

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **CHINA TRUSTFUL GROUP LIMITED**

### **中國之信集團有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 8265)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **HIGHLIGHTS**

- Revenue for the year ended 31 December 2020 was HK\$nil, compared with HK\$118,039,000 last year, representing a decrease of HK\$118,039,000.
- Gross profit for the year ended 31 December 2020 was HK\$nil, compared with HK\$12,729,000 last year, representing a decrease of HK\$12,729,000.
- Loss attributable to owners of the Company was HK\$600,602,000, compared with loss HK\$104,377,000 last year, representing an increase of HK\$496,225,000.
- Loss per share attributable to owners of the Company amounted to HK19.78 cents, compared with loss HK3.81 cents last year, representing an increase of HK15.97 cents.
- No final dividend was proposed for the year ended 31 December 2020 (2019: Nil).

The Board of Directors (the “**Board**”) of China Trustful Group Limited (the “**Company**”) hereby to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with the comparative amounts for the year ended 31 December 2019, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Revenue</b>	4	—	118,039
Cost of sales		—	(105,310)
<b>Gross profit</b>		—	12,729
Interest revenue	5	—	88
Other incomes	6	<b>962</b>	2,040
Selling and distribution expenses		—	(394)
Administrative expenses		<b>(8,831)</b>	(38,039)
Other expenses		<b>(591,130)</b>	(78,770)
<b>Loss from operation</b>		<b>(598,999)</b>	(102,346)
Finance costs	7	<b>(4)</b>	(358)
<b>Loss before tax</b>		<b>(599,003)</b>	(102,704)
Income tax expenses	8	<b>(1,599)</b>	(1,885)
<b>Loss for the year</b>	9	<b>(600,602)</b>	(104,589)
<b>Other comprehensive income for the year (after tax):</b>			
Item that may be reclassified to profit or loss:			
— Exchange differences on translating foreign operations		—	1,202
<b>Total comprehensive loss for the year</b>		<b>(600,602)</b>	<b>(103,387)</b>

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(600,602)	(104,377)
Non-controlling interests		<u>—</u>	<u>(212)</u>
		<b><u>(600,602)</u></b>	<b><u>(104,589)</u></b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		(600,602)	(103,175)
Non-controlling interests		<u>—</u>	<u>(212)</u>
		<b><u>(600,602)</u></b>	<b><u>(103,387)</u></b>
<b>Loss per share (HK cents)</b>			
— Basic	11	<b><u>(19.78)</u></b>	<b><u>(3.81)</u></b>
— Diluted		<b><u>(19.78)</u></b>	<b><u>(3.81)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Intangible assets		—	6,690
Property, plant and equipment		—	74,916
Right-of-use assets		<b>60</b>	20,564
Deferred tax assets		—	1,599
Prepayment for property, plant and equipment		—	9,600
		<u>60</u>	<u>113,369</u>
<b>Current assets</b>			
Inventories		—	40,719
Trade receivables	12	—	200,947
Other receivables, deposits and prepayments		<b>68</b>	292,352
Bank and cash balances		—	938
		<u>68</u>	<u>534,956</u>
<b>Current liabilities</b>			
Trade and other payables	13	<b>15,729</b>	57,146
Lease liability		<b>52</b>	—
Current tax liability		—	16,127
		<u>15,781</u>	<u>73,273</u>
<b>Net current (liabilities)/assets</b>		<u><b>(15,713)</b></u>	<u>461,683</u>
<b>Non-current liability</b>			
Lease liability		<u>9</u>	<u>—</u>
<b>Net (liabilities)/assets</b>		<u><b>(15,662)</b></u>	<u><b>575,052</b></u>

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	14	<b>60,724</b>	60,724
Reserves		<b>(76,386)</b>	514,540
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>(15,662)</b>	575,264
Non-controlling interests		<hr/> <b>—</b>	<hr/> (212)
<b>Total (deficit)/equity</b>		<b><u>(15,662)</u></b>	<b><u>575,052</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## 1. GENERAL INFORMATION

China Trustful Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in Bermuda on 14 June 2010 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 January 2011. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The address of its principal place of business was Room 8, Flat C, 12/F., Por Mee Factory Building, 500 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong. Subsequent to end of the reporting period, its principal place of business has been changed to Unit 1603, 16th Floor, The Phoenix, No. 23 Luard Road, Wanchai, Hong Kong on 15 March 2021.

The principal activity of the Company is investment holding.

## 2. GOING CONCERN BASIS

The Company and its subsidiaries (collectively referred to as “**Group**”) incurred a loss of approximately HK\$600,602,000 for the year ended 31 December 2020, as at 31 December 2020 the Group had net current liabilities and net liabilities of HK\$15,713,000 and HK\$15,662,000 respectively and material events mentioned in note 15 to this announcement. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome that restructuring plans to improve its financial position, to provide liquidity and cash flows. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

### **3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### **4. REVENUE AND SEGMENT INFORMATION**

Revenue mainly represent contract revenue from the Electric Vehicle Business and contract revenue from the Energy and Petrochemicals Business.

