

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

28 August 2020

To the Independent Shareholders,

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
GET NICE SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL OF THE ISSUED SHARES OF
CST GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND ITS CONCERT PARTIES)**

1. INTRODUCTION

Reference is made to the Joint Announcement issued by the Offeror and the Company in relation to, among others, a voluntary conditional cash offer to be made by Get Nice Securities for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the Concert Parties).

On 10 July 2020 (after trading hours), the Offeror and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 5,186,920,000 Shares, for a consideration of HK\$129,673,000 in cash, equivalent to HK\$0.025 per Sale Share, which was agreed between the Vendor and the Offeror after arm's length negotiations, and the Share Completion took place on 10 July 2020 immediately after the signing of the Sale and Purchase Agreement. The Sale Shares, being all the Shares held by the Vendor before Share Completion, represent approximately 13.40% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement and the Share Completion. The Vendor ceased to be a Shareholder immediately after the Share Completion.

The purpose of the Composite Document is to provide you with, among other things: (i) information relating to the Group, the Offeror and the Offer; (ii) a letter from Get Nice Securities containing, among other things, details of the Offer; (iii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer; and (iv) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee of the Company, comprising all the independent non-executive Directors, namely Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying, has been established for the purpose of advising and giving a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

As disclosed in the Joint Announcement, Nuada, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser, to advise the Independent Board Committee as to the fairness and reasonableness of the Offer and as to acceptance of the Offer.

3. PRINCIPAL TERMS OF THE OFFER

As disclosed in the "Letter from Get Nice Securities", Get Nice Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers

Code on the following basis:

The Offer

For each Offer Share.....**HK\$0.028 in cash**

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code.

As at the Latest Practicable Date, the Company had 38,698,308,961 Shares in issue and did not have any outstanding Shares, options, warrants, derivatives, other securities that are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offer Price

The Offer Price of HK\$0.028 per Offer Share represents:

- (i) a premium of approximately 7.69% over the closing price of HK\$0.026 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of 12% over the closing price of HK\$0.025 per Share quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 16.67% over the average closing price of HK\$0.024 per Share quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 21.74% over to the average closing price of HK\$0.023 per Share quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 25.56% over the average closing price of approximately HK\$0.0223 per Share quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Day; and

- (vi) a discount of approximately 64.82% to the audited consolidated net assets attributable to the Shareholders per Share of approximately US\$0.0102 (equivalent to approximately HK\$0.0796) as at 31 March 2020, calculated based on the audited consolidated net assets attributable to the Shareholders of approximately US\$395,166,000 (equivalent to approximately HK\$3,082,294,800) as at 31 March 2020 and 38,698,308,961 Shares in issue as at the date of the Latest Practicable Date.

Highest and lowest Share closing price

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.026 per Share on 1, 2, 7 to 9, 14 to 17, 20, 21, 23, 27 and 28 April, 6 May, 29 and 31 July and 3 to 5, 10 to 14, 17 to 19, 21, 24 and 25 August 2020; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.021 per Share on 26, 28 to 29 May and 1 to 5, 11 June and 2 July 2020.

Value of the Offer

Assuming the Offer is accepted in full on the basis that there is no change in the issued share capital of the Company up to the close of the Offer, a total of 29,611,388,961 issued Shares (representing the Shares not already owned or agreed to be acquired by the Offeror and its Concert Parties) will be subject to the Offer, and the maximum cash consideration payable by the Offeror under the Offer would be approximately HK\$829,118,891.

Condition of the Offer

The Offer is conditional upon valid acceptances of the Offer having been received (and where permitted, not withdrawn) on or before 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Shares which, together with the Shares acquired or agreed to be acquired before or during the Offer,

would result in the Offeror and its Concert Parties holding more than 50% of the voting rights in the Company.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional. The Offer must also remain open for acceptance for at least fourteen (14) days after the Offer becomes unconditional in all respects. Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

Further details of the Offer are set out in the “Letter from Get Nice Securities” and the additional information contained in appendices to this Composite Document and the accompanying Form of Acceptance.

4. INFORMATION OF THE GROUP

The Company is principally engaged in mining businesses. The Group operates in four segments, namely (i) exploration, development and mining of mineral resources; (ii) investment in financial instruments; (iii) property investment; and (iv) money lending. The Group operates businesses in China, Hong Kong, Canada and England.

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date:

Shareholders	As at the Latest Practicable Date	
	Number of Shares	Approximate shareholding
The Offeror and its Concert Parties		
The Offeror	5,186,920,000	13.40%
Mr. Chiu	3,900,000,000	10.08%
Sub-total	9,086,920,000	23.48%
Public Shareholders	29,611,388,961	76.52%
TOTAL	38,698,308,961	100.00%

Further information of the Group has been set out in “Appendix II — Financial

information of the Group” and “Appendix III — General information of the Group” to the Composite Document.

5. INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed “Information of the Offeror” in the “Letter from Get Nice Securities” and “Appendix IV — General information of the Offeror” to the Composite Document.

6. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Get Nice Securities” to the Composite Document. The Board is pleased to note the Offeror’s intention to continue with the Group’s existing principal activities after the close of the Offer. As at the Latest Practicable Date, no investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to (a) the injection of any assets or business into the Group or (b) the disposal of any assets or business of the Group, other than those conducted by the Company in its ordinary course of business and/or those which are immaterial in nature and the Offeror has no intention to discontinue the employment of any employees of the Group or change the composition of the Board, redeploy the fixed assets of the Group other than those in its ordinary and usual course of business or introduce any major changes in the existing operations and business of the Group.

7. TAXATION ADVICE

Your attention is drawn to the paragraph headed “Taxation advice” in the “Letter from Get Nice Securities” to the Composite Document.

Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting or rejecting the Offer.

None of the Offeror, its Concert Parties, the Company, Get Nice Securities, Get Nice Capital, Veda Capital and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of,

any persons as a result of their acceptance or rejection of the Offer.

8. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or**
- (b) there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Shares to remain listed on the Stock Exchange after the close of the Offer. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

9. CONFLICT OF INTEREST

Mr. Chiu, the chairman and an executive Director of the Company, is the sole director and sole shareholder of the Offeror. Accordingly, Mr. Chiu did not join with the rest of the Board in giving their views on the Offer, or giving recommendations to the Independent Shareholders as set out in this letter.

10. RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" on pages 20 to 21 of the Composite Document, which sets out its recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer; and (ii) the "Letter from the Independent Financial Adviser" on pages 22 to 52 of the Composite Document, which sets out its advice and recommendation to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its recommendation.

You are also advised to read the “Letter from Get Nice Securities” on pages 5 to 12 of the Composite Document, the further terms of the Offer and procedures of acceptance and settlement set out in Appendix I to the Composite Document and the accompanying Form of Acceptance in respect of the terms and acceptance and settlement procedures of the Offer.

Yours faithfully
By order of the Board
CST Group Limited

A handwritten signature in black ink, consisting of several loops and a long vertical stroke extending downwards.

Chiu Tao

Executive Director and Chairman