TECH PRO TECHNOLOGY DEVELOPMENT LIMITED
德普科技發展有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 03823)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors of Tech Pro Technology Development Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014, together with comparative figures for the year ended 31 December 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Continuing operations			
Turnover	*3*	**144,327**	167,210
Cost of sales		**(104,767)**	(94,762)
Gross profit		**39,560**	72,448
Other revenue	*4*	**5,644**	6,860
Other income	*4*	**215**	1,991
Selling and distribution costs		**(24,324)**	(15,343)
Administrative expenses		**(50,559)**	(34,979)
Impairment loss on goodwill	*10*	**(96,043)**	(197,045)
Impairment loss on other intangible assets	*10*	**(28,207)**	–
Amortisation of other intangible assets		**(71,380)**	(71,380)
Fair value gain/(loss) on embedded derivatives of bonds	*14*	**12,846**	(3,542)
Fair value loss on embedded derivatives of convertible bonds		**(34,780)**	–
Loss on early redemption of promissory notes		**–**	(4,878)
Finance costs	*5(a)*	**(33,347)**	(9,760)
Share of results of a joint venture		**13,303**	–
Loss before income tax	*5*	**(267,072)**	(255,628)
Income tax	*6*	**24,826**	5,276

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Loss for the year from continuing operations		**(242,246)**	(250,352)
Discontinued operation			
Loss from discontinued operation	*7*	**–**	(6,808)
Loss for the year		**(242,246)**	(257,160)
Loss attributable to:			
Owners of the Company		**(216,852)**	(245,528)
Non-controlling interests		**(25,394)**	(11,632)
		(242,246)	(257,160)
Loss attributable to owners of the Company from:			
Continuing operations		**(216,852)**	(238,720)
Discontinued operation		**–**	(6,808)
		(216,852)	(245,528)
Loss per share (RMB cents)	*9*		(Restated)
From continuing and discontinued operations			
– Basic and diluted		**(15.35 cents)**	(18.55 cents)
From continuing operations			
– Basic and diluted		**(15.35 cents)**	(18.03 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
Loss for the year	**(242,246)**	(257,160)
Other comprehensive income for the year		
Items that may be subsequently reclassified to profit or loss		
Exchange differences:		
– on translation of financial statements of foreign operations	**945**	(84)
– reclassification adjustment relating to disposal of subsidiaries	**–**	2,020
Total comprehensive income for the year (net of tax)	**(241,301)**	(255,224)
Attributable to:		
Owners of the Company	**(215,903)**	(243,556)
Non-controlling interests	**(25,398)**	(11,668)
	(241,301)	(255,224)
Total comprehensive income attributable to owners of the Company from:		
Continuing operations	**(215,903)**	(238,768)
Discontinued operation	**–**	(4,788)
	(215,903)	(243,556)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**67,212**	56,835
Goodwill	*10*	**79,539**	175,582
Other intangible assets		**487,657**	587,244
Interest in a joint venture		**349,488**	–
		983,896	819,661
Current assets			
Inventories		**18,723**	22,532
Trade and bills receivables	*11*	**104,354**	116,335
Other receivables and prepayments		**105,712**	94,508
Pledged bank deposits		**23,935**	12,170
Cash at banks and in hand		**33,351**	42,520
		286,075	288,065
Current liabilities			
Trade payables	*12*	**22,307**	24,965
Other payables and accruals		**25,440**	28,231
Amount due to a director		**–**	571
Bank loans	*13*	**11,293**	3,324
Bonds payable	*14*	**66,368**	65,283
Obligations under finance leases		**376**	352
Income tax payable		**12,913**	25,181
		138,697	147,907
Net current assets		**147,378**	140,158
Total assets less current liabilities		**1,131,274**	959,819

	2014	2013
	RMB'000	*RMB'000*
Non-current liabilities		
Obligations under finance leases	**380**	738
Deferred tax liabilities	**121,277**	148,995
	121,657	149,733
NET ASSETS	**1,009,617**	810,086
EQUITY		
Equity attributable to owners of the Company		
Share capital	**13,541**	10,407
Reserves	**850,489**	628,702
	864,030	639,109
Non-controlling interests	**145,587**	170,977
TOTAL EQUITY	**1,009,617**	810,086

NOTES:

For the year ended 31 December 2014

1. GENERAL INFORMATION

Tech Pro Technology Development Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its principal place of business is located at Unit 1402, 14/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs – First effective on 1 January 2014

In the current year, the Group has applied the amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are first effective and relevant for the Group's financial statements for the annual period beginning on 1 January 2014.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities

The adoption of these new HKFRSs had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

(b) New/amended HKFRSs that have been issued but are not yet effective

The Group is in the process of making an assessment of the potential impact of those pronouncements. The directors of the Company so far concluded that the application of these pronouncements will have no material impact on the Group's financial statements.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover and revenue

Turnover represents the net invoiced value of goods supplied to customers less returns and allowance; commission income from distribution of light-emitting diode ("LED") lighting products; and service income from energy efficiency projects. The amount of each significant category of revenue recognised in turnover during the year is as follow:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Sales of LED lighting products and accessories	**138,820**	121,245
Commission income from distribution of LED lighting products	**–**	43,873
Service income from energy efficiency projects	**5,507**	2,092
	144,327	167,210

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the senior management for the purposes of resources allocation and performance assessment, the Group has engaged in two reporting segments.

- LED lighting
- Provision of property sub-leasing services

The manufacture and sale of LED lighting products and accessories segment and energy efficiency projects segment have been aggregated into one segment named as "LED lighting". As the reported revenue, the absolute amount of the reported profit or loss and the total assets of the energy efficiency projects segment have not exceeded the quantitative thresholds, no separate operating segments have been presented.

