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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

On 5 November 2019 (after trading hours of the Stock Exchange), the Company entered into two Subscription Agreements (the “**Subscription Agreements**”) with two Subscribers (the “**Subscribers**”), pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, a total of 300,000,000 Subscription Shares (150,000,000 subscription shares for each subscriber) at the Subscription Price of HK\$0.050 per Subscription Share.

The issue of the Subscription Shares is not subject to the Shareholders’ approval as the Subscription Shares will be allotted and issued under the General Mandate. The total number of 300,000,000 Subscription Shares represents (i) approximately 10.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.88% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares, assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion.

The Subscription Price of HK\$0.050 per Subscription Share represents (i) a discount of approximately 9.09% to the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the Last Trading Date, and (ii) a discount of approximately 10.07% to the average closing price of approximately HK\$0.056 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date.

The net proceeds arising from the Subscription will amount to approximately HK\$15,000,000, representing a net issue price per Subscription Share of approximately HK\$0.050. It is intended that the net proceeds arising from the Subscription are intended to (i) apply approximately HK\$10,000,000 to develop electric charging and oil and gas business and (ii) apply the remaining approximately HK\$5,000,000 for general working capital of the group to pay its obligation when they fall due and to meet any future development where necessary.

Shareholders and potential investors should note that the Completion is subject to the fulfilment of the conditions precedent as set out in the section headed “Conditions Precedent” in this announcement and therefore may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 5 November 2019 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, a total of 300,000,000 Subscription Shares (150,000,000 subscription shares for each subscriber) at the Subscription Price of HK\$0.050 per Subscription Share.

The Subscription Agreements

Date: 5 November 2019 (after trading hours of the Stock Exchange)

Issuer: the Company

Subscriber I: Mr. Zhou Wei who has extensive experience and resources in renewable and clean energy business, with particular emphasis in the natural gas power and electricity charging system for electric vehicle bus projects.

Subscriber II: True Partner Global Limited, a company incorporated in BVI with limited liability, which engages in regional transportation business, electric vehicles and related products solution business.

Unless otherwise defined, terms and conditions shall be the same for the Subscription Agreements between Subscriber I, Subscriber II and the Company. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Subscriber and its ultimate owner(s) is an Independent Third Party as at the date of this announcement.

Subscription Shares

The total number of 300,000,000 Subscription Shares, represents (i) approximately 10.96% of the existing issued share capital of the Company of 2,736,200,685 Shares as at the date of this announcement; and (ii) approximately 9.88% of the issued share capital of the Company of 3,036,200,685 Shares as enlarged by the allotment and issue of the Subscription Shares, assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion.

Ranking of the Subscription Shares

The Subscription Shares will be allotted and issued free of any Encumbrance, and will rank *pari passu* in all respects among themselves and all other issued Shares as at the Closing Date in all respects.

Subscription Price and the Subscription Consideration

The Subscription Price of HK\$0.050 per Subscription Share represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a discount of approximately 10.07% to the average closing price of approximately HK\$0.056 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares and the current market conditions. The Directors consider that the terms of the Subscription Agreements (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Consideration of HK\$15,000,000 shall be payable by the Subscribers to an account designated by the Company on the Closing Date.

General Mandate to issue the Subscription Shares

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed at the AGM whereby the Directors have been duly authorized to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company as at the date of AGM. As at the date of this announcement, the Company has not exercised the power to allot and issue any new Shares under the General Mandate prior to the allotment and issue of the Subscription Shares. As such, the allotment and issue of the Subscription Shares are not subject to additional Shareholders' approval.

Conditions Precedent

The Completion shall be subject to the following conditions being satisfied:

- (A) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of valid and definitive share certificate(s) representing the Subscription Shares to the Subscribers); and
- (B) all relevant approvals and consents (if required) from governmental or other competent authority or in accordance with applicable laws have been obtained on the part of the Company and the Subscribers in respect of the Subscription Agreements and the transactions contemplated thereunder.

In the event that the above conditions are not fulfilled in full on or before the Long Stop Date, the Subscription Agreements shall terminate and no party shall be liable to the other party save for antecedent breaches.

