at the EGM. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and the conditions of the Scheme.

All Shareholders will be entitled to attend the EGM and vote on (i) the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror.

The Offeror and the Offeror Concert Parties have indicated that if the Scheme is approved at the Court Meeting and absent any restriction under the Listing Rules, each of them will cast the votes in respect of those Shares held by it in favour of the resolutions to be proposed at the EGM.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the independent non-executive directors of the Company who are not interested in the Proposal, has been established by the Board to make a recommendation to the Disinterested Scheme Shareholders as to: (a) whether the terms of the Proposal and the Scheme are fair and reasonable; and (b) whether to vote in favor of the resolutions of the approval of the Scheme at the Court Meeting and the resolutions necessary to implement the Proposal at the EGM.

The Independent Financial Adviser will be appointed by the Board with the approval of the Independent Board Committee in due course to advise the Independent Board Committee on the Proposal, the Scheme and the voluntary withdrawal of the listing of the Shares on the Stock Exchange. Further announcement will be made by the Company in respect of appointment of the independent financial adviser as and when appropriate.

## **DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, among other things, (i) further details of the Proposal and the Scheme; (ii) the expected timetable; (iii) an explanatory memorandum as required under the Companies Act and the Rules of the Grand Court; (iv) information regarding the Company; (v) the recommendations from the Independent Board Committee with respect to the Proposal and the Scheme; (vi) the advice of the Independent Financial Adviser to the Independent Board Committee; and (vii) notices of the Court Meeting and the EGM together with forms of proxy in relation thereto, will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Act, the Rules of the Grand Court and any other applicable laws and regulations.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 24 August 2023 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 4 September 2023.

## **WARNING**

**The Proposal and the Scheme are conditional upon the satisfaction or (where applicable) waiver of conditions. Accordingly, the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

*The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.*

## **NOTICE TO US INVESTORS**

*The Proposal is being made to cancel the securities of a company incorporated in the Cayman Islands with limited liability by means of a scheme of arrangement provided for under the Companies Act and is subject to Cayman Islands and Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in the relevant documentation, including this joint announcement, has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Cayman Islands and Hong Kong to schemes of arrangement, which differ from the disclosure requirements of the US tender offer rules. In addition, US holders of Scheme Shares should be aware that this joint announcement has been prepared in accordance with Hong Kong format and style, which differs from US format and style.*

*The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Proposal may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her/it.*

*US holders of Scheme Shares may encounter difficulty enforcing their rights and any claims arising out of the US federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, US holders of Scheme Shares may encounter difficulty compelling a non-US company and its affiliates to subject themselves to a US court's judgement.*

## **1. INTRODUCTION**

On 31 August 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatization of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares, and the voluntary withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, pursuant to the Scheme:

- (a) all Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment to each Scheme Shareholder of the Cancellation Price in cash for each Scheme Share cancelled;
- (b) the issued share capital of the Company will be reduced by the cancellation of the Scheme Shares. Immediately after such reduction, the Company will issue to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled such that the issued share capital of the Company will be restored to its amount in issue immediately before the capital reduction. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn pursuant to Rule 6.15 of the Listing Rules.

## **2. THE PROPOSAL**

### **The Scheme**

#### **Cancellation Price per Scheme Share**

Under the Scheme, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$1.00 in cash for each Scheme Share cancelled.

The Cancellation Price of HK\$1.00 for each Scheme Share represents:

- (a) a premium of approximately 61.29% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 21.36% over the average closing price of HK\$0.824 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 36.61% over the average closing price of HK\$0.732 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (d) a discount of approximately 1.38% to the average closing price of HK\$1.014 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (e) a discount of approximately 14.89% to the average closing price of HK\$1.175 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (f) a discount of approximately 24.01% to the average closing price of HK\$1.316 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 33.82% to the average closing price of HK\$1.511 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (h) a discount of approximately 60.68% to the audited consolidated net asset value attributable to Shareholders per Share of approximately US\$0.326 (equivalent to approximately HK\$2.543) as at 31 March 2023, calculated by dividing the Group's audited consolidated net asset value attributable to Shareholders of approximately US\$157,870,000 as at 31 March 2023 by 483,728,862 Shares in issue as at the date of this joint announcement and based on the exchange rate of USD1=HKD7.80.



## **Highest and Lowest Prices of the Shares**

During the six-month period ended on and up to the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.80 on 23 February 2023 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.52 on 24 July 2023.