Since the discontinuation of manufacture and sale of aluminum electrolytic capacitors operations during the year ended 31 December 2013, the Group's senior management review the Group's results and total assets from the continuing operations as a whole, which represent LED lighting business and provision of property sub-leasing services business, for resource allocation and performance assessment. Accordingly, no segment information regarding to the manufacture and sale of aluminum electrolytic capacitors business was presented.

Information regarding the Group's reportable segments as provided to the senior management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

Continuing operations

		2014	
	LED lighting *RMB'000*	**Property sub-leasing services** *RMB'000*	**Total** *RMB'000*
Turnover	**144,327**	**–**	**144,327**
Inter-segment revenue	**–**	**–**	**–**
Reportable segment revenue from external customers	**144,327**	**–**	**144,327**
Reportable segment results	**(235,080)**	**(28,967)**	**(264,047)**
Other information:			
Interest expenses	**(25,818)**	**(7,490)**	**(33,308)**
Depreciation of property, plant and equipment	**(10,500)**	**–**	**(10,500)**
Impairment loss on goodwill	**(96,043)**	**–**	**(96,043)**
Impairment loss on other intangible assets	**(28,207)**	**–**	**(28,207)**
Amortisation of other intangible assets	**(71,380)**	**–**	**(71,380)**
Fair value gain on embedded derivatives of bonds	**12,846**	**–**	**12,846**
Fair value loss on embedded derivatives of convertible bonds	**–**	**(34,780)**	**(34,780)**
Allowance for impairment on trade and other receivables	**(10,000)**	**–**	**(10,000)**
Write-down of inventories	**(346)**	**–**	**(346)**
Loss on disposal of property, plant and equipment	**(986)**	**–**	**(986)**
Exchange losses, net	**(852)**	**–**	**(852)**
Share of results of a joint venture	**–**	**13,303**	**13,303**
Reportable segment assets	**913,757**	**349,488**	**1,263,245**
Reportable segment liabilities	**125,875**	**–**	**125,875**

	2013		
	LED lighting *RMB'000*	Property sub-leasing services *RMB'000*	Total *RMB'000*
Turnover	167,210	–	167,210
Inter-segment revenue	–	–	–
Reportable segment revenue from external customers	167,210	–	167,210
Reportable segment results	(251,448)	–	(251,448)
Other information:			
Interest expenses	(9,730)	–	(9,730)
Depreciation of property, plant and equipment	(6,227)	–	(6,227)
Impairment loss on goodwill	(197,045)	–	(197,045)
Amortisation of other intangible assets	(71,380)	–	(71,380)
Loss on early redemption of promissory notes	(4,878)	–	(4,878)
Fair value loss on embedded derivatives of bonds	(3,542)	–	(3,542)
Allowance for impairment on trade receivables, net	(153)	–	(153)
Exchange gains, net	1,704	–	1,704
Gain on disposal of property, plant and equipment	287	–	287
Reportable segment assets	1,096,242	–	1,096,242
Reportable segment liabilities	122,893	–	122,893

Reconciliations of reportable segment profit or loss, assets and liabilities:

	2014	2013
	RMB'000	*RMB'000*
Loss before income tax and discontinued operation		
Reportable segment results	**(264,047)**	(251,448)
Unallocated interest income	**24**	27
Unallocated interest expenses	**(39)**	(30)
Unallocated corporate administration costs	**(3,010)**	(4,177)
Consolidated loss before income tax from continuing operations	**(267,072)**	(255,628)

	2014	2013
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**1,263,245**	1,096,242
Unallocated head office and corporate assets	**6,726**	11,484
Consolidated total assets	**1,269,971**	1,107,726

	2014	2013
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**125,875**	122,893
Income tax payable	**12,913**	25,181
Deferred tax liabilities	**121,277**	148,995
Unallocated head office and corporate liabilities	**289**	571
Consolidated total liabilities	**260,354**	297,640

(c) **Geographic information**

The following table provides an analysis of the Group's revenue from external customers by location of delivery of goods and/or services to the customers and information about the Group's non-current assets (other than financial instruments, deferred tax assets and post-employment benefit assets) by geographical location of assets:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The People's Republic of China (the "PRC")	**103,415**	111,385	**893,336**	713,792
Hong Kong	**14,401**	45,841	**35,651**	39,583
Spain	**18,104**	3,395	**54,909**	66,286
Other counties	**8,407**	6,589	**–**	–
	144,327	167,210	**983,896**	819,661

4. OTHER REVENUE AND INCOME

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Other revenue		
Bank interest income	**24**	27
Rental income from property, plant and equipment	**2,400**	2,000
Sub-contracting income	**–**	2,051
Scrap sales	**2,947**	2,782
Others	**273**	–
	5,644	6,860
Continuing operations		
Other income		
Gain on disposal of property, plant and equipment	**–**	287
Exchange gains, net	**–**	1,704
Others	**215**	–
	215	1,991

5. LOSS BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
(a) Finance costs		
Interests on bank loans wholly repayable within 5 years	**114**	–
Imputed interest on promissory notes	**–**	572
Interest on bonds *(Note 14)*	**25,704**	9,158
Imputed interest on convertible bonds	**7,490**	–
Finance charges on obligations under finance leases	**39**	30
Total finance costs	**33,347**	9,760
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**28,602**	28,373
Contributions to defined contribution retirement plans	**1,245**	820
Total staff costs	**29,847**	29,193
(c) Other items		
Auditor's remuneration		
– Audit services – current year	**700**	689
– under-provision in previous year	**398**	–
– Non-audit services	**–**	117
Cost of inventories sold	**104,421**	94,762
Depreciation of property, plant and equipment	**10,500**	6,227
Allowance for impairment on trade and other receivables, net	**10,000**	153
Write-down of inventories	**346**	–
Loss/(gain) on disposal of property, plant and equipment	**986**	(287)
Operating lease charges in respect of land and buildings	**7,040**	5,775
Research and development expenditures	**664**	482

Note:

Cost of inventories sold includes staff costs of RMB9,240,000 (2013: RMB8,766,000) and depreciation of RMB3,916,000 (2013: RMB2,677,000) as disclosed in staff costs and depreciation of property, plant and equipment above.

6. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Hong Kong Profits Tax		
– Current year	**9**	7,264
– Over-provision in respect of prior years	**(8)**	–
PRC Enterprise Income Tax		
– Current year	**2,891**	5,343
	2,892	12,607
Deferred tax	**(27,718)**	(17,883)
Income tax	**(24,826)**	(5,276)

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) The provision for Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year.

(iii) The domestic tax rate of the Group's principal subsidiaries in the PRC is used as it is where the operations of the Group are substantially based. Except for a PRC subsidiary which entitles a preferential tax rate of 10% for the three years ended 31 December 2014, 2015 and 2016 as it is certified as a high and new technology enterprise, the standard enterprise income tax rate of 25% is applicable to the rest of the Group's principal subsidiaries in the PRC.

7. LOSS FROM DISCONTINUED OPERATION

On 17 June 2013, the Group completed the disposal of the entire interest in Huawei Group Holdings Limited and its subsidiaries (the "Huawei Group") to a former executive director, Mr. Yan Qixu for a consideration of HK$120,000,000 (equivalent to RMB94,752,000), resulting in a gain on disposal of subsidiaries of RMB13,990,000. The Huawei Group is engaged in the manufacture and sale of aluminum electrolytic capacitors.

(a) The loss for the year ended 31 December 2013 from the discontinued operation is analysed as follows:

	2013
	RMB'000
Net loss for the year from discontinued operation	(20,798)
Gain on disposal of subsidiaries	13,990
	(6,808)

(b) The results of the discontinued operation for the year ended 31 December 2013 are presented as follows:

	2013
	RMB'000
Turnover	152,504
Cost of sales	(143,675)
Gross profit	8,829
Other revenue and income	1,547
Selling and distribution costs	(3,374)
Administrative expenses	(16,060)
Allowance for impairment on trade receivables, net	(737)
Write-down of inventories	(19)
Finance costs	(10,691)
Loss before income tax	(20,505)
Income tax	(293)
Loss for the year	(20,798)
Loss before income tax for the year from discontinued operation:	
Amortisation of prepaid land lease prepayments	42
Depreciation of property, plant and equipment	10,594

(c) An analysis of the cash flows of the discontinued operation:

	2013
	RMB'000
Net cash inflow from operating activities	116,618
Net cash outflow from investing activities	(4,987)
Net cash outflow from financing activities	(109,810)
Net cash inflow	1,821

8. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since 31 December 2014 (2013: RMBNil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year. Basic and diluted loss per share for the year ended 31 December 2013 are restated to reflect the bonus issue during the year.

Loss attributable to owners of the Company

	2014	2013
	RMB'000	*RMB'000*
From continuing operations	**216,852**	238,720
From discontinued operation	**–**	6,808
	216,852	245,528

Weighted average number of shares

	2014	2013
		(Restated)
Weighted average number of shares in issue	**1,413,128,331**	1,323,737,837

From discontinued operation

For the year ended 31 December 2013, basic and diluted loss per share for the discontinued operation is RMB0.52 cents per share (Restated) based on the loss attributable to owners of the Company from the discontinued operation and the denominator detailed above for both basic and diluted loss per share.

(b) Diluted loss per share

The computation of diluted loss per share does not assume the subscription of the Company's outstanding potential dilutive ordinary shares in the calculation of diluted loss per share as they are anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the years ended 31 December 2014 and 2013.

10. GOODWILL

	2014	2013
	RMB'000	*RMB'000*
Cost		
At 1 January and 31 December	**372,627**	372,627
Impairment		
At 1 January	**197,045**	–
Impairment loss recognised	**96,043**	197,045
At 31 December	**293,088**	197,045
Carrying amount		
At 31 December	**79,539**	175,582

The Group's goodwill was arising from business combinations in 2011 in connection with the acquisition of (i) Giga-World Industry Company Limited and its subsidiary (collectively referred to as the "Giga-World Group"), (ii) Shine Link Technology Limited and its subsidiaries (collectively referred to as the "Shine Link Group"), (iii) Kings Honor Technology Limited and its subsidiaries (collectively referred to as the "Kings Honor Group"), (iv) Pacific King Technology Limited and its subsidiaries (collectively referred to as the "Pacific King Group"), (v) Starry View Investments Limited and its subsidiaries (collectively referred to as the "Starry View Group") and (vi) Mega Wide Investments Limited and its subsidiaries (collectively referred to as the "Mega Wide Group"), which represented their respective workforce, expected future profitability and synergies with the existing LED lighting related businesses.

Impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated to six cash-generating units ("CGUs") attributable to the above groups of subsidiaries which engaged in manufacture and sales of LED lighting products and accessories, and energy efficiency projects.

The recoverable amounts of the CGUs are determined by the directors of the Company based on value-in-use calculations with reference to professional valuations performed by Peak Vision Appraisals Limited ("Peak Vision"), an independent firm of professionally qualified valuers. These calculations used cash flow projections based on the financial budgets approved by the management covering a five-year period. The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3%, which is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the business in which the individual CGU operates. The pre-tax discount rates as presented below are determined using the Capital Assets Pricing Model.

