



**Trillion Grand Corporate Company Limited**

**萬泰企業股份有限公司**

*(Incorporation in the Cayman Islands with limited liability)*

**(Stock Code: 8103)**

**THIRD QUARTERLY REPORT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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.**

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*This report, for which the directors (the “Directors”) of Trillion Grand Corporate Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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.*

## **HIGHLIGHTS**

- Revenue from continuing operations for the nine months ended 31 December 2016 amounted to approximately HK\$28.8 million representing a decrease of approximately 24.0% over the corresponding period in 2015.
- Loss attributable to owners from continuing operations for the nine months ended 31 December 2016 amounted to approximately HK\$27.0 million (2015: loss of approximately HK\$12.8 million).
- Loss per share from continuing operations for the nine months ended 31 December 2016 was approximately 24.38 HK cents (2015: loss per share 19.06 HK cents as restated).
- The Board does not recommend the payment of any dividend for the nine months ended 31 December 2016 (2015: Nil).

The board of Directors (“Board”) of the Company is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 31 December 2016, together with the unaudited comparative figures for the corresponding periods in 2015, are as follows:–

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

	Notes	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Continuing operations</b>					
Revenue	4	11,234	28,533	28,754	37,819
Cost of services		(9,197)	(28,008)	(25,660)	(35,463)
Gross profit		2,037	525	3,094	2,356
Net loss on change in fair value of financial assets at fair value through profit or loss	5	(23,301)	(3,757)	(16,246)	(19,305)
Other income	6	88	1,948	522	3,948
Selling and distribution expenses		(168)	(76)	(202)	(171)
Administrative expenses		(6,938)	(6,181)	(18,253)	(17,990)
Other gains, losses and expenses	7	5	3,135	5,389	26,037
Finance costs	8	(617)	(2,514)	(1,293)	(7,663)
Share of profit of an associate		–	4	–	20
Loss before taxation		(28,894)	(6,916)	(26,989)	(12,768)
Income tax expenses	9	–	–	–	(11)
Loss for the period from continuing operations	10a	(28,894)	(6,916)	(26,989)	(12,779)
<b>Discontinued operation</b>					
Profit/(loss) for the period from discontinued operation	10b	–	203	–	(66)
Loss for the period		(28,894)	(6,713)	(26,989)	(12,845)
Other comprehensive income					
Exchange difference arising on translation of foreign operations		953	537	1,776	2,425
Total comprehensive expense for the period		(27,941)	(6,176)	(25,213)	(10,420)

	<i>Notes</i>	Unaudited		Unaudited	
		Three months ended		Nine months ended	
		2016	2015	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period attributable to:					
– Owners of the Company		(29,238)	(6,713)	(27,333)	(12,845)
– Non-controlling interests		344	–	344	–
		<u>(28,894)</u>	<u>(6,713)</u>	<u>(26,989)</u>	<u>(12,845)</u>
Total comprehensive income/(expense) for the period attributable to:					
– Owners of the Company		(28,285)	(6,176)	(25,557)	(10,420)
– Non-controlling interests		344	–	344	–
		<u>(27,941)</u>	<u>(6,176)</u>	<u>(25,213)</u>	<u>(10,420)</u>
Loss per share					
From continuing and discontinued operations					
– basic (HK cents)	12	(24.24)	(9.31)	(24.38)	(19.16)
– diluted (HK cents)	12	<u>(24.24)</u>	<u>(9.31)</u>	<u>(24.38)</u>	<u>(19.16)</u>
From continuing operations					
– basic (HK cents)	12	(24.24)	(9.59)	(24.38)	(19.06)
– diluted (HK cents)	12	<u>(24.24)</u>	<u>(9.59)</u>	<u>(24.38)</u>	<u>(19.06)</u>

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Unit B, 29/F, CKK Commercial Centre, 289-295 Hennessy Road, Wanchai, Hong Kong. The Company's shares are listed on GEM.

### **2. BASIS OF PREPARATION**

The Group's unaudited condensed consolidated financial statements for the nine months ended 31 December 2016 has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The principal accounting policies applied in preparing the unaudited condensed consolidated financial statements for the nine months ended 31 December 2016 are set out in note 3.