## **Basis for determining the Cancellation Price**

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historic traded prices of the Shares, publicly available financial information of the Company, and other privatization transactions in Hong Kong in recent years.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this joint announcement, the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

## **3. CONDITIONS OF THE PROPOSAL AND THE SCHEME**

The Scheme is and will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following conditions:

(a) in relation to the Scheme:

- (1) the Scheme is approved (by way of poll) by the Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Disinterested Scheme Shares that are voted either in person or by proxy at the Court Meeting; and

- (2) the number of votes cast (by way of poll) by the Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Scheme Shares;
- (b) the passing of:
- (1) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares, and
  - (2) the passing of an ordinary resolution by the Shareholders at an extraordinary general meeting of the Company to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (c) the Grand Court's sanction of the Scheme (with or without modification) and, to the extent necessary, its confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under sections 15, 16 and 17 of the Companies Act in relation to the reduction of the issued share capital of the Company;

- (e) all authorizations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation and the voluntary withdrawal of listing of the Shares from the Stock Exchange in accordance with its terms which are required to be obtained (or, as the case may be, completed) prior to the completion of the Proposal having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (f) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (g) since the date of this joint announcement, there having been no material adverse change to the business, financial or trading position of the Group, each taken as a whole; and
- (h) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets or undertakings of any member of the Group up to the date immediately preceding the Effective Date, in each case which is material and adverse in the context of the Group taken as a whole.

The Scheme Conditions in paragraphs (a) to (d) above are not waivable. The Offeror reserves the right to waive all or any of the Scheme Conditions in paragraphs (e) to (h) (inclusive) in whole or in part, either generally or in respect of any particular matter to the extent that such waiver would not make the Proposal or the Scheme or its implementation in accordance with its terms illegal.

In respect of the Scheme Condition (e), as at the date of this joint announcement and based on the information available to the Offeror and the Company, the Offeror and the Company do not foresee any necessary Authorizations required in connection with the Scheme from, with or by (as the case may be) the relevant authorities in the Cayman Islands, Hong Kong and any other relevant jurisdictions, save for the Authorizations already set out above as a condition, the sanction of the Grand Court and the registration by the Registrar of Companies in the Cayman Islands of a copy of the orders of the Grand Court.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Scheme Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Scheme Condition are of material significance to the Offeror in the context of the Scheme.

All of the Scheme Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and as the Executive may consent), failing which the Scheme will lapse.

#### **4. TOTAL CONSIDERATION AND FINANCIAL RESOURCES**

On the assumption that no further Shares are issued before the Scheme Record Date, and on the basis of the Cancellation Price of HK\$1.00 for each Scheme Share and there being 122,642,249 Scheme Shares in issue as at the date of this joint announcement, the maximum cash consideration payable for the Proposal is HK\$122,642,249.

The Offeror intends to finance the consideration payable by the Offeror through the Loan Facility. The Loan Facility is secured by, among others, (i) a share charge of all the Shares currently held and all the Shares to be owned by the Offeror and Mr. Chiu after the Scheme becomes effective in favour of Get Nice Securities; and (ii) a share charge of the entire issued share capital of the Offeror in favour of Get Nice Securities.

Get Nice Securities, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to discharge its obligation in respect of the full implementation of the Scheme.

## **5. INFORMATION AND SHAREHOLDING STRUCTURE OF THE COMPANY AND THE GROUP**

### **5.1 Information of the Company and the Group**

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange with the stock code 985. It is an investment holding company. The Group operates in four segments, namely (A) exploration, development and mining of mineral resources, (B) investments in financial instruments, (C) property investments, and (D) money lending.

### **5.2 Financial information of the Group**

Set out below is the summary of financial information of the Group for the financial years ended 31 March 2022 and 2023 as extracted from the annual report of the Company for the year ended 31 March 2023:

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2023</b>	<b>2022</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	(audited)	(audited)
Revenue	227,130	69,033
Loss before taxation	(173,697)	(462,948)
Loss for the year attributable to the Shareholders	(161,784)	(463,271)

	<b>As at 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	(audited)	(audited)
Total assets	688,696	850,031
Total equity attributable to the Shareholders	157,870	302,044

### **5.3 Shareholding structure of the Company**

As at the date of this joint announcement,

- (a) the issued share capital of the Company comprises 483,728,862 Shares;
- (b) there are no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company;
- (c) the Offeror and the Offeror Concert Parties are interested in 367,565,613 Shares, representing approximately 75.99% of the total issued Shares;
- (d) neither the Offeror nor any of the Offeror Concert Parties:
  - (1) have entered into any outstanding derivative in respect of the securities in the Company;
  - (2) have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
  - (3) have received any irrevocable commitment to vote for or against the Scheme; and
  - (4) have held any convertible securities, warrants or options in respect of the Shares held, controlled or directed by them.

- (e) save for the Loan Facility, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (f) there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal;
- (g) the Disinterested Scheme Shareholders legally or beneficially own, control or have direction over a total of 116,163,249 Shares, representing approximately 24.01% of the Shares in the issued share capital of the Company;
- (h) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholders on one hand, and (2)(a) the Offeror and the Offeror Concert Parties, or (2)(b) the Company, its subsidiaries or associated companies (as defined in the Takeovers Code) on the other hand; and
- (i) the Scheme Shares held by the Scheme Shareholders, comprising 122,642,249 Shares, represent approximately 25.35% of the issued share capital of the Company.

On the assumption that there is no other change in shareholding of the Company before the completion of the Proposal, the table below sets out the shareholding structure of the Company as at the date of this joint announcement and immediately upon completion of the Proposal:

Shareholder(s) of the Shares	As at the date of this joint announcement		Immediately upon completion of the Scheme	
	Number of Shares	Approximate % of total issued Shares <sup>(1)</sup>	Number of Shares	Approximate % of total issued Shares <sup>(1)</sup>
<b><i>Offeror and the Offeror Concert Parties</i></b>				
The Offeror	312,336,613	64.57%	434,978,862	89.92%
Mr. Chiu <sup>(2)</sup>	48,750,000	10.08%	48,750,000	10.08%
Mr. Hung Hon Man and his associates <sup>(3)</sup>	6,479,000	1.34%	–	–
<b>Subtotal</b>	<b>367,565,613</b>	<b>75.99%</b>	<b>–</b>	<b>–</b>
<b><i>Disinterested Scheme Shareholders</i></b>				
Mr. Cheung Chung Kiu	24,385,500	5.04%	–	–
Other Disinterested Scheme Shareholders	91,777,749	18.97%	–	–
<b>Subtotal</b>	<b>116,163,249</b>	<b>24.01%</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>483,728,862</b>	<b>100.00%</b>	<b>483,728,862</b>	<b>100.00%</b>

Notes:

- 1 All percentages in the above table are approximations and rounded to the nearest 2 decimal places.
- 2 The Offeror is wholly owned by Mr. Chiu. By virtue of Mr. Chiu's relationship with Offeror, Mr. Chiu is acting in concert with the Offeror under the Takeovers Code.
- 3 Get Nice Securities is the financial adviser to the Offeror in respect of the Proposal. Accordingly, Get Nice Securities and relevant members of the Get Nice Securities Group are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of "acting in concert" in the Takeovers Code (except in respect of Shares held on behalf of non-discretionary investment clients of the Get Nice Securities Group). As at the date of this joint announcement, Mr. Hung Hon Man, being the ultimate controlling shareholder of Get Nice Securities, and his associates hold an aggregate of 6,479,000 Shares.



## **6. INFORMATION AND SHAREHOLDING STRUCTURE OF THE OFFEROR**

The Offeror is an investment holding company incorporated in the BVI with limited liability.

As at the date of this joint announcement, the Offeror is wholly-owned by Mr. Chiu, who is the sole director of the Offeror. Mr. Chiu, aged 67, was appointed as the chairman and an executive Director of the Company on 10 March 2009 and 7 November 2008, respectively. Mr. Chiu is an experienced executive and merchant. He has extensive experience in the metal business, trading, investment planning, business acquisitions and development, and corporate management.

## **7. REASONS FOR AND BENEFITS OF THE PROPOSAL**

### **7.1 Reasons and benefits for the Offeror**

The Offeror takes the view that the trading price and trading volume of the Shares have not been satisfactory. Due to the low liquidity in the trading of its Shares, the Company's current listing status on the Stock Exchange no longer serves as a suitable platform for raising funding for the Company's business growth and development. The Proposal will give the Offeror more flexibility to support the future business development of the Group.

### **7.2 Reasons and benefits for the Scheme Shareholders and the Company**

The Scheme presents an immediate opportunity for Scheme Shareholders to realize their investments in the Company for cash and redeploy the cash received from accepting the Scheme into other investment opportunities. The Cancellation Price of HK\$1.00 per Share represents a premium of approximately 61.29% over the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on the Last Trading Day.

Following the implementation of the Scheme, the Company is expected to substantially reduce the administrative costs and management resources to be committed in maintaining its listing status and compliance with regulatory requirements.

## **8. IMPLEMENTATION OF THE PROPOSAL AND VOLUNTARY WITHDRAWAL OF LISTING OF SHARES**

### **8.1 If the Scheme becomes unconditional and effective**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules immediately following the Scheme becoming effective.

The holders of Scheme Shares will be notified by way of an announcement of the exact date of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the voluntary withdrawal of the listing of the Shares on the Stock Exchange will be effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document, which will also contain, *inter alia*, further details of the Proposal.

### **8.2 If the Scheme is not approved or if the Scheme lapses**

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Scheme Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or if the Proposal and/or the Scheme otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or if the Proposal and/or the Scheme otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith will be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

## **9. SCHEME SHARES, COURT MEETING AND EGM**

As at the date of this joint announcement, the Company has 483,728,862 Shares in issue. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company.

Only Disinterested Scheme Shareholders may vote at the Court Meeting on the resolution to approve the Scheme and vote at the EGM. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and the conditions of the Scheme.

All Shareholders will be entitled to attend the EGM and vote on (i) the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror.

The Offeror and the Offeror Concert Parties have indicated that if the Scheme is approved at the Court Meeting and absent any restriction under the Listing Rules, each of them will cast the votes in respect of those Shares held by it in favour of the resolutions to be proposed at the EGM.

## **10. OVERSEAS SCHEME SHAREHOLDERS**

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such overseas Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from the Shareholder in such jurisdiction.

Any acceptance by the overseas Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers that those laws and regulatory requirements have been complied with. If such overseas Scheme Shareholders are in doubt as to their positions, they should consult their own professional advisers.

In the event that the despatch and/or receipt of the Scheme Document to or by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected upon compliance with conditions or requirements that the directors of the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or its shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for any waivers pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

## **11. DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, among other things, (i) further details of the Proposal and the Scheme; (ii) the expected timetable; (iii) an explanatory memorandum as required under the Companies Act and the Rules of the Grand Court; (iv) information regarding the Company; (v) the recommendations from the Independent Board Committee with respect to the Proposal and the Scheme; (vi) the advice of the Independent Financial Adviser to the Independent Board Committee; and (vii) notices of the Court Meeting and the EGM together with forms of proxy in relation thereto, will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Act, the Rules of the Grand Court and any other applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting and the EGM of the Company.

## **12. ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the independent non-executive directors of the Company who are not interested in the Proposal, has been established by the Board to make a recommendation to the Disinterested Scheme Shareholders as to: (a) whether the terms of the Proposal and the Scheme are fair and reasonable; and (b) whether to vote in favor of the resolutions of the approval of the Scheme at the Court Meeting and the resolutions necessary to implement the Proposal at the EGM.

The Independent Financial Adviser will be appointed by the Board with the approval of the Independent Board Committee in due course to advise the Independent Board Committee on the Proposal, the Scheme and the voluntary withdrawal of the listing of the Shares on the Stock Exchange. Further announcement will be made by the Company in respect of appointment of the independent financial adviser as and when appropriate.

The Directors (excluding members of the Independent Board Committee whose view will be formed after considering the advice of the Independent Financial Adviser) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

The Scheme Shareholders are reminded to carefully read the Scheme Document and the letter of advice from the Independent Financial Adviser to the Independent Board Committee contained therein before making a decision.

## **13. TAXATION ADVICE**

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasized that none of the Offeror, the Company, Get Nice Securities nor any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

## 14. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 24 August 2023 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 4 September 2023.

## 15. DISCLOSURE OF DEALINGS

The respective associates (as defined in the Takeovers Code) of the Offeror and the Company, including persons holding 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of each of the foregoing, are hereby reminded to disclose their dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company under Rule 22 of the Takeovers Code.

Neither the Offeror nor any of the Offeror Concert Parties had dealt in the Shares during the period commencing six months prior to the date of this joint announcement.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **WARNING**

**The Proposal and the Scheme are conditional upon the satisfaction or (where applicable) waiver of conditions. Accordingly, the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

## **16. DEFINITIONS**

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

“Announcement Date”	1 September, 2023, being the date of this joint announcement
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Authorizations”	the necessary authorizations, approvals, permissions, waivers, consents, registrations and filings
“Board”	the board of Directors
“BVI”	The British Virgin Islands
“Cancellation Price”	the cancellation price of HK\$1.00 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders for each Scheme Share cancelled pursuant to the Scheme

“Company”	CST Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 985)
“Companies Act”	the Companies Act (as revised), Cap. 22 of the Cayman Islands
“Court Meeting”	a meeting of the holders of Scheme Shares held by the Disinterested Scheme Shareholders as at the meeting record date to be convened at the direction of the Grand Court at which the Scheme (with or without modifications) will be voted upon
“Director(s)”	the director(s) of the Company
“Disinterested Scheme Shareholder(s)”	all of the Scheme Shareholders, excluding any Scheme Shareholders acting in concert with the Offeror
“Disinterested Scheme Share(s)”	the 116,163,249 Share(s) held by the Disinterested Scheme Shareholders
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“EGM”	an extraordinary general meeting of the Company to be convened as soon as practicable following the conclusion or adjournment of the Court Meeting for the purposes of passing all necessary resolution(s) for, among other things, the implementation of the Scheme or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director



“Get Nice Securities”	Get Nice Securities Limited, a corporation licensed to carry out businesses in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, which is appointed as the financial adviser to the Offeror in respect of the Proposal
“Get Nice Securities Group”	Get Nice Securities, together with entities controlling, controlled by them or under the same control as any one of them, but other than members with exempt principal trader and/or exempt fund manager status
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely, Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying
“Independent Financial Adviser”	the independent financial adviser which will be appointed to advise the Independent Board Committee on the Proposal, the Scheme and the voluntary withdrawal of the listing of the Shares on the Stock Exchange
“Last Trading Day”	23 August 2023, being the last full trading date prior to the trading halt in the Shares on the Stock Exchange pending the publication of this joint announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	The loan facility of up to HK\$123 million granted by Get Nice Securities to the Offeror to finance the amount payable by the Offeror (including the arrangement of (i) a share charge of all the Shares currently held and all the Shares to be owned by the Offeror and Mr. Chiu after the Scheme becomes effective in favour of Get Nice Securities; and (ii) a share charge of the entire issued share capital of the Offeror in favour of Get Nice Securities) to discharge its obligation in respect of the full implementation of the Scheme
“Long Stop Date”	29 February 2024 or such later date as the Offeror and the Company may agree and, to the extent applicable, as the Grand Court on the application of the Company may direct and as the Executive may consent
“Mr. Chiu”	Mr. Chiu Tao, the chairman and an executive Director of the Company
“Offeror”	Atlas Keen Limited, a company incorporated under the laws of BVI with limited liability and wholly owned by Mr. Chiu
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including but not limited to Mr. Chiu
“Proposal”	the proposal for the take-private of the Company by the Offeror by way of the Scheme, on the terms and subject to the conditions set out in this joint announcement

“relevant securities”	the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code
“Scheme”	the scheme of arrangement to be proposed under section 86 of the Companies Act involving, among other things, the cancellation of all of the Scheme Shares and the restoration/increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares
“Scheme Condition(s)”	the condition(s) to the Scheme as set out in the section headed “CONDITIONS OF THE PROPOSAL AND THE SCHEME”
“Scheme Document”	the composite scheme document to be issued by the Company and the Offeror containing, among other things, further details of the Proposal together with the additional information specified in the section headed “DESPATCH OF SCHEME DOCUMENT”
“Scheme Record Date”	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Shareholder(s)”	the registered holder(s) of the Scheme Shares as at the Scheme Record Date
“Scheme Share(s)”	the Share(s) in issue as at the Scheme Record Date other than those held by the Offeror and Mr. Chiu
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs published by the SFC
“US” or “United States”	United States of America
“US\$”	US dollars, the lawful currency of the United States of America
%	per cent

By Order of the Board of  
**Atlas Keen Limited**  
**Chiu Tao**  
*Director*

By Order of the Board of  
**CST Group Limited**  
**Li Man Ting**  
*Company Secretary*

Hong Kong, 1 September, 2023

*As at the date of this joint announcement, the Board comprises (i) Mr. Chiu Tao (Chairman), Mr. Han Xuyang, Mr. Hui Richard Rui and Mr. Kwan Kam Hung, Jimmy 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.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Offeror, Mr. Chiu, and the Offeror Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by Mr. Chiu (in his capacity as the sole director of the Offeror), and the Offeror Concert Parties) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, Mr. Chiu is the sole director of the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Directors (in their capacity as the Directors) other than Mr. Chiu) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.*