	Pre-tax discount rate	**Growth rate beyond 5 years**
Giga-World Group	22.54%	3%
Shine Link Group	27.74%	3%
Kings Honor Group	22.24%	3%
Pacific King Group	21.05%	3%
Starry View Group	20.03%	3%
Mega Wide Group	25.74%	3%

In the opinion of the directors of the Company, the basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the respective CGUs. The discount rates used reflect specific risks relating to industries in relation to the respective CGUs.

Based on the above impairment assessments, the recoverable amounts of certain CGUs fell below the respective net carrying values of the assets including the allocated goodwill attributable to such CGUs as at 31 December 2014 by the aggregate amount of RMB293,088,000 (2013: RMB197,045,000), and accordingly impairment loss on goodwill and other intangible assets of RMB96,043,000 (2013: RMB197,045,000) and RMB28,207,000 (2013: RMBNil) respectively has been charged to profit or loss for the year ended 31 December 2014.

Analysis of carrying amounts of goodwill allocated to each of the CGUs and corresponding impairment loss recognised during the year ended 31 December 2014 are as follows:

	Carrying amount as at 31 December 2013	**Impairment loss recognised during the year**	**Carrying amount as at 31 December 2014**
	RMB'000	*RMB'000*	*RMB'000*
Giga-World Group	53,925	(34,570)	19,355
Shine Link Group	61,856	(17,566)	44,290
Kings Honor Group	25,245	(25,245)	–
Pacific King Group	28,560	(12,666)	15,894
Starry View Group and Mega Wide Group	5,996	(5,996)	–
	175,582	(96,043)	79,539

The above impairment losses are resulted mainly because of deterioration of profitability reflected by the decrease in the turnover and/or gross profit margin in different CGUs, which is mainly attributable to the decrease in selling prices of the LED lighting products; and the failure to shift increased costs of production and other direct costs to the customers under the keen market competition.

As at 31 December 2014, the recoverable amount of Giga-World Group, Shine Link Group, Kings Honor Group, Pacific King Group and Starry View and Mega Wide Group that impairment loss on goodwill has been recognised during the year are approximately RMB315,060,000, RMB196,673,000, RMB99,530,000, RMB103,611,000 and RMB75,619,000 respectively.

11. TRADE AND BILLS RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**98,441**	111,883
Less: Allowance for doubtful debts	**(4,153)**	(153)
	94,288	111,730
Bills receivables	**10,066**	4,605
	104,354	116,335

All of the trade and bills receivables are expected to be recovered within one year.

Aging analysis

Aging analysis of trade and bills receivables based on the invoiced date (or date of revenue recognition, if earlier) and net of provisions as of the end of the reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
0–30 days	**29,133**	26,194
31–90 days	**20,953**	34,016
91–180 days	**13,167**	33,838
181–365 days	**12,957**	9,801
Over 365 days	**28,144**	12,486
	104,354	116,335

The Group normally grants a normal credit period of 90 to 365 days (2013: 90 to 365 days) to its customers. For certain well-established customers who have strong financial strength, good repayment history and creditworthiness, the Group extends their credit periods. Each customer of the Group has a maximum credit limit.

12. TRADE PAYABLES

Aging analysis of trade payables based on the invoice date (or date of cost recognition, if earlier) as of the end of the reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
0–30 days	**5,641**	8,603
31–90 days	**4,579**	10,190
91–365 days	**7,836**	4,192
Over 365 days	**4,251**	1,980
	22,307	24,965

The credit terms granted by suppliers are generally for a period of 30 to 90 days (2013: 30 to 90 days), computing from the end of the month of the relevant purchase.

13. BANK LOANS

As at 31 December 2014, the bank loans of the Group were detailed as follows:

	2014	2013
	RMB'000	*RMB'000*
Bank loans	**11,293**	3,324

As at 31 December 2014, the Group's bank loans are interest-bearing at Hong Kong dollar best lending rate minus 2.25% per annum (2013: Hong Kong dollar best lending rate minus 2.25% per annum) and repayable within one year after the end of the reporting period.

The corporate guarantee of the Company is executed to secure the bank loans of the Group as at the end of reporting period.

14. BONDS PAYABLE

In prior years, the Company issued bonds with principal amount of RMB72,000,000, which are unsecured, interest-bearing at the coupon rate of 8% per annum payable annually and will be matured on 6 December 2017. The bonds are carried at amortised cost using the effective interest rate at 18.68% per annum.

The bondholder is granted with a put option ("Put Option"), upon serving a written notice by the bondholder to the Company to exercise the Put Option in accordance with the bond instrument, to require the Company to redeem the bonds in whole or in part at the principal amount, together with any accrued and unpaid interest in cash. The Put Option notice shall only be exercised by the bondholder at the date on the 24th or 36th or 48th calendar month of the issue date as stipulated in the bond instrument. In accordance with the bond instrument, the Company has a call option ("Call Option") to redeem the bonds in whole or in part at the principal amount, together with any accrued and unpaid interest thereon, at the date on the 24th or 36th or 48th calendar month of the issue date. Put Option and Call Option are not closely related to the host liability and are measured at fair value at the end of each reporting period with changes in fair value recognised in profit or loss.