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Termination

If the conditions set out in conditions precedent have not been satisfied at or before 4:00 p.m. on the Long Stop Date, this Agreement shall cease and determine and save for any antecedent breach by any party.

Completion

Completion under the Subscription Agreements shall take place on the Closing Date.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in (i) the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the People's Republic of China (the "PRC"), (ii) research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services and (iii) 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 aggregate net proceeds arising from the Subscription will amount to approximately HK\$15,000,000. The Company intends to apply the net proceeds from the Subscription to (i) apply approximately HK\$10,000,000 to develop electric charging and oil and gas business and (ii) apply the remaining approximately HK\$5,000,000 for general working capital of the group to pay its obligation when they fall due and to meet any future development where necessary.

The Directors consider that the Subscription will provide additional funding to reduce its indebtedness so as to improve the gearing ratio of the Group while broadening the capital base of the Company to develop electric charging and oil and gas business. The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding and the capital base of the Company will be enlarged. The Directors consider that the terms of the Subscription Agreements are fair and reasonable.

CHANGES IN SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately following the Completion (assuming that there is no change in the total number of issued Shares from the date of this announcement and up to the Completion other than the issue of the Subscription Shares):

Shareholders	As at the date of this announcement		Upon completion of the Subscription	
	No. of Shares	Approximate	No. of Shares	Approximate
		%		%
King Full Inc Limited <i>(note)</i>	811,950,000	29.67	811,950,000	26.74
Top Bliss Holdings Limited <i>(note)</i>	528,809,327	19.33	528,809,327	17.42
Public Shareholders	1,395,441,358	51.00	1,395,441,358	45.96
Subscriber I	–	–	150,000,000	4.94
Subscriber II	–	–	150,000,000	4.94
	<u>2,736,200,685</u>	<u>100.00</u>	<u>3,036,200,685</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.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

The Company has carried out equity fund raising activities in the past twelve-month period immediately preceding the date of this announcement. Details are set out on announcements dated 24 May 2019 and 24 June 2019.

GENERAL

Shareholders and potential investors should note that the Completion is subject to the fulfilment of the conditions precedent as set out in the section headed “Conditions Precedent” in this announcement and therefore may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 21 June 2019
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong during normal working hours
“Closing Date”	the date on which 300,000,000 Subscription Shares will be allotted and issued to the Subscribers by the Company, which shall be the date falling within three Business Days after the conditions precedent under the Subscription Agreements are fulfilled or such other date as the Company and the Subscribers may agree in writing
“Company”	China Trustful Group Limited (stock code: 8265), a company incorporated in Bermuda with limited liability which shares are listed on GEM
“Completion”	completion of the Subscription
“Director(s)”	the director(s) of the Company

“Encumbrance”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate to allot, issue and deal with up to 535,084,937 new Shares (representing 20% of the aggregate number of the Shares in issue as at the date of the AGM) granted to the Directors by a resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s) (as defined under the GEM Listing Rules)
“Last Trading Date”	5 November 2019, being the day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
“Long Stop Date”	the date falling on the same calendar date on three weeks after the date of the Subscription Agreement (i.e. 25 November 2019) or such other date as may be mutually agreed between the Company and the Subscribers
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber I”	Mr. Zhou Wei
“Subscriber II”	True Partner Global Limited, a private company incorporated in BVI with limited liability
“Subscribers”	The Subscriber I and the Subscriber II
“Subscription”	the conditional subscription by the Subscribers of 300,000,000 Subscription Shares pursuant to the Subscription Agreements
“Subscription Agreements”	the agreements dated 5 November 2019 entered into between the Company and the Subscribers in relation to the Subscription
“Subscription Consideration”	the total amount payable by the Subscribers to the Company for the subscription of the Subscription Shares, i.e. HK\$15,000,000
“Subscription Price”	HK\$0.050 per Subscription Share
“Subscription Share(s)”	new Share(s) to be allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreements
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 5 November 2019

As at the date of this announcement, the executive Directors are Mr. Fei Jie (Chairman), Mr. Zhang Genjiang and Mr. Wong Kin Fai 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.