

THE AGBA GROUP/TRILLER MERGER
IS A SCHEME TO TEMPORARILY
BOOST AGBA'S STOCK PRICE – BOTH
COMPANIES ARE PRACTICALLY
WORTHLESS/BANKRUPT AND IT
LIKELY WON'T GET APPROVED BY
REGULATORS ANYWAYS

July 11, 2024



RESEARCH SUMMARY

- On 4/18/24, Agba Group (AGBA) announced a merger with social media company Triller that they claim is worth \$4B.
- The \$4B valuation is a made-up number that is far from reality. Before the merger announcement, Triller and AGBA were both failed, almost bankrupt, companies with little to no value.
- In 2022, Triller projected \$250M in revenues for 2023. Instead, it only reported \$33.6M in revenue for the 9 months ended 9/30/23, lost \$134M, and had over \$170M in debt with almost zero cash. There have been no financial updates or guidance since then.
- There is no logical business reason for AGBA and Triller to merge, they are in different sectors with zero synergies, and both have proven incompetent management.
- Triller's Co-Founder and CEO, Bobby Sarnevesht, is accustomed to scamming as he was convicted of Medicare fraud in 2016 for his consulting role at Bay Area Surgical Management.
- Regulators recently decided that they don't want TikTok owned by a Chinese company. So now Triller, a similar type of social media/streaming company to TikTok, is going to merge with AGBA, another Chinese company (Hong Kong is a part of China), and the US regulators will likely not allow it.
- AGBA is a Hong Kong financial services company. Apparently, the entire company is going to relocate from Hong Kong to Los Angeles to work for Triller, in order to not be a China-based management anymore. There are many questions about this that are unanswered.
- AGBA's deal with predatory lender Yorkville has terrible terms for AGBA investors.

- Agba's bull case that Triller will take market share from TikTok doesn't make sense. Only the Chinese owners of TikTok were banned, TikTok will remain in the US after the owner is changed.
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"We are excited about capital"

Said Agba Group CEO Wing Fai Ng on 5/24/24

Agba Group (AGBA) [announced](#) on 4/18/24 that it's going to merge with video-streaming company Triller. The PR states: *AGBA and Triller Merge to Create a \$4 Billion Powerhouse, Unleashing a Game-Changing Power in Digital Content and Financial Services.*

We believe this so called "merger" is just a scheme by two desperate companies to boost AGBA's share price and sell shares into the pump to uniformed investors to raise capital. We are publishing this report to share the truth about what's going on to investors that may otherwise not understand and are taking what the company says at face value.

Agba's Self-Proclaimed \$4 Billion Valuation Is Absurd

AGBA shareholders will receive 20% of the combined company, so if this valuation were true, then AGBA would be worth around \$800M. Neither company executives are clear about who will be in charge of running the combined company. They also don't mention who, if any, executives or employees will be let go in the merger to save on compensation expenses.

On the merger news, AGBA stock went from closing at 40c on 4/17/24, to closing at \$1.03 on 4/18/24. Following the initial merger PR, AGBA issued 6 more PRs without reporting any new information but repeating the \$4B valuation number. Below is a screenshot of the PRs with the \$4B reminder:



Source: Yahoo Finance

The stock up trended over the next few weeks to recently closing at \$3.44 on 6/10/24.

The \$4B valuation that AGBA is putting on its merger with Triller is nothing short of absurd. At one point, Triller had a \$5B valuation. Today it's worth practically nothing, as we show later in this report. AGBA's CEO in a YouTube video, which we quote later in this report, said they got this valuation based on Triller's last private funding round, which was in convertible debt, not equity, and it was almost two years ago. Being a finance company CEO, we believe he knows this is BS.

Companies, especially growth tech companies with a lot of debt, can change valuation quickly and dramatically. WeWork (WEWKQ), for example, had a peak valuation of \$47B in 2019. Today, it's [worth about \\$3M](#). But that doesn't mean that it isn't still a good business, it's still operating while it's going through bankruptcy. It's just that the shareholders are wiped out. Similarly, Triller will likely still operate, in some capacity, after its shareholders are wiped out.

We Believe This Merger Idea Is A Sham And Won't Happen

We don't believe this merger will happen for the following reasons.

1. AGBA is a Hong Kong based company with its headquarters in Wan Chai, Hong Kong. Earlier this year, the US made the controversial decision to [ban](#) video-streaming app TikTok because it's owned by a Chinese company, unless it changes owners. Hong Kong is a part of China. It's unlikely they would now allow another similar video-streaming company, Triller, to merge with another Chinese company, even if the executives move to Los Angeles like they claim. Here are more questions we have about this relocation:

So if ByteDance, the owner of TikTok, moves to the US, would the US reverse the TikTok ban? Clearly no, so why would they accept the Triller merger with the Chinese management, even if they do move to Los Angeles?

Is AGBA management relocating before the merger is approved? If so, what if the merger is rejected, which we believe it will be, will AGBA's management move back to Hong Kong?

AGBA has their financial business in Hong Kong. Are they leaving behind business with their relocation?

As stated in AGBA's [recent 10-K](#):

Our headquarters in Hong Kong is located at AGBA Tower, 68 Johnston Road, Wan Chai, Hong Kong, which is situated in one of Hong Kong's prime central business districts. We also owned an office premises located at One Island South, No. 2 Heung Yip Road, Hong Kong for rental purpose.

Also, regardless of where the companies are located, the SEC has gotten more strict in allowing reverse mergers and recently [imposed new obligations](#) that will make the merger more difficult to happen.

2. The \$4 Billion valuation AGBA claims is far from reality. Triller has declining revenues and missed revenue projections by far that it needed to make to have a valuation in the billions. It is also drowning in debt and has recently defaulted on debt payments.
3. Before the merger announcement, AGBA was a failed financial company. It was trading for below 40c, and was losing about \$10M per quarter, with \$18M in debt and a dwindling cash balance, on its way towards bankruptcy.
4. There are no synergies between AGBA and Triller, they are two very different businesses, and it doesn't make any business sense for a merger to happen.

For Triller to have to stoop this low to merge with a Hong Kong penny stock approaching bankruptcy, suggests how desperate the situation is.

TikTok Won't Leave The US, Only The Owner Will Change

The bull case for Triller is that it will take market share from TikTok. However, as stated in [this article](#), TikTok's Chinese parent company, ByteDance, needs to sell the company and TikTok can remain in the US.

So all that's required is the owner of TikTok to change. ByteDance is challenging the ban in Supreme Court, and the situation can take years. Meanwhile, Triller and AGBA will continue to flounder and lose money. Furthermore, there are better alternatives to Triller. As stated in the above article, Instagram Reels, and YouTube shorts are the main copies of TikTok, also Twitter.

Triller's CEO Has Been Convicted of Medicare Fraud, AGBA Also Has Shady Dealings

This type of scam fits well with Triller's CEO and Co-founder, Bobby Sarnevesht. In 2016, a jury found Bay Area Surgical Management (BASM) [guilty of medicare fraud](#). Sarnevesht was a consultant for BASM and was named a principal in the lawsuit.

In 2019, Triller's other co-founder Ryan Kavanaugh was accused by an ex-partner of running a ponzi scheme and a suit was filed. This was settled outside of court.

AGBA also has some shady dealings. Convoy Global Holdings is currently a significant shareholder of AGBA. AGBA had [acquired](#) Convoy's financial advisory business and platform. In 2021, four Convoy executives were [convicted of fraud](#). This conviction was [overturned](#) earlier this year, but this shows the shady dealings of AGBA's financial services.

Triller's History of Fundraising And Financial Trouble

In October of 2019, Triller [raised](#) \$28M, valuing the company at only \$130M. Triller's latest funding round was on 8/29/22. Triller [sold \\$200M](#) in convertible debt on 8/29/22, eyeing a \$3B valuation if the company went public later in the year. The \$3B valuation was a drop from its [\\$5B valuation on 12/23/21](#) when tech company

valuations were going through the roof. Also, the raise was in convertible debt, which would only realize the valuation if the debt was converted to equity. Since it wasn't converted to equity, the debt is still a liability for the company.

During this 2022 raise, Triller was projecting \$250M in revenue for 2023. However, it missed that projection by a wide margin. It generated \$48M in revenue for the year ended December, 2022 and revenue actually *decreased* in 2023. From Triller's [S-1/A filing](#) on 1/30/24, it reported it only made \$33.6M in revenue for the 9 months ended 9/30/23. That throws this valuation, and certainly AGBA's \$4B valuation, out the window.

The loss was huge during that 9/30/23 period, -\$134M. Almost the same as its -\$134.8M loss for the 9 months ended 9/30/22.

Triller has since not released any new financial statements. This suggests that business hasn't improved for the company.

Partial income statement shown below:



[Source:](#) Triller Registration Statement

Triller recorded only about \$1M of cash for the period ended 9/30/23. We can conclude that the company is out of cash right now. The company had more liabilities than assets, recording -\$24.4M in unitholders equity for the period ended 9/30/23. To make matters worse, \$234M of Triller's assets are "Goodwill". Remove Goodwill, and the unitholders equity comes to -\$24.4M - \$234M = -\$258.4M. Triller reported \$46M in long-term debt and \$125.5M in short-term debt.

With those dismal financials, it's safe to say that Triller's value is close to zero at this point and is on the verge of bankruptcy.

An Analysis of The YouTube Video Interview With Agba's CEO

On 5/24/24, Agba's CEO, Wing Fai Ng, released a [YouTube video](#) discussing the merger with Triller.



This interview of Ng was full of hot air and no substance. He made almost no specific comments regarding the merger, just spoke in vague terms. The following are quotes from the interview followed by our comments:

Ng: "With our technology and their technology combined, who can say no to that (the merger)?"

Our comment: What technology does AGBA have? It's a financial services company. What synergies would a social media, video-streaming company have with a financial services company?

Ng: "Triller did a last private round of capital raising just about 12-13 months ago, valuing it at over \$3B"

Our comment: Ng is referring to Triller's last funding round we mentioned earlier where Triller received \$200M in convertible notes. That round was on 8/29/22. This was 22 months ago, not 12-13. The investment was in

convertible notes, not equity, which doesn't equate to an equity valuation. Also, that was before the company failed in its revenue projections by a wide margin, and before it became deep in debt. The valuation today is a lot different from back then, and the fact is, Triller isn't able to raise any funds today, at any valuation. We believe its value today is close to zero.

Ng: "Our contribution is scaling the business. And we have a specific plan how to make money. It requires a few things. #1 people, and #2 capital. I'm fortunate to say at this moment, that we have a lot of capital chasing us. And #3 ideas."

Our comment: People, capital, and ideas are a vague description of a plan. Ng doesn't go into any more detail. Didn't Triller have people, capital and ideas when it raised hundreds of millions of dollars? How will AGBA, a failing Chinese SPAC, provide these things that Triller didn't already have?

Ng: "Agba's financial expertise and Triller's AI-driven capabilities are incredibly complimentary. At the core of a social media company and the core of a financial services company, is really recommendations. In the world of social media, we all know what that means. In the world of financial services, it's all about how to pick the best advice, and the best product for our customers. The tool underlining AI fundamentals is all based on recommendations. There's a lot of synergy between what they do and what we do, and we're going to have a lot of fun. We are very optimistic about it."

Our comment: What is Ng talking about here? Recommendations? He doesn't go into any specifics on what he means by recommendations. We don't see any synergies between a financial services provider and a social media company.

Ng: "As a part of this merger, the entire company will be redomiciled, relocated to Los Angeles. We have a team going around in Los Angeles looking for a campus for us."

Our comment: AGBA right now has its executives in Hong Kong. The entire Hong Kong company is now looking to move to Los Angeles. Where is the advantage of this? Why doesn't Triller just merge with a company that is already in the US, and how would the executives of a financial services company help a failing social media company?

Ng: "The transaction has been approved by shareholders on both sides. So now, it's really dependent on, we're just waiting for approval by the SEC and Nasdaq. Hopefully we should have a conclusion by the end of June, I'm just guessing."

Our comment: This is one of the only times in the interview where Ng was specific. He expects to have an approval decision by the SEC and Nasdaq by the end of June. It's currently July, and we don't have any updates on the merger. We believe the SEC will reject the merger but the application process will take many more months.

Agba Made An Ugly Deal with Predatory Lender Yorkville

On 7/5/24, AGBA [published](#) a PR announcing they are raising more funds through Yorkville. The PR states "It also further cements the strategic relationship between AGBA and Yorkville..."

There really is no strategic relationship when dealing with Yorkville. They are a predatory fund, not a long-term investor. Yorkville just needs liquidity and could care less about whether AGBA succeeds or fails. If the stock

drops then Yorkville will just get more shares to sell to guarantee a profit.

On [April 25, 2024](#), Yorkville agreed to advance to the Company in the form of convertible promissory notes an aggregate principal amount of up to \$8.51 million (the “First Pre-Paid Advance”).

On [June 28, 2024](#), AGBA, Triller, and Yorkville modified the agreement to assign Triller’s rights and obligations to AGBA and provide \$25 million in additional financing (the “Second Pre-Paid Advance”). As part of the “First and Second Pre-Paid Advance”, AGBA issued a convertible promissory note for an aggregate principal amount of \$33.51 million in favor of Yorkville. The note could then be converted to shares of AGBA common stock at 92.5% of the lowest daily VWAP during the ten consecutive trading days immediately preceding the conversion date or other date of determination.

For example, assuming the lowest daily VWAP for the last 10 days is around \$2.7 then if the stock price goes up to \$3.50, Yorkville can convert at $\$2.7 \times 92.5\% = \2.5 conversion price and sell at \$3.50. Yorkville stands to make at a 40% gain on their investment with very little risk. And if that wasn’t enough, Yorkville also received 3M AGBA warrants, representing \$8,377,500 or 25% of the \$33.51M convertible note principal amount, at a Fixed Price of \$2.83, with price protection.

