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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE
OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of China Trustful Group Limited (the “**Company**”) 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 (the “**GEM Listing Rules**”) 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.*

The board of directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020 together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

FINANCIAL HIGHLIGHTS

- The Group’s revenue generated from our operations amounted to HK\$nil (six months ended 30 June 2019: approximately HK\$117,656,000) for the six months ended 30 June 2020, which represented a decrease of approximately HK\$117,656,000 or 100% as compared with the corresponding previous period.
- The loss for the six months ended 30 June 2020 was approximately HK\$598,792,000 (profit for six months ended 30 June 2019: approximately HK\$614,000), which represented a decrease of approximately HK\$599,406,000 or 97,623% as compared with the corresponding previous period.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	—	77,945	—	117,656
Cost of sales		—	(72,304)	—	(99,200)
Gross profit		—	5,641	—	18,456
Interest revenue		—	3	—	92
Other income/(loss)	5	81	(1,677)	881	953
Selling and distribution expenses		—	(272)	—	(696)
Administrative expenses		(1,444)	(6,440)	(6,856)	(16,236)
Other expenses		(12)	—	(592,815)	—
(Loss)/profit from operation		(1,375)	(2,745)	(598,790)	2,569
Finance costs	6	(2)	(96)	(2)	(275)
(Loss)/profit before tax		(1,377)	(2,841)	(598,792)	2,294
Income tax expenses	7	—	(666)	—	(1,680)
(Loss)/profit for the period	8	(1,377)	(3,507)	(598,792)	614
Other comprehensive loss for the period (after tax):					
Item that may be reclassified to profit or loss:					
— Exchange differences on translating foreign operations		—	(14,063)	—	(586)
Total comprehensive (loss)/income for the period		(1,377)	(17,570)	(598,792)	28

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:				
Owners of the Company	(1,377)	(4,084)	(598,792)	(1,533)
Non-controlling interests	—	577	—	2,147
	<u>(1,377)</u>	<u>(3,507)</u>	<u>(598,792)</u>	<u>614</u>
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(1,377)	(17,817)	(598,792)	(2,067)
Non-controlling interests	—	247	—	2,095
	<u>(1,377)</u>	<u>(17,570)</u>	<u>(598,792)</u>	<u>28</u>
Loss per share (HK cents)				
— Basic	<u>(0.05)</u>	<u>(0.15)</u>	<u>(19.72)</u>	<u>(0.06)</u>
— Diluted	<u>(0.05)</u>	<u>(0.15)</u>	<u>(19.72)</u>	<u>(0.06)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		30 June	31 December
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Intangible assets		—	6,690
Property, plant and equipment		—	74,916
Right-of-use assets		—	20,564
Deferred tax assets		—	1,599
Prepayment for property, plant and equipment		—	9,600
		<u>—</u>	<u>113,369</u>
Current assets			
Inventories		—	40,719
Trade receivables	<i>11</i>	—	200,947
Other receivables, deposits and prepayments		389	292,352
Bank and cash balances		861	938
		<u>1,250</u>	<u>534,956</u>
Current liabilities			
Trade payables	<i>12</i>	—	28,661
Accruals and other payables		12,646	28,485
Lease liabilities		51	—
Amount due to a director		2,370	—
Current tax liabilities		—	16,127
		<u>15,067</u>	<u>73,273</u>
Net current (liabilities)/assets		<u>(13,817)</u>	<u>461,683</u>
Non-current liabilities			
Lease liabilities		<u>35</u>	—
		<u>35</u>	—
Net (liabilities)/assets		<u><u>(13,852)</u></u>	<u><u>575,052</u></u>

		30 June	31 December
		2020	2019
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Capital and reserves			
Share capital	13	60,724	60,724
Reserves		(74,576)	514,540
		<hr/>	<hr/>
Equity attributable to owners of the Company		(13,852)	575,264
Non-controlling interests		<hr/> —	<hr/> (212)
Total (deficit)/equity		(13,852)	575,052
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020

(Unaudited)

