



CHINA TRUSTFUL GROUP LIMITED

中國之信集團有限公司

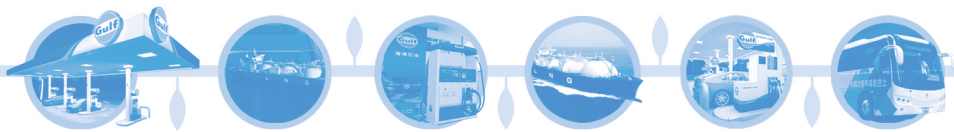
Incorporated in Bermuda with limited liability
Stock Code : 8265



Third
Quarterly
Report
2019



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

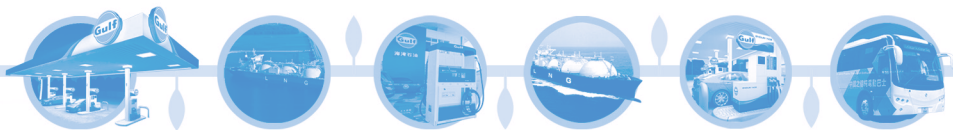
GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report 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 report misleading.

This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from its date of posting and on the designated website of the Company at www.china-trustful.com.



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 three months and nine months ended 30 September 2019 together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

FINANCIAL HIGHLIGHTS

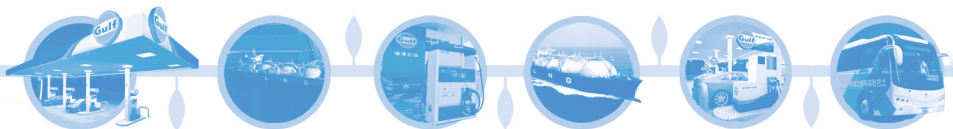
- The Group’s revenue generated from our continuing operations amounted to HK\$137,449,000 (nine months ended 30 September 2018: HK\$174,468,000) for the nine months ended 30 September 2019, which represented a decrease of HK\$37,019,000 or 21.22% as compared with the corresponding previous period.
- The profit for the nine months ended 30 September 2019 was HK\$1,609,000 (for nine months ended 30 September 2018: HK\$14,060,000), which represented a decrease of HK\$12,451,000 or 88.56% as compared with the corresponding previous period.
- The Board does not recommend the payment of a quarterly dividend for the nine months ended 30 September 2019.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations					
Revenue	3	19,793	103,604	137,449	174,468
Cost of sales		(3,822)	(91,879)	(103,022)	(118,112)
Gross profit		15,971	11,725	34,427	56,356
Other revenue and other (loss)/income		(1,305)	776	(260)	3,491
Selling and distribution costs		(187)	(500)	(883)	(1,124)
Administrative expenses		(11,583)	(14,195)	(27,819)	(32,331)
Gain on disposal of subsidiaries	9	-	-	-	525
Finance costs		(94)	(4)	(369)	(1,919)
Profit/(loss) before income tax		2,802	(2,198)	5,096	24,998
Income tax (expense)/credit	6	(1,807)	1,653	(3,487)	(6,058)
Profit/(loss) for the period from continuing operations		995	(545)	1,609	18,940
Discontinued operation					
Loss for the period from discontinued operation	5	-	-	-	(4,880)
Profit/(loss) for the period		995	(545)	1,609	14,060
Other comprehensive loss for the period					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations during the period		(17,596)	(21,853)	(18,182)	(33,331)
Total comprehensive loss for the period		(16,601)	(22,398)	(16,573)	(19,271)



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the three months and nine months ended 30 September 2019