Disaggregation of revenue from contracts with customers:

	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods:		
— Electric vehicles and related products	—	22,184
— Energy and petrochemical related products	—	78,255
Commission and consultancy fee income	—	17,600
	<hr/>	<hr/>
Revenue from contracts with customers	<u>—</u>	<u>118,039</u>

### **Segment information**

The management reviews the Group's internal reporting for performance assessment between segments and resource allocation. The management has determined the operating segments based on business lines (products and services) and geographical areas. The management has determined that the Group is organised into two main operating segments: (i) Electric Vehicle Business; and (ii) Energy and Petrochemicals Business. The management measures the performance of the segments based on their respective segment results.

The principal products and services of each of these operations are as follows:

- (1) Electric Vehicle Business — research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services; and
- (2) Energy and Petrochemicals Business — 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.



## **Sales of goods (electric vehicles and related products and energy and petrochemical related products)**

The Group manufactures and sells goods to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The products are sold with volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the prices specified in the contracts, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method. A contract liability is recognised for the expected volume discounts payable to customers in relation to the sales made.

The products sold to customers are returnable to the Group within one month from delivery to the customers. Revenue from these sales is recognised based on the prices specified in the contracts, net of the estimated sales return. Accumulated experience is used to estimate and provide for the sales return, using the expected value method. A contract liability is recognised for the expected sales return payable to customers in relation to the sales made.

The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

Sales to customers are normally made with credit terms of 30 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

## **Commission and consultancy fee income**

The Group provides consultancy service to the customers. Commission and consultancy fee income is recognised when the related service is rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

## Segment revenue and segment results

Information regarding the Group's reportable operating segments including the reconciliations to loss before tax are as follows.

	<b>Energy and Petrochemicals Business HK\$'000</b>	<b>Electric Vehicle Business HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2020</b>			
Reportable segment revenue	—	—	—
Reportable segment profit	—	—	—
Interest revenue			—
Corporate income and expenses			(599,003)
<b>Loss before tax</b>			<b><u>(599,003)</u></b>
Adjusted earnings before interest, tax, depreciation and amortisation	<u>—</u>	<u>—</u>	<u>—</u>

	Energy and Petrochemicals Business <i>HK\$'000</i>	Electric Vehicle Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2019			
Reportable segment revenue ( <i>note (a)</i> )	<u>78,255</u>	<u>39,784</u>	<u>118,039</u>
Reportable segment profit	<u>2,536</u>	<u>4,918</u>	7,454
Interest revenue			88
Corporate income and expenses			<u>(110,246)</u>
Loss before tax			<u><u>(102,704)</u></u>
Adjusted earnings before interest, tax, depreciation and amortisation ( <i>note (b)</i> )	<u><u>2,536</u></u>	<u><u>18,120</u></u>	<u><u>20,656</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned by each segment without allocation of interest revenue, central administrative income and expenses including partial other revenue and other income, directors' remuneration and partial finance costs under the heading of "corporate income and expenses". This is the measure reported to management for the purposes of performance assessment between segments and resource allocation.

Notes:

- (a) Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year of 2019.
- (b) Adjusted earnings before interest, tax, depreciation and amortisation is also a measurement basis regularly reviewed by the directors in performance assessment between segments and resources allocation. This measurement basis is consistent with that of the segment results except that finance costs, amortisation of intangible assets, depreciation of property, plant and equipment and right of use assets are not included in the adjusted earnings before interest, tax, depreciation and amortisation.

## Geographical information

Since over 90% of the Group's revenue and operating profit were generated in the PRC for both years and over 90% of the Group's non-current assets were located in the PRC, no geographical segment information in accordance with HKFRS 8 Operating Segments is presented.

## Information about major customers

Revenue from customers for the years ended 31 December 2020 and 2019 contributing over 10% of the total revenue of the Group are as follows:

		<b>2020</b>	<b>2019</b>
	<b>Reporting segments</b>	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A ( <i>Note i</i> )	Electric Vehicle Business	<u>—</u>	<u>17,600</u>

Notes:

- (i) Revenue derived from Customer A did not contribute 10% or more to the Group's total revenue during the year ended 31 December 2020.

Except as disclosed above, no other customers contributed 10% or more of the Group's total revenue for both years.

## 5. INTEREST REVENUE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	<u>—</u>	<u>88</u>

## 6. OTHER INCOMES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Government grant ( <i>note</i> )	962	1,152
Sundry income	<u>—</u>	<u>888</u>
	<u>962</u>	<u>2,040</u>

*Note:* Government grants of approximately HK\$962,000 (2019: HK\$1,152,000) have been received during the year ended 31 December 2020.

## 7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Imputed interest on lease liability	<u>4</u>	<u>358</u>

## 8. INCOME TAX EXPENSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax — Provision for the year	—	1,885
Deferred tax	<u>1,599</u>	<u>—</u>
	<u>1,599</u>	<u>1,885</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2020 as the Group did not generate any assessable profits arising in Hong Kong during that year. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2019.

PRC subsidiaries are subject to PRC Corporate Income Tax at 25% for both years.