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Capital contribution HK\$'000	Statutory general reserve HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity/ (deficit) HK\$'000
At 1 January 2020	60,724	543,325	(21,820)	12,144	—	(19,109)	575,264	(212)	575,052
Total comprehensive loss for the period	—	—	—	—	—	(598,792)	(598,792)	—	(598,792)
Disposal of subsidiaries	—	—	21,820	(12,144)	—	—	9,676	212	9,888
At 30 June 2020	60,724	543,325	—	—	—	(617,901)	(13,852)	—	(13,852)
At 1 January 2019	53,508	504,135	(23,022)	12,144	5,693	85,268	637,726	10,904	648,630
Effect on application of HKFRS 16	—	—	—	—	—	(165)	(165)	—	(165)
At 1 January 2019 (Restated)	53,508	504,135	(23,022)	12,144	5,693	85,103	637,561	10,904	648,465
Total comprehensive (loss)/income for the period	—	—	(534)	—	—	(1,533)	(2,067)	2,095	28
Issue of new shares on placement	1,216	30,190	—	—	—	—	31,406	—	31,406
At 30 June 2019	54,724	534,325	(23,556)	12,144	5,693	83,570	666,900	12,999	679,899

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(144)	(38,524)
Income tax paid	—	(2,221)
	<u> </u>	<u> </u>
Net cash used in operating activities	(144)	(40,745)
	<u> </u>	<u> </u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	85	—
Other cash flows generated from investing activities	—	92
	<u> </u>	<u> </u>
Net cash generated from investing activities	85	92
	<u> </u>	<u> </u>
Cash flows from financing activities		
Interest paid	(2)	(275)
Repayment of lease liabilities	(16)	—
Proceeds from placement of new shares	—	32,211
Share issuing expenses	—	(805)
Other financing activities	—	(24,000)
	<u> </u>	<u> </u>
Net cash (used in)/generated from financing activities	(18)	7,131
	<u> </u>	<u> </u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(77)	(33,522)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	938	56,683
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	—	(1,263)
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	861	21,898
	<u> </u>	<u> </u>
Analysis of cash and cash equivalents		
Bank and cash balances	861	21,898
	<u> </u>	<u> </u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 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 during the six months ended 30 June 2020. 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.

The unaudited condensed consolidated financial statements is presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

2. BASIS OF PREPARATION — GOING CONCERN

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

The Group incurred a loss of approximately HK\$598,792,000 for the six months ended 30 June 2020, as at 30 June 2020 the Group had net current liabilities and net liabilities of approximately HK\$13,817,000 and HK\$13,852,000 respectively and material events mentioned below. 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 condensed 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 condensed 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 condensed 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.

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.

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 announcement, the PRC lawyer is still working in progress on the above mentioned events, details were set out in the Company’s announcement date 19 February 2020, 17 August 2020 and 7 September 2020.

Deconsolidation of subsidiaries

The condensed 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 condensed consolidated financial statements of the Group since January 2020. The major subsidiaries were deconsolidated as follows:

- (v) 湖州信成電動汽車有限公司
- (vi) 湖州信馳電動汽車有限公司
- (vii) 湖州信宇汽車銷售服務有限公司
- (viii) 江西信成電動汽車有限公司
- (ix) 肇慶信遠汽車銷售服務有限公司
- (x) Ecological Green Transportation Limited (Incorporated in United Kingdom)
- (xi) Ecological Green Transportation Limited (Incorporated in Hong Kong)
- (xii) China Energy and Chemical Investment Limited
- (xiii) Hong Kong Trustful Energy and Chemical Limited
- (xiv) Ultimate Growth Investments Limited
- (xv) Great Fortune Enterprise Company Limited
- (xvi) Gulf Energy (China) Limited

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by 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; 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 period 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

Disaggregation of revenue from contracts with customers:

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of goods:				
— Silverware and porcelain	—	—	—	8,406
— Electric vehicles and related products	—	186	—	16,970
— Energy and petrochemical related products	—	70,159	—	75,905
Commission and consultancy fee income	—	7,600	—	16,375
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from contracts with customers	<u>—</u>	<u>77,945</u>	<u>—</u>	<u>117,656</u>

Timing of revenue recognition

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At a point in time	—	73,545	—	104,481
Over time	—	4,400	—	13,175
	<u>—</u>	<u>77,945</u>	<u>—</u>	<u>117,656</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 three main operating segments: (i) Silverware Business; (ii) Electric Vehicle Business; and (iii) 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) Silverware Business — retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the PRC;
- (2) Electric Vehicle Business — research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services; and
- (3) 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.

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

Six months ended 30 June 2020

	Silverware Business HK\$'000 (Unaudited)	Electric Vehicle Business HK\$'000 (Unaudited)	Energy and Petrochemicals Business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment revenue	—	—	—	—
Reportable segment profit	—	—	—	—
Interest revenue				—
Corporate income and expenses				(598,792)
Loss before tax				<u>(598,792)</u>
Adjusted earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Six months ended 30 June 2019

	Silverware Business HK\$'000 (Unaudited)	Electric Vehicle Business HK\$'000 (Unaudited)	Energy and Petrochemicals Business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment revenue	8,406	30,144	79,106	117,656
Reportable segment profit/(loss)	5,317	(123)	5,284	10,478
Interest revenue				92
Corporate income and expenses				(8,276)
Profit before tax				<u>2,294</u>
Adjusted EBITDA	<u>5,604</u>	<u>7,553</u>	<u>5,284</u>	<u>18,441</u>

5. OTHER INCOME/(LOSS)

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net foreign exchange loss	—	(2,844)	—	(436)
Government grant (<i>note</i>)	81	943	881	1,152
Sundry income	—	224	—	237
	<u>81</u>	<u>(1,677)</u>	<u>881</u>	<u>953</u>

Note: Government grants of HK\$881,000 (six months ended 30 June 2019: HK\$1,152,000) have been received during the six months ended 30 June 2020.

6. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Imputed interest on lease liabilities	<u>2</u>	<u>96</u>	<u>2</u>	<u>275</u>

7. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax				
— Provision for the period	—	1,617	—	1,617
Current tax — PRC Corporate Income Tax				
— Provision for the period	—	141	—	1,155
— Over provision for the prior years	—	(1,092)	—	(1,092)
	<u>—</u>	<u>666</u>	<u>—</u>	<u>1,680</u>

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 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 condensed consolidated financial statements.

No provision for Hong Kong Profits Tax has been made since there were no assessable profits in Hong Kong for the six months ended 30 June 2020. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2019.

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

8. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is stated after charging the following:

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs including directors' emoluments				
— Salaries, bonus and allowances	756	3,193	1,569	6,848
— Retirement benefit schemes contributions	22	431	55	947
Total staff costs	778	3,624	1,624	7,795
Amortisation of interest in leasehold land	—	145	—	263
Amortisation of intangible assets	—	212	—	423
Loss on disposal of property, plant and equipment	—	—	3,064	—

9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

10. LOSS PER SHARE

(a) Basic loss per share

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

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the purpose of calculating basic loss per share	<u>(1,377)</u>	<u>(4,084)</u>	<u>(598,792)</u>	<u>(1,533)</u>
Number of shares				
	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>3,036,200</u>	<u>2,680,152</u>	<u>3,036,200</u>	<u>2,677,788</u>

(b) Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the six months ended 30 June 2020 and 2019.

11. TRADE RECEIVABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
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 is 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:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
181–365 days	—	17,160
Over 365 days	—	183,787
	<u>—</u>	<u>183,787</u>
	<u>—</u>	<u>200,947</u>

12. TRADE PAYABLES

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Over 90 days	—	28,661
	<u>—</u>	<u>28,661</u>

13. SHARE CAPITAL

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

	Number of shares '000	Amount HK\$'000
Authorised: Ordinary shares of HK\$0.02 each At 1 January 2019, 31 December 2019 and 1 January 2020 (Audited) and 30 June 2020 (Unaudited)	<u>5,000,000</u>	<u>100,000</u>
Issued and fully paid: At 1 January 2019 (Audited)	2,675,424	53,508
Issue of new shares on placement (<i>note</i>)	<u>360,776</u>	<u>7,216</u>
At 31 December 2019 and 1 January 2020 (Audited) and 30 June 2020 (Unaudited)	<u>3,036,200</u>	<u>60,724</u>

Note: 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 HK\$19,260,000 is intended to be used for working capital and HK\$12,150,000 is intended to be used for developing energy and petrochemical projects.

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 HK\$15,000,000. HK\$5,000,000 of the net proceeds will be used for working capital to the Group to meet any future development and obligations. HK\$10,000,000 of the net proceeds was intended to develop electric charging and oil and gas business.

14. APPROVAL OF FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 12 May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Results of the Group

During the six months ended 30 June 2020, the Group recorded revenue of HK\$nil, representing a 100% decrease as compared with the same period in 2019 (30 June 2019: approximately HK\$117,656,000). The Group recorded loss for the six months ended 30 June 2020 of approximately HK\$598,792,000 (30 June 2019: profit of approximately HK\$614,000) and other comprehensive income of HK\$nil (30 June 2019: loss of approximately HK\$586,000), being exchange differences arising from translating foreign operations during the period. Loss attributable to owners of the Company was approximately HK\$598,792,000 as compared with a loss of approximately HK\$1,533,000 for the same period last year; whereas basic loss per share was HK19.72 cents (30 June 2019: loss of HK0.06 cents).

The Group's selling and distribution costs and administrative expenses, in total, decreased from approximately HK\$16,932,000 for the same period last year to approximately HK\$6,856,000 during the six months ended 30 June 2020.

For the six months ended 30 June 2020, the Group has recorded other expenses of approximately HK\$592,815,000 in relation to deconsolidation of subsidiaries, including but not limited to Electric Vehicle Business and Energy and Petrochemical Business. More information is set out in the section of deconsolidation of subsidiaries under note 2.

Electric Vehicle Business

During the six months ended 30 June 2020, the Group recorded segment revenue of HK\$nil (30 June 2019: approximately HK\$30,144,000) in the Electric Vehicle Business, representing 0% of the Group's total revenue generated (30 June 2019: 25.6%). This segment recorded segment profit of HK\$nil (30 June 2019: loss of HK\$123,000), and segment margin of 0% (30 June 2019: negative 0.4%).

Energy and Petrochemical Business

For the six months ended 30 June 2020, the Energy and Petrochemical Business recorded revenue of approximately HK\$79,106,000, representing 67.2% of the Group's total revenue.

Silverware Business

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. More information is set out in the result announcement for the year ended 31 December 2019.

Prospects

Despite the aforesaid, 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.

Financial Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2020, the Group had current assets of approximately HK\$1,250,000 (31 December 2019: approximately HK\$534,956,000) comprising cash and cash equivalents of approximately HK\$861,000 (31 December 2019: approximately HK\$938,000), and net current liabilities of approximately HK\$13,817,000 (31 December 2019: net assets of approximately HK\$461,683,000). The Group did not have any bank borrowings, guarantee and banking facilities. As at 30 June 2020, the Group's equity attributable to owners of the Company decreased by HK\$589,116,000 to deficit side of approximately HK\$13,852,000 (31 December 2019: approximately HK\$575,264,000), which was mainly due to the deconsolidation of subsidiaries described in note 2 during the period.

The Group's gearing ratio represented its total borrowings over the equity attributable to owners of the Company. As there were no borrowings at 30 June 2020, the Group's gearing ratio was therefore at nil% as at 30 June 2020.

The Group's current ratio, calculated based on current assets of approximately HK\$1,250,000 over current liabilities of approximately HK\$15,067,000 was at a unhealthy level of 0.08 times (31 December 2019: 7.30 times).

During the six months ended 30 June 2020, there was no movement of the issued share capital of the Company.

Foreign Currency Management

The Group's transactions, other receivables, other payables and cash and cash equivalents are mainly denominated in Hong Kong dollars. Therefore, the Group is not exposed to foreign currency exchange rate risk.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2020 (31 December 2019: nil).

Pledge of Assets

As at 30 June 2020, no other assets of the Group were pledged.

Capital Commitments

As at 30 June 2020, the Group had no material capital commitments (31 December 2019: approximately HK\$716,000).

Dividends

The Group did not recommend the payment of any dividend during the six months ended 30 June 2020 (30 June 2019: nil).

Employees and Remuneration Policies

The Group had employees including the directors as at 30 June 2020. Total staff costs for the period, including Directors' remuneration, was approximately HK\$1,624,000 (30 June 2019: approximately HK\$7,795,000). 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.

Share Option Scheme

There were no outstanding share options as at 30 June 2020.

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 period.

INTEREST IN A COMPETING BUSINESS

During the six months ended 30 June 2020, none of the directors, the controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020, which is of the opinion that such information comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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 GEM Listing Rules 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 “Latest Company Announcements” page of the GEM Exchange’s website at <http://www.hkgem.com> for at least 7 days from the date of its posting. This announcement will also be published and remains on the website at www.irasia.com/listco/hk/chinatrustful/.