Notes	Three months ended 30 September		Nine months ended 30 September		
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	
Profit/(loss) for the period attributable to:					
Owners of the Company					
– from continuing operations	(1,221)	(3,101)	(2,754)	12,827	
– from discontinued operation	–	–	–	(4,880)	
Non-controlling interests					
– from continuing operations	2,216	2,556	4,363	6,113	
	995	(545)	1,609	14,060	
Total comprehensive (loss)/income for the period attributable to:					
Owners of the Company					
– from continuing operations	(18,328)	(23,454)	(20,395)	(18,160)	
– from discontinued operation	–	–	–	(4,880)	
Non-controlling interests					
– from continuing operations	1,727	1,056	3,822	3,769	
	(16,601)	(22,398)	(16,573)	(19,271)	
(Loss)/earnings per share					
From continuing and discontinued operations					
– Basic	8	HK(0.04) cents	HK(0.12) cents	HK(0.10) cent	HK0.33 cents
– Diluted	8	HK(0.04) cents	N/A	HK(0.10) cent	HK0.35 cents
From continuing operations					
– Basic	8	HK(0.04) cents	HK(0.12) cents	HK(0.10) cent	HK0.54 cents
– Diluted	8	HK(0.04) cents	N/A	HK(0.10) cent	HK0.53 cents
From discontinued operation					
– Basic	8	N/A	N/A	N/A	HK(0.20) cents
– Diluted	8	N/A	N/A	N/A	HK(0.18) cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

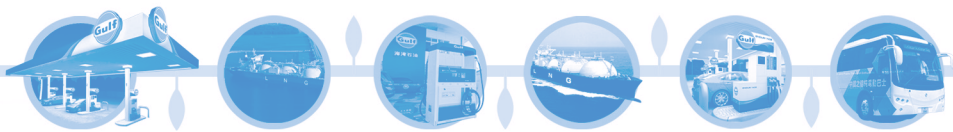
For the nine months ended 30 September 2019

Equity attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Merger reserve HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Capital contribution reserve HK\$'000	Convertible bonds reserve HK\$'000	Statutory general reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Nine months ended 30 September 2019 (Unaudited)													
At 1 January 2019 (Audited and originally stated)	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) (Loss)/profit for the period	53,508	504,135	-	-	-	(23,022)	12,144	-	5,693	85,103	637,561	10,904	648,465
Other comprehensive loss: Exchange differences arising on translation of foreign operations	-	-	-	-	-	(17,641)	-	-	-	-	(17,641)	(541)	(18,182)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(17,641)	-	-	-	(2,754)	(20,395)	3,822	(16,573)
Placing of new shares Share issuing expenses	1,216	30,995	-	-	-	-	-	-	-	-	32,211	-	32,211
	-	(805)	-	-	-	-	-	-	-	-	(805)	-	(805)
At 30 September 2019 (Unaudited)	54,724	534,325	-	-	-	(40,663)	12,144	-	5,693	82,349	648,572	14,726	663,298
Nine months ended 30 September 2018 (Unaudited)													
At 1 January 2018 (Audited and originally stated)	43,024	439,575	155	1,033	2,565	8,273	12,144	9,842	-	86,938	603,549	49,133	652,682
Effect on application of HKFRS 9	-	-	-	-	-	-	-	-	-	15	15	-	15
At 1 January 2018 (Restated) Profit for the period	43,024	439,575	155	1,033	2,565	8,273	12,144	9,842	-	86,953	603,564	49,133	652,697
Other comprehensive loss: Exchange differences arising on translation of foreign operations	-	-	-	-	-	(30,987)	-	-	-	7,947	7,947	6,113	14,060
Total comprehensive (loss)/income for the period	-	-	-	-	-	(30,987)	-	-	-	7,947	(23,040)	3,769	(19,271)
Dividend paid to non-controlling interests (note)	-	-	-	-	-	-	-	-	-	-	-	(28,567)	(28,567)
Exercise of share options	750	10,590	-	-	(2,665)	-	-	-	-	-	8,775	-	8,775
Disposal of subsidiaries (note 5)	-	-	(155)	(1,033)	-	-	-	-	-	1,188	-	-	-
Conversion of convertible bonds	9,734	53,970	-	-	-	-	-	(10,652)	-	-	53,052	-	53,052
Release of deferred tax upon conversion of convertible bonds	-	-	-	-	-	-	-	810	-	-	810	-	810
At 30 September 2018 (Unaudited)	53,508	504,135	-	-	-	(22,714)	12,144	-	-	96,088	643,161	24,335	667,496

Note: The dividend paid to non-controlling interests of RMB24,500,000 (equivalent to approximately HK\$28,567,000) related to dividend paid to 浙江之信控股集團有限公司 (Zhejiang Zhisin Holding Group Limited*) by 浙江通銀貴金屬經營有限公司 (Zhejiang Tong Yin Precious Metal Operation Company Limited*), an indirect non-wholly owned subsidiary of the Company, in July 2018.