Details on Triller’s Settlement Woes And Debt Payments

From 2022 to late 2023, Triller has settled many lawsuits by agreeing to owe money to a variety of plaintiffs. However, the problem is Triller doesn’t have any money to make these payments anymore. The following are lawsuits that are all referenced in Triller’s [S-1/A](#) filed on 1/30/24.

Sony Music Entertainment Lawsuit Against Triller

On 8/12/23, [Reuters](#) published an article by Blake Brittain indicating the end of the copyright case over Triller’s platform’s music use. The article states:

Sony Music sued Los Angeles-based Triller last year (2022). It accused the TikTok rival of failing to make payments under a licensing agreement and committing “massive” copyright infringement by streaming its music without a license since breaking the contract.

The lawsuit cited more than 50 songs that Triller allegedly misused by artists including Britney Spears, Harry Styles, and Janis Joplin.

22, 2022, Plaintiffs filed a First Amended Complaint or the Complaint, against we are alleging claims for breach of contract, copyright infringement pursuant to 17 U.S.C. § 1401, contributory copyright infringement, and vicarious copyright infringement. On May 16, 2023, the court entered partial final judgment in favor of Plaintiffs on Plaintiffs’ breach of contract claim and ordered the Company to pay Plaintiffs \$4.6 million..

Thereafter, the Company and the Plaintiffs entered into a Confidential Settlement Agreement dated July 21, 2023 to resolve Plaintiffs’ remaining claims and provide for an agreed plan for payment of the judgment.

Verzuz Lawsuit Against Triller

Timbaland and Swizz created Verzuz in 2020 as a webcast that pits two artists and their music against each other. Triller acquired the series on [January 27, 2021](#), and as part of the deal, the duo joined Triller’s management team and also became shareholders in its parent company, Triller Network. Initially, Triller had

agreed to pay Swizz Beatz and Timbaland \$30.0 million in cash, including \$1.0 million per month over 10 months starting from April 1, 2022, and \$25.0 million in equity by issuing 2,202,642 Class B Common Units.

Triller only paid \$2.0 million in cash and issued 2,202,642 Class B Units to former shareholders of Verzuz in relation to the Amendment. Due to this, the following happened after On September 22, 2022:

Verzuz Demand Letter:

The company issued unsecured Convertible Promissory notes in the aggregate principal amount of \$37.0 million in [full settlement of various claims](#) the former owners had brought in connection with post-closing obligations.

As part of this agreement, Triller is required to make a minimum installment payment of \$9.0 million within twelve months of [December 31, 2022](#).

On [August 18, 2023](#), Verzuz LLC issued a demand letter asserting ownership over Verzuz copyrights and trademarks and **claimed an event of default had occurred**, making the notes immediately due and payable.

Triller disputes that an event of default has occurred and maintains that the acceleration right should not be exercised by the Verzuz members.

Convertible note:

- As of [December 31, 2022](#), the Verzuz Notes are recorded at fair value of \$37.1 million, of which
- \$9.0 million is recorded in Current portion of long-term debt and
- \$28.1 million is included in Long-term debt on the consolidated balance sheet.
- As of [September 30, 2023](#), the fair value of the Verzuz Notes was recorded at \$41.6 million on Triller's condensed consolidated balance sheet.

Wixen Lawsuit Against Triller

Triller Corp. entered into a settlement agreement with Wixen Music Publishing, Inc. in response to a lawsuit for copyright infringement. Here are the details:

- **Date of Settlement Agreement:** September 2022.
- **Lawsuit Basis:** Wixen sued Triller for copyright infringement.
- **Settlement Amount:** Triller agreed to pay Wixen a total of \$10 million in scheduled payments through September 2024.

Approximately \$4.5 million has been paid and about \$5.5 million remains due. Triller missed a payment to Wixen Music Publishing in December 2023, triggering penalties under the settlement agreement.

As of December 31, 2023, Triller Corp. recorded liabilities amounting to [\\$27.3 million for unpaid](#) amounts owed under its music licenses.

Conclusion

We believe that this merger is a scam and that neither company expects it to actually happen. Both companies have no other route to go, both are in very desperate situations and desperate situations call for desperate

measures. We believe this merger is just a gimmick to boost AGBA's stock price and sell stock, and perhaps some capital will make its way back to Triller as well. So far, it has been successful to boost AGBA's share price, as AGBA's was happy to [tweet](#) that AGBA is one of the 10 best performing stocks of 2024.

So far, nobody has called AGBA out on its BS. We believe somebody needs to present the truth to those who may not be aware of what is going on, and who believe what the company says at face value. If people choose to invest in AGBA anyways despite being presented the bearish side, then that is their choice, but we believe the truth should be presented and discussed.

We believe what AGBA is doing is immoral by running this scheme. AGBA is, indeed, temporarily saving itself by enabling it to raise capital, but at the cost of being dishonest and taking money from uninformed investors.



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