### **3. PRINCIPAL ACCOUNTING POLICIES**

The amounts included in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2016 has been computed in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

The accounting policies used in the unaudited condensed consolidated financial information for the nine months ended 31 December 2016 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2016.

The unaudited condensed consolidated financial information for the nine months ended 31 December 2016 has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

#### 4. REVENUE

Revenue, which is also the turnover of Group, represents the amounts arising from systems development, professional services rendered, money lending business and proprietary trading business.

An analysis of the revenue by principal activities of the operations of the Group during the reporting periods is as follows:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Revenue from provision of				
Systems development	8,835	15,554	18,615	21,086
Professional services fees	1,942	12,969	9,314	16,720
Proprietary trading ( <i>note (i)</i> )	76	–	76	–
Money lending	381	10	749	13
	<u>11,234</u>	<u>28,533</u>	<u>28,754</u>	<u>37,819</u>
<b>Discontinued operation</b>				
Revenue from provision of				
Printing services	–	1,359	–	4,770
	<u>–</u>	<u>1,359</u>	<u>–</u>	<u>4,770</u>
	<u><b>11,234</b></u>	<u><b>29,892</b></u>	<u><b>28,754</b></u>	<u><b>42,589</b></u>

Notes:

- (i) The revenue from proprietary trading business amounted HK\$76,000 was dividend income from the trading securities for the nine months ended 31 December 2016.
- (ii) The Group has been engaged in proprietary trading business. Gross proceeds from proprietary trading amounted to HK\$66,700,000 and HK\$76,399,000 for the three months and nine months ended 31 December 2016 respectively (2015: HK\$22,250,000 and HK\$35,523,000) and realised losses amounted to HK\$3,210,000 and HK\$6,629,000 for the three months and nine months ended 31 December 2016 respectively (2015: loss of HK\$11,500,000 and HK\$12,966,000) (included in the net loss on change in fair value of financial assets at fair value through profit or loss).

5. NET LOSS ON CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Sales proceeds from disposal of trading securities	66,700	22,500	76,399	35,523
Carrying value of trading securities disposed	(69,910)	(34,000)	(83,028)	(48,489)
Realised loss	(3,210)	(11,500)	(6,629)	(12,966)
Unrealised loss from trading securities	(20,091)	7,743	(9,617)	(6,339)
Net loss on change in fair value of financial assets at fair value through profit or loss	<u>(23,301)</u>	<u>(3,757)</u>	<u>(16,246)</u>	<u>(19,305)</u>

6. OTHER INCOME

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Interest income	4	7	12	21
Imputed interest income	–	928	204	2,914
Sundry income	84	1,013	306	1,013
	<u>88</u>	<u>1,948</u>	<u>522</u>	<u>3,948</u>



## 7. OTHER GAINS, LOSSES AND EXPENSES

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Impairment loss in respect of				
– trade and other receivables	–	815	–	(1,446)
– available-for-sale investment	–	(664)	–	(664)
Gain arising on acquisition	–	–	–	8
Gain on disposal in respect of				
– subsidiaries/associate	–	267	–	267
Reversal of impairment loss in respect of				
– trade receivables	5	2,361	40	2,838
– other receivables	–	356	5,349	25,034
	<u>5</u>	<u>3,135</u>	<u>5,389</u>	<u>26,037</u>

## 8. FINANCE COSTS

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Interest on bank borrowing repayable within one year	–	18	–	202
Interest on promissory note payable	86	(34)	86	2,179
Interest on amount due to noteholder	–	1,148	–	1,404
Interest on bonds	367	245	1,043	382
Interest on convertible bonds	–	1,068	–	3,203
Interest on short term loan	20	–	20	–
Others	144	69	144	293
	<u>617</u>	<u>2,514</u>	<u>1,293</u>	<u>7,663</u>
<b>Discontinued operation</b>				
Interest on bank borrowing repayable within one year	–	–	–	64
Finance costs on finance lease	–	48	–	127
	<u>617</u>	<u>48</u>	<u>–</u>	<u>191</u>
	<u>617</u>	<u>2,562</u>	<u>1,293</u>	<u>7,854</u>

## 9. INCOME TAX EXPENSES

- (a) Hong Kong profit tax has not been provided for in the unaudited condensed consolidated financial information as there was no estimated assessable profit derived from Hong Kong during the nine months ended 31 December 2016 and 2015.
- (b) Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate is 25%.