* for identification purposes only



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

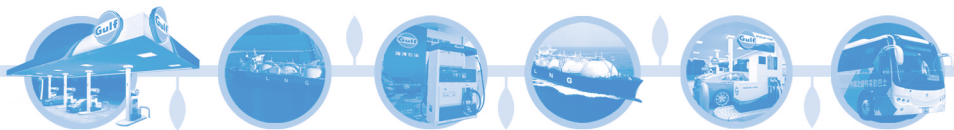
1. GENERAL INFORMATION

China Trustful Group Limited (the “Company”) was incorporated in Bermuda on 14 June 2010 as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 January 2011. King Full Inc Limited and Top Bliss Holdings Limited are substantial shareholders of the Company. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company’s principal place of business is located at Units 2610-2611, 26/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company referred to as the “Group”) are (i) the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the People’s Republic of China (the “PRC”) (the “Silverware Business”), (ii) research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services (the “Electric Vehicle Business”) and (iii) provision of marketing and management services, sales and distribution of energy related products, including but not limited to, LNG and LPG products, and licensing of petroleum gas stations (the “Energy Business”). The Group was also engaged in the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products (the “Sourcing Business”) which were discontinued since 18 May 2018.

This unaudited condensed consolidated financial information 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. This unaudited condensed consolidated financial information was approved for issue by the board of directors of the Company (the “Board”) on 14 November 2019.

This unaudited condensed consolidated financial information has not been audited.



2. BASIS OF PREPARATION

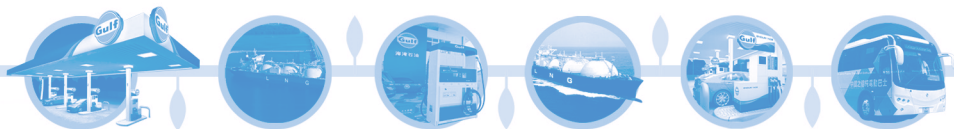
This unaudited condensed consolidated financial information for the nine months ended 30 September 2019 have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

This unaudited condensed consolidated financial information for the nine months ended 30 September 2019 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

This unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2018 (the "2018 annual financial statements"). Except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial period beginning from 1 January 2019, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 30 September 2019 are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements.

The new and revised HKFRSs issued by the HKICPA which are effective for the Group's financial period beginning from 1 January 2019 are described in note 2 of the Group's interim report for the six months ended 30 June 2019. Detail are set out in note 2 of the Group's interim report for the six months ended 30 June 2019.



3. REVENUE

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations				
Silverware and porcelain	6,593	9,692	15,983	39,880
Energy trading & related products	–	14,004	78,255	14,004
Electric vehicles and related products and services	13,200	79,908	43,211	120,584
	19,793	103,604	137,449	174,468

4. 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 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:

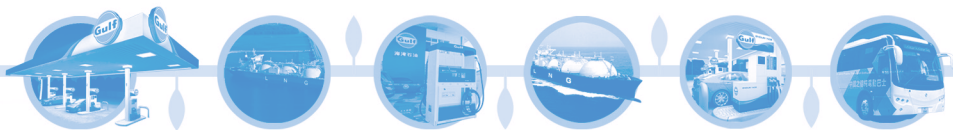
Silverware Business	Retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the PRC
Electric Vehicle Business	Research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services
Energy Business	Provision of marketing and management services, sales and distribution of energy related products, including but not limited to, LNG and LPG products, and licensing of petroleum gas stations

An operating segment regarding provision of sourcing (including product design, product development, raw material sourcing and production outsourcing) and procurement (including quality and assurance control, logistics and delivery handling service) solutions to customers for production of watches, costume jewelries, and display and packaging products (referred to as "Sourcing Business") was discontinued in the current period which are described in more detail in note 5.

4. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable operating segments including the reconciliations to profit/(loss) before income tax is as follows. The segment information reported below does not include any figures for the discontinued operation.

Continuing operations	Silverware Business (Unaudited) <i>HK\$'000</i>	Electric Vehicle Business (Unaudited) <i>HK\$'000</i>	Energy Business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Nine months ended 30 September 2019				
Reportable segment revenue	15,983	43,211	78,255	137,449
Reportable segment profit	10,263	5,184	2,536	17,983
Interest income				94
Corporate income and expenses				(12,981)
Profit before income tax				5,096
Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")	10,688	16,569	2,536	29,793
Nine months ended 30 September 2018				
Reportable segment revenue	39,880	120,584	14,004	174,468
Reportable segment profit	15,963	21,338	560	37,861
Interest income				1,792
Gain on disposal of subsidiaries				525
Corporate income and expenses				(15,180)
Profit before income tax				24,998
Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")	16,400	26,888	560	43,848



4. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned by each segment without allocation of interest income, gain on disposal of subsidiaries, and central administrative income and expenses including directors' remuneration and partial finance costs under the heading of "corporate income and expenses". This is the measure reported to management for the purposes of monitoring performance assessment between segments and resource allocation.

5. DISCONTINUED OPERATION

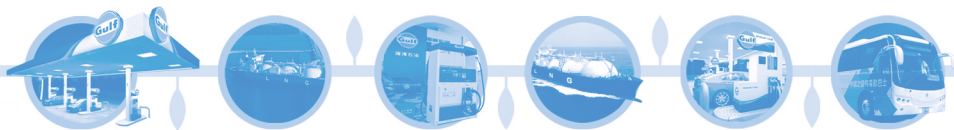
On 18 May 2018, the Group entered into a sale and purchase agreement relating to the disposal of the entire issued share capital of Powerwell Pacific Limited ("Powerwell Pacific") and its subsidiaries (collectively refer to as the "Disposal Group") to an independent third party. Powerwell Pacific was incorporated in the British Virgin Islands and is principally engaged in investment holding. The principal activities of the Disposal Group are the provision of sourcing and procurement solutions to customers for production of watches, costume jewelries, and display and packaging products. The disposal was completed on 18 May 2018 and the Disposal Group ceased to be subsidiaries of the Group since 18 May 2018.

The loss for the period from the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Sourcing operation as a discontinued operation.

Nine months ended
30 September
2018
(Unaudited)
HK\$'000

Loss of sourcing business for the period

(4,880)

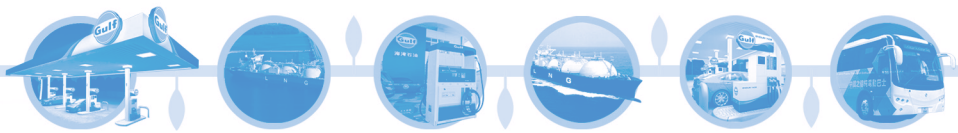


5. DISCONTINUED OPERATION (CONTINUED)

The results of the discontinued operation for the current and prior periods are as follows:

	Nine months ended 30 September 2018 (Unaudited) <i>HK\$'000</i>
Revenue	10,379
Cost of sales	(9,955)
Gross profit	424
Other revenue and other income	333
Selling and distribution costs	(101)
Administrative expenses	(5,536)
Loss before income tax	(4,880)
Income tax expense	-
Loss for the period	(4,880)

The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are disclosed in note 9.



6. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Continuing operations				
Current tax				
– Hong Kong Profits Tax	1,815	–	3,432	–
– PRC Enterprise Income Tax	(8)	(1,653)	1,147	6,322
	1,807	(1,653)	4,579	6,322
Over provision in prior years:				
– PRC Enterprise Income Tax	–	–	(1,092)	–
Deferred tax				
– credit for the period	–	–	–	(264)
	1,807	(1,653)	3,487	6,058

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for the period ended 30 September 2019.

