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DISCLOSEABLE TRANSACTION PURCHASE OF AN ASSET

On 19 December 2017, the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Agreement with the Seller and the Corporate Guarantor, under which the Purchaser has agreed to purchase and the Seller has agreed to sell the Aircraft at the consideration of US\$19,300,000 (equivalent to HK\$150,540,000) subject to the terms and conditions of the Agreement.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules with respect to the Transaction exceeds 5% but not more than 25%, the Transaction 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.

INTRODUCTION

On 19 December 2017, the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Agreement with the Seller and the Corporate Guarantor, under which the Purchaser has agreed to purchase and the Seller has agreed to sell the Aircraft at the consideration of US\$19,300,000 (equivalent to HK\$150,540,000) subject to the terms and conditions of the Agreement.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date:

19 December 2017

Parties:

- (a) the Purchaser
- (b) the Seller
- (c) the Corporate Guarantor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller, the Corporate Guarantor and their ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Asset to be acquired:

The asset to be acquired under the Agreement is one Gulfstream G550 aircraft.

Consideration:

The Consideration for the purchase of the Aircraft is US\$19,300,000 (equivalent to HK\$150,540,000) and payable in cash on the Closing Date.

The Consideration was determined after arm's length negotiations between the Purchaser and the Seller taking into account the terms and conditions of the Transaction as a whole and with reference to the market conditions and used market value of the similar aircraft after taking into account the age, specification and conditions of the Aircraft.

Payment and delivery terms:

Under the Agreement, the Consideration shall be payable by the Purchaser by way of wire transfer, and the Aircraft shall be delivered to the Purchaser, on the Closing Date. As at the date of this announcement, the Consideration has been paid to the Seller and the Aircraft has been delivered to the Purchaser by the Seller.

Source of funding:

The Consideration shall be funded by the Group's internal resources. The Transaction is expected to have no material impact on the cash flow and operations of the Group.

Guarantee:

(a) Corporate Guarantee

Under the Agreement, the Corporate Guarantor unconditionally and irrevocably guarantees to the Purchaser the Seller's compliance with the Seller's obligations in connection with the Agreement. As a separate undertaking, the Corporate Guarantor indemnifies the Purchaser against any liability or loss arising from any costs, charges or expenses incurred if an obligation is unenforceable against, or a monetary obligation cannot be recovered, from the Seller under the Agreement.

(b) Individual Guarantee

Under the Agreement, the Seller and the Corporate Guarantor undertake to procure the Individual Guarantor to execute the Individual Guarantee in favour of the Purchaser. Under the Individual Guarantee, the Individual Guarantor irrevocably and unconditionally:

- (i) guarantees to the Purchaser punctual performance by the Seller of all obligations under the Agreement;
- (ii) agrees with the Purchaser that, if the Seller does not comply with all obligations on time and in accordance with the Agreement, then he will comply with the foregoing obligations on demand from the Purchaser, whether or not demand has been made on the Seller; and
- (iii) agrees with the Purchaser that if, any obligation guaranteed by the Individual Guarantor is or becomes unenforceable, invalid or illegal, he will, as an independent and primary obligation, indemnify the Purchaser any cost, loss or liability it incurs as a result of the Seller not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by him under the Agreement on the date when it would have been due.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is continuously seeking for business opportunities globally, which include but not limited to mining business and property investment. The Transaction allows our executives as well as our business development team to conduct site visits and business visits in any part of the world more conveniently and flexibly.

The Board considers that the terms and conditions of the Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

PRINCIPAL BUSINESSES OF THE GROUP

The principal business activities of the Group are (i) exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments, (iii) property investment, (iv) money lending and (v) e-logistics platform.

PRINCIPAL BUSINESS OF THE SELLER

The Seller is a company incorporated in the British Virgin Islands, the principal business activity of which is investment holding.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules with respect to the Transaction exceeds 5% but not more than 25%, the Transaction 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 terms and expressions have the following meaning:

“Agreement”	the aircraft purchase agreement dated 19 December 2017 entered into between the Purchaser, the Seller and the Corporate Guarantor
“Aircraft”	one Gulfstream G550 aircraft
“Board”	board of Directors
“Closing Date”	19 December 2017, the date of closing of the Transaction
“Company”	CST Group Limited, a 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)
“Consideration”	US\$19,300,000 (equivalent to HK\$150,540,000), being the consideration payable for the Aircraft under the Agreement
“Corporate Guarantor”	a private company being the guarantor of the Seller’s obligations as more particularly described in the Agreement, which is also the holding company of the Seller
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Individual Guarantee”	a personal guarantee dated 19 December 2017 and executed by the Individual Guarantor in respect of the Seller’s obligations under the Agreement
“Individual Guarantor”	an individual being the guarantor of the Seller’s obligations as more particularly described in the Individual Guarantee, who is also the ultimate beneficial owner of the Seller and the Corporate Guarantor
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Transaction”	the purchase of the Aircraft by the Purchaser from the Seller as contemplated under the Agreement
“Purchaser”	Rising Up Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly owned subsidiary of the Company
“Seller”	a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Corporate Guarantor
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 19 December 2017

As at the date of this announcement, the Board 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, Mr. Chen Weixing and Mr. Wah Wang Kei, Jackie as executive Directors; and (ii) Mr. Yu Pan, Ms. Tong So Yuet, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive Directors.

Unless otherwise specified in this announcement, amounts denominated in US\$ have been converted, for the purpose of illustration only into HK\$ based on the exchange rate of US\$1.00 = HK\$7.80.