## 9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Auditor's remuneration		
— Audit service	600	600
— Non-audit services	90	—
	<b>690</b>	600
Cost of inventories sold	—	96,265
Amortisation of intangible assets	—	2,280
Depreciation of property, plant and equipment	—	25,254
Depreciation of right-of-use assets	43	—
Loss on disposal of property, plant and equipment	2,771	—
Staff costs including directors' emoluments		
— Salaries, bonus and allowances	2,689	7,578
— Retirement benefit schemes contributions	68	980
Total staff costs	<b>2,757</b>	<b>8,558</b>

## 10. DIVIDENDS

No final dividend was paid or proposed during the years ended 31 December 2020 and 2019, nor has any dividend been proposed by the Board subsequent to the end of the reporting period.

## 11. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Loss for the purpose of calculating basic and diluted earning per share	<u>(600,602)</u>	<u>(104,377)</u>

### Number of shares

	<b>2020</b> <i>'000</i>	<b>2019</b> <i>'000</i>
Issued ordinary shares at 1 January	3,036,200	2,675,424
Effect of shares issued to owners of the Company	<u>—</u>	<u>62,215</u>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per shares	<u>3,036,200</u>	<u>2,737,639</u>

The denominators used are same as those detailed above for both basic and diluted loss per share.

## 12. TRADE RECEIVABLES

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Trade receivables	—	200,947
Less: Allowance for credit losses	<u>—</u>	<u>—</u>
	<u>—</u>	<u>200,947</u>

Trade receivables are non-interest bearing and are generally allows a credit period of 30 to 180 days to its customers.

The following was an aging analysis of trade receivables, net of allowance for credit losses recognised, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for credit losses:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
181–365 days	—	17,160
Over 365 days	—	183,787
	<u>—</u>	<u>183,787</u>
	<u>—</u>	<u>200,947</u>

### 13. TRADE AND OTHER PAYABLES

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Trade payables	—	28,661
Accruals and other payables	6,287	19,620
Amount due to an ex-director	9,442	7,072
Receipt in advance	—	117
Trade deposits received	—	1,676
	<u>15,729</u>	<u>57,146</u>

The following was an aging analysis of trade payables, based on the invoice date:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Over 90 days	<u>—</u>	<u>28,661</u>

The average credit period granted by supplier ranging from 30 to 180 days.



## 14. SHARE CAPITAL

Movements of the share capital of the Company are as follows:

	<b>Number of shares '000</b>	<b>Amount HK\$'000</b>
Authorised:		
Ordinary shares of HK\$0.02 each		
<b>At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020</b>	<b><u>5,000,000</u></b>	<b><u>100,000</u></b>
Issued and fully paid:		
At 1 January 2019	2,675,424	53,508
Placement of new shares (notes i and ii)	<u>360,776</u>	<u>7,216</u>
<b>At 31 December 2019, 1 January 2020 and 31 December 2020</b>	<b><u>3,036,200</u></b>	<b><u>60,724</u></b>

Notes:

- (i) On 24 June 2019, the Company allotted and issued an aggregate of 60,776,000 new shares of HK\$0.02 each to not less than six placees at a price of HK\$0.53 per share. The net proceeds of the placing of approximately HK\$19,260,000 is intended to be used for working capital and approximately of HK\$12,150,000 is intended to be used for developing energy and petrochemical projects.
- (ii) On 25 November 2019, the Company allotted and issued an aggregate of 300,000,000 new shares of HK\$0.05 per share. The net proceeds from the subscription amount to approximately HK\$15,000,000. Approximately HK\$5,000,000 of the net proceeds will be used for working capital to the Group to meet any future development and obligations. Approximately HK\$10,000,000 of the net proceeds was intended to develop electric charging and oil and gas business.

## 15. MATERIAL EVENTS

For the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the PRC (the “**Silverware Business**”), all the assets, including but not limited to the books and accounting records, vouchers, computers, company stamps, relevant stocks, etc, of two subsidiaries of the Company in 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**”). The Company has not received any official documentation from the Ministry of Public Security of the PRC nor any relevant departments from the PRC government and the Special Circumstance was merely notified to the Company in January 2020 by relevant staff of the PRC subsidiaries of the Company. The Company has checked relevant information from the Bureau of Industry and Commerce of the PRC and other unofficial company search engine to verify the Special Circumstance and no information could be founded except the equity of Zhejiang Tong Yin was frozen in January 2020.

The Company has already appointed PRC lawyer to verify the seizure situation and follow up with the Special Circumstance including the possibility for recovering the Records and Documents. The Company has obtained a preliminary legal opinion report issued by PRC lawyers in which the PRC lawyer advised that there is no way to recover the Records and Documents at the moment as now it is under the criminal investigation and carried out by the Ministry of Public Security of the PRC. The Company was further advised that the Record and Documents would be released only in such criminal investigation case was closed and found innocence with the criminal investigation.

For the Electric Vehicle Business, the subsidiaries which are operating the Electric Vehicle Business in PRC that such PRC subsidiaries are also subject to investigation by the Ministry of Public Security of the PRC (the “**Investigated Electric Vehicle Business Subsidiaries**”) in connection with the Special Circumstance.

In July 2020, the Company was informed orally by the subsidiary which is operating the Electric Vehicle Business in PRC that as revealed by a governmental website, a piece of land of that subsidiary was disposed pursuant an order of the Government in early 2020 (the “**Land Disposal**”). In this circumstance, the Company was only aware this incident recently and in fact, no official documentation was received by the Company and the Company then did not have any knowledge as to the situation about the Land Disposal. Accordingly, the Company has taken appropriate action immediately to appoint PRC lawyer to investigate, gather evidence and take appropriate action, subject to the advice by the PRC lawyer, in order for the purpose to verify whether it was an inappropriate disposal and try the best to preserve the assets of the subsidiary and whether the Group could lodge a petition to the Court to appeal against the Land Disposal in order to retrieve back the Group’s asset.