No provision for Hong Kong Profits Tax has been made for the period ended 30 September 2018 since there were no assessable profits in Hong Kong.

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

7. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the nine months ended 30 September 2019 (nine months ended 30 September 2018: nil).

8. (LOSS)/EARNINGS PER SHARE

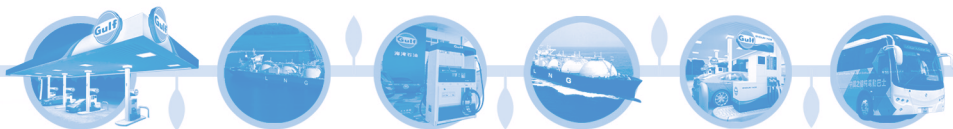
Diluted earnings per share is not presented for the three months ended 30 September 2018 as the Company did not have dilutive potential ordinary shares during that period.

From continuing and discontinued operations

The calculation of basic and diluted loss/earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
(Loss)/earnings				
(Loss)/earnings for the purpose of basic (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	(1,221)	(3,101)	(2,754)	7,947
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds, net of tax	–	N/A	–	1,343
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	(1,221)	N/A	(2,754)	9,290

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited) '000	2018 (Unaudited) '000	2019 (Unaudited) '000	2018 (Unaudited) '000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss/earnings per share	2,720,666	2,675,425	2,697,545	2,387,397
Effect of dilutive potential ordinary shares:				
– Share options	–	N/A	–	17,389
– Convertible bonds	–	N/A	–	269,209
Weighted average number of ordinary shares for the purpose of diluted loss/earnings per share	2,720,666	N/A	2,697,545	2,673,995



8. (LOSS)/EARNINGS PER SHARE (CONTINUED)

From continuing operations

The calculation of basic and diluted loss/earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
(Loss)/earnings				
(Loss)/earnings for the purpose of basic (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	(1,221)	(3,101)	(2,754)	12,827
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds, net of tax	–	N/A	–	1,343
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	(1,221)	N/A	(2,754)	14,170

The denominators used are the same as those detailed above for both basic and diluted loss/earnings per share from continuing and discontinued operations.

From discontinued operation

The calculation of basic and diluted loss per share from discontinued operation attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Loss				
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	N/A	N/A	N/A	(4,880)

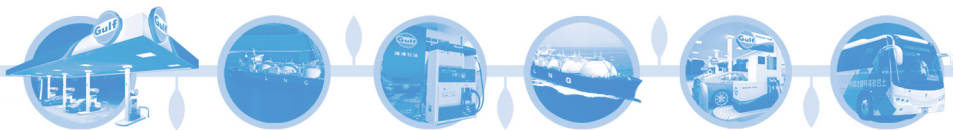
The denominators used are the same as those detailed above for both basic and diluted loss/earnings per share from continuing and discontinued operations.

9. DISPOSAL OF A BUSINESS

As referred to note 5, on 18 May 2018, the Group discontinued its sourcing business operation at the time of disposal of the Disposal Group. The net assets of the Disposal Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	303
Inventories	399
Trade receivables	2,407
Deposits, prepayments and other receivables	1,360
Tax recoverable	1,004
Cash and cash equivalents	6,780
Trade and other payables	(4,978)
Net assets disposed of	7,275
Gain on disposal of subsidiaries:	
Cash consideration receive	7,800
Net assets disposed of	(7,275)
Gain on disposal of subsidiaries	525
Net cash inflow arising on disposal:	
Cash consideration received	7,800
Less: cash and cash equivalents disposed of	(6,780)
Net cash inflow on disposal	1,020

The impact of the Disposal Group on the Group's results in the current and prior periods is disclosed in note 5.



MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended 30 September 2019, China Trustful Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) continued to engaged in (i) the research and development, manufacture and sale of rechargeable batteries, electric vehicles and related products and provision of related services (the “Electric Vehicle Business”), (ii) the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the People’s Republic of China (the “PRC”) (the “Silverware Business”), and (iii) provision of marketing and management services, sales and distribution of energy related products, including but not limited to, LNG and LPG products and licensing of Petroleum gas stations (the “Energy Business”).

