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CHINA TRUSTFUL GROUP LIMITED

中國之信集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 8265)

UNAUDITED PRELIMINARY FINANCIAL DATA FOR THE YEAR ENDED 31 DECEMBER 2019

This announcement is made by China Trustful Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company hereby announces the unaudited preliminary financial data for the year ended 31 December 2019 (the “**Unaudited Preliminary Financial Data of 2019**”). Due to the reasons set out in the paragraph headed “Review of Unaudited Preliminary Financial Data of 2019” of this announcement, the auditing process of the annual results of the Group for the year ended 31 December 2019 has yet to be completed. The Unaudited Preliminary Financial Data of 2019 contained in this announcement has been reviewed and agreed by the Audit Committee.

Items	The Reporting Period <i>HK\$'000</i>	The same period last year <i>HK\$'000</i>	Change <i>(%)</i>
Revenue	118,039	215,696	-45.3
Gross profit	12,729	75,940	-83.2
Administrative and other non-operating expenses	(116,809)	(55,549)	110.3
(Loss)/profit for the year	(104,589)	9,281	-1,226.9
(Loss)/profit attributable to owners of the Company	(104,377)	2,960	-3,626.3
Other comprehensive loss attributable to owners of the Company	(103,175)	(28,335)	264.1
Total comprehensive loss	(103,387)	(24,187)	327.4
Basic (loss)/earnings per share	(3.75) cents	0.12 cents	-3,225.0

Items	As at the end of the Reporting Period <i>HK\$'000</i>	As at the beginning of the Reporting Period <i>HK\$'000</i>	Change (%)
Current assets	534,956	583,717	-8.4
Non-current assets	113,369	138,409	-18.1
Total assets	648,325	722,126	-10.2
Current liabilities	73,273	73,496	-0.3
Non-current liabilities	—	—	—
Total liabilities	73,273	73,496	-0.3
Total equity attributable to owners of the Company	575,264	637,726	-9.8
Share capital	60,724	53,508	13.5
Net assets	575,052	648,630	-11.34

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2019 (the “**Reporting Period**”), China Trustful Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) continued to engage in the research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services (the “**Electric Vehicle Business**”), and the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the People’s Republic of China (the “**PRC**”) (the “**Silverware Business**”), and entered into new business as provision of marketing and management services, sales and distribution of energy and petrochemical related products, including but not limited to, LNG and LPG products and licensing of Petroleum gas stations (the “**Energy and Petrochemicals Business**”).

Results of the Group

In relation to the Electric Vehicle Business, the Energy and Petrochemicals Business and the Silverware Business (collectively referred to as the “**Continuing Operations**”), during the year ended 31 December 2019, the Group reported revenue of HK\$118,039,000 representing an 45.3% decrease as compared with the same period in 2018 (31 December 2018: HK\$215,696,000) mainly due to (i) the global market uncertainties and (ii) the de-consolidation of subsidiaries of Silverware Business on 1 January 2019 (the “**De-Consolidation**”), therefore no revenue was recognised during the year for the Silverware Business. The gross profit and gross profit margin were HK\$12,729,000 and 10.8% respectively for the year ended 31 December 2019 (31 December 2018: HK\$75,940,000 and 35.2% respectively). The Group recorded loss for the year of HK\$104,589,000 (31 December 2018: profit HK\$9,281,000) mainly due to the net loss on the De-Consolidation that was recorded in the item of administrative and other non-operating expenses, and other comprehensive profit of HK\$1,202,000 (31 December 2018: loss of HK\$33,468,000), being exchange differences arising from translation of foreign operations and the release of exchange reserve of the De-Consolidation. Loss attributable to owners of the Company was HK\$104,377,000 as compared with profit of HK\$2,960,000 for the same period last year 2018; whereas basic loss per share was HK3.75 cents (31 December 2018: earnings of HK0.12 cents).

