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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)

NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION AND STRATEGIC FRAMEWORK COOPERATION AGREEMENT

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

MOU

The Board wishes to announce that on 28 December 2018 (after trading hours), the Potential Vendor and the Company entered into the MOU in relation to the possible acquisition of the remaining 49% equity interests in Tong Yin by the Group at a consideration to be agreed. As at the date of this announcement, Mr. Zhang, an executive Director, a substantial shareholder and a connected person of the Company, held 60% of the equity interests in the Potential Vendor and the Potential Vendor is therefore a connected person of the Company under the GEM Listing Rules. The Possible Acquisition, if materialises, may constitute a notifiable and connected transaction for the Company under the GEM Listing Rules.

The MOU is not legally binding with regard to the Possible Acquisition, which may or may not proceed. Shareholders and investors of the Company are advised to exercise caution when dealing in the Shares.

STRATEGIC FRAMEWORK COOPERATION AGREEMENT

The Board also wishes to announce that on 28 December 2018 (after trading hours), Tong Yin and Hong Tai entered into a Strategic Framework Cooperation Agreement pursuant to which the parties would cooperate with a view to achieve the following purposes: (i) actively carrying out online and offline cooperation and interaction to expand sales channels jointly; (ii) using their respective staffing advantages to form mutually beneficial and complementary through the cooperation; (iii) sharing their respective management experience to reduce the management cost and maximising the benefits of the parties; and (iv) reaching a consensus through the cooperation and actively carrying out equity cooperation in the future in order to achieve mutual benefit and win-win in the existing business model.

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Tong Yin is a company established in the PRC and, together with its subsidiaries, is principally engaged in the retail and wholesale of luxury brand silverware, silver utensils and luxury goods. As at the date of this announcement, the equity interests of Tong Yin were indirectly held as to 51% by the Company and as to the remaining 49% directly by the Potential Vendor.

Pursuant to the terms of the MOU, the Potential Vendor and the Company have agreed to use their reasonable endeavours to procure the entering of a binding definitive agreement in respect of the Possible Acquisition within six months commencing from the date of the MOU and the Potential Vendor has granted the Company:

- (i) a period of three months commencing from the date of the MOU to carry out due diligence review on the business, financial and legal aspects of, among other things, the assets of Tong Yin and its subsidiaries; and

- (ii) an exclusivity period of six months commencing from the date of the MOU (or such longer period as may be agreed in writing) during which time the Potential Vendor shall not (and shall procure its affiliates shall not), whether directly or indirectly, participate in any discussion, negotiation, arrangement or enter into any agreement (whether subject to conditions or not) in any transactions similar to the Possible Acquisition with any party other than the Company nor provide any information to any other party in relation to the Possible Acquisition.

Save for the legally binding provisions relating to exclusivity, conduct of due diligence and confidentiality, the MOU does not constitute any binding commitment on either the Company or the Potential Vendor in respect of the Possible Acquisition. The Possible Acquisition is subject to the negotiation and entering into of the binding definitive agreement required for the transactions contemplated thereunder.

The MOU is not legally binding with regard to the Possible Acquisition. The terms and consideration for the Possible Acquisition will be subject to further negotiation between the Potential Vendor and the Company, and the Possible Acquisition may or may not proceed. Shareholders and investors of the Company are advised to exercise caution when dealing in the Shares.

Further announcement(s) will be made by the Company in accordance with all applicable requirements of the GEM Listing Rules as and when appropriate.

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To the best of the Directors' knowledge, information and belief having made reasonable enquiries, Hong Tai is a company established in the PRC and is principally engaged in online sales and trading of goods including silverwares. As at the date of this announcement, Hong Tai was held 52% and 48% respectively by two PRC individuals who are independent of and not connected with the Company and its connected persons.

The Directors believe that the entering of the Strategic Framework Cooperation Agreement would strengthen the sales network of the Group's silverware business especially internet sales in the PRC. Accordingly, the Directors believe that the terms of the Strategic Framework Cooperation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Trustful Group Limited (Stock Code: 8265), a company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by 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
“Hong Tai”	杭州鴻泰網絡科技有限公司 (Hangzhou Hong Tai Network Technology Company Limited), a company established in the PRC whose equity interests were held as to 52% and 48% respectively by two PRC individuals who are independent of and not connected with the Company and its connected persons
“Inside Information Provisions”	has the meaning ascribed to it under the GEM Listing Rules
“MOU”	the non-legally binding memorandum of understanding dated 28 December 2018 entered into between the Potential Vendor and the Company in relation to the Possible Acquisition
“Mr. Zhang”	Mr. Zhang Genjiang, an executive Director, a substantial shareholder and a connected person of the Company
“Possible Acquisition”	the possible acquisition of the remaining 49% equity interests in Tong Yin by the Company or its subsidiaries from the Potential Vendor as contemplated under the MOU

“Potential Vendor”	浙江之信控股集團有限公司 (Zhejiang Zhisin Holding Group Co., Ltd), a company established in the PRC whose equity interests are held as to 60% by Mr. Zhang and the remaining 40% by two individuals equally
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Framework Cooperation Agreement”	the strategic framework cooperation agreement dated 28 December 2018 entered into between Tong Yin and Hong Tai in relation to the cooperation between the two parties
“Tong Yin”	浙江通銀貴金屬經營有限公司 (Zhejiang Tong Yin Precious Metal Operation Company Limited), a company established in the PRC whose equity interests, as at the date of this announcement, were indirectly held as to 51% by the Company and as to the remaining 49% directly by the Potential Vendor
“%”	per cent.

For reference purposes only, the Chinese names of the PRC entities have been translated into English in this announcement. In the event of any discrepancies between the Chinese names of these PRC entities and their respective English translations, the Chinese version shall prevail.

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

Hong Kong, 28 December 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 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 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.