



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)

INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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

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HIGHLIGHTS

- Turnover for the six months ended 30 September 2017 amounted to approximately HK\$124.7 million representing an increase of approximately 358.2% over the corresponding period in 2016.
- Loss attributable to the owners of the Company for the six months ended 30 September 2017 amounted to approximately HK\$36.7 million (2016: Profit of HK\$1.9 million).
- Basic loss per share for the six months ended 30 September 2017 was approximately 27.98 HK cents (2016: Earning per share 1.79 HK cents).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2017 (2016: Nil).

The board of Directors (“Board”) of the Company is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2017, together with the unaudited comparative figures for the corresponding periods in 2016, are as follows:–

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

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (<i>Re-presented</i>)	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (<i>Re-presented</i>)
Turnover		36,132	22,076	124,707	27,219
Revenue	4	13,836	13,239	18,305	17,520
Other income and gain	6	1,878	5,388	1,985	5,818
Subcontractors cost		(9,568)	(12,230)	(12,005)	(16,463)
Net (loss)/gain on change in fair value of financial assets at fair value through profit or loss		(31,719)	16,956	(12,635)	10,475
Gain/(loss) on disposal financial assets at fair value through profit or loss		665	(123)	(5,829)	(3,420)
Depreciation of plant an equipment		(182)	(172)	(349)	(635)
Amortisation of intangible asset		(1,080)	—	(1,302)	—
Other expenses		(6,517)	(4,631)	(10,214)	(8,132)
Staff cost, including Directors’ emoluments		(2,556)	(1,047)	(4,289)	(2,582)
Finance costs	7	(5,646)	(345)	(11,880)	(676)
Share of loss of an associate		(64)	—	(93)	—
(Loss)/profit before taxation		(40,953)	17,035	(38,306)	1,905
Income tax expenses	8	179	—	215	—
(Loss)/profit for the period	9	(40,774)	17,035	(38,091)	1,905
Other comprehensive income Item that may be reclassified subsequently to profit or loss: Exchange difference arising on translation of foreign operations		(678)	107	(1,449)	823
Total comprehensive (expense)/income for the period attributable to owners of the Company		(41,452)	17,142	(39,540)	2,728

		Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2017	2016	2017	2016
	Notes	HK\$'000	HK\$'000 (Re-presented)	HK\$'000	HK\$'000 (Re-presented)
(Loss)/profit for the period attributable to:					
Owners of the Company		(39,971)	17,035	(36,702)	1,905
Non-controlling interest		(803)	—	(1,389)	—
		<u>(40,774)</u>	<u>17,035</u>	<u>(38,091)</u>	<u>1,905</u>
Total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		(40,649)	17,142	(38,151)	2,728
Non-controlling interest		(803)	—	(1,389)	—
		<u>(41,452)</u>	<u>17,142</u>	<u>(39,540)</u>	<u>2,728</u>
(Loss)/earning per share					
— Basic (HK cents)	11	<u>(28.10)</u>	<u>15.02</u>	<u>(27.98)</u>	<u>1.79</u>
— Diluted (HK cents)	11	<u>(28.10)</u>	<u>15.02</u>	<u>(27.98)</u>	<u>1.79</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2017	Audited 31 March 2017
	<i>Notes</i>	<i>HKS'000</i>	<i>HKS'000</i>
Non-current assets			
Plant and equipment		3,551	3,500
Investment property		145,000	145,000
Goodwill		63,620	9,810
Investment in an associate		99,907	—
Intangible assets		42,738	4,138
Available-for-sale investments		6,600	6,600
Deferred tax assets		11,461	—
		372,877	169,048
Current assets			
Trade and other receivables	12	45,185	39,467
Loan receivables		500	10,000
Deposits and prepayments		16,547	4,778
Amounts due from customers for contract work		8,865	7,972
Financial assets at fair value through profit or loss	13	71,670	84,357
Pledged bank deposits		—	5,530
Bank balances and cash		16,167	6,074
		158,934	158,178
Current liabilities			
Amounts due to customers for contract work		8,386	7,397
Trade and other payables	14	146,252	86,109
Receipts in advance		4,399	1,518
Bank and other borrowings	15	238,812	212,165
Tax payable		4,797	4,722
		402,646	311,911
Net current liabilities		(243,712)	(153,733)
Total assets less current liabilities		129,165	15,315

