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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **CST Group Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**MAJOR TRANSACTION  
IN RELATION TO  
ACQUISITIONS OF CE NOTES**

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Unless the context otherwise requires, all capitalized terms used in this circular shall have the same meanings as those defined in the section headed “Definition” of this circular.

A letter from the Board is set out on pages 4 to 8 of this circular.

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## DEFINITIONS

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*In this circular (including the appendices), unless the context otherwise requires, the following expressions have the following meanings:*

“2nd Further China Evergrande Notes”	the 11.5% China Evergrande Notes Due 2022
“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
“8.25% China Evergrande Notes Due 2022”	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
“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
“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
“18th November Acquisitions”	the acquisitions of Further China Evergrande Notes in the aggregate consideration of approximately US\$4.40 million on 18 November 2020
“19th November Acquisitions”	the acquisitions of 2nd Further China Evergrande Notes in the aggregate consideration of approximately US\$4.50 million on 19 November 2020
“Acquisitions”	the acquisitions of China Evergrande Notes in the aggregate consideration of approximately US\$7.88 million on 16 November 2020
“Atlas Keen”	Atlas Keen Limited, a company incorporated in the 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 Latest Practicable Date)

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## DEFINITIONS

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“Board”	the board of Directors
“CE Notes”	the China Evergrande Notes, the Further China Evergrande Notes and the 2nd Further China Evergrande Notes
“CE Notes Acquisitions”	the Acquisitions, the 18th November Acquisitions, and the 19th November Acquisitions
“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, an exempted 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
“Further China Evergrande Notes”	the 8.25% China Evergrande Notes Due 2022
“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)
“Latest Practicable Date”	21 December 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“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 the Latest Practicable Date)
“PRC”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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, 25 September 2020, respectively
“Purchaser”	Skytop Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Scenery Journey”	Scenery Journey Limited (景程有限公司), a company incorporated in the British Virgin Islands with limited liability, an indirect 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

*In this circular, amounts denominated in US\$ are converted into HK\$ at the rate of US\$1 = HK\$7.8 and GBP are converted into US\$ at the rate of GBP0.779 = US\$1. Such conversion rate is for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

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LETTER FROM THE BOARD

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**CST GROUP LIMITED**  
**中譽集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 985)**

*Executive Directors:*

Mr. Chiu Tao (*Chairman*)  
Mr. Hui Richard Rui (*General Manager*)  
Mr. Lee Ming Tung (*Chief Financial Officer*)  
Mr. Kwan Kam Hung, Jimmy  
Mr. Tsui Ching Hung  
Mr. Wah Wang Kei, Jackie

*Registered Office:*

Whitehall House  
238 North Church Street  
P.O. Box 1043  
George Town  
Grand Cayman KY1-1102  
Cayman Islands

*Independent Non-executive Directors:*

Mr. Yu Pan  
Ms. Ma Yin Fan  
Mr. Leung Hoi Ying

*Head Office and Principal Place of  
Business in Hong Kong:*

Rooms 4501–05, 45th Floor  
China Resources Building  
26 Harbour Road  
Wanchai, Hong Kong

24 December 2020

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
IN RELATION TO  
ACQUISITIONS OF CE NOTES**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 16 November 2020, 18 November 2020 and 19 November 2020 relating to the acquisitions of CE Notes.

Between 16 November 2020 and 19 November 2020, the Purchaser acquired the CE Notes on the open market at an aggregate consideration of US\$16.78 million (equivalent to approximately HK\$130.88 million) (including commission expenses of US\$0.035 million).

The CE Notes Acquisitions, after aggregation with the Previous Acquisitions, constitute a major transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with, among other things, (i) information on the CE Notes Acquisitions; and (ii) other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### THE CE NOTES 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.

On 18 November 2020, the Purchaser further acquired an aggregate principal amount of US\$5.00 million (equivalent to approximately HK\$39 million) of 8.25% China Evergrande Notes Due 2022 on the open market at an aggregate consideration of approximately US\$4.40 million (equivalent to approximately HK\$34.32 million).

On 19 November 2020, the Purchaser further acquired an aggregate principal amount of US\$5.00 million (equivalent to approximately HK\$39.00 million) of 11.5% China Evergrande Notes Due 2022 on the open market at an aggregate consideration of approximately US\$4.50 million (equivalent to approximately HK\$35.10 million).

As the CE Notes 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 CE Notes cannot be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the sellers of the CE Notes and their respective beneficial owners are Independent Third Parties.