In addition, the Company was also informed by the subsidiary which is operating the Electric Vehicle Business in PRC that the bank accounts under the Electric Vehicle Business’s subsidiaries have been restricted for any withdrawal which is in connection with the investigation by the Ministry of Public Security of the PRC regarding the resigned executive director, Mr. Zhang Genjiang. The Company would also seek legal advice from the PRC lawyer in order to enable the Company to take any appropriate action including but not limited to uplifting the restriction. The Company are given to understand that the withdrawal restrictions of such bank accounts would last for and up to 8 February 2021 subject to further extension taken out by the Ministry of Public Security of the PRC.

Up to the date of this report, the PRC lawyer is still working in progress on the above mentioned events, details were set out in the Company’s announcements dated 19 February 2020, 17 August 2020 and 7 September 2020.

## Deconsolidation of subsidiaries

The consolidated financial statements have been prepared based on the books and records maintained by the Group. The directors were informed that a significant portion of such books and records were maintained in the PRC. However, access to such books and records was limited because such books and records were seized by the Public Security of the PRC since January 2020 and were lost due to the departure of top management personnel including relevant directors, legal representatives and finance manager.

The directors considered that the control over the following subsidiaries had been lost since 2019. The results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since 2019. The major subsidiaries were deconsolidated as follows:

- (i) 杭州銀鑫投資管理有限公司
- (ii) 浙江通銀貴金屬經營有限公司
- (iii) 上海銀擎投資管理有限公司
- (iv) 上海食異文化傳播有限公司

The directors considered that the control over the following subsidiaries had been lost since January 2020. The results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since January 2020. The major subsidiaries were deconsolidated as follows:

- (i) 湖州信成電動汽車有限公司;
- (ii) 湖州信馳電動汽車有限公司;
- (iii) 湖州信宇汽車銷售服務有限公司;
- (iv) 江西信成電動汽車有限公司;
- (v) 肇慶信遠汽車銷售服務有限公司;

- (vi) Ecological Green Transportation Limited (incorporated in United Kingdom);
- (vii) Ecological Green Transportation Limited (incorporated in Hong Kong);
- (viii) China Energy and Chemical Investment Limited;
- (ix) Hong Kong Trustful Energy and Chemical Limited;
- (x) Ultimate Growth Investments Limited;
- (xi) Great Fortune Enterprise Company Limited; and
- (xii) Gulf Energy (China) Limited.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2020:

### **DISCLAIMER OF OPINION**

We do not express an opinion on the consolidated financial statements of the Group and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

## BASIS FOR DISCLAIMER OF OPINION

### 1. Limited accounting books and records of certain subsidiaries of the Group

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of certain subsidiaries of the Group for the years ended 31 December 2020 and 2019, we were unable to carry out audit procedures to satisfy ourselves as to whether the following income and expenses for the years ended 31 December 2020 and 2019 and the assets and liabilities as at 31 December 2019, and the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<i>(a) Income and expenses for the years ended 31 December:</i>		
<b>Revenue</b>	—	118,039
Cost of sales	—	(105,310)
	<hr/>	<hr/>
Gross profit	—	12,729
Interest revenue	—	87
Other incomes	—	2,040
Selling and distribution expenses	—	(394)
Administrative expenses	—	(21,915)
Other expenses	(591,130)	(78,770)
	<hr/>	<hr/>
<b>Loss from operation</b>	(591,130)	(86,223)
Finance costs	—	(81)
	<hr/>	<hr/>
<b>Loss before tax</b>	(591,130)	(86,304)
Income tax expenses	(1,599)	(1,885)
	<hr/>	<hr/>
<b>Loss for the year</b>	(592,729)	(88,189)
<b>Other comprehensive income for the year (after tax):</b>		
Item that may be reclassified to profit or loss: — Exchange differences on translating foreign operations	—	1,202
	<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>	<u>(592,729)</u>	<u>(86,987)</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Loss for the year attributable to:</b>		
Owners of the Company	(592,729)	(87,977)
Non-controlling interests	—	(212)
	<u>(592,729)</u>	<u>(88,189)</u>
<b>Total comprehensive loss for the year attributable to:</b>		
Owners of the Company	(592,729)	(86,775)
Non-controlling interests	—	(212)
	<u>(592,729)</u>	<u>(86,987)</u>
		<i>HK\$'000</i>
<b>(b) Assets and liabilities as at 31 December 2019:</b>		
<b>Non-current assets</b>		
Intangible assets		6,690
Property, plant and equipment		71,993
Right-of-use assets		18,720
Deferred tax assets		1,599
Prepayment for property, plant and equipment		9,600
		<u>108,602</u>
<b>Current assets</b>		
Inventories		40,719
Trade receivables		200,947
Other receivables, deposits and prepayments		290,650
Bank and cash balances		853
		<u>533,169</u>
<b>Current liabilities</b>		
Trade and other payables		43,113
Current tax liabilities		16,127
		<u>59,240</u>
<b>Net current assets</b>		<u>473,929</u>
<b>Net assets</b>		<u><u>582,531</u></u>

**(c) *Bank and cash balance***

We were unable to obtain direct confirmation from the Group's banker in respect of the bank and cash balance of HK\$nil as at 31 December 2020. There was no practical alternative procedure that we could adopt to satisfy ourselves to the existence and valuation of bank and cash balance as disclosed.