		Unaudited	Audited
		30 September	31 March
		2017	2017
<i>Notes</i>		HK\$'000	HK\$'000
Capital and Reserves			
Share capital	16	142	119
Share premium and reserves	17	<u>(5,047)</u>	<u>(12,943)</u>
Deficit attributable to owners of the Company		(4,905)	(12,824)
Non-controlling interest		<u>(558)</u>	<u>2,197</u>
		<u>(5,463)</u>	<u>(10,627)</u>
Non-current liabilities			
Bonds		14,455	13,705
Promissory note		113,122	11,554
Deferred tax liabilities		<u>7,051</u>	<u>683</u>
		<u>134,628</u>	<u>25,942</u>
		<u>129,165</u>	<u>15,315</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2016 (audited)	99,351	452,396	3,056	1,200	7,676	(549,419)	14,260	—	14,260
Loss for the period	—	—	—	—	—	1,905	1,905	—	1,905
Exchange difference arising on translation of foreign operations	—	—	—	—	823	—	823	—	823
Total comprehensive income for the period	—	—	—	—	823	1,905	2,728	—	2,728
Issue of shares upon — placement of shares	20	11,306	—	—	—	—	11,326	—	11,326
Share issue expenses	—	(341)	—	—	—	—	(341)	—	(341)
Capital reorganisation	(99,252)	—	—	—	—	99,252	—	—	—
Capital reorganisation expenses	—	(227)	—	—	—	—	(227)	—	(227)
At 30 September 2016 (unaudited)	<u>119</u>	<u>463,134</u>	<u>3,056</u>	<u>1,200</u>	<u>8,499</u>	<u>(448,262)</u>	<u>27,746</u>	<u>—</u>	<u>27,746</u>
At 1 April 2017 (audited)	119	463,135	3,056	1,200	9,519	(489,853)	(12,824)	2,197	(10,627)
Loss for the period	—	—	—	—	—	(36,702)	(36,702)	(1,389)	(38,091)
Exchange difference arising on translation of foreign operations	—	—	—	—	(1,449)	—	(1,449)	—	(1,449)
Total comprehensive expense for the period	—	—	—	—	(1,449)	(36,702)	(38,151)	(1,389)	(39,540)
Acquisition of subsidiaries	—	—	—	—	—	—	—	(1,366)	(1,366)
Issue of consideration shares	23	46,047	—	—	—	—	46,070	—	46,070
At 30 September 2017 (unaudited)	<u>142</u>	<u>509,182</u>	<u>3,056</u>	<u>1,200</u>	<u>8,070</u>	<u>(526,555)</u>	<u>(4,905)</u>	<u>(558)</u>	<u>(5,463)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 September	
	2017	2016
	<i>HKS'000</i>	<i>HKS'000</i>
Net cash outflow from operating activities	(28)	(74,027)
INVESTING ACTIVITIES	(138)	(365)
Purchase of plant and equipment		
Acquisition of a subsidiary	1,562	—
Receipts from disposal receivables	—	11,400
Receipts from deposit paid for acquisition of investment	—	16,000
Increase in pledged bank deposits	—	(359)
Other investing cash flows	6	8
	<hr/>	<hr/>
Net cash inflow from investing activities	1,430	26,684
FINANCING ACTIVITIES		
Net proceeds from placement of shares	—	10,984
Proceeds from bank borrowings	83,261	12,800
Repayment of bank borrowings	(76,212)	—
Repayment of promissory notes	(600)	—
Other financing cashflows	—	(225)
	<hr/>	<hr/>
Net cash inflow from financing activities	6,449	23,559
Net increase/(decrease) in cash and cash equivalents	7,851	(23,784)
Effects of foreign exchange rate	(3,288)	822
Cash and cash equivalents at 1 April	11,604	26,986
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	16,167	4,024
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Analysis of the balances of cash and cash equivalents		
Cash and bank balances	16,167	4,024
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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 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 unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 the GEM Listing Rules. The principal accounting policies applied in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2017 are set out in note 3.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2017 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2017.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2017 has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate. The Directors consider that the carrying amounts of financial assets and financial liabilities measured at cost or amortised cost in these unaudited condensed consolidated financial statements approximate their fair values.