## 10a. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

Loss for the period from continuing operations has arrived at after charging:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs				
Salaries and other benefits	1,197	136	3,685	3,065
Retirement benefits scheme contributions	37	7	131	170
	<u>1,234</u>	<u>143</u>	<u>3,816</u>	<u>3,235</u>
Auditors' remuneration	158	85	473	375
Share-based payment expenses	–	4,071	–	7,321
Depreciation	159	225	794	736
Operating leases	1,243	201	3,748	644
	<u>1,243</u>	<u>201</u>	<u>3,748</u>	<u>644</u>

## 10b. PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATION

Profit/(loss) for the period from discontinued operation has arrived at after charging:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs				
Salaries and other benefits	–	98	–	320
Retirement benefits scheme contributions	–	4	–	17
	<u>–</u>	<u>102</u>	<u>–</u>	<u>337</u>
Depreciation	–	5	–	28
Operating leases	–	119	–	244
	<u>–</u>	<u>119</u>	<u>–</u>	<u>244</u>

## 11. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2016 (2015: Nil).

## 12. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

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

#### Loss

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) for the purpose of basic loss per share (loss for the period attributable to owners of the Company)	<u>(28,894)</u>	<u>(6,713)</u>	<u>(26,989)</u>	<u>(12,845)</u>

#### Number of shares

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	<b>119,221,878</b>	72,131,479	<b>110,695,707</b>	67,052,820
Effect of dilutive potential ordinary shares:				
Warrants	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	<u><b>119,221,878</b></u>	<u>72,131,479</u>	<u><b>110,695,707</b></u>	<u>67,052,820</u>

During the three months and nine months ended 31 December 2015, the conversion of all potential ordinary shares outstanding would have an anti-dilutive effect on the loss per share. Hence, there was no dilutive effect on calculation of the diluted loss per share for the three and nine months ended 31 December 2015.

### From continuing operations

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

#### Loss

UNAUDITED			
Three months ended		Nine months ended	
31 December		31 December	
2016	2015	2016	2015
HK\$'000	HK\$'000	HK\$'000	HK\$'000

Loss for the purpose of basic loss				
per share loss for the period attributable				
to owners of the Company)	<u>(28,894)</u>	<u>(6,916)</u>	<u>(26,989)</u>	<u>(12,779)</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

### From discontinued operation

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

#### Earnings/(loss)

UNAUDITED			
Three months ended		Nine months ended	
31 December		31 December	
2016	2015	2016	2015
HK\$'000	HK\$'000	HK\$'000	HK\$'000

Earnings/(loss) for the purpose of basic earnings/(loss)				
per share profit/(loss) for the period attributable				
to owners of the Company)	<u>-</u>	<u>203</u>	<u>-</u>	<u>(66)</u>

Earning/(loss) per share				
From discontinued operation				
- basic (HK cents)	<u>-</u>	<u>0.28</u>	<u>-</u>	<u>(0.10)</u>
- diluted (HK cents)	<u>-</u>	<u>0.28</u>	<u>-</u>	<u>(0.10)</u>

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

### 13. ACQUISITION OF SUBSIDIARIES

- (i) On 8 August 2016, the Group has entered into an agreement with an independent third party for the acquisition of 100% of the issued share capital of Cicero Capital Limited and its subsidiary (collectively the “CCL Group”) at the consideration of HK\$128 million in cash which was funded by a loan. The principal activity of CCL Group is engaged in property investment. The acquisition was completed on 12 October 2016.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

	<i>HK\$ '000</i>
Purchase consideration settled in cash	128,000
Less: Estimated fair value of net assets acquired	<u>(128,000)</u>
	<u>–</u>

Acquisition related costs of approximately HK\$700,000 have been excluded from the consideration and included in the “General and administrative expenses” line item in the statement of profit and loss and other comprehensive income for the nine months ended 31 December 2016.

