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DISCLOSEABLE TRANSACTION SUBSCRIPTION OF CO-LEAD SHARES

THE SUBSCRIPTION

On 7 December 2021 (after trading hours), the Subscriber, being an indirect wholly-owned subsidiary of the Company, and Co-Lead entered into the Subscription Agreement, pursuant to which Co-Lead has agreed to issue, and the Subscriber has agreed to subscribe, or procure its nominee(s) to subscribe, 1,050 Co-Lead Shares at the consideration of HK\$250,000,000. The 1,050 Co-Lead Shares represent approximately 7.98% of the issued share capital of Co-Lead as at the date of the Subscription Agreement and approximately 7.39% of the enlarged issued share capital of Co-Lead.

Completion took place simultaneously upon the signing of the Subscription Agreement on 7 December 2021.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

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THE SUBSCRIPTION AGREEMENT

Date : 7 December 2021 (after trading hours)

Parties : (1) the Subscriber
(2) Co-Lead

Subscription of Co-Lead Shares

Subject to the terms set out in the Subscription Agreement, Co-Lead has agreed to issue, and the Subscriber has agreed to subscribe, or procure its nominee(s) to subscribe, 1,050 Co-Lead Shares at the consideration of HK\$250,000,000. The 1,050 Co-Lead Shares represent approximately 7.98% of the issued share capital of Co-Lead as at the date of the Subscription Agreement and approximately 7.39% of the enlarged issued share capital of Co-Lead.

The 1,050 Co-Lead Shares, when issued and fully paid up, shall rank pari passu in all respects with all other Co-Lead Shares then in issue and in particular, shall rank in full for all dividends and distributions the record date for which falls on a date on or after the date of allotment and issue of the 1,050 Co-Lead Shares.

Consideration

Pursuant to the terms of the Subscription Agreement, the consideration of the Subscription is HK\$250,000,000 and shall be paid in cash or cheque by the Subscriber to Co-Lead on the date of the Completion. The consideration was determined by Co-Lead and the Subscriber after arm's length negotiations and after taking into consideration of the latest management accounts of Co-Lead and the net assets value per share of Co-Lead of approximately HK\$249,000 as well as the future prospects of Co-Lead's securities trading business. The consideration for the Subscription has been fully paid by the Subscriber and was funded by internal resources of the Group.

Completion

Completion took place simultaneously upon the signing of the Subscription Agreement on 7 December 2021.

INFORMATION OF CO-LEAD

Co-Lead is a company incorporated in the British Virgin Islands with limited liability. The principal business activities of Co-Lead and its subsidiaries are investment in financial assets and provision of finance.

Co-Lead has a diverse shareholding structure with more than 10 ultimate beneficial owners. Below is a list of shareholders holding 10% or more shareholding in Co-Lead as at the date of this announcement:

Name of shareholder	% of total issued shares
1. Freewill Holdings Limited (“ Freewill ”) ^(Note a)	41.68%
2. Bockscar Limited (“ Bockscar ”) ^(Note b)	15.20%
3. Charming Up Limited (“ Charming Up ”) ^(Note c)	11.40%
4. FOCOLO Limited (“ FOCOLO ”) ^(Note d)	10.76%

Notes:

- a. Freewill is a company incorporated in Marshall Islands with limited liability and is an 83.68% owned subsidiary of Bob May Incorporated (“**Bob May**”). Freewill has more than 10 ultimate beneficial owners, none of whom owns 30% or more of Freewill. Bob May is a company incorporated in British Virgin Islands and is engaged in the business of investment holding. Bob May does not have any shareholders holding 30% or more interest in Bob May.
- b. Bockscar is a company incorporated in British Virgin Islands with limited liability and is indirect wholly-owned by Arta TechFin Corporation Limited (formerly known as Freeman FinTech Corporation Limited) (“**Arta TechFin**”). Arta TechFin is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 279).
- c. Charming Up is a company incorporated in British Virgin Islands with limited liability and wholly-owned by Ms. Au Tsui Yee Maggie.
- d. FOCOLO is a company incorporated in Liberia with limited liability. FOCOLO is a wholly-owned subsidiary of Co-Lead and holds 10.76% shareholding in Co-Lead.

Some of the other beneficial owners of Co-Lead (holding less than 10% shareholding) are/were public companies who have disclosed their shareholdings in Co-Lead. Particulars of those other beneficial owners of Co-Lead are as set out below:

1. Rentian Technology Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 885), holds 6.84% interest in Co-Lead;
2. Touyun Biotech Group Limited, the shares of which are listed on the Stock Exchange (stock code: 1332), holds 2.76% interest in Co-Lead;
3. Oshidori International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 622), holds 2.36% interest in Co-Lead;
4. Celebrate International Holdings Limited, the listing of the shares on the Stock Exchange was cancelled in July 2020, holds 1.18% interest in Co-Lead; and

5. National Investments Fund Limited, the shares of which are listed on the Stock Exchange (stock code: 1227), holds 0.31% interest in Co-Lead.

Set below is the extract of the unaudited financial information of Co-Lead for the years ended 31 December 2019 and 2020, respectively, and for the nine months ended 30 September 2021:

	For the nine months ended 30 September 2021 (unaudited) HK\$000	For the year ended 31 December 2020 2019 (unaudited) (unaudited) HK\$000 HK\$000	
Profit / (loss) before taxation	(111,793)	39,457	(95,653)
Profit / (loss) after taxation	(111,793)	39,457	(95,653)

The unaudited total assets and net assets of Co-Lead as at 30 September 2021 were approximately HK\$5,550 million and HK\$ 3,277 million, respectively.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquires, Co-Lead and their respective ultimate beneficial owners are Independent Third Parties.

INFORMATION OF THE GROUP AND THE SUBSCRIBER

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 Subscriber 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.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

As aforementioned, one of the Group's principal activities is investment in financial instruments. The Board is of the view that the Subscription would compliment the Group's principal activities and provide synergistic benefits to the Group's investment in financial instruments business.

Whilst the business climates in both local market and worldwide were difficult in the past year or two, the Company is confident that the financial market will be one of the cornerstones of economy in Hong Kong and Hong Kong shall continue to serve as a leading fund-raising platform in the Asian region. In recent years, the Hong Kong stock market is not performing as well as other global markets and is at a relatively low valuation, compared to the past and with other markets. The business of Co-Lead was also adversely affected. The Company believes that the current performance of the Hong Kong stock market is transitory, and the Hong Kong financial market shall regain prosperity in the long run.

The Directors hold a positive view towards the investment in Co-Lead and they believe that the Subscription would bring positive returns in the long run to the Group. Therefore, the Board considers that the terms of the Subscription are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Board”	the board of Directors of the Company
“Co-Lead”	Co-Lead Holdings Limited, a private company with limited liability incorporated in the British Virgin Islands
“Co-Lead Share(s)”	Ordinary share(s) of Co-Lead
“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)
“Completion”	Completion of the Subscription pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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)”	third party(ies) independent of the Company and connected persons of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Skytop Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of 1,050 Co-Lead Shares pursuant to the Subscription Agreement
“Subscription Agreement”	The subscription agreement dated 7 December 2021 made between Co-Lead and the Subscriber in relation to the Subscription
“%”	per cent

By Order of the Board
CST Group Limited
Yeung Bik Shan
Company Secretary

Hong Kong, 7 December 2021

As at the date of this announcement, the Board comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, Mr. Kwan Kam Hung, Jimmy and Mr. Wah Wang Kei, Jackie as executive directors of the Company; and (ii) Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.