4. REVENUE

Revenue represents income from systems development, professional services rendered, proprietary trading, money lending business, property investment and over the top (“OTT”) services, net of sales related taxes if any.

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 30 September		Six months ended 30 September	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from provision of				
— Systems development	4,714	7,925	5,914	9,780
— Professional services fees	2,162	5,041	4,041	7,372
Proprietary trading	1,565	—	2,106	—
Money lending	24	273	273	368
Rent income arising from property investment	600	—	1,200	—
OTT services	4,771	—	4,771	—
	<u>13,836</u>	<u>13,239</u>	<u>18,305</u>	<u>17,520</u>
Proceeds from sales of financial assets at fair value through profit or loss	<u>22,296</u>	<u>8,837</u>	<u>106,402</u>	<u>9,699</u>
Turnover	<u><u>36,132</u></u>	<u><u>22,076</u></u>	<u><u>124,707</u></u>	<u><u>27,219</u></u>

5. SEGMENT INFORMATION

(a) Operating segments

Segment information is presented in respect of the Group's business operations and is chosen as the Group's operating segments because this is more relevant to the Group's internal financial reporting.

During the current period, the Group's operations have diversified to the following six operating segments.

An analysis of the Group's revenue and results for the six months ended 30 September 2017 and 2016 by operating segment is as follows:

	System development		Professional services		Proprietary trading		Money lending		Property investment		OTT services		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
REVENUE														
Revenue from external customers	<u>5,914</u>	<u>9,780</u>	<u>4,041</u>	<u>7,372</u>	<u>2,106</u>	<u>—</u>	<u>273</u>	<u>368</u>	<u>1,200</u>	<u>—</u>	<u>4,771</u>	<u>—</u>	<u>18,305</u>	<u>17,520</u>
RESULT														
Segment results	<u>899</u>	<u>(305)</u>	<u>(2,707)</u>	<u>264</u>	<u>(6,104)</u>	<u>6,810</u>	<u>273</u>	<u>368</u>	<u>(9,955)</u>	<u>—</u>	<u>(641)</u>	<u>—</u>	<u>(18,235)</u>	<u>7,137</u>
Interest income													34	212
Unallocated income and gains													59	5,570
Unallocated expenses and losses													(8,191)	(10,338)
Finance costs													(11,880)	(676)
Share of loss of an associate													(93)	—
Profit/(loss) before taxation													<u>(38,306)</u>	<u>1,905</u>

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by its operating and reportable segments.