**2. Commitments and contingent liabilities**

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 31 December 2020 and 2019.

**3. Related party transactions and disclosures**

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party transactions for the year ended 31 December 2020 and 2019 and balances as at 31 December 2020 and 2019 as required by Hong Kong Accounting Standard 24 (Revised) "Related Party Disclosures".

**4. Consolidated statement of changes in equity**

Except for share capital and share premium, no sufficient evidence has been provided to satisfy ourselves as to the movements and balances of reserves as included in the consolidated statement of changes in equity for the two years ended 31 December 2020 and 2019.

**5. Consolidated statement of cash flows**

No sufficient evidence has been provided to satisfy ourselves as to the cash flows as included in the consolidated statement of cash flows for the two years ended 31 December 2020 and 2019.

**6. Other disclosures in the consolidated financial statements**

No sufficient evidence has been provided to satisfy ourselves as to the accuracy and completeness of the disclosures in relation to the financial risk management, directors' and employees' emoluments, loss per share and subsidiaries and as disclosed in notes 6, 13, 15 and 26 to the consolidated financial statements.



Any adjustments to the figures as described from points 1 to 6 above might have a significant consequential effect on the Group's financial performance and cash flows for the two years ended 31 December 2020 and 2019 and the financial position of the Group as at 31 December 2020 and 2019, and the related disclosures thereof in the consolidated financial statements.

## **7. Material uncertainty relating to the going concern basis**

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of HK\$600,602,000 for the year ended 31 December 2020, as at 31 December 2020 the Group had net current liabilities and net liabilities of HK\$15,713,000 and HK\$15,662,000 respectively and material events mentioned in note 27 to the consolidated financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome that restructuring plans to improve its financial position, to provide liquidity and cash flows. The consolidated financial statements do not include any adjustments that would result from the failure to complete restructuring plans to improve its financial position, to provide liquidity and cash flows. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty relating to the successful completion of restructuring plans to improve its financial position, to provide liquidity and cash flows, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

For the year ended 31 December 2020, China Trustful Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), subsidiaries of 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 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 Petrochemical Business**”) have been de-consolidated. More information is set out below under the heading of de-consolidation of subsidiaries.

### Business Review

#### *Results of the Group*

In relation to the Electric Vehicle Business and Energy and Petrochemical Business, during the year ended 31 December 2020, the Group recorded revenue of HK\$nil, representing a 100% decrease as compared with the same period in 2019 (31 December 2019: HK\$118,039,000) and gross profit and gross profit margin of HK\$nil and 0% respectively (31 December 2019: HK\$12,729,000 and 10.8% respectively). Combining with other income and expenses, the Group recorded loss for the year ended 31 December 2020 of HK\$600,602,000 (31 December 2019: loss of HK\$104,589,000) and other comprehensive income of HK\$nil (31 December 2019: income of HK\$1,202,000), being exchange differences arising from translating foreign operations during the year. Loss attributable to owners of the Company from operations was HK\$600,602,000 as compared with a loss of HK\$104,377,000 for the same period last year; whereas basic loss per share was HKnil cents (31 December 2019: loss of HK3.81 cents).

The Group’s selling and distribution costs and administrative expenses, in total, decreased from HK\$38,433,000 for the same period last year to HK\$8,831,000 during the year ended 31 December 2020.

For the year ended 31 December 2020, the Group has recorded other expenses of HK\$591,130,000 in relation to De-Consolidation. More information is set out in the section of below.

In general, the Group’s result during the year ended 31 December 2020 has been decreased and our business were affected by the De-Consolidation. Further description of the business performances from our businesses are described below.

### *Electric Vehicle Business*

During the year ended 31 December 2020, the Group recorded segment revenue of HK\$nil (31 December 2019: HK\$39,784,000) in the Electric Vehicle Business, representing 0% of the Group's total revenue generated from operations (31 December 2019: 33.7%). This segment recorded segment profit of HK\$nil (31 December 2019: HK\$4,918,000), and segment margin of 0% (31 December 2019: 12.4%).

Despite the aforesaid of the De-Consolidation set out below, the Group will continue to engage in the vehicle business by focusing on providing customized one stop solutions to customers for the supply of vehicle accessories in China. The major products initially will include smart watch car key, intelligent air purifier and sanitizer (effective against COVID-19) and intelligent mobile multimedia system. The Group has an experienced team of technical staffs providing design, integration and modification services according to customers' requirements. The Group aims to provide a selection of customized products to suit customers' needs based on self-design products as well as similar products available in the market.