The fair value of net assets of CCL Group at the acquisition date were as follows:

	<i>HK\$ '000</i>
Property, at fair value	127,901
Utility and other deposits	<u>99</u>
Net assets acquired	<u>128,000</u>
Net cash outflow arising on acquisition of subsidiary:	

	<i>HK\$ '000</i>
Purchase consideration settled in cash	<u>128,000</u>
Net cash outflow	<u>128,000</u>

- (ii) On 23 November 2016, the Group has entered into an agreement with an independent third party for the acquisition of 51% of the issued share capital of Magnificent Power Limited and its subsidiary (collectively the “MP Group”) at the consideration of HK\$14.4 million which was satisfied by issuance of promissory note whose fair value was HK\$14,388,000 as at the issue date. MP Group is principally engaged in the provision of services and solutions on cyber security to customers mainly in Hong Kong. The acquisition was completed on 23 November 2016.

Acquisition related costs of approximately HK\$40,000 have been excluded from the consideration and included in the “General and administrative expenses” line item in the statement of profit and loss and other comprehensive income for the nine months ended 31 December 2016.

The fair value of net assets at MP Group at the acquisition date were as follows:

	<i>HK\$ '000</i>
Bank balances and cash	64
Trade and other receivables	153
Trade and other payables	(180)
Tax payable	<u>(1)</u>
Net assets acquired	36
Less: 49% non-controlling interests	<u>(18)</u>
	18
Total consideration	<u>14,388</u>
Goodwill arising from acquisition	<u><u>14,370</u></u>

Goodwill arose in the business combination because the cost of combination included amount in relation to the benefits of revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill recognised is expected to be deductible from income tax purposes.

Net cash inflow on acquisition of subsidiary:

	<i>HK\$ '000</i>
Consideration settled in cash	–
Less: Bank balance and cash acquired	<u>64</u>
Net cash inflow	<u><u>64</u></u>

## 14. RESERVES

	Share Premium HK\$ '000	General Reserve HK\$ '000	Capital Reserve HK\$ '000	Share Option Reserve HK\$ '000	Exchange Translation Reserve HK\$ '000	Warrants Reserve HK\$ '000	Accumulated Losses HK\$ '000	Sub-total HK\$ '000	Non- controlling interests HK\$ '000	Total HK\$ '000
At 1 April 2015 (audited)	417,565	3,056	1,200	-	5,899	1,147	(530,046)	(101,179)	-	(101,179)
Loss for the period	-	-	-	-	-	-	(12,845)	(12,845)	-	(12,845)
Exchange difference arising on translation of foreign operations	-	-	-	-	2,425	-	-	2,425	-	2,425
Total comprehensive income/ (expense) for the period	-	-	-	-	2,425	-	(12,845)	(10,420)	-	(10,420)
Recognition of equity-settled share based payment	-	-	-	7,321	-	-	-	7,321	-	7,321
Issue of shares upon										
- Exercise of warrants	9,180	-	-	-	-	(1,147)	-	8,033	-	8,033
- Placement of shares	7,583	-	-	-	-	-	-	7,583	-	7,583
- Conversion of zero coupon convertible bonds	13,343	-	-	-	-	-	-	13,343	-	13,343
- Exercise of share options	7,321	-	-	(7,321)	-	-	-	-	-	-
Share placement expenses	(1,562)	-	-	-	-	-	-	(1,562)	-	(1,562)
Share reorganisation expenses	(991)	-	-	-	-	-	-	(991)	-	(991)
Disposal of a subsidiary	-	-	-	-	(429)	-	429	-	-	-
At 31 December 2015 (unaudited)	<u>452,439</u>	<u>3,056</u>	<u>1,200</u>	<u>-</u>	<u>7,895</u>	<u>-</u>	<u>(542,462)</u>	<u>(77,872)</u>	<u>-</u>	<u>(77,872)</u>
At 1 April 2016 (audited)	452,396	3,056	1,200	-	7,676	-	(549,419)	(85,091)	-	(85,091)
Profit/(loss) for the period	-	-	-	-	-	-	(27,333)	(27,333)	344	(26,989)
Exchange difference arising on translation of foreign operations	-	-	-	-	1,776	-	-	1,776	-	1,776
Total comprehensive income/ (expense) for the period	-	-	-	-	1,776	-	(27,333)	(25,557)	344	(25,213)
Issue of shares upon										
- Placement of shares	11,306	-	-	-	-	-	-	11,306	-	11,306
Share placement expenses	(341)	-	-	-	-	-	-	(341)	-	(341)
Capital reorganisation	-	-	-	-	-	-	99,252	99,252	-	99,252
Capital reorganisation expenses	(227)	-	-	-	-	-	-	(227)	-	(227)
Non-controlling interests arising from business combination (note 13)	-	-	-	-	-	-	-	-	18	18
At 31 December 2016 (unaudited)	<u>463,134</u>	<u>3,056</u>	<u>1,200</u>	<u>-</u>	<u>9,452</u>	<u>-</u>	<u>(477,500)</u>	<u>(658)</u>	<u>362</u>	<u>(296)</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Revenue from continuing operations for the nine months ended 31 December 2016 amounted to approximately HK\$28.8 million representing a decrease of approximately 24.0% as compared to the corresponding period in 2015.