The share capital of the Company was increased as a result of placing of new shares, information was set out in the Company's announcement date 24 June 2019 and 25 November 2019. The net assets of the Group was decreased due to the effect of the De-Consolidation and the loss incurred for the year ended 31 December 2019.

Business Review

Electric Vehicle Business

During the year ended 31 December 2019, our revenue from the Electric Vehicle Business mainly derived from the selling of rechargeable batteries, auto parts for the electric vehicles and electric bus system solutions and provision of relevant consultancy services. The Group reported the revenue of Electric Vehicle Business to HK\$39,784,000 for the year ended 31 December 2019. (2018: HK\$174,164,000).

Silverware Business

De-consolidation of subsidiaries in respect of Silverware Business was recognised on 1 January 2019 and carried out in accordance with Hong Kong Financial Reporting Standard, there was no revenue recognised for the year ended 31 December 2019. The Company has been reported by relevant staff that all the assets, including but not limited to the books & accounting records, vouchers, computers, company stamps, relevant stocks, etc, of two subsidiaries of the Group in the People's Republic of China (the "PRC"), namely 浙江通銀貴金屬經營有限公司 (for identification purpose, Zhejiang Tong Yin Precious Metal Operation Company Limited) ("**Zhejiang Tong Yin**") and 杭州銀鑫投資管理有限公司 (for identification purpose, Hangzhou Yin Xin Investment Management Company Limited) (the "**Records and Documents**") were seized by the Ministry of Public Security of the PRC as the Records and Documents were kept and stored in a shared office with one of the resigned executive director, Mr. Zhang Genjiang, who holds 49% equity interest of Zhejiang Tong Yin and was arrested during the course of seizure of other businesses of Mr. Zhang Genjiang (the "**Special Circumstance**"). More information was set out in the Company's announcement date 19 February 2020.

Recently, PRC lawyer has been appointed to verify and follow up with the Special Circumstance.

Energy and Petrochemical Business

The Energy and Petrochemical Business represent sales and distribution of energy products including oil and gas such as LNG and LPG products and management and licensing of petroleum/gas stations. The Group reported the revenue of Energy and Petrochemical Business to HK\$78,255,000 for the year ended 31 December 2019.

REVIEW OF UNAUDITED PRELIMINARY FINANCIAL DATA OF 2019

Since the outbreak of the novel coronavirus pneumonia (the "**COVID-19**") at the beginning of 2020, various provinces in China have stopped or maintained a limited level of commercial activity, transportation and government services (the "**Restrictions**"). As the subsidiaries of the Company are located in affected provinces in the PRC, the auditors of the Company are subject to the above Restrictions, and it is difficult for them to complete certain on site inspection and audit procedures as originally scheduled. As such, as of the date of this announcement, the auditing process of the annual results of the Group for the year ended 31 December 2019 has yet to be

completed. The Company has decided to delay the publication of audited annual results announcement for the year ended 31 December 2019 as well as the publication and despatch of the 2019 annual report.

The Unaudited Preliminary Financial Data of 2019 contained in this announcement has been reviewed and agreed by the Audit Committee.

FURTHER ANNOUNCEMENT

After the completion of auditing process, the Company is expected to publish the annual results announcement of the Company for the year ended 31 December 2019 on or before 14 May 2020 in relation to the audited results for the year ended 31 December 2019 and the accounting adjustment or material differences (if any) as compare to the Unaudited Preliminary Financial Data of 2019 set out in this announcement. In addition, the Company will publish the 2019 annual report of the Company on or before 14 May 2020.

The preliminary financial data of the Group for 2019 contained in this announcement is unaudited and has not been agreed by the Company’s auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Trustful Group Limited
Fei Jie
Chairman and Executive Director

Hong Kong, 31 March 2020

As at the date of this announcement, the executive Directors are Mr. Fei Jie (Chairman) and the independent non-executive Directors are Mr. Lai Wing Kwan, Mr. Sit Sai Hung, Billy and Mr. Man Wai Lun.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of GEM of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.china-trustful.com.