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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 24 May 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 100,000,000 new Shares to any number of Placees at a price of HK\$0.53 per Placing Share.

The maximum of 100,000,000 Placing Shares represent (i) approximately 3.74% of the issued share capital of the Company of 2,675,424,685 Shares as at the date of this announcement; and (ii) approximately 3.60% of the issued share capital of the Company of 2,775,424,685 Shares as enlarged by the issue of the 100,000,000 Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$2,000,000.

The Placing Price of HK\$0.53 per Placing Share represents (i) a discount of approximately 14.52% to the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on 24 May 2019, being the date of the Placing Agreement; and (ii) a discount of approximately 15.87% to the average closing price of HK\$0.63 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to any Shareholders' approval.

The net proceeds from the Placing will be approximately HK\$51.7 million. Approximately HK\$31.7 million of the net process from the Placing are intended to be used for working capital to the Group to meet any future development and obligations. Approximately HK\$20.0 million of the net proceeds are intended to develop technology, equipment and infrastructure for new energy bus, including but not limited to, applying electric charging system and hydrogen charging system into traditional gas station.

In respect of the maximum of 100,000,000 Placing Shares, SBI E2-Capital Limited would subscribe a portion of Placing Shares as a strategic investor.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 24 May 2019 (after trading hours)

Issuer: the Company

Placing Agent: South China Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

Number of Placing Shares

The maximum of 100,000,000 Placing Shares represent (i) approximately 3.74% of the issued share capital of the Company of 2,675,424,685 Shares as at the date of this announcement; and (ii) approximately 3.60% of the issued share capital of the Company of 2,775,424,685 Shares as enlarged by the issue of the 100,000,000 Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$2,000,000.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.53 per Placing Share represents (i) a discount of approximately 14.52% to the closing price of HK\$0.62 per Share as quoted on the Stock Exchange on 24 May 2019, being the date of the Placing Agreement; and (ii) a discount of approximately 15.87% to the average closing price of HK\$0.63 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and placing commission) are on normal commercial terms and are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to any number of Placees, who and whose ultimate beneficial owners are independent institutional, professional and/or individual investors, and not connected with any directors, chief executive or substantial Shareholder (if any) of the Company or its subsidiaries and their respective associates. It is expected that none of the Placees and their respective associates will become a substantial Shareholder of the Company as a result of the Placing.

Conditions Precedent

Completion of the placing by the Placing Agent of the Placing Shares under the Placing Agreement is conditional upon the fulfillment of both of the following:

- (i) the Stock Exchange having granted or agreeing to grant the Listing Approval and such Listing Approval not subsequently revoked prior to Completion; and
- (ii) the Placing Agreement not having been terminated in accordance with Termination.

The Company undertakes to use all of its endeavours to ensure that the conditions set out above are satisfied at or before 5:00 p.m. on the Long Stop Date.

If the conditions specified above shall not have been fulfilled by the time and/or date set above, either Party may, at any time thereafter, terminate the Placing Agreement by notice in writing to the other Party, whereupon the obligations under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against the other save in respect of any antecedent breach of the terms of the Placing Agreement.

Termination and force majeure

Notwithstanding any other provision of the Placing Agreement, if at any time between the date of the Placing Agreement and at any time prior to 11:00 a.m. on the Completion Date, there occurs:

- a. any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained in the Placing Agreement or any failure to perform any of the Company's undertakings in the Placing Agreement;
- b. any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the absolute opinion of the Placing Agent, are or may be materially adverse to the business or financial position of any member of the Group or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- c. any change, or development (regardless of whether permanent or not) involving a prospective change, in or affecting, the business, management, general affairs, assets and/or liabilities, prospects, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group as a whole, regardless of whether or not arising in the ordinary course of business; or
- d. any suspension of dealings in the Shares for any period of five (5) consecutive trading days or more except for suspension relating to any transaction under the Placing Agreement,

the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to forthwith terminate the Placing Agreement.

The Placing Agreement may be immediately terminated by the Placing Agent in the event that at any time before 11 a.m. on the Completion Date, in the absolute opinion of the Placing Agent, the success of the Placing may be, would be or might be adversely affected by any force majeure events ("Force Majeure Events") (as defined below):

- a. any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any of its subsidiaries carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of any member of the Group or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

- b. any event, or series of events beyond the reasonable control of the Placing Agent, including but not limited to acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, storm, tempest, typhoon, accident, civil commotion, economic sanctions, epidemic, outbreak of infectious disease, pandemic, outbreak or escalation of hostilities (local, national, international or otherwise), acts of war, terrorism, and acts of God; or
- c. any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange.