#### **System development and professional services**

The Company is facing fierce competition from the thermal powered electricity supply market in the PRC in 2016 and the management expects this phenomenon will continue in the foreseeable future. This was explained by the PRC government promoting the use of renewable and/or clean energy with direct subsidies and has implemented benchmark for reduction of omission of carbon dioxide in many cities in the PRC. As a result, revenue from system development in thermal powered electricity supply industry recorded a decrease compared with the corresponding period in 2015. Revenue from professional services recorded a decrease and the Company has strategically broadened our services in business valuation services, cyber security services and solutions. Upon completion of the acquisition of the MP Group, the Company will provide services and solutions in cyber security, including ramp-up model advisory, physical and cyber security assessments, build and design of secured IT architecture, implementation of security devices and IT business policy controls.

#### **Proprietary trading business**

In relation to the Group's proprietary trading business, Donald Trump's victory from the U.S. Presidential Election has led to market with shock. Together with the continuing depreciation pressure of renminbi, investors are more conservative to the economic outlook of the future. These factors have led to a negative impact to the Hong Kong stock market and negative change in fair value of its financial assets at fair value through profit or loss of the Group. Looking forward, the implementation of Shenzhen-Hong Kong Stock Connect and the possibility of inclusion of A-shares into MSCI's indices will both attract capital inflow into the market and a market re-valuation is likely happen. The Group is actively seeking opportunities in securities investment which will create value and will be beneficial to the Group and Shareholders. The Group also maintains a risk management policy in which key risk factors such as government and politic risks, country risks, price risks, interest rate risks, currency risks and economic risks have been identified and will be closely monitored.

#### **Money lending business**

During the past few years from the result of a rapid booming housing market in Hong Kong and the global low interest rate environment, the loan and credit market became very active and intense competition were witnessed. However, the Board is confident that through its long established relationships, history, reputation, network and synergy, the Group is able to participate in the market share of the money lending business and will become one of the drivers of its future profits of the Group. In view of the above, the Board will invest more resources into the business once financing resources have been obtained. In addition to consumable loan, the Company is planning to offer a variety of



loan products from secured mortgage loans to individual, unsecured loans, small and medium sized enterprises loans, debt consolidation loans and corporate loans. Despite the above, the money lending business is encountering regulatory, credit, economic and industry uncertainties and will closely monitor the performance of the money lending market.

## **FINANCIAL PERFORMANCE**

During the nine months ended 31 December 2016, the Group recorded a revenue from continuing operations of approximately HK\$28.8 million (2015: HK\$37.8 million) representing a decrease of approximately 24.0% as compared to that of the corresponding period in 2015. Administrative expenses from continuing operations increased to approximately HK\$18.3 million as compared to approximately HK\$18.0 million of the corresponding period in 2015, representing an increase of approximately 1.5% as compared to that of the corresponding period in 2015. Loss for the period from continuing operations was approximately HK\$27.0 million for the nine months ended 31 December 2016 (2015: loss of approximately HK\$12.8 million).