### *Energy and Petrochemical Business*

For the year ended 31 December 2020, the Energy and Petrochemical Business recorded a revenue of HK\$nil, representing 0% of the Group's total revenue. (31 December 2019: HK\$78,255,000)

### *Silverware Business*

For the Silverware Business, all the assets, including but not limited to the books and accounting records, vouchers, computers, company stamps, relevant stocks, etc., of two subsidiaries of the Group in 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**”). The Company has not received any official documentation from the Ministry of Public Security of the PRC nor any relevant departments from the PRC government and the Special Circumstance was merely notified to the Company in January 2020 by relevant staff of the PRC subsidiaries of the Group. The Company has checked relevant information from the Bureau of Industry and Commerce of the PRC and other unofficial company search engine to verify the Special Circumstance and no information could be founded except the equity of Zhejiang Tong Yin was frozen in January 2020.

The Company has obtained an investigation report from a PRC lawyer in which the PRC lawyer advised that there is no way to recover the seized records and documents at this moment as it is under the criminal investigation by the Public Security. According to the announcements published by the Public Security, Mr. Zhang Genjiang, a former executive director of the Company and the controller of 浙江之信控股集團有限公司 (Zhejiang Zhixin Holdings Group Co. Ltd.\*), was arrested for suspected illegal absorption of public deposits. The Public Security has seized various properties, assets, cash and other things related to the suspects. The PRC lawyer advised that according to PRC laws, the Group's subsidiaries operating the silverware business and those operating the electric vehicle business were considered as connected with the suspects. The PRC lawyer further advised that the seized record and documents would only be dealt with after the relevant criminal investigation or court trial was closed. Other than the announcements published by the Public Security, the PRC lawyer was unable to obtain any further information relating to the investigation by the Public Security.

The Group has loss control on Zhejiang Tong Yin and Hangzhou Yin Xin Investment Management Company Limited and accounted for deconsolidated for the year ended 31 December 2019. Therefore, the Group has recorded other expenses of HK\$78,770,000 in relation to Silverware Business for the year ended 31 December 2019.

### *Deconsolidation of subsidiaries*

The consolidated financial statements have been prepared based on the books and records maintained by the Group. The Company had tried to provide all available information to the Auditor. However, access to such books and records was limited because such books and records were seized by the Public Security of the PRC since January 2020 and were lost due to the departure of top management personnel including relevant directors, legal representatives and finance manager. The Company tried with many attempts but failed to contact the same. In view of the above, the Company was unable to provide sufficient evidence to the Auditor for the audit of these subsidiaries and, accordingly, the Auditor considered that they were unable to obtain sufficient evidence and explanations to satisfy themselves for the financial information of these subsidiaries as well as for the completeness of the financial information of these subsidiaries.

The directors considered that the control over the following subsidiaries had been lost since January 2020. The results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since January 2020 (the “**De-Consolidation**”). The major subsidiaries were deconsolidated as follows:

#### *Electric Vehicle Business*

- (i) 湖州信成電動汽車有限公司
- (ii) 湖州信馳電動汽車有限公司

- (iii) 湖州信宇汽車銷售服務有限公司
- (iv) 江西信成電動汽車有限公司
- (v) 肇慶信遠汽車銷售服務有限公司
- (vi) Ecological Green Transportation Limited (Incorporated in United Kingdom)
- (vii) Ecological Green Transportation Limited (Incorporated in Hong Kong)

*Energy and Petrochemical Business*

- (i) China Energy and Chemical Investment Limited
- (ii) Hong Kong Trustful Energy and Chemical Limited
- (iii) Ultimate Growth Investments Limited
- (iv) Great Fortune Enterprise Company Limited
- (v) Gulf Energy (China) Limited

Therefore, the Group has recorded other expenses of HK\$591,130,000) in relation to De-Consolidation.

**Management's View on the Disclaimer of Opinion**

The management of the Company has given careful consideration to the Disclaimer of Opinion and the basis of Disclaimer of Opinion and has had ongoing discussion with the auditors when preparing the Group's consolidated financial statements.

Regarding disclaimer of opinion nos. 1 to 6 as disclosed in this financial statement, to the management's best knowledge and belief, the management understood that the limitation of scope was due to such books and records seized by the Public Security of the PRC since January 2020 and lost due to the departure of top management personnel including relevant directors, legal representatives and finance manager. Regarding disclaimer no. 7, the management is processing restructuring plans relating to its vehicle accessories business to improve its financial position, to provide liquidity and cashflow. However, the plans were in process. As such, the Management understood and agreed with the basis of the disclaimer of opinion.

In order to address the disclaimer of opinion, the management had used their best endeavours to reacquire the books and records and financial information of these subsidiaries. However, it fails. In December 2020, the management concluded that the Group lost the control of these subsidiaries and deconsolidated these subsidiaries. As discussed with the auditors, it is expected that the deconsolidation of the deconsolidated subsidiaries proceeds and is completed on or prior to 31 December 2021, the disclaimer of opinion is expected to be removed in the Group's consolidated financial statements for the year ending 31 December 2023, as the financial information of deconsolidated subsidiaries would also affect the corresponding figures in its consolidated financial statements for the year ending 31 December 2022 but would not further affect its consolidated financial statements for the year ending 31 December 2023. The management is confident that the business restructuring plans mentioned as above will be successful to improve its financial position, to provide liquidity and cashflow. The disclaimer of opinion no. 7 will be removed for the year ending 31 December 2022.

