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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)

CONNECTED TRANSACTION EXERCISE OF PUT OPTION IN RELATION TO INTEREST IN BRIGHSUN EV-TECH CO., LIMITED

EXERCISE OF PUT OPTION AND THE DISPOSAL

The Board wishes to announce that on 8 November 2017 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, served the Exercise Notice on Mr. Zhang to exercise the Put Option and require Mr. Zhang to purchase the Subject Shares from the Vendor at the consideration of HK\$9,000,000.

LISTING RULES IMPLICATIONS

The Purchaser is a connected person of the Company under the GEM Listing Rules by reason of him being an executive Director and a substantial shareholder of the Company and therefore, the Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios in respect of the Disposal are above 0.1% but less than 5% and the Consideration is more than HK\$3,000,000, the Disposal is subject to the reporting and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements, under the GEM Listing Rules.

Reference is made to the Announcements where it was disclosed, among other things, that under the terms of Shareholders' Agreement, the Vendor, an indirect wholly-owned subsidiary of the Company, was granted the Put Option, exercisable during the Exercise Period, to require Mr. Zhang and/or Mr. Huang to purchase the Subject Shares at the consideration of HK\$9,000,000 if Brighsun is loss making on the second anniversary of the completion of the Subscription, which took place on 15 October 2015.

The Board wishes to announce that on 8 November 2017 (after trading hours), the Vendor served the Exercise Notice on Mr. Zhang to exercise the Put Option and require Mr. Zhang to purchase the Subject Shares from the Vendor at the consideration of HK\$9,000,000.

EXERCISE OF PUT OPTION AND THE DISPOSAL

Date of Exercise Notice

8 November 2017 (after trading hours)

Parties

Vendor: International Faith Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

Purchaser: Mr. Zhang, an executive Director and a substantial shareholder of the Company

Subject Shares

1,200 ordinary shares of Brighsun, representing 10% of its issued shares as at the date of this announcement.

Consideration

HK\$9,000,000, which shall be paid by the Purchaser to the Vendor in cash upon Completion.

The Consideration is the agreed consideration under the Put Option, being the subscription price for the Subject Shares paid by the Vendor under the Subscription.

Completion

Completion shall take place on or before the seventh (7th) business day after the date of the Exercise Notice, i.e. on or before 17 November 2017.

INFORMATION OF THE PARTIES TO THE DISPOSAL

The Group is principally engaged in the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products, the retail and wholesale of luxury brand silverware and silver utensils in the PRC as well as the research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services. The Vendor is an indirect wholly-owned subsidiary of the Company which is principally engaged in trading of rechargeable batteries, electric vehicles and related products. The Purchaser is an executive Director and a substantial shareholder and therefore a connected person of the Company.

INFORMATION OF BRIGHSUN

Brighsun is a company incorporated in Hong Kong on 5 May 2015 with limited liability, which is owned as to 10% by the Vendor and 90% by Mr. Zhang and Mr. Huang (of which 83.3% is held through Brighsun Management) as at the date of this announcement. The principal business of Brighsun is trading of electric vehicles and related products. The net assets/(liabilities) and net loss (both before and after taxation) of Brighsun for the period from 5 May 2015 (date of incorporation) to 31 December 2015, the year ended 31 December 2016 and the nine months ended 30 September 2017 are as follows:

	For the period from 5 May 2015 to 31 December 2015 (audited) <i>HK\$'000</i>	For the year ended 31 December 2016 (audited) <i>HK\$'000</i>	For the nine months ended 30 September 2017 (unaudited) <i>HK\$'000</i>
Net loss before taxation	(412)	(8,723)	(2)
Net loss after taxation	(412)	(8,723)	(2)
	As at 31 December 2015 (audited) <i>HK\$'000</i>	As at 31 December 2016 (audited) <i>HK\$'000</i>	As at 30 September 2017 (unaudited) <i>HK\$'000</i>
Net assets/(liabilities)	8,599	(124)	(126)

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the Announcements, the Company recognised the business potentials in the global electric vehicles market. At the time of the Subscription, it was expected that the Subscription would allow the Group to explore the electric vehicles market and provide the Group with a business diversification opportunity.

As disclosed in the Assets Acquisition Circular, the Group has successfully diversified and penetrated its business into manufacturing and sale of rechargeable batteries, electric vehicles and related products in 2016 through the Assets Acquisition, and Xincheng, an indirect wholly-owned subsidiary of the Company and the purchaser under the Assets Acquisition, became the platform for the Group's electric vehicle business. Through Xincheng, the Group's electric vehicle business recorded fruitful results with segment revenue and segment profit amounting to approximately HK\$117,283,000 and HK\$12,574,000 respectively for the year ended 31 December 2016. On the other hand, Brighsun has been loss making since the Subscription.