## **FUTURE PROSPECTS**

The Group will continue to seek for opportunities to create shareholders' value through investments into and/or acquiring interests in companies or projects that have promising outlooks and prospects. The Group is broadening its perspective beyond the IT sector and potentially also investing into and/or acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such investments can deliver value and are beneficial to the Company and its shareholders as a whole. It goes without saying that the Company will also continue to focus on existing businesses to bring further value to shareholders.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the nine months ended 31 December 2016, the Company has made the following issue for cash of equity securities:

- (i) On 29 December 2015, the Company passed the special resolution by the shareholders approving the capital reorganisation at the extraordinary general meeting. Please refer to the Company's announcements and circular dated 20 November 2015, 27 November 2015, 29 December 2015, 25 April 2016 and 3 December 2015 respectively, for details of capital reorganisation. The Company completed the capital reorganisation on 25 April 2016.
- (ii) On 28 July 2016, a total of 19,790,313 shares have been successfully placed by a placing agent to not less than six placees at the placing price of HK\$0.57 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing, after deducting relevant expenses incurred in relation to the placing, amount to approximately HK\$10.9 million.

<b>Net proceeds raised</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of net proceeds up to 31 December 2016</b>
Approximately HK\$10.9 million	For general working capital of the Group	Approximately HK\$10.9 million was used in general working capital including (i) approximately HK\$7.6 million was used for proprietary trading business; and (ii) the remaining balance of approximately HK\$3.3 million was used for payment of general and administrative expenses.

The Board continues to look for opportunities to attract more investors, extend the shareholders base, reduce the accumulated loss and improve the flexibility of fund raising.

### **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Company	Nine months ended		As at 31 December 2016	
	31 December 2016			
	Realised and unrealised gain/(loss) <i>HK\$ '000</i>	Market Value <i>HK\$ '000</i>	Approximate percentage of financial assets at fair value through profit or loss	Approximate percentage of shareholding
Union Asia Enterprise Holdings Limited ("UA")	(8,279)	-	-	-
Code Agriculture (Holdings) Limited ("CA")	3,598	-	-	-
Others	(1,948)	-	-	-
Net realised loss	(6,629)	-	-	-
Hong Kong Exchanges and Clearing Limited ("HKEx")	(121)	8,244	25.9%	4.8%
UA	(4,594)	1,004	3.2%	2.8%
CNC Holdings Limited ("CNC")	(4,415)	6,528	20.5%	1.0%
CA	(777)	10,928	34.3%	1.6%
Celebrate International Holdings Limited ("CI")	204	3,604	11.3%	4.4%
Others	86	1,527	4.8%	0.2%
Net unrealised gain	(9,617)	31,835	100.0%	
	<u>(16,246)</u>	<u>31,835</u>	<u>100.0%</u>	

UA is principally engaged in trading of stainless steel wires, cosmetic and skincare products, nephrite and bottled water.

CA is principally engaged in provision of digital television services in the PRC, money lending business in Hong Kong, provision of car beauty services in Hong Kong, and manufacture and sale of tobacco agricultural machinery in the PRC.

HKEx owns and operates the only stock exchange and futures exchange in Hong Kong and their related clearing houses. HKEx also operates a clearing house for clearing over-the-counter derivatives contracts in Hong Kong, an exchange and a clearing house for the trading and clearing of base metals futures and options contracts operating in the United Kingdom.

CNC is principally engaged in the provision of waterworks engineering services for the public sector in Hong Kong, television broadcasting business in the Asia-Pacific region (excluding the PRC) in return for advertisement and related revenue and large outdoor display screen advertisement in the PRC.

CI is principally engaged in trading of food and beverage, money lending, provision of health care services, securities investment and trading and property investment.