### **Audit Committee's View on the disclaimer of Opinion**

The auditors requested to perform full audit of subsidiaries as follows for the years ended 31 December 2020:

(i)湖州信成電動汽車有限公司, (ii)湖州信馳電動汽車有限公司, (iii)湖州信宇汽車銷售服務有限公司, (iv)江西信成電動汽車有限公司, (v)肇慶信遠汽車銷售服務有限公司, (vi) Ecological Green Transportation Limited, (vii) Ecological Green Transportation Limited, (viii) China Energy and Chemical Investment Limited, (ix) Hong Kong Trustful Energy and Chemical Limited, (x) Ultimate Growth Investments Limited, (xi) Great Fortune Enterprise Company Limited, and (xii) Gulf Energy (China) Limited.

The requested information included but was not limited to the vouchers, invoices, bank statements and bank confirmations etc. in relation to these subsidiaries. The Company had tried to provide all available information to us. However, access to such books and records was limited because such books and records were seized by the Ministry of Public Security of the PRC since January 2020 and were lost due to the departure of top management personnel including relevant directors, legal representatives and finance manager.

The Company tried with many attempts but failed to contact the same. In view of the above, the Company was unable to provide sufficient evidence to us for the audit of these subsidiaries and, accordingly, the auditors considered that they were unable to obtain sufficient evidence and explanations to satisfy themselves for the financial information of these subsidiaries as well as for the completeness of the financial information of these subsidiaries.

The auditors draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of HK\$600,602,000 and had net current liabilities and net liabilities of HK\$15,713,000 and HK\$15,662,000 respectively and material events mentioned in note 15 to this announcement. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The Audit Committee had critically reviewed the disclaimer of opinion and the management's position concerning the disclaimer of opinion and had also discussed with the auditors at the planning stages and closing stages via teleconferences, by which it was fully aware of the abovementioned background and reasons for the disclaimer of opinion. The Audit Committee therefore concurred with the views of the Management and the auditors.

### **Removal of Disclaimer of Opinion**

As discussed with the auditors, it is expected that the deconsolidation of the deconsolidated subsidiaries proceeds and is completed on or prior to 31 December 2021, the qualification is expected to be removed in the Group's consolidated financial statements for the year ending 31 December 2023, as the financial information of deconsolidated subsidiaries would also affect the corresponding figures in its consolidated financial statements for the year ending 31 December 2022 but would not further affect its consolidated financial statements for the year ending 31 December 2023.

### **Financial Review**

#### ***Liquidity, Financial Resources and Capital Structure***

As at 31 December 2020, the Group had current assets of HK\$68,000 (2019: HK\$534,956,000) comprising cash and cash equivalents of HK\$nil (2019: HK\$938,000), and net current liabilities of HK\$15,713,000 (2019: HK\$461,683,000). The Group did not have any bank borrowings, guarantee and banking facilities, while the Group's other borrowings included amounts due to an ex-director of HK\$9,442,000 (2019: HK\$7,072,000). As at 31 December 2020, the Group's equity attributable to owners of the Company decreased by HK\$590,926,000 to deficit HK\$15,662,000 (2019: equity HK\$575,264,000), which was mainly due to the effect of the De-Consolidation.

The Group's gearing ratio represented its total borrowings over the equity attributable to owners of the Company. As at 31 December 2020, the Group had total borrowings amounted to HK\$9,442,000 (2019: HK\$7,072,000). The Group's equity attributable to owners of the Company as at 31 December 2020 amounted to deficit HK\$15,662,000 (2019: equity HK\$575,264,000).

Having considered that the equity attributable to owners of the Company was deficit as at 31 December 2020 and the Group's current ratio, calculated based on current assets of approximately HK\$680,000 over current liabilities of approximately HK\$15,781,000, it was at a very unhealthy level.

As at 31 December 2020, our trade receivables amounted to HK\$nil, which was a decrease of HK\$200,947,000 compared to HK\$200,947,000 as at 31 December 2019, our trade payables as at 31 December 2020 also decreased to HK\$nil from HK\$28,661,000 as at 31 December 2019. The significant decrease in these balances was mainly due to the De-Consolidation.

Furthermore, the deposits, prepayments and other receivables of the Group decreased from HK\$292,352,000 as at 31 December 2019 to HK\$68,000 as at 31 December 2020.

The cash and cash equivalents of the Group amount to HK\$nil as at 31 December 2020.

During the year ended 31 December 2020, the issued share capital of the Company has remain unchanged compared to 31 December 2019.

The Board is determined to continue to engage in the Electric Vehicle Business, and try its best to maintain a prudent approach in managing its financial requirements. In the long run, the Group finances its daily operations and future acquisitions from internally generated cash flows and/or external debt and/or by equity fund raisings.

### ***Convertible Bonds***

There was no outstanding convertible bonds as at 31 December 2020 and 2019.

### ***Share Option Scheme***

There was no outstanding share options as at 31 December 2020 and 2019.

### ***Connected Transaction***

There was no material connected transaction or related party transactions for the year ended 31 December 2020 except the exempt connected transaction of HK\$9,442,000 (2019: connected transaction of HK\$7,072,000).

### ***Income Tax***

The effective tax rate for the year was 0% (2019: 1.8%), which was for the tax rates applicable to the relevant jurisdictions ranging from 0% to 25%.



