
LETTER FROM THE INDEPENDENT BOARD COMMITTEE



(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 985)

27 October, 2023

To the Disinterested Scheme Shareholders

Dear Sir or Madam

**(1) PROPOSED PRIVATIZATION OF CST GROUP LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT; AND
(2) PROPOSED WITHDRAWAL OF LISTING OF SHARES**

We refer to the joint announcement dated 1 September 2023 jointly issued by the Offeror and the Company and the scheme document dated 27 October 2023 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Scheme Shareholders in respect of the Proposal and the Scheme, details of which are set out in the letter from the Board on pages 18 to 30 of this Scheme Document and the Explanatory Memorandum on pages 66 to 85 of this Scheme Document.

Nuada Limited, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal and the Scheme. The details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendations are set out in the letter from the Independent Financial Adviser on pages 33 to 65 of this Scheme Document.

In the letter from the Independent Financial Adviser as set out on pages 33 to 65 of this Scheme Document, the Independent Financial Adviser states that it considers the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned, and advises the Independent Board Committee to recommend the Disinterested Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

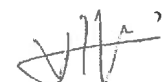
The Independent Board Committee, having considered the terms of the Proposal and the Scheme, and having taken into account the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the section headed "Letter from the Independent Financial Adviser" of this Scheme Document, considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned. In considering whether the terms of the Proposal and the Scheme are fair and reasonable, the Independent Board Committee took into account, among other things, the recently traded prices of the Shares on the Stock Exchange, the publicly available financial information of the Group, the other privatization transactions in Hong Kong in recent period prior to the publication of the Joint Announcement.

Accordingly, the Independent Board Committee recommends:

- (a) the Disinterested Scheme Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting; and
- (b) the Shareholders to vote, at the EGM, in favour of (i) the special resolution to approve and give effect to any reduction of the share capital of the Company associated with the Scheme; and (ii) the ordinary resolution to immediately thereafter restore the issued share capital of the Company to its former amount by issuing to the Offeror the same number of new Shares as is equal to the number of Scheme Shares cancelled and applying the credit created as a result of the cancellation of the Scheme Shares to pay up in full such new Shares to be issued to the Offeror.

The Independent Board Committee draws the attention of the Disinterested Scheme Shareholders to (i) the letter from the Board set out on pages 18 to 30 of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out on pages 33 to 65 of this Scheme Document, which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations to the Independent Board Committee; and (iii) the Explanatory Memorandum set out on pages 66 to 85 of this Scheme Document.

Yours faithfully,
The Independent Board Committee



Mr. Yu Pan
Independent
non-executive Director



Ms. Ma Yin Fan
Independent
non-executive Director



Mr. Leung Hoi Ying
Independent
non-executive Director