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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)

UPDATES ON THE PROFIT GUARANTEE RELATING TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN CORE KINGDOM LIMITED

Reference is made to the announcements of China Trustful Group Limited (formerly known as Powerwell Pacific Holdings Limited) (the “**Company**”) dated 9 December 2014, 8 January 2015, 9 February 2015 and 27 February 2015 (the “**Announcements**”) in relation to, among other things, the acquisition by the Company of the entire issued share capital in and shareholder’s loan due by Core Kingdom Limited. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcements.

Pursuant to the terms of the Sale and Purchase Agreement, the Vendor, who is a third party independent of and not connected with the Company and its connected persons, has provided an irrevocable and unconditional guarantee in favor of the Company that the audited net profits of Tong Yin (the “**Audited Net Profits**”) for the three financial years ended 31 December 2015 (“**FY 2015**”), 31 December 2016 (“**FY 2016**”) and 31 December 2017 (“**FY 2017**”) shall be no less than RMB20 million, RMB24 million and RMB30 million respectively (each a “**Guaranteed Net Profit**”), and in the event that the actual Audited Net Profits for any of FY 2015, FY 2016 and FY 2017 is less than the respective Guaranteed Net Profit, the Vendor shall pay to the Company (the “**Shortfall Payment**”) an amount calculated as follows:

Shortfall Payment = (Guaranteed Net Profit – Audited Net Profit) x 51%

The Board wishes to announce that:

- (i) the Audited Net Profits of Tong Yin for FY 2015 and FY 2016 amounted to approximately RMB20.6 million and RMB24.3 million respectively and fulfilled the respective Guaranteed Net Profit for the relevant financial year; and

- (ii) the Audited Net Profit of Tong Yin for FY 2017 was approximately RMB25,586,000, which falls below the Guaranteed Net Profit of RMB30,000,000 for FY 2017. The shortfall between the Guaranteed Net Profit and the Audited Net Profit for FY 2017 is approximately RMB4,414,000 and the Vendor shall pay to the Company a Shortfall Payment of approximately RMB2,251,140 calculated as follows:

$$\text{Shortfall Payment} = (\text{RMB}30,000,000 - \text{RMB}25,586,000) \times 51\% = \text{RMB}2,251,140$$

Accordingly, pursuant to the terms of the Sale and Purchase Agreement, the Vendor shall settle the Shortfall Payment of approximately RMB2,251,140 which shall be paid in cash in HK\$ at the mid rate for exchange of offshore RMB quoted by Bank of China (Hong Kong) Limited at 11:00 a.m. on the Business Day immediately before the date of payment to the Company on or before 5 April 2018, being 7 days of the delivery of the audited financial statements for FY 2017 on the date of this announcement. In view of the intervening holidays, the Company, at the request of the Vendor, has agreed to grant an extension of 14 days (i.e. on or before 19 April 2018) for the Vendor to settle the Shortfall Payment. If the Vendor fails to pay the Shortfall Payment or any part thereof within 7 days of the extended due date for payment thereof, the Company shall be entitled to sell and dispose of the Escrow Shares at such price and time as the Company may at its discretion determine without liability to the Vendor whatsoever.

The Board is of the view that the failure to meet the Guaranteed Net Profit for FY 2017 will not pose any material adverse impact on the financial position and business operation of the Group as a whole.

The Company will make further announcement regarding settlement of the Shortfall Payment as and when appropriate.

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

Hong Kong, 29 March 2018

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 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 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.