### INFORMATION ON THE CE NOTES

The key terms of the China Evergrande Notes, Further China Evergrande Notes and the 2nd Further China Evergrande Notes are as follows:

Notes	Issuer	Date of issue	Coupon		Issued size	Listed on SGX-ST
			Rate	Maturity Date		
9% China Evergrande Notes Due 2021	Scenery Journey	6 March 2019	9%	6 March 2021	US\$600,000,000	YES
11.5% China Evergrande Notes Due 2022	Scenery Journey	24 January 2020	11.5%	24 October 2022	US\$2,000,000,000	YES
8.25% China Evergrande Notes Due 2022	China Evergrande	23 March 2017	8.25%	23 March 2022	US\$1,000,000,000	YES

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT OF THE CE NOTES ACQUISITIONS

As at the Latest Practicable Date, the Group holds notes issued by China Evergrande and/or its subsidiaries, including the CE Notes acquired in the CE Notes Acquisitions, in the notional amount of US\$198.5 million (equivalent to approximately HK\$1.55 billion).

As a result of the CE Notes Acquisitions, the total assets of the Group slightly decreased by approximately US\$35,000 due to the commission expenses and the total liabilities of the Group slightly increased by approximately US\$50,000 due to the transaction costs (including US\$45,000 of professional services fee and US\$5,000 of printing expenses) attributable to the CE Notes Acquisitions.

Assuming that the Group will not dispose of any CE Notes acquired under the CE Notes Acquisitions before the respective redemption dates, it is expected that the CE Notes Acquisitions will generate a total earnings of approximately US\$5.27 million before any expected credit loss, finance costs and non-controlling interests.

For further details, please refer to the unaudited pro forma consolidated statement of assets and liabilities of the Group as set out in the Appendix II to this circular, prepared based on the published unaudited condensed consolidated balance sheet of the Group as at 30 September 2020 and the notes set out therein to illustrate the impact of the CE Notes Acquisitions on the financial position of the Group as at 30 September 2020 as if the CE Notes Acquisitions had taken place on 30 September 2020.

### REASONS FOR, AND THE BENEFITS OF, CE NOTES ACQUISITIONS

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

The CE Notes Acquisitions are funded by internal resources of the Company.

### 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.



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## LETTER FROM THE BOARD

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### INFORMATION OF SCENERY JOURNEY AND CHINA EVERGRANDE

Scenery Journey is a limited company incorporated in the British Virgin Islands. It is an indirect 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.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the CE Notes Acquisitions, when aggregated with the Previous Acquisitions in the last 12 months exceeds 25% but is less than 100%, the CE Notes Acquisitions aggregated with the Previous Acquisitions constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are 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 CE Notes Acquisitions. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving of the CE Notes 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 circular. As a result, no general meeting is required to be convened for the approval of the CE Notes Acquisitions.

### RECOMMENDATION

Given that the CE Notes Acquisitions were conducted through the open market, the Directors believe that the terms of the CE Notes Acquisitions are fair and reasonable and the CE Notes Acquisitions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders should vote in favour of the resolutions approving the CE Notes Acquisitions.

The above statement is for Shareholders' reference only given that the Company had already obtained the written approval from Mr. Chiu and Atlas Keen for the CE Notes Acquisitions, and hence pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened to approve the CE Notes Acquisitions.

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**LETTER FROM THE BOARD**

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**ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices I to III to this circular.

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

**1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2020 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The audited consolidated financial statements of the Group:

- (i) for the year ended 31 March 2020 are set out from pages 51 to 149 in the annual report of the Company for the year ended 31 March 2020, which is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cstgroup.hk](http://www.cstgroup.hk)) and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073001158.pdf>

and

<https://doc.irasia.com/listco/hk/cstgroup/annual/2020/ar2020.pdf>;

- (ii) for the year ended 31 March 2019 are set out from pages 53 to 141 in the annual report of the Company for the year ended 31 March 2019, which is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cstgroup.hk](http://www.cstgroup.hk)) and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0725/ltn20190725633.pdf>

and

<https://doc.irasia.com/listco/hk/cstgroup/annual/2019/ar2019.pdf>;

- (iii) for the year ended 31 March 2018 are set out from pages 43 to 117 in the annual report of the Company for the year ended 31 March 2018, which is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cstgroup.hk](http://www.cstgroup.hk)) and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0725/ltn20180725567.pdf>

and

<https://doc.irasia.com/listco/hk/cstgroup/annual/2018/ar2018.pdf>.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2020 are set out in the interim results announcement of the Company dated 26 November 2020 for the six months ended 30 September 2020, which is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cstgroup.hk](http://www.cstgroup.hk)) and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1126/2020112601112.pdf>

and

<https://doc.irasia.com/listco/hk/cstgroup/interim/2021/int.pdf>.

## 2. INDEBTEDNESS STATEMENT

At the close of business on 31 October 2020, being the latest practicable date for the purpose of this indebtedness statement of the Group prior to the printing of this circular, the Group had total outstanding bank and other borrowings of approximately US\$460.10 million comprising (i) a term loan of approximately US\$408.41 million, which was unguaranteed and secured by all the equity shares of CST - Grande Cache Cayman Limited (an indirect non wholly-owned subsidiary of the Company) and its subsidiaries and their present and future assets; (ii) a term loan of approximately GBP7.46 million (equivalent to approximately US\$9.58 million), which was unguaranteed and secured by the Company's property in Edinburgh, the United Kingdom; (iii) a revolving loan of approximately HK\$208.46 million (equivalent to approximately US\$26.73 million) which was guaranteed by the Company and secured by the shares of listed companies in Hong Kong which were purchased through the bank by the Group; and (iv) an other borrowing of approximately US\$ 15.38 million from a financial institution which was unguaranteed and secured by the Group's equity investments hold by the financial institution as at 31 October 2020.

As at 31 October 2020, the Group had lease liabilities of approximately US\$18.18 million, approximately US\$18.03 million of which are unguaranteed and secured by the underlying equipment stated in lease agreement or rental deposits, and approximately US\$0.15 million of which are unguaranteed and unsecured.

Moreover, as at 31 October 2020, CST Canada Coal Limited (“**CST Coal**”) (an indirect non wholly-owned subsidiary of the Company) had a guarantee liability of approximately US\$40.1 million, which represented the obligation that CST Coal entered into by issuing a guarantee contract to China Minsheng Banking Corp., Ltd., Hong Kong Branch.

Save as disclosed herein and apart from intra-group liabilities, normal trade and other payables in the ordinary course of business, the Group did not, as at the close of business on 31 October 2020, have any outstanding loan, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees, or other material contingent liabilities.

### 3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the effects of CE Notes Acquisitions, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; and (ii) the Group's presently available facilities, the Group will have sufficient working capital for its present requirements and for at least the next twelve months from the date of this circular.

### 4. FINANCIAL AND TRADING PROSPECTS 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.

Having considered the volatility and lack of clarity in the financial markets, compounded by the uncertainty in the external economic and trade environment caused by the COVID-19 pandemic (the "**Pandemic**"), we expect a continued challenging market environment facing our related businesses in the second half of the Company's financial year 2021. The Group will maintain prudent operations in order to reinforce its revenue base.

In terms of the mining business, the scheduled resumption of coal mining production and operations is yet to be determined due to ongoing uncertainties related to the Pandemic. The Group will closely follow the development of the outbreak and consider resuming the mine business when risks are manageable.

In terms of investment in financial instruments, market conditions are expected to remain complicated and volatile. The Group will proactively seek investment opportunities by adjusting its portfolio management strategy and diversifying its investment portfolio, in a bid to improve assets allocation capabilities and reduce investment risks.

In terms of property investment, the Group will pay close attention to the development of the property investment market and make appropriate responsive strategy, and will also seek desirable property projects with high potential in order to strengthen its property asset portfolio and improve operational efficiency.

In terms of the money lending business, the Group will maintain a consistent balance between business growth and risk management by adhering to its cautious and prudent strategy.

As the markets continue to be battered by the resurgence of the Pandemic, the Group will remain alert and closely follow the related developments going forward. Meanwhile, the Group will explore further development opportunities by expanding business lines and/or expanding the reach of the Group's main businesses to a broader region when circumstances permit. We believe that further business diversification will drive the sustainable development of the Group and thus create greater value for our shareholders.

## 5. MATERIAL ADVERSE CHANGE

Save as disclosed below, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group for the period commencing since 31 March 2020 (being the date to which the latest published audited financial statements of the Company were made up) up to the Latest Practicable Date:

- (i) as disclosed in the announcement of the Company dated 13 May 2020, due to the impact of the outbreak of COVID-19 pandemic (the “**Outbreak**”) on the operation of CST Canada Coal Limited (“**CST Coal**”), the Company has resolved to temporarily suspend its coal mining operations at the Grande Cache coal mine located near Grande Cache, Alberta (the “**Mine**”) to ensure worker safety in accordance with applicable public health guidelines, and to prevent the Outbreak among the workforce at the Mine and in the remote community of Grande Cache having regard to the current global COVID-19 pandemic, and the Mine will be placed into care and maintenance. The extent of how long the care and maintenance at the Mine cannot be estimated at this time due to the uncertainties of the Outbreak. Depending on the length of suspension of the production and operating activities of CST Coal, the suspension may have impact on the financial results of the Group; and
- (ii) as stated in the 2020 Annual Report, the financial assets at fair value through profit or loss of the Group as at 31 March 2020 accounted for approximately 37.8% of the total assets of the Group. According to the unaudited financial results for the six months ended 30 September 2020, the amount of financial assets at fair value through profit or loss of the Group increased to approximately US\$486.9 million as at 30 September 2020 as compared with that of US\$359.7 million as at 31 March 2020. As most of the aforesaid financial assets were still held by the Group as at the Latest Practicable Date and their market values are subject to fluctuations of the relevant market prices which are unforeseeable, the changes in amount of financial assets at fair value through profit or loss of the Group may have impact on the financial results and the financial position of the Group.

**A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP****Introduction**

The following is an unaudited pro forma consolidated statement of assets and liabilities of the Group which has been prepared on the basis of the notes set out below by the Director in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose of illustrating the effect of the CE Notes Acquisitions as if they had taken place at 30 September 2020.

The unaudited pro forma consolidated statement of assets and liabilities of the Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described below in the accompanying notes that are (i) directly attributable to CE Notes Acquisitions; and (ii) factually supportable.

This unaudited pro forma consolidated statement of assets and liabilities of the Group has been prepared by the Directors based on certain assumptions and estimates and for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the assets and liabilities of the Group had the CE Notes Acquisitions been completed as at 30 September 2020 or at any future date.

**Unaudited pro forma consolidated statement of assets and liabilities of the Group**

	<b>The Group at 30 September 2020</b>	<b>Pro forma adjustments</b>		<b>The Group upon completion of the CE Notes Acquisitions</b>
	<i>US\$'000</i> <i>Note 1</i> (unaudited)	<i>US\$'000</i> <i>Note 2</i>	<i>US\$'000</i> <i>Note 3</i>	<i>US\$'000</i>
<b>Non-current assets</b>				
Property, plant and equipment	330,877	—	—	330,877
Right-of-use assets	13,764	—	—	13,764
Exploration and evaluation assets	33,736	—	—	33,736
Investment properties	47,089	—	—	47,089
Goodwill	—	—	—	—
Interests in an associate	—	—	—	—
Interests in a joint venture	5,459	—	—	5,459
Club membership	2,437	—	—	2,437
Financial assets at fair value through profit or loss	76,562	—	—	76,562
Loan receivables	63,633	—	—	63,633
Pledged bank deposits	23,704	—	—	23,704
	<u>597,261</u>	<u>—</u>	<u>—</u>	<u>597,261</u>

	<b>The Group at 30 September 2020</b>	<b>Pro forma adjustments</b>		<b>The Group upon completion of the CE Notes Acquisitions</b>
	<i>US\$'000</i> <i>Note 1</i> (unaudited)	<i>US\$'000</i> <i>Note 2</i>	<i>US\$'000</i> <i>Note 3</i>	<i>US\$'000</i>
<b>Current assets</b>				
Inventories	10,149	—	—	10,149
Trade and other receivables	8,941	249	—	9,190
Loan receivables	22,288	—	—	22,288
Amount due from a joint venture	4,042	—	—	4,042
Financial assets at fair value through profit or loss	410,381	16,496	—	426,877
Bank balances and cash	<u>44,839</u>	<u>(16,745)</u>	<u>(35)</u>	<u>28,059</u>
	<u>500,640</u>	<u>—</u>	<u>(35)</u>	<u>500,605</u>
<b>Current liabilities</b>				
Trade and other payables and accruals	14,462	—	50	14,512
Tax payable	1,679	—	—	1,679
Derivative financial instruments	86	—	—	86
Bank and other borrowings — amount due within one year	55,580	—	—	55,580
Lease liabilities	16,699	—	—	16,699
Guarantee liability	<u>40,100</u>	<u>—</u>	<u>—</u>	<u>40,100</u>
	<u>128,606</u>	<u>—</u>	<u>50</u>	<u>128,656</u>
<b>Net current assets</b>	<u>372,034</u>	<u>—</u>	<u>(85)</u>	<u>371,949</u>
<b>Total assets less current liabilities</b>	<u>969,295</u>	<u>—</u>	<u>(85)</u>	<u>969,210</u>
<b>Non-current liabilities</b>				
Bank and other borrowings — amount due after one year	441,660	—	—	441,660
Deferred tax liabilities	717	—	—	717
Lease liabilities	1,657	—	—	1,657
Provision for mine rehabilitation cost	<u>24,597</u>	<u>—</u>	<u>—</u>	<u>24,597</u>
	<u>468,631</u>	<u>—</u>	<u>—</u>	<u>468,631</u>
<b>Net assets</b>	<u><u>500,664</u></u>	<u><u>—</u></u>	<u><u>(85)</u></u>	<u><u>500,579</u></u>