During the year ended 31 December 2014, the bondholder exercised the Put Option pursuant to which the aggregate amount of RMB77,760,000 comprising the principal amount of RMB72,000,000 and related interest of RMB5,760,000 became immediately due for repayment. The fair values of the Put Option and the Call Option, upon the exercise of the Put Option, became nil and accordingly a gain on change in fair value of RMB12,846,000 (2013: loss of RMB3,542,000) was recognised in profit or loss. Furthermore, the difference between the carrying amount of the liability component immediately before the exercise of the Put Option and the aggregate amount of RMB77,760,000 was recognised as imputed interest. Total imputed interest of RMB25,323,000 (2013: RMB9,158,000) was recognised in profit or loss during the year ended 31 December 2014. The amount due is also interest-bearing at the coupon rate of 8% per annum and therefore further interest of RMB381,000 is also charged to profit or loss during the year.

On 19 December 2014 and 7 January 2015, the Company and the bondholder entered into extension agreements to extend the due date of full repayment of the outstanding principal amount and related interest to 7 January 2015 and 17 June 2015 respectively.

The movements of the embedded derivatives and liability component of the bonds during the year are set out below:

	Put Option and Call Option *RMB'000*	**Liability component** *RMB'000*	**Total** *RMB'000*
At 1 January 2013	9,304	49,039	58,343
Interest charged to profit or loss	–	9,158	9,158
Coupon interest paid	–	(5,760)	(5,760)
Change in fair value	3,542	–	3,542
At 31 December 2013 and 1 January 2014	12,846	52,437	65,283
Interest charged to profit or loss up to exercise of the Put Option	–	25,323	25,323
Change in fair value	(12,846)	–	(12,846)
Carrying amount upon exercise of the Put Option	–	77,760	77,760
Repayment of principal	–	(6,000)	(6,000)
Coupon interest paid	–	(5,773)	(5,773)
Further interest charged to profit or loss after exercise of the Put Option	–	381	381
At 31 December 2014	–	66,368	66,368

15. ACQUISITION OF EQUITY INTEREST IN A JOINT VENTURE

During the year, the Group completed the acquisition of 50% equity interest in Shanghai Fuchao Property Management Company Limited ("Fuchao") at an aggregate nominal consideration of HK$450,000,000 which was satisfied by the payment of cash, issue of convertible bonds and ordinary shares of the Company. The fair values of the consideration paid, as at the completion date of the acquisition, are details as below:

		HK$'000
Fair value of consideration:		
Cash paid		40,000
New ordinary shares issued *(Note (a))*		131,673
Convertible bonds issued (equivalent to RMB200,237,000)		252,857
		424,530
		RMB'000
	equivalent to	336,185

Notes:

(a) 33,849,129 new ordinary shares of HK$0.01 each of the Company were issued and the fair value of these consideration shares amounted to HK$131,673,000 (equivalent to RMB104,272,000) based on the closing price of HK$3.89 each of the Company's shares at the date of completion of the acquisition.

(b) The fair value of the net identifiable assets of Fuchao at the completion date of the acquisition amount to approximately RMB336,185,000.

Further details are set out in the Company's announcement dated 27 November 2013.

16. CONTINGENT LIABILITIES

Financial guarantee issued

At the end of the reporting period, the Company has issued a single guarantee to banks in respect of banking facilities granted to three (2013: two) subsidiaries.

The directors of the Company do not consider it probable that a claim will be made against the Company under the above guarantee. The maximum liability of the Company at the end of the reporting period is the amount of the facilities drawn down by the subsidiaries amounted to RMB11,293,000 (2013: RMB3,324,000).

17. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 17 February 2015, LEDUS Club Limited, a wholly-owned subsidiary of the Company, entered into a non-legally binding letter of intent with Automobiles Peugeot SA, a French société anonyme company, pursuant to which LEDUS Club Limited will acquire 250,000 ordinary shares of Football Club Sochaux – Montbeliard SA ("FC Sochaux"), a French société anonyme company, representing all the issued share capital and voting rights of FC Sochaux at a consideration amount of seven million Euros (subject to such adjustment to be agreed between the parties in the formal agreement). The consideration will be settled in cash on the completion date. Further details are set out in the Company's announcement dated 17 February 2015.

BUSINESS REVIEW

The year 2014 was challenging for the Group as the economies of the United States and Europe only managed a slow and modest recovery. Meanwhile, the growth of PRC's economy was slowing down. These developments inevitably affected the Group's performance during the year under review.

Keen competition among the LED product manufacturers of different sizes in the industry has forced them to sell their goods at competitive prices, and they have found it hard to pass on the increases in the costs of production such as labour cost, rental and utilities expenses on to the customers. To overcome such difficulties, the Group endeavoured to capture more share of the markets for LED lighting, including Hong Kong and those overseas, and to reduce the costs of production by enhancing both its economies of scale and production efficiency.

In 2014, the Company kept making progress in its LED lighting businesses in Hong Kong, PRC and overseas. As the Company had ceased to operate the agency services in 2014, the turnover of the Group had reduced from approximately RMB167.2 million to approximately RMB144.3 million. To exclude the agency service income, turnover generated from the manufacturing and sale of LED lighting business increased by approximately 14.5% to approximately RMB138.8 million for the year ended 2014 from approximately RMB121.2 million for the year ended 2013. With the completion of installation of LED street lights of the energy efficiency projects in Spain, the revenue generated from energy efficiency projects had increased by approximately 161.9% to approximately RMB5.5 million. The consolidated loss before income tax of the Group had slightly increased to approximately RMB267.1 million for the year ended 2014 from approximately RMB255.6 million for the year ended 2013.