Results of the Group

In relation to the Electric Vehicle Business, the Energy Business and the Silverware Business (collectively referred to as the “Continuing Operations”), during the nine months ended 30 September 2019, the Group reported revenue of HK\$137,449,000, representing a 21.22% decrease as compared with the same period in 2018 (30 September 2018: HK\$174,468,000) and gross profit and gross profit margin of HK\$34,427,000 and 25.05% respectively (30 September 2018: HK\$56,356,000 and 32.30% respectively). The Group recorded profit for the period of HK\$1,609,000 (30 September 2018: HK\$18,940,000), and other comprehensive loss of HK\$18,182,000 (30 September 2018: HK\$33,331,000), being exchange differences arising from translation of foreign operations. Loss attributable to owners of the Company was HK\$2,754,000 as compared with profit of HK\$12,827,000 for the same period last year; whereas basic loss per share from continuing operations was HK0.10 cents (30 September 2018: earnings of HK0.54 cents).



Business Review

Electric Vehicle Business

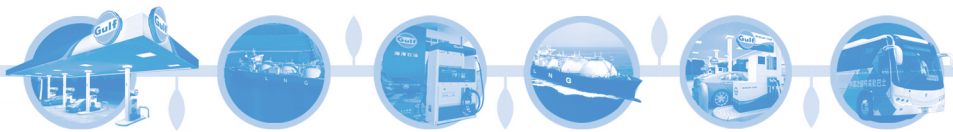
During the nine months ended 30 September 2019, our revenue from the Electric Vehicle Business mainly derived from the selling of rechargeable batteries, auto parts for the electric vehicles and electric bus system solutions and provision of relevant consultancy services. During the period ended 30 September 2019, the Electric Vehicle Business recorded segment revenue of HK\$43,211,000 (30 September 2018: HK\$120,584,000), representing 31.44% of the Group's total revenue (30 September 2018: 69.12%). This segment recorded segment profit of HK\$5,184,000 (30 September 2018: profit of HK\$21,338,000), and segment margin of 12.00% (30 September 2018: 17.70%).

Silverware Business

For the nine months ended 30 September 2019, the Silverware Business recorded segment revenue of HK\$15,983,000 (30 September 2018: HK\$39,880,000), representing 11.63% of the Group's total revenue (30 September 2018: 22.86%). It recorded segment profit of HK\$10,263,000 (30 September 2018: HK\$15,963,000), as a result of the decrease in revenue. Its segment margin was 64.21%, which was higher when compare with last year same period of 40.03%. This was mainly due to the promotion and discounted sales of fast moving inventories during the last year period.

Energy Business

The Energy Business represent sales and distribution of energy products including oil and gas such as LNG and LPG products, and management and licensing of petroleum/gas stations. For the nine months ended 30 September 2019, the Energy Business recorded segment revenue of HK\$78,255,000 (30 September 2018: HK\$14,004,000) representing 56.93% of the Group's total revenue (30 September 2018: 8.02%). It recorded segment profit of HK\$2,536,000 (30 September 2018: HK\$560,000). Its segment margin was 3.24% (30 September 2018: 4.00%).



Prospects

Electric Vehicle Business

The Board is highly optimistic about the future of the green transportation and electric vehicle industry worldwide especially in the PRC. The dominance of the industry by Chinese companies continues, and according to certain international analysts, it is estimated that the number of electric buses will triple within a number of years, and virtually all of them will be in China. Being in this competitive industry and the global market uncertainties, we continuously strive to maintain our competitive edge, search for areas of improvement and are alert to the latest global trends. In the rest of year 2019, the Group will closely monitor the international and domestic market situations and remain cautious on portfolio management as well as continue to strive for sales orders from its existing customers, and will actively explore projects in relation to electric vehicle and electric bus system solutions with good profitability in different potential countries and cities.

