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## **Trillion Grand Corporate Company Limited**

**萬泰企業股份有限公司**

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

**(Stock Code: 8103)**

### **MAJOR TRANSACTION DISPOSAL OF WHOLLY-OWNED SUBSIDIARIES PURSUANT TO THE SWAP AGREEMENT**

On 9 May 2018 (after trading hours), the Company entered into the Swap Agreement with the Creditor pursuant to which the Company has conditionally agreed to swap the Target Share with the Creditor for (i) the Loan and (ii) the provision of the Credit Facility such that immediately after the Completion, the Creditor (or its nominee) shall acquire the Target Share in exchange of the assignment of the Loan and provision of the Credit Facility to the Company (the “Swap”). The Target Group through its wholly-owned subsidiary holds the entire issued share capital of ISL, which is the legal and beneficial owner of the Property. The Creditor is the legal and beneficial owner of the Loan. Immediately after the signing of the Swap Agreement, the Company and the Creditor have entered into the Credit Facility Agreement pursuant to which the Creditor grants the Credit Facility to the Company.

To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, as at the date of this announcement, the Creditor and its respective ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

Upon Completion, the Target Group will cease to be subsidiaries of the Company.

## **GEM LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Swap are more than 25% but less than 75%, the Swap constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Swap. As such, no Shareholders would be required to abstain from voting at the EGM in respect of the resolution approving the Swap.

A circular containing, among other things, further information regarding the Swap and a notice convening the EGM will be despatched to the Shareholders on or before 8 June 2018.

**Completion is subject to the satisfaction (or waiver, if applicable) of the Conditions set out in the Swap Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

On 9 May 2018 (after trading hours), the Company entered into the Swap Agreement with the Creditor pursuant to which the Company has conditionally agreed to swap the Target Share with the Creditor for (i) the Loan and (ii) the provision of the Credit Facility such that immediately after the Completion, the Creditor (or its nominee) shall acquire the Target Share in exchange of the assignment of the Loan and provision of the Credit Facility to the Company (the "Swap"). The Target Group through its wholly-owned subsidiary holds the entire issued share capital of ISL, which is the legal and beneficial owner of the Property. The Creditor is the legal and beneficial owner of the Loan.

Immediately after the signing of the Swap Agreement, the Company and the Creditor have entered into the Credit Facility Agreement pursuant to which the Creditor grants the Credit Facility to the Company.

## **THE SWAP AGREEMENT**

The principal terms of the Swap Agreement are set out as below:

### **Date**

9 May 2018

### **Parties**

- (i) The Creditor
- (ii) The Company

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, as at the date of this announcement, the Creditor and its respective ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company.

### **Assets to be disposed of**

Pursuant to the Swap Agreement, the Company has agreed to swap the Target Share with the Creditor for (i) the Loan and (ii) the provision of the Credit Facility such that immediately after the Completion, the Creditor (or its nominee) shall acquire the Target Share in exchange of the assignment of the Loan and provision of the Credit Facility to the Company. The Target Group through its wholly-owned subsidiary holds the entire issued share capital of ISL, which is the legal and beneficial owner of the Property. The Property is held by the Group as an investment.

The Creditor is the legal and beneficial owner of the Loan. The final repayment date of the Loan is 5 May 2018. As at the date of this announcement, the Company has not repaid any amount of the outstanding Loan and the Creditor has refused to grant further extension. The Company is indebted to the Creditor for an aggregate sum of approximately HK\$136.4 million consisting of principal amount of the Loan for approximately HK\$120.3 million and interest amount thereon for HK\$16.1 million.

### **CONSIDERATION**

The consideration for the Target Share is HK\$136,000,000 (the "Consideration"), which was determined after arm's length negotiations between the Company and the Creditor with reference to the Loan, the purchase price of the Property and the Offer received in the beginning of May 2018.

Reference is made to the circular of the Company dated 19 September 2016. The Property was acquired by the Company (through the acquisition of the Target Group) in October 2016 for a consideration of HK\$128 million. The Property can now be sold (through the sale of the Target Group) at the consideration of HK\$136 million, which is higher than the initial purchase price.

The Company has appointed various property agencies to sell the Property since February 2018. Before entering into the Swap Agreement, the Company received only 1 formal offer in relation to the disposal of ISL (the “Offer”) and was presented with a cheque, from an independent third party to the Company and its connected persons (the “Offeror”) through one property agent which is also an independent third party to the Company and its connected persons. The Offeror offered to acquire ISL at the consideration of HK\$130.61 million (the “Offer Price”), payable by various installments, i.e. an initial deposit of HK\$6.5million upon signing of provisional agreement; a second deposit of HK\$6.561 million on or before 25 May 2018; and the remaining balance on Completion Date. In addition, the Company is required to remunerate the property agent with commission if the Company agreed to enter into provisional agreement in relation to the Offer.

Taking into account the acquisition cost of the Property and market value of the Property plus the preferential terms of the Swap Agreement on the availability of the Credit Facility, the Directors consider that the Consideration is fair and reasonable and the Swap Agreement is on normal commercial terms which are fair and reasonable, and the entering into the Swap Agreement is in the interests of the Company and the Shareholders as a whole.

The Consideration shall be satisfied by the Creditor in kind by the assignment of the Loan and the provision of the Credit Facility in accordance with the terms and conditions of the Swap Agreement.

## **CONDITIONS**

The transfer of the Target Share and the assignment of the Loan shall be subject to and conditional upon the fulfilment and satisfaction, at or prior to the Long Stop Date, of each of the following conditions precedent:

- (a) the results of the legal and financial due diligence conducted by the Creditor over the Target Group, including but not limited to the Property and the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure of the Target Group, being completed to the reasonable satisfaction of the Creditor;
- (b) the passing of the necessary resolution(s) by the Shareholders at the EGM to approve the Swap Agreement and the transactions contemplated in or incidental to the Swap Agreement in accordance with the requirements of the GEM Listing Rules;

- (c) there being no material breach of the warranties and each of the Company's warranties remaining true, accurate and not misleading in all material respects up to Completion;
- (d) there is no Material Adverse Change or prospective Material Adverse Change in the Target Group's business, operations, financial conditions or prospects taken as a whole since the date of the Swap Agreement; and
- (e) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Swap Agreement and any of the transaction contemplated thereunder.

The Creditor may, in its sole discretion, waive the Conditions set out in paragraphs (a), (c) and (d) above by written notice to the Company.

In the event the Conditions could not be fulfilled on or before the Long Stop Date or the parties have not reached any agreement in writing to extend the Long Stop Date, then the Swap Agreement shall be terminated whereupon all rights, obligations and liabilities of the parties under the Swap Agreement (but not otherwise) shall cease and determine and none of the parties shall have any claim against the other save as to any rights on any antecedent breach of the Swap Agreement.

If the Swap Agreement is terminated as aforesaid, such termination shall not prejudice the Creditor's rights, power and interest under the Financing Documents.

For avoidance of doubt, it is further confirmed by the parties under the Swap Agreement that:

- (a) the entering into of the Credit Facility Agreement shall not be conditional upon the fulfilment of the Conditions;
- (b) if the Swap Agreement is terminated, then the Credit Facility Agreement shall remain in full force and effect Provided however that the Company undertakes to the Creditor that, in such event, the Company shall execute further mortgage or legal charge over the Property and further debenture over the assets, property and undertakings of the Company in favour of the Creditor as security of the Company's liabilities under the Credit Facility Agreement.

## **COMPLETION**

Completion will take place on the Completion Date. Upon Completion, the Target Group will cease to be subsidiaries of the Company.

## INFORMATION OF THE TARGET GROUP

The Target Group comprises Top Insight, Cicero and ISL. Top Insight and Cicero are investment holding companies and ISL principally engages in property investment holding and proprietary trading business. Pursuant to the Swap Agreement, ISL needs to clear off its securities account and any indebtedness thereunder and it is allowed to transfer its existing stock to other subsidiary of the Group or the Company before Completion. Since the Group has other investment arm which engages in proprietary trading business, the disposal of ISL will not affect this business segment of the Group.

## FINANCIAL EFFECTS OF THE SWAP

Upon Completion, the Target Group will cease to be subsidiaries of the Company.

Based on the Company's interim report for the 6 months ended 30 September 2017, the current liabilities amounted to approximately HK\$402.64 million. Upon Completion, and the liabilities of the Company will decrease by approximately HK\$136 million.

It should be noted that the estimation above is for illustrative purpose only, the Company may or may not impair the carrying value of the Target Group subject to the financial position of the Target Group upon Completion and confirmation with the Company's auditors. Accordingly, the estimation above does not purport to represent how the financial position of the Group will be after Completion. However, the Company considers the Swap will have no material effect on the financial position and the operations of the Company.

## Financial information of the Target Group

Top Insight, Cicero and ISL were incorporated on 10 March 2016, 2 March 2016 and 8 May 2002 respectively.

The financial information of ISL for the year ended 31 December 2015 and for the period from 1 January 2016 to 31 March 2017, the consolidated financial information of the Target Group for the period from 1 April 2017 to 31 March 2018 are set out as follows:

	<b>(For ISL only)</b> <b>For the year</b> <b>ended 31</b> <b>December 2015</b> <i>(HK\$ million)</i>	<b>(For ISL only)</b> <b>For the period</b> <b>from 1 January</b> <b>2016 to 31</b> <b>March 2017</b> <i>(HK\$ million)</i>	<b>For the year</b> <b>from 1 April</b> <b>2017 to 31</b> <b>March 2018</b> <i>(HK\$ million)</i>
Net asset/(liabilities)	(27.6)	143.3	9.8
Net profit/(loss) before taxation	(5.7)	15.3	(5.5)
Net profit/(loss) after taxation	(5.7)	15.3	(5.5)

## **INFORMATION ON THE PROPERTY**

The Property is 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 area of the office floor is approximately 7,906 square feet. The Property shall not be used for any purpose other than for non-industrial (excluding residential, hotel, petrol filling station and godown) purposes.

The Property is currently being leased to a tenant under a tenancy agreement and the monthly rent receivable in respect of the Property is HK\$200,000.00.

## **REASONS FOR AND BENEFITS OF THE SWAP**

The Company has imminent need to repay its outstanding liabilities which is overdue and the Company is unable to obtain further extension. Although the Property offers a rental return of 1.88% per annum, the Directors are cautious about the property market in Hong Kong in the short term given the recent uncertainties due to the trade wars between the US and China as well as the anticipated rise in interest rate in Hong Kong in the near future.

As at the date of this announcement, the Property offers a rental return of HK\$200,000 per month pursuant to the existing tenancy agreement dated 1 February 2017 and made between ISL as landlord and an independent third party as tenant. This represents a rate of return of 1.88% per annum based on the purchase price of the Property being HK\$128 million. Such return is relatively unattractive and far lower than the interest rate of the Loan. In addition, the Directors become more cautious about the property market in Hong Kong given the recent uncertainties due to the trade wars between the US and China as well as the anticipated rise in interest rate in Hong Kong in the near future. The Directors are further frustrated that the Company is unable to obtain further extension on the final repayment date of Loan. The Company has imminent need to repay its outstanding liabilities and requires additional loan facilities to fulfill its general working capital. By entering into the Swap Agreement, the Company is not required to pay any commission and the consideration offered by the Creditor is the higher than the Offer Price. The Company can also reduce its liabilities. In addition, after arms' length negotiation, the Company successfully obtained additional financial assistance from the Creditor for its general working capital needs. Therefore, the Directors consider that the Swap Agreement and the transactions contemplated thereunder are in normal commercial terms and are in the best interest of the Company and the Shareholders as a whole.

## **INFORMATION OF THE COMPANY**

The principal activity of the Company is investment holdings.

The Group principally engages in six business segments. The system development segment engages in the system development and software licensing businesses, as well as the provision of maintenance, installation and consulting services. The professional services segment engages in the information technology (IT) engineering business and provision of technical support services. The proprietary trading segment engages in the trading of listed securities in Hong Kong. The money lending segment engages in the provision of financing services in Hong Kong. The property investment segment engages in leasing the Property. The OTT services segment engages in the provision of over the top services of video on demand in Hong Kong and Taiwan.