The Group always aims to build up its own brand "LEDUS" as an international brand. In order to differentiate "LEDUS" from our competitors and foster the brand loyalty, the Company had invited Ms. Bibi Mariam Maria Cordero to be the spokesperson for the Group's own lighting brand products "LEDUS". Ms. Maria Cordero will participate in the production of the television commercials and print advertising and to attend promotional activities arranged by LEDUS, including but not limited to the promotional and charity sales functions. In 2014, Ms. Maria Cordero had participated in the production of the television commercials and is broadcasting in the major televisions channels. Printed posters have been posted on the taxi bodies, various lighting fairs and mass media with Ms. Maria Cordero's pictures. The Group believes that it will promote the image and recognition of the brand "LEDUS", and enhance the sales of the "LEDUS" brand LED lighting products.

In addition to the marketing efforts, the Group always strives to improve its technology in order to advance the quality and competitiveness of the products. In 2014, the Group developed its own brand "Magic Bulb" which is a rechargeable light bulb and can change to different colors. "Magic Bulb" has awarded various international prizes in the lighting fairs and competitions. The Group also keeps on developing IC (integrated circuit) LED lighting products in which traditional power supply is replaced by a durable, more energy saving IC chip. The IC technology is widely adopted in various "LEDUS" LED lighting products such as light bulb, light tube and down light respectively.

In 2014, "LEDUS" had participated various international lighting fairs in Germany, Spain, the United Kingdom, Hong Kong and Macau. In the lighting fairs, the Group exhibited its new LED lighting products, and also introduced the energy efficiency projects in Spain with LED street lights to our target customers.

"LEDUS" also supported the local energy saving events. In 2014, the Group had sponsored a campaign for carbon reduction in Hong Kong to renovate the traditional light tubes with LED light tubes. The Group believed that the sponsorship would enchance the public awareness of energy saving and publicize the advantages of using LED lighting products.

In 2014, the Group has completed the installation of LED street lamps in the city of Jaen in Spain and the performance in energy saving is remarkable. This successful project, together with another project in the city of Tarancon in Spain which had completed in 2013, had shown the Group's quality LED lighting products, energy management technologies as well as its capability and professionalism of the Group in executing the energy efficiency projects to the municipal governments. With our achievements in these two projects, the Group has awarded two energy efficiency projects in the cities of Spain, namely Gandia and Cartaya in 2014. The installation works of these two new projects will commence in 2015. The Group will keep on working with other municipal governments in Spain for the opportunities of co-operation.

"LEDUS" brand LED lighting products hit the shelves at large supermarket chains, department stores and hundreds of small electrical retail shops in Hong Kong. Distributors in oversea markets, such as UK, Beligum, South Africa, have promoted "LEDUS" LED lighting products through different channels of TV sales, internet sales, retail shops and wholesales.

The Group also operates the property sub-leasing and management business since the completion of the acquisition of 50% equity interest in Shanghai Fuchao Property Management Company Limited in March 2014, which is principally engaged in sub-leasing a property in Jing An District, Shanghai to tenants and provision of property management services for the building. As the property is located in a prime location in Shanghai which is less sensitive to the effect of increase in property supply, the premises is fully occupied and the rental income is stable which has broadened the source of revenue of the Group. Moreover, the property sub-leasing and management business will generate a stable income for the Group.

BUSINESS OUTLOOK

It is the Group's corporate strategy to raise the awareness and recognition of "LEDUS" brand name which is owned by the Group. As an attempt to develop "LEDUS" into an international brand, the Group has made its foray into the European markets for LED lighting, covering the public sectors and private sectors, and aims for a bigger shares of markets. It took the initiative by signing a non-legally binding letter of intent with Automobiles Peugeot SA, a French société anonyme company, pursuant to which the Group will acquire 250,000 ordinary shares of the target company, representing all the issued share capital and voting rights of Football Club Sochaux – Montbeliard SA ("FC Sochaux"), a French société anonyme company. FC Sochaux is a professional football club established in 1928 in the form of a sport association, which subsequently became a limited liability company and is principally engaged in the development and promotion of a professional football club. FC Sochaux is one of the historical football clubs in France which had won many significant champions in France and is one of the well-known football clubs in France and Europe. The Group believes that the proposed acquisition of FC Sochaux is an effective way to promote and market the Group's products in Europe. It plans to have the logo of "LEDUS" and that of the French football club emblazoned together on the football club's T-shirts, increasing the exposure of the brand in the media and the public and thus raising the awareness and recognition of "LEDUS" not only in France but also the whole Europe. This will be achieved through television broadcast of French football matches and the marketing materials of the football club such as the club's T-shirts and souvenirs. The move will broaden the source of income of the Group. The consideration of the acquisition shall amount to seven million Euros (subject to such adjustment to be agreed between the parties in the formal agreement) and will be settled in cash upon completion.

Looking ahead, we believe the Group's LED business has a bright prospect and will contribute consistently to the Group. Building on its success with urban projects in a number of cities and towns in Europe, the Group will keep on seeking opportunities to tender for more energy efficiency projects in Spain and other European countries where the electricity fee is comparatively high. With more advertising and promotional efforts have been made, private enterprises have an added incentive now to convert their lighting systems to LED, which have become more affordable. The Group will continue to explore opportunities to expand its shares of the LED lighting markets in Hong Kong, mainland China and overseas. To facilitate its business expansion, the Group will keep on products and technological developments so that more new products can be launched, enhancement of efficiency and lower the cost of production. All these developments bode well for the future of the Group's LED lighting business.

For the property sub-leasing business, as the property is located in a prime location in Shanghai which is less sensitive to the effect of increase in property supply and slowing down of economic growth in the PRC. It is believed that it will still provide a stable income to the Group. The Group is going to set up the sales and marketing center in this premises so as to explore the opportunities in the LED lighting business in the PRC.