### ***Foreign Currency Management***

The Group's transactions, trade receivables, trade payables and cash and cash equivalents are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign currency exchange rate risk. The directors of the Company have a positive attitude to regularly monitor the Group's exposure to foreign exchange so as to reduce the foreign exchange rate risk to a minimum level. To a larger extent, foreign exchange risks were minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it was considered that the Group's exposure to foreign exchange risks was not significant and no hedging measure had been undertaken by the Group.

### ***Contingent Liabilities***

The Group had no significant contingent liabilities as at 31 December 2020 (2019: nil).

### ***Pledge of Assets***

As at 31 December 2020, save as disclosed above, no other assets of the Group were pledged (2019: nil).

### ***Capital Commitments***

As at 31 December 2020, the Group had material capital commitments of HK\$nil (2019: HK\$22,400,000).

### ***Dividends***

The Group did not recommend the payment of any dividend during the year ended 31 December 2020 (31 December 2019: nil).

### ***Significant Investments Held and Material Acquisitions and Disposals***

There were no significant investment held as at 31 December 2020, and there were no material acquisitions and disposals of subsidiaries during the year ended 31 December 2020.

### ***Employees and Remuneration Policies***

Total staff costs for the year, including directors' remuneration, was HK\$2,757,000 (2019: HK\$8,558,000). The Group's remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with the employees by providing competitive remuneration package to the employees including salaries, allowances, insurance, discretionary bonus, share option scheme and training for human resources upskilling.

### ***Fund Raising Activity***

There was no fund raising activity for the year ended 31 December 2020.

### **Principal Risks and Uncertainties**

The Group's businesses, financial conditions, results of operations or growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors that could result in the Group's businesses, financial conditions, results of operations or growth prospects are identified as below, while there may be other risks and uncertainties in addition to those identified below which are not known to the Group or which may not be material now but could turn out to be material in the future.

### ***Market Risk***

As the growth of traditional automobile market worldwide is expected to slow down, more and more automobile manufacturers enter into electric vehicle industry. Market risk arises from the intensifying competitions of the Electric Vehicle Business of the Group.

With an aim to become one of the market leaders, not only have we engaged qualified managerial, operational and marketing team to deal with the Electric Vehicle Business, in order to minimise the market risk, the Group also builds our competitive edge in the Electric Vehicle Business by being customer-oriented and provision of tailor-made solutions to our customers.

### ***Regulatory Risk***

The Group is exposed to regulatory risks, especially in the Electric Vehicle Business, in relation to failure to comply with relevant laws and regulations in financial, operational and environment aspects. While there is no non-compliance of laws and regulations during the year, the Group will remain sensitive to any changes in the regulations, and respond to any changes to ensure our businesses comply with the relevant policies.

### ***Financial Risks***

Details of the financial risks are set out in note 6 to the consolidated financial statements.

### ***Currency Market Risk***

The Group's currency exposure mainly arises from its businesses in the PRC, further details of which are set out in the paragraph "Foreign Currency Management" under the section headed "Financial Review" above.

### ***Global Economic and Environment Risk***

In 2020, the national and global economic environments was unstable and complicated mainly due to the COVID-19.

Looking forward, the Group would continue to provide quality services and to expand customer base into the industries it already set foot in. In case of adverse market condition, we will pay close attention to the market changes of the industries involved and adjust our business strategies in a timely manner to avoid visible risks. The Group will take risk management and risk investigation as its paramount concerns, and improve its asset management and team management abilities while enhancing the comprehensive strength of the Group.

## **Prospect**

Despite the aforesaid and the result of De-Consolidation, the Board is determined to continue to engage in the Electric Vehicle Business. The Company considers that the prospects of electric vehicles in the PRC is promising in view of favourable government policies and growing market demands. The Group will focus on providing customized one stop solutions to customers for the supply of vehicle accessories and parts in China.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

## **CORPORATE GOVERNANCE**

The Group is committed to upholding high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial for the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of shareholders of the Company.

## **AUDIT COMMITTEE**

The Audit Committee had reviewed the annual results of the Group for the year ended 31 December 2020.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited ("ZHONGHUI"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by ZHONGHUI in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI on the preliminary announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company adopted the model code for securities transactions by the Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Relevant employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code for the year.

## **PUBLICATION OF ANNUAL REPORT**

The annual report 2020 of the Company containing all information required by the Listing Rules will be published on the website of the Company at [www.irasia.com/listco/hk/chinatrustful/](http://www.irasia.com/listco/hk/chinatrustful/) and the website of the Stock Exchange at <http://www.hkexnews.hk> in due course.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 18 May 2020 and will remain suspended until the Company fulfills the Resumption Guidance.

By Order of the Board  
**China Trustful Group Limited**  
**Luo Huangshi**  
*Chairman*

Hong Kong, 12 May 2021

*As at the date of this announcement, the executive Directors are Mr. Luo Huangshi and Mr. Tao Wah Wai Calvin; the independent non-executive Directors are Mr. Hu Chao, Mr. Wong Lok Man and Mr. Lo Cheuk Fei Jeffrey.*

*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](http://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.irasia.com/listco/hk/chinatrustful/](http://www.irasia.com/listco/hk/chinatrustful/).*