*Notes:*

1. The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2020, as set out in the interim results announcement of the Company dated 26 November 2020 for the six months ended 30 September 2020.
2. The adjustment reflects the recognition of the CE Notes Acquisitions as financial assets at fair value through profit or loss of US\$16.496 million and interest receivable of US\$0.249 million. For the purpose of the unaudited pro forma consolidated statement of assets and liabilities of the Group, the fair value of the financial assets is assumed to be the cost of acquisition on the open market which approximated to the fair value of the financial assets as at 30 September 2020. The Group acquired these financial assets in the open market by cash of the Group.
3. The adjustment represents the estimated transaction costs attributable to the CE Notes Acquisitions of US\$85,000 which comprised of commission expenses of US\$35,000, professional services fee of US\$45,000 and printing expense of US\$5,000.
4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2020.

**B. REPORT ON UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP**

*The following is the text of a report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation of this circular, in respect of the unaudited pro forma financial information of the Group.*

**Deloitte.****德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of CST Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CST Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2020 and related notes as set out on pages 13 to 15 of the circular issued by the Company dated 24 December 2020 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page 13 to 15 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the major transaction in relation to acquisitions of the 9% China Evergrande Notes Due 2021, 8.25% China Evergrande Notes Due 2022 and 11.5% China Evergrande Notes Due 2022 on the Group’s financial position as at 30 September 2020 as if the transaction had taken place at 30 September 2020. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the six months period ended 30 September 2020, on which an interim results announcement has been published.

**Directors’ Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 September 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the

Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
24 December 2020

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### **Directors' and chief executive's interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the Shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code, were disclosed as follows:

#### *Long positions in Shares and underlying shares of the Company*

Name of Director	Capacity and nature of interests	Number of *Shares/underlying shares		
		Share options	Number of Shares	Approximate % of the issued share capital of the Company
CHIU Tao	Beneficial owner/ Interest of controlled corporation ( <i>Note</i> )	—	28,886,929,095	74.64%

\* Ordinary shares unless otherwise specified

*Note:* Among the 28,886,929,095 Shares, (i) 3,900,000,000 Shares were held directly by Mr. Chiu; and (ii) 24,986,929,095 Shares were held by Atlas Keen, which was wholly-owned by Mr. Chiu. As such, Mr. Chiu is deemed to be interested in the shares held by Atlas Keen.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company or their respective associates had any interests and short positions in the Shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to be notified to the

Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### Interests of substantial Shareholders

As at the Latest Practicable Date, so far as known to the Directors or the chief executives of the Company, the following persons are the shareholders (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

#### *Long positions in Shares and underlying shares of the Company*

Name of Shareholders	Capacity and nature of interests	Number of Shares/ underlying shares	Approximate % of the issued share capital of the Company
Atlas Keen Limited ( <i>Note</i> )	Beneficial owner	24,986,929,095	64.56%
CHEUNG Chung Kiu	Beneficial owner	1,950,840,000	5.04%

*Note:* Mr. Chiu is the sole director and sole shareholder of Atlas Keen.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

#### 4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

#### 5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or may compete with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

#### 6. DIRECTORS' INTEREST IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant to the business of the Group.

#### 7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on by any member of the Group) had been entered into by the members of the Group within the two years immediately preceding the date of this circular and are or may be material:

1. the share sale agreement dated 14 March 2019 entered into among Top Gallery Investment Limited ("**Top Gallery**"), an indirect wholly-owned subsidiary of the Company, as the seller, Kombi Mining Pty Ltd (ACN 631 775 392) ("**Kombi Mining**") as trustee of the Lady Annie Trust and Bentley Resources Pte Ltd ("**Bentley Resources**"), which were both ultimately owned by the family of Mr. Nathan Tinkler, as purchasers, CST Minerals Australia Pty Ltd (ACN 142 485 470) ("**CST Minerals**") as the target company and its subsidiaries, namely CST Minerals Exploration Pty Ltd (ACN 612 119 123) and CST Minerals Lady Annie Pty Limited (ACN 136 930 222), pursuant to which (i) Top Gallery agreed to sell and Kombi Mining agreed to purchase the entire issued share capital of CST Minerals at 1 Australian Dollar ("**AUD**"); (ii) Top Gallery agreed to sell and Bentley Resources agreed to purchase a loan provided by Top Gallery to CST Minerals, together with the interests thereon at a consideration of approximately AUD22.66 million (subject to adjustment), details of which is set out in the circular of the Company dated 24 May 2019; and (iii) each of CST Minerals and

its subsidiaries each agreed to jointly and severally guarantee to Top Gallery regarding Bentley Resources' prompt and complete observance and performance of certain obligations of Bentley Resources under the agreement;

2. the provision of shareholder's loan on 7 May 2019 and 30 July 2019 by Rosy State Developments Limited ("**Rosy State**"), an indirect wholly-owned subsidiary of the Company, in the amounts of AUD1,205,399 and AUD11,486,475.39, to Action Soar Investments Limited ("**Action Soar**") for Action Soar to invest in the Australian property market. Action Soar is owned as to approximately 17.77% by Rosy State, approximately 4.20% by Splendour Elite Limited ("**Splendour Elite**"), an indirect wholly-owned subsidiary of Pinnacle World Limited ("**Pinnacle World**"), approximately 56.06%, 17.77% and 4.20% by three other companies. Each of Pinnacle World, Splendour Elite, the said three companies and their then respective ultimate beneficial owners (the "**Relevant Parties**") was an independent third party and not connected with the Group as at 30 July 2019;
3. the sale and purchase agreement dated 15 October 2019 (the "**UD SPA**") entered into among Ease Link Investments Limited ("**Ease Link**"), an indirect wholly-owned subsidiary of the Company, as the purchaser, Falloncroft Investments Limited ("**Falloncroft**"), an indirect wholly-owned subsidiary of South Shore Holdings Limited ("**South Shore**"), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 577), as the vendor and South Shore as the vendor's guarantor in relation to the acquisition of the 10% equity interests in and shareholder's loan due by Uni-Dragon Limited, an indirect wholly-owned subsidiary of South Shore, which is an indirect beneficial owner of a THE 13 Hotel located at Cotai Strip in Macau, at a consideration of HK\$150 million;
4. the side letter dated 6 April 2020 entered into by Ease Link and Falloncroft to extend the long stop date in the UD SPA to 14 June 2020;
5. the side letter dated 12 June 2020 entered into by Ease Link and Falloncroft to extend the long stop date in the UD SPA to 13 July 2020;
6. the side letter dated 13 July 2020 entered into by Ease Link and Falloncroft to extend the long stop date in the UD SPA to 31 August 2020; and
7. the side letter dated 29 September 2020 entered into by Ease Link and Falloncroft in relation to the termination of the UD SPA.



## 8. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu (“ <b>Deloitte</b> ”)	Certified public accountants Registered public interest entity auditor

Deloitte has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name and its report in the form and context in which it appears.

As at the Latest Practicable Date, Deloitte had no shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Deloitte had no interest, direct or indirect, in any assets which have been, since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. GENERAL

- (a) The address of the registered office of the Company is Whitehall House, 238 North Church Street, P.O. Box 1043, George Town, Grand Cayman KY1-1102, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is Rooms 4501–05, 45th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) Mr. Chow Kim Hang is the Company Secretary of the Company. He is a Partner of Ma Tang & Co., Solicitors, a corporate and commercial law firm in Hong Kong. He is a practicing solicitor in Hong Kong and a member of The Law Society of Hong Kong.
- (e) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal office of the Company in Hong Kong at Rooms 4501–05, 45th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong for 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the written consent of Deloitte;
- (c) the report on the unaudited pro forma consolidated statement of assets and liabilities of the Group, the text of which is set out in the Appendix II to this circular;
- (d) the material contracts referred to in the sub-section headed “7. Material Contracts” in Appendix III to this circular;
- (e) the annual reports of the Company for the three financial years ended 31 March 2018, 2019 and 2020 respectively;
- (f) the interim results announcement of the Company for the six months ended 30 September 2020; and
- (g) this circular.