Silverware Business

In 2019, under the global market uncertainties, the Group will closely monitor the international and domestic market situations and remain cautious on our portfolio management as well as commit resources towards developing stable relationships with our existing wholesale customers and also identifying new customers. Through designing and developing products with specific themes and through different promotion channels, such as attending different exhibitions, our Silverware Business will continue to be a promising operation for the Group. Management will also strive to build a strong brand image of S-collodi in order to promote the silverware as a means of healthy and luxurious utensils.

Energy Business

In order to enhance and diversify the Group's prospect, the Group has entered into the Energy Business industry especially involving the sales and distribution of energy products including oil and gas such as LNG and LPG products, and management and licensing of petroleum/gas stations and related services. Due to the high necessity of Energy consumption, the Group is optimistic about the prospects of such industry and hope that the Energy Business can become one of the core businesses of the Group.

Capital Structure

As at 30 September 2019, the Group's equity attributable to owners of the Company net increased by HK\$10,846,000 to HK\$648,572,000 (31 December 2018: HK\$637,726,000), which was mainly due to the fund raising of placing new shares under general mandate during the period and off-set the total comprehensive loss for the period ended 30 September 2019.



Dividends

The Group did not recommend the payment of any dividend during the nine months ended 30 September 2019 (30 September 2018: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2019, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

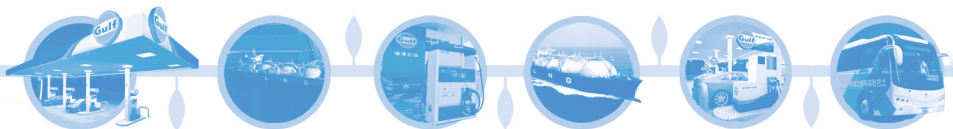
Long positions in shares of the Company

(a) *Interests in the shares of the Company*

Director	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the existing issued share capital of the Company
Mr. Fei Jie	Corporate interest (Note 1)	811,950,000	29.67%
Mr. Zhang Genjiang	Corporate interest (Note 2)	528,809,327	19.33%

Notes:

1. These shares are held by associated corporations King Full Inc Limited and Sure Gold Ventures Limited.
2. These shares are held by an associated corporation Top Bliss Holdings Limited.



(b) *Interests in the shares of associated corporations*

Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholding
Mr. Fei Jie	King Full Inc Limited	Corporate interest & beneficial owner (Note 1)	50,000,000	100%
	Sure Gold Ventures Limited	Beneficial owner (Note 1)	100	100%
Mr. Zhang Genjiang	Top Bliss Holdings Limited	Beneficial owner	1	100%
	浙江通銀貴金屬經營有限公司 (Zhejiang Tong Yin Precious Metal Operation Company Limited*) ("Zhejiang Tong Yin")	Corporate interest (Note 2)	N/A (Note 2)	49%

Notes:

1. King Full Inc Limited is 90% (45,000,000 shares) directly owned by Sure Gold Ventures Limited and is 10% (5,000,000 shares) directly owned by Mr. Fei Jie. Sure Gold Ventures Limited is in turn wholly-owned by Mr. Fei Jie.
2. Zhejiang Tong Yin is 49% owned by 浙江之信控股集團有限公司 (Zhejiang Zhisin Holding Group Limited*), which is in turn 60% owned by Mr. Zhang Genjiang. Zhejiang Tong Yin is a subsidiary of the Company and is thus an associated corporation of the Company.

* for identification purposes only



Save as disclosed above, as at 30 September 2019, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Rules 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

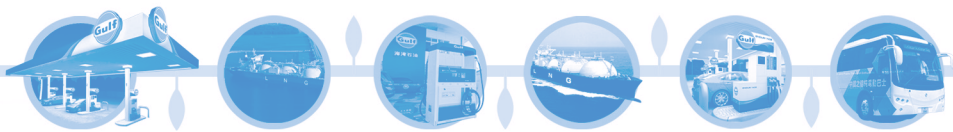
SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares and underlying shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the existing issued share capital of the Company
King Full Inc Limited	Beneficial owner <i>(Note 1)</i>	811,950,000	29.67%
Sure Gold Ventures Limited	Corporate Interest <i>(Note 1)</i>	811,950,000	29.67%
Mr. Fei Jie	Corporate interest <i>(Note 1)</i>	811,950,000	29.67%
Ms. Wu Wen	Interest in spouse <i>(Note 2)</i>	811,950,000	29.67%
Top Bliss Holdings Limited	Beneficial owner <i>(Note 3)</i>	528,809,327	19.33%
Mr. Zhang Genjiang	Corporate interest <i>(Note 3)</i>	528,809,327	19.33%
Smart Focus Inc Limited	Beneficial owner <i>(Note 4)</i>	495,772,358	18.12%
Mr. Luo Liangshun ("Mr. Luo")	Corporate Interest <i>(Note 4)</i>	495,772,358	18.12%



Notes:

1. King Full Inc Limited is 10% directly held by Mr. Fei Jie and the remaining 90% directly held by Sure Gold Ventures Limited. Sure Gold Ventures Limited is in turn wholly-owned by Mr. Fei Jie. Accordingly, Sure Gold Ventures Limited and Mr. Fei Jie are deemed to be interested in the 811,950,000 shares of the Company held by King Full Inc Limited by virtue of the SFO.
2. The shares are held by King Full Inc Limited, the entire issued share capital of which is indirectly wholly-owned by Mr. Fei Jie, the spouse of Ms. Wu Wen. Accordingly, Ms. Wu Wen is deemed to be interested in the entire 811,950,000 shares by virtue of the SFO.
3. The entire issued share capital of Top Bliss Holdings Limited is wholly and beneficially owned by Mr. Zhang Genjiang. By virtue of the SFO, Mr. Zhang Genjiang is deemed to be interested in the entire 528,809,327 shares held by Top Bliss Holdings Limited.
4. Smart Focus Inc Limited is directly wholly-owned by Mr. Luo.

Save as disclosed above, as at 30 September 2019, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

SHARE OPTION SCHEME

The Company operates a share option scheme which has become effective on 22 December 2010 (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. There was no movement in share options granted under the Scheme during the nine months ended 30 September 2019.

As at 30 September 2019, the number of shares which may be issued upon exercise of share options granted and remain outstanding under the Scheme was Nil (30 June 2019: Nil), representing 0% (30 June 2019: 0%) of the shares of the Company in issue at that date. At 30 September 2019, no share options was granted under the Scheme (30 June 2019: nil).



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2019.

INTEREST IN A COMPETING BUSINESS

During the nine months ended 30 September 2019, 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.

CORPORATE GOVERNANCE CODE

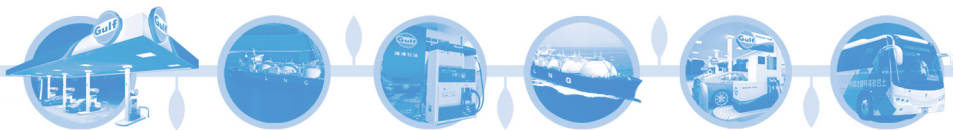
The Company has complied with the code provisions of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules throughout the nine months ended 30 September 2019.

DIRECTORS SECURITIES TRANSACTIONS

The Company adopted the model code for securities transactions by the Directors (the "Model Code") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. On specific enquiry made, all the Directors have confirmed compliance with the Model Code throughout the nine months ended 30 September 2019.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors and is chaired by Mr. Sit Sai Hung, Billy, who has appropriate professional qualifications and experience as required by the GEM Listing Rules.



The Audit Committee has reviewed the unaudited condensed consolidated financial information of the Group for the nine months ended 30 September 2019, 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.

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

Hong Kong, 14 November 2019

As at the date of this report, the executive Directors are Mr. Fei Jie (Chairman), Mr. Zhang Genjiang and Mr. Wong Kin Fai; and the independent non-executive Directors are Mr. Lai Wing Kwan, Mr. Sit Sai Hung, Billy and Mr. Shen Ruolei.