By exercising the Put Option, the Group could dispose of the Subject Shares with the Consideration of HK\$9,000,000. It is considered that the exercise of the Put Option and the Disposal would enhance the cash position and working capital of the Group, and allow the Group to focus its management and financial resources on the Group's electric vehicle business in Xincheng.

The Board, including all the independent non-executive Directors (but save for Mr. Zhang, an executive Director, who is required to and have abstained from voting at the board meeting approving the Disposal), believes that the Disposal is conducted in the ordinary course of business of the Group on normal commercial terms or better, negotiated on an arm's length basis which are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

FINANCIAL IMPACT OF THE EXERCISE OF PUT OPTION AND THE DISPOSAL

The Subject Shares have been recorded as available-for-sale financial assets in the consolidated financial statements of the Company with a carrying amount of HK\$9,000,000 as at 30 June 2017. Therefore, no gain or loss on disposal is expected to be recognised in the consolidated financial statements of the Company as a result of the Disposal. After the Completion, the Group will cease to have any interest in Brighsun.

USE OF PROCEEDS

The proceeds from the Disposal are intended to be used for the general working capital of the Group.

LISTING RULES IMPLICATIONS

The Purchaser is a connected person of the Company under the GEM Listing Rules by reason of him being an executive Director and a substantial shareholder of the Company. The Disposal therefore constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios in respect of the Disposal are above 0.1% but less than 5% and the Consideration is more than HK\$3,000,000, the Disposal is subject to the reporting and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements, under the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context otherwise requires:

“Announcements”	the announcements of the Company dated 23 September 2015 and 15 October 2015, respectively, in relation to the formation of joint venture through the Subscription
“Assets Acquisition”	the acquisition of certain land and buildings and equipments in relation to the Group's electric vehicle business by Xincheng which was completed on 1 June 2016
“Assets Acquisition Circular”	the circular of the Company dated 18 January 2016 in relation to the Assets Acquisition
“Board”	the board of Directors
“Brighsun”	Brighsun Ev-tech Co., Limited, a company incorporated in Hong Kong with limited liability
“Brighsun Management”	Brighsun Management Co., Limited, a company incorporated in the British Virgin Islands which is owned as to 60% by Mr. Huang and 40% by Mr. Zhang
“Company”	China Trustful Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on GEM
“Completion”	completion of the Disposal

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration in respect of the Disposal, being HK\$9,000,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Subject Shares by the Vendor to the Purchaser pursuant to the exercise of the Put Option
“Exercise Notice”	the notice dated 8 November 2017 served by the Vendor on Mr. Zhang to exercise the Put Option
“Exercise Period”	the period commencing from 15 October 2017, being the second anniversary of the completion of the Subscription, and ending one month thereof
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the GEM Listing Rules) the Company
“Mr. Huang”	Mr. Huang Kejun, an Independent Third Party
“Mr. Zhang”	Mr. Zhang Genjiang, an executive Director and a substantial shareholder of the Company
“percentage ratios”	has the meaning ascribed to it under Rule 19.07 of the GEM Listing Rules
“PRC”	the People’s Republic of China
“Purchaser”	Mr. Zhang

“Put Option”	the right, exercisable during the Exercise Period, granted to the Vendor to require Mr. Zhang and/or Mr. Huang to purchase the Subject Shares at the consideration of HK\$9,000,000 if Brighsun is loss making on 15 October 2017
“Shareholders’ Agreement”	the shareholders’ agreement dated 15 October 2015 entered into among the Vendor, Brighsun Management, Mr. Huang, Mr. Zhang and Brighsun in respect of Brighsun
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Shares”	1,200 ordinary shares of Brighsun, representing 10% of its issued shares as at the date of this announcement
“Subscription”	the subscription of the Subject Shares by the Vendor on 23 September 2015
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Vendor”	International Faith Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Xincheng”	湖州信成電動汽車有限公司 (literally translated as Huzhou Xincheng Electric Vehicle Co., Ltd.), an enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 8 November 2017

As at the date of this announcement, the executive Directors are Mr. Fei Jie (Chairman), Mr. Ng Chin Ming Stephen and Mr. Zhang Genjiang 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 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 website of GEM 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.hklistco.com/8265.