Without prejudice to any other provisions of the Placing Agreement, the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to immediately terminate the Placing Agreement if any of the Placing Shares are not delivered by or on behalf of the Company in accordance with Completion of the Placing Agreement.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the Parties under the Placing Agreement shall cease and determine (but any termination of the Placing Agreement shall not prejudice the rights of the Parties which accrued before the date of termination of the Placing Agreement); and no Party shall have any claim against any other Party in respect of any matter arising out of or in connection with the Placing Agreement except for:

- (a) any antecedent breach of any obligation under the Placing Agreement; and
- (b) liabilities of the Company under Clause 6.4 in paragraph headed “Commission and Expenses of the Placing Agreement”.

Completion

Completion of the Placing will take place by no later than 4:00 p.m. (Hong Kong time) second Business Day after the date on which all the conditions as set out in paragraph headed “Conditions Precedent” above are satisfied or such other date as the Company and the Placing Agent may agree in writing.

Placing commission

The Placing Agent shall receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed. The placing commission was determined after arm’s length negotiations between the Company and the Placing Agent with reference to the market rate.

General Mandate

Under the General Mandate, the Company is authorized to issue up to 430,241,865 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. The maximum of 100,000,000 Placing Shares will be issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

	As at the date of this announcement		Upon completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
King Full Inc Limited <i>(note)</i>	811,950,000	30.35	811,950,000	29.25
Top Bliss Holdings Limited <i>(note)</i>	520,209,327	19.44	520,209,327	18.74
Smart Focus Inc Limited	486,715,358	18.19	486,715,358	17.54
Public Shareholders	856,550,000	32.02	856,550,000	30.87
Placees	—	—	100,000,000	3.60
	<u>2,675,424,685</u>	<u>100.00</u>	<u>2,775,424,685</u>	<u>100.00</u>

Note: King Full Inc Limited is wholly and beneficially owned by Mr. Fei Jie, who is an executive Director.

Top Bliss Holding Limited is wholly and beneficially owned by Mr. Zhang Genjiang, who is an executive Director.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in research and development, manufacture and sale of rechargeable batteries, electric vehicles and provision of related services, as well as the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the PRC.

The net proceeds from the Placing will be approximately HK\$51.7 million. Approximately HK\$31.7 million of the net proceeds from the Placing are intended to be used for working capital to the Group to meet any future development and obligations. Approximately HK\$20.0 million of the net proceeds are intended to develop technology, equipment and infrastructure for new energy bus, including but not limited to, applying electric charging system and hydrogen charging system into traditional gas station.

The Directors are of the view that the Placing will strengthen the financial position of the Group, including its ability to meet any future obligations and broaden the shareholder's base. The Directors consider that the terms of the Placing, including the rate of the placing commission, are fair and reasonable based on the current market conditions. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity in the past twelve (12) months immediately preceding the date of this announcement.

GENERAL

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 8 May 2018
“Board”	the board of Directors
“Business Day(s)”	means any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which commercial banks are generally open for normal banking business in Hong Kong
“Company”	China Trustful Group Limited (stock code: 8265), a company incorporated in Bermuda with limited liability which shares are listed on GEM
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate granted to the Board pursuant to the resolution passed by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company (being 2,151,209,327 Shares) as at the date of passing such resolution, which is equivalent to 430,241,865 Shares
“Group”	the Company and its subsidiaries
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“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
“Placee(s)”	any independent institutional, professional and/or individual investors who are not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
“Placing”	the placing of a maximum of 100,000,000 Placing Shares on a best effort basis pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	South China Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), acting as the Placing Agent of the Placing Shares under the Placing Agreement
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 24 May 2019 in respect of the Placing

“Placing Price”	HK\$0.53 per Placing Share (excluding any transaction levy, Stock Exchange trading fee and other fees or levies as may be payable by the Placees)
“Placing Share(s)”	a maximum of 100,000,000 Shares to be issued pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of nominal value of HK\$0.02 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
China Trustful Group Limited
Fei Jie
Chairman and Executive Director

Hong Kong, 24 May 2019

As at the date of this announcement, the executive Directors are Mr. Fei Jie (Chairman), Mr. Zhang Genjiang and Mr. Fung Chi Kin and the independent non-executive Directors are Mr. Jim Yiu Ming, Mr. Sit Sai Hung, Billy and Mr. Shen Ruolei.

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 the 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 the 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.