The Company and the vendor entered into the sale and purchase agreement on 8 August 2016 to acquire 100% of issued share capital of Cicero Capital Limited and its wholly owned subsidiary, Imagi Services Limited (collectively the “CCL Group”) at the consideration of HK\$128 million. The Target Group is the legal and beneficial owner of a landed property situated at the 9th Floor, Global Trade Square, No. 21 Wong Chuk Hang Road, Hong Kong, together with 3 car parking spaces at Global Trade Square.

The consideration was paid in cash and was funded by the Loan facilities up to HK\$150 million from Cordoba Homes Finance Limited. Please refer to the Company’s announcement dated 8 August 2016 and 12 October 2016 and the Company’s circular dated 19 September 2016 for details. The acquisition was completed on 12 October 2016. Upon completion, the results, assets and liabilities of the CCL Group has been consolidated into the financial statements of the Group.

A wholly owned subsidiary of the Company and the vendor has entered into the sale and purchase agreement on 23 November 2016 to acquire 51% of issued share capital of Magnificent Power Limited and its wholly owned subsidiary, CPWorks Limited (collectively the “MPL Group”) at the consideration of HK\$14.4 million. CPWorks Limited is engaged in provision of cyber security services and solutions. The consideration was settled by issuance of promissory note at the interest rate 6% per annum for 3 years from the issue date. The acquisition was completed on 23 November 2016. Upon the completion, the results, assets and liabilities of MPL Group has been consolidated into the financial statements of the Group.

Save as disclosed above, the Company has not completed any material acquisitions or disposal during the period.

Pursuant to the announcement of the Company dated 23 March 2016, the wholly owned subsidiary of the Company, the purchaser has entered into a Memorandum of Understanding (the “MOU”) with a connected person of the Company, the vendor to acquire a target group principally engaged in the businesses of building and selling of luxury motor yachts, as well as the sales of yacht-related products and provision of yacht-related services in Zhuhai, the PRC and Hong Kong. The purchaser and the vendor have not entered into a Formal Agreement in respect of the Proposed Acquisition on or before the Exclusive Period and no further extension of the Exclusive Period has been agreed between the parties in writing and in this regard, the MOU has therefore been lapsed in accordance with its terms on 23 September 2016.

Pursuant to the announcement of the Company dated 17 October 2016, the wholly owned subsidiary of the Company as the purchaser and the vendor has entered into the sale and purchase agreement to acquire 50% of issued share capital of Billion Ray Investments Limited and its subsidiary (collectively the “BRI Group”) at the consideration of HK\$280 million (“First Agreement”). On 30 December 2016, the purchaser and the vendor has entered into a Termination Deed pursuant to which the parties mutually agreed to forthwith irrevocably, unconditionally and absolutely terminate the First Agreement. After termination of the First Agreement, the purchaser and the vendor entered into a Second Agreement to acquire 20% of issued capital of BRI Group at the consideration of HK\$100 million. The consideration will be satisfied by issuance of the promissory note to the vendor by the Company upon Completion. The BRI Group is principally engaged in the operation of the project, a Build-Operate-Transfer Project of Shantou City Chaoren Port Cultural Park (汕頭市潮人碼頭文化公園特許經營項目). The BRI Group has been granted an exclusive right to build and operate the Project over 42.25 years.

#### **DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES**

As at 31 December 2016, none of the Directors and chief executive of the Company were interested in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

#### **Long positions in underlying shares of equity derivatives and debentures of the Company**

As at 31 December 2016, no long positions of the Directors and chief executive of the Company in the underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

### **Short positions in shares, underlying shares of equity derivatives and debentures of the Company**

As at 31 December 2016, no short positions of the Directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares of equity derivative and debentures of the Company or any of its associated corporations (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 or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

### **SUBSTANTIAL SHAREHOLDERS**

So far as is known to the Directors, as at 31 December 2016, none of the person (other than a director or chief executive of the Company) who have interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company.

### **Short positions in underlying shares of the Company**

As at 31 December 2016, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

As at 31 December 2016, the Directors were not aware of any person who had an interest or short position in the underlying shares (including interests in options, if any) of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### **DIRECTORS' INTERESTS IN CONTRACTS**

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director of the Group had a material interest, whether directly or indirectly, subsisted at the nine months ended 31 December 2016 or at any time during such period.

