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DISCLOSEABLE TRANSACTION LOAN PARTICIPATION

On 21 December 2018, the Participant entered into the Loan Participation Agreement with the Lender, pursuant to which the Participant paid to the Lender the amount of HK\$200,000,000 as consideration for the purpose of acquiring the Participation Interest.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules with respect to the acquisition of the Participation Interest exceed 5% but not more than 25%, the acquisition of the Participation Interest constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirements under the Listing Rules.

BACKGROUND

On 21 December 2018, the Participant entered into the Loan Participation Agreement with the Lender, pursuant to which the Participant paid the Lender the amount of HK\$200,000,000 as consideration (the “Consideration”) for the purpose of acquiring the Participation Interest.

LOAN PARTICIPATION AGREEMENT

Principal terms of the Loan Participation Agreement are set out as below:

Date	:	21 December 2018
Participant	:	Sun Power Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
Lender	:	a company incorporated in the British Virgin Islands with limited liability and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is an Independent Third Party and not connected with the Group as at the date of this announcement
Consideration	:	HK\$200,000,000

Participation Amount / Percentage	:	HK\$200,000,000 / 47.76% of the Loan
Interest rate under the Loan	:	15% per annum
Management fee	:	the Participant shall pay management fees of HK\$1,850,000 per annum at the time when the Loan is fully repaid
Maturity Date	:	the date falling 12 months from 21 December 2018
Repayment	:	the Participant's Participation Percentage interest in payments of principal and interest with respect to the Loan collected by the Lender under the Loan Agreement shall be paid to the Participant promptly upon the Lender's receipt thereof, and until so paid shall be held in trust by the Lender for the benefit of the Participant

The Consideration was funded by internal resources of the Group.

INFORMATION OF THE LENDER

The Lender is a company incorporated in British Virgin Islands with limited liability and is engaged in the business of investment holding. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Lender is an Independent Third Party and not connected with the Group as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE LOAN PARTICIPATION

The principal business activities of the Group are (i) exploration, development and mining of mineral resources, (ii) investment in financial instruments, (iii) property investment, (iv) money lending and (v) e-logistics platform. The Participant is a licensed money lender holding a valid money lender licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending. The acquisition of the Participation Interest is a transaction carried out as part of the ordinary and usual course of business of the Group.

The terms of the Loan Participation Agreement (including the interest rate) were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice. The Directors consider that the terms of the Loan Participation Agreement are fair and reasonable and the acquisition of the Participation Interest is in the interest of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules with respect to the acquisition of the Participation Interest exceed 5% but not more than 25%, the acquisition of the Participation Interest constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Borrower”	a company incorporated in Hong Kong with limited liability and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is an Independent Third Party and not connected with the Group as at the date of this announcement
“Company”	CST Group Limited (stock code: 985), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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)
“Lender”	a company incorporated in the British Virgin Islands with limited liability and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is an Independent Third Party and not connected with the Group as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a secured term loan facility of aggregate amount of HK\$418,754,638.59 made by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	a loan agreement dated 20 December 2018 entered into between the Lender and the Borrower in relation to provision of the Loan
“Loan Participation Agreement”	a loan participation agreement entered into between the Participant and the Lender on 21 December 2018

“Participant”	Sun Power Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“Participation Amount ”	HK\$200,000,000
“Participation Interest”	participation interest in the amount of HK\$200,000,000 in the Loan
“Participation Percentage”	47.76% of the Loan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
CST Group Limited
Chiu Tao
Executive Director and Chairman

Hong Kong, 21 December 2018

As at the date of this announcement, the board of directors of the Company comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, Mr. Lee Ming Tung, Mr. Kwan Kam Hung, Jimmy, Mr. Yeung Kwok Yu, Mr. Tsui Ching Hung and Mr. Wah Wang Kei, Jackie as executive directors of the Company; and (ii) Mr. Yu Pan, Ms. Tong So Yuet, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.