## **GEM LISTING RULES IMPLICATION**

As certain relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Swap are more than 25% but all are less than 75%, the Swap constitutes a major transaction for the Company under the GEM Listing Rules and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder has a material interest in the Swap. As such, no Shareholder will be required to abstain from voting at the EGM in respect of the resolution approving the Swap.

A circular containing, among other things, further details on the Swap, the Swap Agreement and the transactions contemplated thereunder and other information as required under the GEM Listing Rules together with a notice of the EGM and a form of proxy will be despatched to the Shareholders on or before 8 June 2018 so as to allow sufficient time for the preparation of the relevant information for inclusions in the circular.

**Completion is subject to the satisfaction (or waiver, if applicable) of the Conditions set out in the Swap Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Board”	board of Directors
“Business Day(s)”	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 am) on which banks in Hong Kong are generally open for business



“Cicero”	Cicero Capital Limited, a limited liability company incorporated in British Virgin Islands
“Company”	Trillion Grand Corporate Company Limited (Stock Code: 8103), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the GEM board of the Stock Exchange
“Completion”	the completion of the Swap pursuant to the Swap Agreement
“Completion Date”	on or before the third Business Day following the satisfaction of the conditions pursuant to the Swap Agreement
“Conditions”	conditions precedent of the Swap Agreement
“Creditor”	Cordoba Homes Finance Limited, a company incorporated in Hong Kong
“Credit Facility”	a new one year standby credit line for HK\$25 million to be granted by the Creditor to the Company for its working capital upon the execution of the Swap Agreement and the new credit line will bear 15% interest per annum on amount drawn down and 1% commitment fee per annum for amount not drawn down and upon other standard terms and conditions as the Creditor may reasonably determine
“Credit Facility Agreement”	the credit facility agreement entered into between the Company and the Creditor on 9 May 2018 in respect of the provision of the Credit Facility
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be convened and held for the Shareholders to consider and, if thought fit, approve the Swap
“Financing Documents”	the Loan Agreement and the Security Documents
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of PRC

“ISL”	ISL Investments Limited, an indirectly wholly-owned subsidiary of the Target Group
“Loan”	the loan, accrued interests and any other money owed and payable by the Company to the Creditor under the Financing Documents and all the rights, title, benefits, interests and claims whatsoever of the Creditor of and in the Financing Documents
“Loan Agreement”	the loan agreement made between the Creditor as lender and the Company as borrower dated 5 August 2016 in respect of a loan facility of HK\$150,000,000 and supplemented by a supplemental agreement dated 8 June 2017
“Long Stop Date”	two calendar months after the date of signing of the Swap Agreement or such later date to be agreed between the parties in writing
“Material Adverse Change”	any event, occurrence or development of a state of circumstances or facts which has had or reasonably could be expected to have a material and adverse effect on the financial position, management, business or property, legal or financing structure, or assets or liabilities of the Target Group
“PRC”	the People’s Republic of China
“Property”	9th Floor, Global Trade Square, No. 21 Wong Chuk Hang Road, Hong Kong, together with 3 car parking spaces at Global Trade Square
“Security Documents”	all the securities created by the Company and other relevant parties in favour of the Creditor as security in relation to the Loan Agreement
“Share(s)”	share(s) of par value of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	holders of Shares
“Swap Agreement”	the swap agreement entered into between the Company and the Creditor dated 9 May 2018 in relation to the swap of the Target Share and the Loan plus the Credit Facility
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Top Insight, Cicero and ISL; and Target Group company shall mean any one of them

“Target Share”	the one share of Top Insight legally and beneficially owned by the Company, representing the entire issued share capital of Top Insight as at the date of the Swap Agreement and at Completion
“Top Insight”	Top Insight Holdings Limited, a limited liability company incorporated in British Virgin Islands
“%”	per cent

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

Hong Kong, 9 May 2018

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

*Executive Directors:*

Mr. Lau Kelly (*Chief Executive Officer*)  
Mr. Leung Chung Nam  
Ms. Ho Chi Na

*Independent non-executive Directors:*

Dr. Wan Ho Yuen, Terence  
Mr. Hau Chi Kit  
Mr. Yuen Koon Tung

*This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website at [www.trilliongrand.com](http://www.trilliongrand.com)*