## **DIRECTORS' COMPETING INTERESTS**

As at 31 December 2016, none of the Directors or substantial shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules and the Corporate Governance Code (the "Code").

The audit committee of the Company reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2016 have been reviewed by the audit committee of the Company.

## **CORPORATE GOVERNANCE CODE**

The Company has adopted the code provisions of the Code contained in Appendix 15 of the GEM Listing Rules as its own code on corporate governance practices. In the opinion of the Directors, the Company has complied with the code provisions as set out in the Code and there have been no material deviations from the Code during the period.

## LITIGATION

On 4 April 2014, the Company was served with a sealed copy of a petition (the “Petition”) issued by Metal Winner Limited (“MWL”) in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the “Winding-up Proceedings”) under which MWL (a) claimed that the Company was indebted to MWL in the sum of HK\$5,700,000; and (b) petitioned that the Company be wound up by the Court. As at the date of this report, this Petition was dismissed by the High Court of Hong Kong. Separately, there are two other parties who claimed the Company was indebted to them. After investigation, the Company found that the alleged debts claimed by these two parties arose from certain dealings between a former director of the Company and these two parties. The nature and mechanism of these dealings were the same or very similar to that of MWL’s. In the Winding-up Proceedings, the court has found that there was an illegal scheme perpetrated on the Company by the aforesaid former director and MWL was a party to that scheme. In gist, the illegal scheme was that the aforesaid former director obtained loans from the counterparty and the Company was falsely made as a borrower to answer the repayment obligation. The Company commenced legal proceedings in the High Court (the “Injunction Proceedings”) against these two parties seeking an injunction to restrain them from presenting any petition for the winding-up of the Company or to apply to substitute MWL as petitioner in the Winding-up Proceedings (the “Restrained Acts”). The two parties gave an undertaking to the court not to do the Restrained Acts until the resolution of the Injunction Proceedings.

After the Winding-up Proceedings were dismissed by court, the Company also managed to resolve the Injunction Proceedings by way of a consent order after the two parties were willing to give further undertaking to the court not to present any petition for the winding-up of the Company pending determination of the Writ of Summons to be issued (if any) by them against the Company for recovery of the said alleged debts and/or the determination of any counterclaims or the Writ of Summons to be issued (if any) by the Company against them for declaratory relief that the said alleged debts are void or unenforceable.

On 19 February 2016, the Company has been served with a sealed copy of the Writ of Summons (the “Writ”) issued by one of the two parties sued in the Injunction Proceedings (the “Plaintiff”). Under the statement of claim endorsed on the Writ, the Plaintiff claims against the Company for a total sum of HK\$16,600,000 allegedly due on the dishonoured cheques issued by the Company and interest thereon.

In view of the Court’s favourable findings in the Winding-up Proceedings and the striking similarity between the case of the Plaintiff and that of MWL in the Winding-up Proceedings, the Company believes that it has strong merits in defending the Plaintiff’s claims and in counter-claiming such alleged debts are void and unenforceable. Therefore, the Company will vigorously contend the Plaintiff’s claims and will seek legal advice to take all appropriate steps in the legal proceedings to safeguard the Company’s interest.

The Company will keep the shareholders of the Company updated with the development of the aforesaid proceedings.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months period ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By order of the Board  
**Trillion Grand Corporate Company Limited**  
**Lau Kelly**  
*Executive Director*

Hong Kong, 13 February 2017

*As at the date of this report, the Board comprises the following Directors are:*

***Executive Directors:***

Mr. Lau Kelly (*Chief Executive Officer*)

Mr. Leung Chung Nam

Mr. Wong Kam Kwan

***Non-executive Director:***

Ms. Jim Ka Man

***Independent non-executive Directors:***

Dr. Wan Ho Yuen, Terence

Ms. Yeung Mo Sheung, Ann

Mr. Hau Chi Kit

*This report, 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 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 on the GEM website at [www.hkgem.com](http://www.hkgem.com) and on the website of the Company at <http://www.trilliongrand.com> for 7 days from the date of this posting.*