The Group is going to conduct a due diligence review on the accounting, legal and tax aspects of FC Sochaux and expects the acquisition will be completed on or before 30 June 2015. Upon completion, the Group plans to put the logo of "LEDUS" into the football club logo and T-shirts in order to increase the exposure of "LEDUS" brand name. The Group also plans to renovate the existing lighting systems in the football stadium and training school of the FC Sochaux from traditional lighting to LED lighting. It will be a pilot project which will promote the Group's products to the private sectors in France. It will help to build up "LEDUS" as an international brand.

FINANCIAL REVIEW

The consolidated financial information in 2014 includes only the result of the continuing operations, which comprise the manufacturing and sales of LED lighting products and accessories, incomes from energy efficiency projects and property sub-leasing and management services, of the Group.

For the year ended 31 December 2014, the Group recorded a turnover from the continuing operations of approximately RMB144.3 million (2013: approximately RMB167.2 million), representing an decrease of approximately 13.7%.

The Group's turnover by products is shown in the following table:

	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
Manufacture and sales of LED lighting products and accessories	**138,820**	**96.2**	121,245	72.5
Commission income from distribution of LED lighting products	**–**	**–**	43,873	26.2
Service income from energy efficiency projects	**5,507**	**3.8**	2,092	1.3
Total	**144,327**	**100.0**	167,210	100.0

The decrease in the Group's total turnover was primarily attributed to the cease of performing agency services in relation to the agency agreements which were entered in 2013. The turnover from the manufacture and sales of LED lighting products and accessories was increased by approximately 14.5%, which amounted from approximately RMB121.2 million in 2013 to approximately RMB138.8 million in 2014. As the installation of the Spanish energy efficiency projects were completed in 2014, income from these two projects was increased by approximately 161.9%, which amounted from approximately RMB2.1 million in 2013 to approximately RMB5.5 million in 2014.

The consolidated loss before income tax of the Group for the year ended 31 December 2014 was approximately RMB267.1 million (2013: approximately RMB255.6 million), represents an increase of approximately 4.5%. The consolidated loss was primarily attributable to the (i) impairment loss on goodwill of approximately RMB96.0 million (2013: approximately RMB197.0 million); (ii) impairment loss on other intangible assets of approximately RMB28.2 million (2013: RMBNil); (iii) amortisation of other intangible assets of approximately RMB71.4 million (2013: approximately RMB71.4 million); (iv) the net fair value loss on bonds and convertible bonds approximately RMB22.0 million (2013: approximately RMB3.5 million); (v) allowance for impairment on trade and other receivables of approximately RMB10.0 million (2013: RMBNil); and (vi) finance costs, including imputed interests, incurred on the bonds and convertible bonds approximately RMB33.3 million (2013: approximately RMB9.8 million). All of the above from (i) to (v) and the imputed interest incurred on the bonds and convertible bonds are non-cash or non-recurring items.

In addition, selling and distribution costs and administrative expenses of the Group's continuing operations for the year ended 31 December 2014 had been increased which were approximately RMB24.3 million (2013: approximately RMB15.3 million) and approximately RMB50.6 million (2013: approximately RMB35.0 million) respectively. The increase in administrative expenses was primarily attributed to the increase in allowance for impairment on trade and other receivables of approximately RMB10.0 million (2013: RMB0.2 million) in 2014.

Impairment loss on goodwill

The impairment loss on goodwill of the Group for the 2014 was approximately RMB96.0 million (2013: approximately RMB197.0 million), as during the year ended 31 December 2014, the turnover and/or gross profit margin in certain group of subsidiaries were reduced as compared to 2013. The reduction was mainly attributable to (i) selling prices of the LED lighting products have been decreased as there was keen competition in those particular LED lighting prodcuts and accessories sectors; (ii) the cost of production was kept on rising such as the labour cost, utilities cost; and (iii) the increased costs of production cannot shift to the customers.

Further, the managements expect that the selling prices of the LED lighting products will keep on decreasing as most of the LED lighting manufacturers will intend to capture more of their market share by reducing the selling prices.

Gross profit margin

The gross profit margin (excluding the commission income from distribution of LED lighting products and service income from energy efficiency projects) of the Group was approximately 24.5% (2013: approximately 21.8%). This was mainly attributed to the higher gross profit margin in selling the LED lighting products in oversea markets.

Finance costs

For the year ended 31 December 2014, finance costs of the Group's continuing operations were approximately RMB33.3 million (2013: approximately RMB9.8 million), which represents an increase of approximately 239.8%. This was mainly due to the imputed interest expenses incurred from the convertible bonds issued in 2014.

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: RMBNil).

Liquidity and financial resources

As at 31 December 2014, the Group had current assets of approximately RMB286.1 million (2013: approximately RMB288.1 million) and current liabilities of approximately RMB138.7 million (2013: approximately RMB147.9 million). The current ratio of the Group as at 31 December 2014 was approximately 2.1 (2013: approximately 1.9) where an improvement in current ratio was recorded. The improvement is mainly due to the reduction in liabilities of the Group.

As at 31 December 2014, the Group had cash and cash equivalents of approximately RMB33.4 million (2013: approximately RMB42.5 million), wholly representing cash at banks and in hand. Total bank loans were approximately RMB11.3 million (2013: approximately RMB3.3 million), all of which were short term borrowings. As at 31 December 2014, the Group's bank loans were subject to variable interest rates and were denominated in HKD. As at 31

December 2014, there was outstanding bonds were approximately RMB66.4 million (2013: approximately RMB65.3 million). The bond is redeemable only on the 24th month, 36th month, 48th month and finally with the maturity on the 5th anniversary after the bond issue date, namely 6 December 2017. The bondholder has exercised its Put Option to redeem the bond on 21 October 2014. The Company paid approximately RMB6.0 million to the bondholder on 17 December 2014 and subsequently entered into an extension agreement with the bondholder on 7 January 2015 pursuant to which the Company will pay to the bondholder the outstanding bonds in several tranches.