	Systems development		Professional services		Proprietary Trading		Money lending		Property investment		OTT services		Consolidated	
	30	31	30	31	30	31	30	31	30	31	30	31	30	31
	September	March	September	March	September	March	September	March	September	March	September	March	September	March
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
ASSETS														
Segment assets	<u>23,210</u>	<u>21,388</u>	<u>6,090</u>	<u>10,126</u>	<u>71,670</u>	<u>84,357</u>	<u>500</u>	<u>10,840</u>	<u>145,454</u>	<u>145,000</u>	<u>109,767</u>	<u>—</u>	<u>356,691</u>	<u>271,711</u>
Unallocated assets														
— Plant and equipment													15	246
— Goodwill													9,810	9,810
— Available-for-sale investments													6,600	6,600
— Investment in an associate													99,907	—
— Other receivables, deposits and prepayments													42,621	27,255
— Pledged bank deposits													—	5,530
— Bank balances and cash													<u>16,167</u>	<u>6,074</u>
Total assets													<u>531,811</u>	<u>327,226</u>
LIABILITIES														
Segment liabilities	<u>43,768</u>	<u>45,800</u>	<u>6,905</u>	<u>5,719</u>	<u>76,399</u>	<u>70,800</u>	<u>—</u>	<u>—</u>	<u>680</u>	<u>—</u>	<u>33,315</u>	<u>—</u>	<u>161,067</u>	<u>122,319</u>
Unallocated liabilities														
— Other payables													74,369	42,824
— Other borrowings													162,413	142,046
— Bonds													14,455	13,705
— Promissory notes													113,122	11,554
— Deferred tax liabilities													7,051	683
— Tax payable													<u>4,797</u>	<u>4,722</u>
Total liabilities													<u>537,274</u>	<u>337,853</u>

6. OTHER INCOME AND GAIN

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	3	4	6	8
Imputed interest income	—	—	—	204
Others	29	—	29	222
Reversal of impairment losses in respect of				
— trade receivables	1,846	35	1,891	35
— other receivables	—	5,349	59	5,349
	<u>1,878</u>	<u>5,388</u>	<u>1,985</u>	<u>5,818</u>

7. FINANCE COSTS

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowing repayable within one year	393	—	819	—
Interest on promissory notes	1,200	—	2,196	—
Interest on short term loans	3,661	—	8,102	—
Interest on bonds	383	345	749	676
Others	9	—	14	—
	<u>5,646</u>	<u>345</u>	<u>11,880</u>	<u>676</u>

8. INCOME TAX EXPENSES

- (a) Hong Kong profit tax has not been provided for in the unaudited condensed consolidated financial statements as there was no estimated assessable profit derived from Hong Kong during the six months ended 30 September 2017 and 2016.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the standard tax rate is 25%.

9. **(LOSS)/PROFIT FOR THE PERIOD**

(Loss)/profit for the period has been arrived at after charging:

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2017	2016	2017	2016
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Staff costs				
Salaries and other benefits	2,434	1,012	4,104	2,488
Retirement benefits scheme contributions	122	35	185	94
	<u>2,556</u>	<u>1,047</u>	<u>4,289</u>	<u>2,582</u>
Amortisation of intangible assets	1,080	—	1,302	—
Auditors' remuneration	175	157	350	315
Depreciation	182	172	349	635
Operating leases	1,328	1,243	2,547	2,505
	<u>1,328</u>	<u>1,243</u>	<u>2,547</u>	<u>2,505</u>

10. **DIVIDEND**

The Board does not recommend the payment of any dividend for the six months ended 30 September 2017 (2016: Nil).

11. **(LOSS)/EARNINGS PER SHARE**

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

Profit/(loss)

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2017	2016	2017	2016
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
(Loss)/profit for the purpose of basic (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	<u>(39,971)</u>	<u>17,035</u>	<u>(36,702)</u>	<u>1,905</u>

	Unaudited			
	Three months ended 30 September		Six months ended 30 September	
	2017	2016	2017	2016
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>142,256,878</u>	<u>113,390,373</u>	<u>131,179,938</u>	<u>106,409,326</u>

12. TRADE AND OTHER RECEIVABLES

	Unaudited At 30 September 2017 HK\$'000	Audited At 31 March 2017 HK\$'000
Trade and bills receivables	46,302	41,790
Less: Impairment loss recognised	<u>(34,649)</u>	<u>(35,012)</u>
	<u>11,653</u>	<u>6,778</u>
Retention receivables	5,534	5,662
Less: Impairment loss recognised	<u>(885)</u>	<u>(848)</u>
	<u>4,649</u>	<u>4,814</u>
Other receivables	66,554	63,926
Less: Impairment loss recognised	<u>(37,671)</u>	<u>(36,051)</u>
	<u>28,883</u>	<u>27,875</u>
	<u>45,185</u>	<u>39,467</u>

- (a) Trade and bills receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months overdue are requested to settle all outstanding balances before any further credit is granted.
- (b) Impairment loss is recognised against trade and bills receivables based on estimated irrecoverable amount determined by reference to past default experience of customers.
- (c) An aging analysis of trade and bills receivables based on the date of invoice, net of impairment loss recognised is as follows:

	Unaudited At 30 September 2017 HK\$'000	Audited At 31 March 2017 HK\$'000
0-30 days	4,137	3,657
31-90 days	4,085	776
Over 90 days	<u>3,431</u>	<u>2,345</u>
	<u>11,653</u>	<u>6,778</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited At 30 September 2017 HK\$'000	Audited At 31 March 2017 HK\$'000
Equity securities listed in Hong Kong, at fair value	<u>71,670</u>	<u>84,357</u>

The financial assets are held for trading purposes. The fair values of these financial assets are based on quoted market prices (Level 1 measurement).

The financial assets at fair value through profit or loss of approximately HK\$62,584,000 were pledged as collateral for bank loan of approximately HK\$76,399,000 as at 30 September 2017.

14. TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2017 HK\$'000	Audited At 31 March 2017 HK\$'000
Trade payables	51,316	39,356
Amount due to a former shareholder	17,314	16,571
Accrued expenses and other payables	<u>77,622</u>	<u>30,182</u>
	<u>146,252</u>	<u>86,109</u>

An aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	Unaudited At 30 September 2017 HK\$'000	Audited At 31 March 2017 HK\$'000
0–30 days	58	25,717
31–90 days	24,444	301
Over 90 days	<u>26,814</u>	<u>13,338</u>
	<u>51,316</u>	<u>39,356</u>

15. BANK AND OTHER BORROWINGS

	Unaudited At 30 September 2017 HK\$'000	Audited At 31 March 2017 HK\$'000
Bank borrowings	76,399	70,119
Other borrowings	<u>162,413</u>	<u>142,046</u>
	<u><u>238,812</u></u>	<u><u>212,165</u></u>

Notes:

- a. The Group's bank borrowings are secured by 100% of the issued capital of certain subsidiaries of the Group.
- b. As at 30 September 2017, the Group has banking facilities totaling HK\$76,800,000, of which HK\$76,399,000 has been utilised, all banking facilities were secured.
- c. The other borrowing amounted HK\$127,242,000 was secured by the floating charge over all the assets of the Group. The rest of other borrowings were unsecured and all other borrowing will be settled within 1 year and hence classified as current liability.
- d. As at 30 September 2017, the other borrowings were interest bearing at a fixed rate of 12% per annum.
- e. As at 30 September 2017, bank borrowings were bearing interest at a variable rate of 2% per annum over 1 month HIBOR or Bank's cost of funds.

16. SHARE CAPITAL

	Number of shares	Nominal amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.001 each at 31 March 2017 and 30 September 2017	<u>200,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$1 each at 31 March 2017	119,221,878	119
Issue of consideration shares (note a)	<u>23,035,000</u>	<u>23</u>
Ordinary shares of HK\$0.001 each at 30 September 2017	<u><u>142,256,878</u></u>	<u><u>142</u></u>

Note:

- (a) On 28 June 2017, a total of 23,035,000 consideration shares have been issued at the price of HK\$2 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 85% of issue share capital of Full Wealthy International Limited and its subsidiaries (collectively the "FWI Group") at the consideration of HK\$46.07 million.

17. SHARE PREMIUM AND RESERVES

Movements in reserves for the Group during the period are set out in the unaudited condensed consolidated statement of changes in equity.

18. COMMITMENTS

Commitment under operating leases

The Group as lessee

The Group leases certain of its office premises under operating leases. Leases for properties are negotiated for a term ranging from one to three years and rentals are fixed, with an option to renew the lease. At 30 September 2017 the total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Unaudited At 30 September 2017 <i>HKS'000</i>	Audited At 31 March 2017 <i>HKS'000</i>
Within one year	3,902	3,902
In the second to fifth years inclusive	1,244	3,194
	5,146	7,096

The Group as lessor

The Group leases out an investment property under operating lease on terms ranging from two to five years and with an option to renew the lease by the Group after that date at which time all terms are renegotiated. None of the lease includes contingent rentals.

The Group's total future minimum lease payment receivable under non-cancellable operating lease are as follows:

	Unaudited At 30 September 2017 <i>HKS'000</i>	Audited At 31 March 2017 <i>HKS'000</i>
Within one year	2,400	2,400
In the second to fifth years inclusive	—	1,200
	2,400	3,600

19. 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.

20. ACQUISITION OF SUBSIDIARIES

On 28 June 2017, the Group acquired 85% of the issued share capital of FW1 Group for consideration of HK\$46,070,000 which was satisfied by issuance of 23,035,000 consideration shares at an issue price of HK\$2 per share. FW1 Group is principally engaged in provision of multi-media related services and content in the Greater China via different platforms. The acquisition was completed on 28 June 2017.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value recognised on acquisition <i>HK\$'000</i>
Plant and equipment	121
Intangible asset	39,903
Trade receivables	2,000
Prepayment and other receivables	16,056
Bank balances and cash	1,562
Deferred tax asset	11,462
Trade payables	(19,815)
Other payables and accruals	(43,149)
Other loans	(10,662)
Deferred tax liabilities	(6,584)
	<hr/>
Total identifiable net liabilities at fair value	(9,106)
Non-controlling interest	1,366
	<hr/>
	(7,740)
Goodwill arising on acquisition	55,192
	<hr/>
Satisfactory by issuance of consideration shares at fair value	47,452
	<hr/> <hr/>

Goodwill arose in the acquisition of FWI Group because the cost of the combination included in relation to the benefits of revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible asset.

The fair value of the acquired identifiable assets is provisional pending receipt of the final valuations for those assets. Deferred tax of HK\$6,584,000 has been provided in relation to these fair value adjustments.

	<i>HK\$'000</i>
Bank balances and cash acquired from the subsidiaries	1,562
	<hr/> <hr/>
Net cash inflow for the acquisition of subsidiaries	1,562
	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE AND PROSPECT

System development and professional services

The Company was facing the fierce competition of thermal powered electricity supply market in the PRC in 2017 and 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 the benchmark for reduction of omission of carbon dioxide in various cities in the PRC. As a result, the number and amount of new contracts have decreased. Therefore, system development in thermal powered electricity supply industry recorded a decrease in revenue compared with the corresponding period in 2016. Professional services recorded a decrease in revenue compared with the corresponding period in 2016 due to decrease in demand from data center services. In view of the change of business environment, the Company has strategically broadened our professional services in cyber security services and solutions.

Our professional service team can 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.

Our professional service team specializes in enterprise cyber security solutions and risk management, providing a full range of security services and solutions to corporations in the Greater China and Asia Pacific region.

Our Professional Service Team also provide a series of highly skilled services including all level Penetration testing, complete coverage of Vulnerability management as well as DDoS protection.

Our MSS team can provide a full scale security Managed Security Services, from Firewall healthiness, critical patch management, Attack and Alert, incident management and change management, to endpoint management in order to cover the end-user machines.

Proprietary trading business

In relation to the Group's proprietary trading business, the global market has shown a stable upward trend in 2017. Asian market including Hong Kong has attracted favorable capital inflow across the world. However, the market is still filled with a lot of uncertainties such as slow global economic growth and international political controversies. The Group record a loss in financial assets at fair value through profit or loss for the six months ended 30 September 2017. The Group will adopt a prudent approach in identifying 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. The turnover in proprietary trading business recorded approximately HK\$106.4 million for the six months ended 30 September 2017 (2016: HK\$9.7 million). The securities investment portfolio amounted to approximately HK\$71.7 million as at 30 September 2017 (2016: HK\$84.4 million).

Money lending business

Though the loan and credit market became very active and intense competition existed during the past few years as a result of the rapid booming housing market in Hong Kong and the global low interest rate environment, the Board is confident that through its long established relationship, history, reputation, network and synergy, the Group is able to participate in the market share of the money lending business and it will become one of the driver 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 the consumable loan, the Company is planning to offer a variety of loan products to secured mortgage loans to individual, unsecured loan, small and medium sized enterprises loans, debts consolidation loan and corporate loans. Despite the above, the money lending business is suffering from political risk, regulatory risk, credit risk, economic risk and industry risk. The interest income in money lending business recorded approximately HK\$0.3 million for the six months ended 30 September 2017 (2016: HK\$0.4 million). The loan portfolio amounted HK\$0.5 million as at 30 September 2017 (31 March 2017: HK\$10 million).

Property investment

The property located in Southern District in Hong Kong was generated HK\$1.2 million rental income for the six months ended 30 September 2017 (31 March 2017: HK\$ Nil). The Group believes that there will be increasing demand for office space in the area where the Property is located which is driven by the establishment of the South Island Line (East).

OTT Services

Upon completion of the acquisition of FWI Group on 28 June 2017, it is principally engaged in the business of providing multi-media related services and content in the PRC via different platforms. In view of the growing penetration and the expansion of multi-media segment, the Group is optimistic to such business segment. In addition, consumers are moving beyond traditional media, the multi-media platform is an option used by many companies to brand and market their products. As such, the multi-media platform is playing an increasingly vital role in business marketing strategy. Having considered that the FWI Group is equipped with experience in the industry with diversified clientele and being specialized in the provision of OTT services of video-on-demand in Hong Kong and Taiwan via its own digital video rental platform.

FUTURE PROSPECTS

The Group will continue to look for opportunities to create shareholders' value through making 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 invest into and/or perform acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such acquisitions can bring 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.

FINANCIAL PERFORMANCE

During the six months ended 30 September 2017, the Group recorded a turnover of approximately HK\$124.7 million (2016: HK\$27.2 million) representing an increase of approximately 358.2% as compared to that of the corresponding period in 2016. The increase in turnover was due to increase in the proceeds received from disposal of listed securities. Net loss on change in fair value of financial assets at fair value through profit or loss increased to approximately HK\$12.6 million as compared to gain approximately HK\$10.5 million of the corresponding period in 2016 as a result of uncertainties in global securities market. Finance cost increased to approximately HK\$11.9 million as compared to approximately HK\$0.7 million of the corresponding period in 2016, representing an increase of approximately 1,657.4% as compared to that of the corresponding period in 2016. The increase in finance cost was due to increase in interest on bank borrowing, short term loans and promissory notes. Loss attributable to the owners of the Company was approximately HK\$36.7 million for the six months ended 30 September 2017 (2016: profit HK\$1.9 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the six months ended 30 September 2017, the Company has made the following issue for cash of equity securities:

On 28 June 2017, a total of 23,035,000 consideration shares have been issued at the price of HK\$2 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 85% of issue share capital of FWI Group at the consideration of HK\$46.07 million.

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.

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' equity. Since the Group recorded a deficit attributable to owners of the Company as at 30 September 2017 and 31 March 2017, the gearing ratio was not applicable for the both reporting period.

FOREIGN CURRENCY EXPOSURE

During the six months ended 30 September 2017, the Group experienced only immaterial exchange rate fluctuations as the functional currencies of the Group's operations were mainly Hong Kong dollars and Renminbi. As the risk on exchange rate difference was considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

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

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. The acquisition was completed on 9 May 2017.

Pursuant to the announcement of the Company dated 29 May 2017, the wholly owned subsidiary of the Company as the purchaser and the vendor has entered in to the sale and purchase agreement to acquire 85% of issued share capital of FWI Group at the consideration of HK\$46.07 million. The consideration will be satisfied by the issue and allotment of the 23,035,000 new shares at an issue price of HK\$2 per share by the Company upon completion. The FWI Group is principally engaged in the business of providing multi-media related services and content in the Greater China via different platforms like cable TV. The acquisition was completed on 28 June 2017.

Company	Six months ended 30 September 2017	As at 30 September 2017	
	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
Goldin Financial Holdings Limited (“GF”)	1,522		
Goldin Properties Holdings Limited	2,758		
Inno-Tech Holdings Limited (“IT”)	2,728		
Code Agriculture (Holdings) Limited	(10,254)		
CNC Holdings Limited (“CNC”)	143		
Others	<u>(2,726)</u>		
Net realised loss	(5,829)		
GF	3,597	31,952	44.6%
IT	(14,646)	8,976	12.5%
CNC	(459)	3,144	4.4%
Celebrate International Holdings Limited (“CI”)	(943)	7,587	10.6%
Solartech International Holdings Limited (“SI”)	858	8,564	11.9%
Others	<u>(1,042)</u>	<u>11,447</u>	<u>16.0%</u>
Net unrealised gain	<u>(12,635)</u>	<u>71,670</u>	<u>100.0%</u>
	<u><u>(18,464)</u></u>	<u><u>71,670</u></u>	<u><u>100.0%</u></u>

GF is principally engaged in the provision of factoring services, financial investments, winery and wine related business, property developments and investments.

IT is principally engaged in buses and bus stations advertising business in the PRC and event management and marketing services.

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.

SI is principally engaged in manufacturing and trading of cables, wires and copper rods, trading of metallurgical grade bauxite and properties investment.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group hired 28 employees including the executive Directors (2016: 16). Total staff costs including Directors' remuneration for the six months period under review amounting to approximately HK\$4.3 million (2016: HK\$2.6 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

CONTINGENT LIABILITIES

Save as disclosed in note 15 and 19, the Group did not have any material contingent liabilities as at 30 September 2017.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2017, 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.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 30 September 2017, 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 Group, were as follows:

Name of the shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (note 1)
Full Times Investment Limited (note 2)	Beneficial owner	36,815,000	25.88%

Notes:

1. As at 30 September 2017, the issued share capital of the Company was 142,256,878 shares.
2. Full Times Investment Limited is wholly owned by HMV Digital China Group Limited whose shares are listed on the GEM of the Stock Exchange.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 30 September 2017, no long 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.

SHORT POSITIONS IN SHARES OF THE COMPANY

As at 30 September 2017, no short positions of other persons or substantial shareholders in the shares of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 30 September 2017, 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 30 September 2017, the Directors were not aware of any other person who has an interest or short position in the shares or underlying shares (including interest 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 had a material interest, whether directly or indirectly, subsisted at the six months ended 30 September 2017 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 30 September 2017, none of the Directors 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 six months ended 30 September 2017 have been reviewed by the audit committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company.

Having made specific enquiry, all Directors have confirmed that they have complied with the required standard of dealings and there is no event of non-compliance throughout the six months ended 30 September 2017.

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

During the six months period under review, 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 of
Trillion Grand Corporate Company Limited
Lau Kelly
Executive Director

Hong Kong, 13 November 2017

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

Executive Directors:

Mr. Lau Kelly (*Chief Executive Officer*)

Mr. Leung Chung Nam

Mr. Wong Kam Kwan

Ms. Ho Chi Na

Independent non-executive Directors:

Dr. Wan Ho Yuen, Terence

Mr. Hau Chi Kit

Mr. Yuen Koon Tung

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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company at <http://www.trilliongrand.com>.