As at 31 December 2014, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Group was approximately 4.4 (2013: approximately 3.2). The increase in gearing ratio as at 31 December 2014 was principally attributable to the increase in borrowings of the Group by approximately 13.3%.

Exchange risk exposure and contingent liabilities

The Group's sales were principally denominated in RMB, Hong Kong Dollars and US Dollars, with the majority denominated in RMB. This may expose the Group to foreign currency exchange risks. The Group had not adopted formal hedging policies and no instruments had been applied for foreign currency hedging purposes during 2014. However, in view of the fluctuation of RMB against Hong Kong Dollars and US Dollars, the Group will adopt all applicable financial instruments to hedge against currency risks whenever necessary.

As at 31 December 2014, the Group had contingent liabilities regarding to the corporate guarantee to banks for granting the banking facilities to three subsidiaries (2013: two).

Capital commitment

As at 31 December 2014, the capital commitments contracted but not provided for in respect of the purchase of property, plant and equipment and other non-current assets was approximately RMB2.9 million (2013: approximately RMB5.0 million) and nil balance for acquisition of equity interest in a joint venture (2013: approximately RMB351.6 million). There was no outstanding capital commitments authorised but not provided for in respect of property, plant and equipment as at 31 December 2014 (2013: RMBNil).

Employee information

As at 31 December 2014, the Group had over 500 employees the majority of whom stationed in the PRC. Total employee remuneration for the year ended 31 December 2014 amounted to approximately RMB29.8 million (2013: approximately RMB29.2 million). The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to staff with reference to individual's performance. Employees are encouraged to take training courses or seminars from time to time to enhance their knowledge and skills.

Charge on assets

As at 31 December 2014, pledged bank deposits of approximately RMB23.9 million (2013: approximately RMB12.2 million) was pledged to secure banking facilities granted to the Gorup.

Material acquisitions and disposal of subsidiaries and associated companies

On 27 November 2013, Champion Miracle Limited ("Champion Miracle"), an indirectly wholly owned subsidiary of the Company as the purchaser, entered into a sale and purchase agreement with Mr. Fan Lin ("Mr. Fan") as the vendor, pursuant to which Champion Miracle has conditionally agreed to purchase and Mr. Fan has conditionally agreed to sell the 50% of entire equity interest of Shanghai Fuchao Property Management Company Limited (上海富朝物業管理有限公司) (formerly known as Shanghai Fuchao Investment Company Limited (上海富朝投資有限公司)) ("Fuchao"), a company established in the PRC with limited liability at a consideration of HK$450 million (approximately RMB351.6 million). Fuchao is principally engaged in the sub-leasing of the property located at 1/F to 10F, Block B, Huan Qiu Shi Jie Building, No. 1–5 Wan Huang Du Lu, Jing An, Shanghai, the PRC (the "Property") to tenants and provision of property management services for the Property. The consideration was satisfied by Champion Miracle as to HK$20 million in cash upon signing the agreement, HK$20 million in cash, HK$270 million by procuring the Company to issue the convertible bonds to Mr. Fan or his nominee and HK$140 million by procuring the Company to allot and issue the consideration shares to Mr. Fan upon completion. The acquisition was subsequently completed on 24 March 2014. Details of which, please refer to the announcement of the Company dated 27 November 2013.

Save as disclosed above, during the year ended 31 December 2014, there was no material acquisition and disposal of subsidiaries and associated company by the Group.

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

For the year ended 31 December 2014, neither the Company nor its subsidiaries had purchase, sold or redeemed any of the Company's listed shares.

CODE OF CORPORATE GOVERNANCE PRACTICES

Save as described below, none of the directors of the Company is aware of any information that would reasonably indicate that the Company is not or was not, in any time for the year ended 31 December 2014 in due compliance with the code provisions and certain recommended practices (with amendments from time to time) as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer". This is deviated from the code provision A.2.1 of the Code.

Mr. Li Wing Sang, who acted as the chairman of the Company during the year ended 31 December 2014, was also responsible for overseeing the general operations of the Group. As the Board would meet regularly to consider major matters affecting the operations of the Company, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive directors and senior management who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance of complying with the code provision A.2.1 of the Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate persons will be nominated to take up the different roles of chairman and chief executive officer.

MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULESs

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has also adopted the Model Code for the relevant employees.

Having made specific enquiry of all directors, the Board has confirmed that all directors have complied with the Model Code for the year ended 31 December 2014. Moreover, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The members of the Audit Committee consist of three independent non-executive directors, namely Mr. Tam Tak Wah, Mr. Lau Wan Cheung and Mr. Ng Wai Hung. Mr. Tam Tak Wah who processes a professional accounting qualification and relevant accounting experience, is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group.

The Group's final results for the year ended 31 December 2014 and this announcement have been reviewed with no disagreement by the Audit Committee before submission to the Board for approval.

The figures in respect of the preliminary announcement of the Group's final results for the year ended 31 December 2014 have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year.

PUBLICATION OF ANNUAL REPORT

The 2014 annual report of the Group will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.techprotd.com.) respectively in due course.

By order of the Board
Tech Pro Technology Development Limited
Li Wing Sang
Chairman

Hong Kong, 25 March 2015

As at the date of this announcement, the executive Directors are Mr. Li Wing Sang, Mr. Liu Xinsheng and Mr. Chiu Chi Hong; the independent non-executive Directors are Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung.