THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tech Pro Technology Development Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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)

VERY SUBSTANTIAL ACQUISITION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting (the "**EGM**") of the Company to be held at Unit 1403, 14/F, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong on Tuesday, 30 June 2015 at 10:00 a.m. is set out on pages 119 to 120 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

13 June 2015

CONTENTS

		Page
DEFINITIONS		1
LETTER FROM THE BOARD		4
APPENDIX I	– FINANCIAL INFORMATION OF THE GROUP	22
APPENDIX II	– FINANCIAL INFORMATION OF THE TARGET COMPANY	43
APPENDIX III	– UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	94
APPENDIX IV	– RISK FACTORS	111
APPENDIX V	– GENERAL INFORMATION	114
NOTICE OF EGM		119

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

"Acquisition"	the proposed acquisition of the Sale Shares on the terms contained in the Acquisition Agreement
"Acquisition Agreement"	the conditional agreement dated 18 May 2015 entered into among the Purchaser, the Vendor and the Target Company in relation to the Acquisition
"Announcement"	the announcement of the Company dated 18 May 2015 in relation to the Acquisition
"associates"	has the meaning ascribed thereto under the Listing Rules
"Association"	Association Football Club Sochaux Montbeliard
"Board"	the board of Directors
"BVI"	British Virgin Islands
"Company"	Tech Pro Technology Development Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration for the Acquisition, being €7,000,000
"Cumulative Conditions"	the cumulative conditions set out in the Acquisition Agreement for each of the financial years ending 30 June 2016 and 30 June 2017 in relation to the Vendor's Undertaking
"Director(s)"	the director(s) of the Company from time to time
"EGM"	the extraordinary general meeting of the Company to be held at Unit 1403, 14/F, Grand Millenium Plaza, 181 Queen's Road Central, Hong Kong on Tuesday, 30 June 2015 at 10:00 a.m. to consider and, if thought fit, approve, among other matters, the Acquisition Agreement and the transactions contemplated thereunder

"Enlarged Group"	the Group as enlarged by the Acquisition
"FCSM Agreement"	the agreement entered into between the Target Company and the Association dated 1 July 2010 in relation to various activities and fees arrangements between the Target Company and the Association, in particular the amateur/professional sectors, training activities and costs thereof, pitches, buildings and facilities and trademarks
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and any of its connected persons
"Latest Practicable Date"	12 June 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Letter of Intent"	the letter of intent dated 17 February 2015 and entered into between the Purchaser and the Vendor in relation to the Acquisition (as amended by the amendment to the letter of intent dated 30 March 2015)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Notice of Final Completion Statement"	a completion statement to be notified by the Purchaser to the Vendor setting forth, in reasonable details, the achievement or the non-achievement of the Cumulative Conditions
"PRC"	the People's Republic of China
"Purchaser"	LEDUS Club Limited, a company incorporated in BVI with limited liability, a wholly-owned subsidiary of the Company
"Sale Shares"	250,000 shares of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Acquisition Agreement

"Secondment Agreement"	the agreement entered into between the Vendor and the Target Company dated 3 January 2005 (as amended on 30 June 2009) in relation to the secondment of managerial staff employed by Peugeot Citroën Automobiles to the Target Company
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Target Company"	Football Club Sochaux – Montbeliard SA, a French société anonyme company
"Trademarks Assignment Agreement"	the agreement which will be entered into between the Vendor and the Target Company providing for the assignment of the trademarks of the Target Company
"Transitional Services Agreement"	the agreement which will be entered into between the Target Company and the Vendor detailing the services to be provided by the Vendor effective as of Completion
"Vendor"	Automobiles Peugeot SA, a French société anonyme company, the vendor to the Acquisition Agreement
"Vendor's Undertaking"	an undertaking provided by the Vendor as set out in the terms of the Acquisition Agreement
"€" or "Euros"	Euros, the lawful currency of the Eurozone in the European Union
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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)

Executive Directors:
Mr. Li Wing Sang
Mr. Liu Xinsheng
Mr. Chiu Chi Hong

Independent non-executive Directors:
Mr. Lau Wan Cheung
Mr. Ng Wai Hung
Mr. Tam Tak Wah

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Units 1402, 14/F., Low Block
Grand Millennium Plaza
181 Queen's Road Central
Central
Hong Kong

13 June 2015

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to the Acquisition, which constitute a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you, among other matters, (i) further details of the Acquisition; (ii) the financial information of the Target Company; (iii) the financial and other information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; and (v) the notice of EGM.

THE ACQUISITION

On 18 May 2015 (after trading hours of the Stock Exchange), the Purchaser, the Vendor and the Target Company entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Sale Shares representing the entire issued share capital of the Target Company. Details of the Acquisition Agreement are set out below.

THE ACQUISITION AGREEMENT

Date

18 May 2015 (after trading hours)

Parties:

(1) Purchaser: LEDUS Club Limited, a wholly-owned subsidiary of the Company

(2) Vendor: Automobiles Peugeot SA, a French société anonyme company

(3) Target Company: Football Club Sochaux – Montbeliard SA

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor is principally engaged in manufacturing; and (ii) the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Sale Shares.

The Sale Shares represent the entire issued share capital of the Target Company.

Consideration

The Consideration is €7,000,000, which shall be payable by the Purchaser to the Vendor upon Completion in cash.

The Consideration was agreed between the Vendor and the Purchaser after arm's length negotiations and was determined based on a discount to the unaudited net assets of the Target Company as at 31 December 2014 of approximately €20,190,000 and the completion of the Target Company's distribution of exceptional dividends in the amount of €6,950,000 in May 2015, which was previously agreed between the Purchaser and the Vendor upon the entering into of the Letter of Intent.

The Consideration will be funded by the internal resources of the Group.

Vendor's Undertaking

Pursuant to the Acquisition Agreement, the Vendor will pay the Purchaser a maximum total amount of €3,000,000 in the event that the Target Company achieves the Cumulative Conditions for each of the financial years ending 30 June 2016 and 30 June 2017.

The Cumulative Conditions are set out below:

(1) the Target Company shall not have been declared insolvent, nor subject to any bankruptcy, insolvency, moratorium or any other similar proceedings applicable under French law;

(2) the Target Company shall hold its place in the French League 1 (Ligue 1) or in the French League 2 (Ligue 2);

(3) the Target Company shall provide evidence that the National Directorate of Management Control will not pronounce any restricted measures after reviewing the financial budgets of the Target Company;

(4) the absence of any change in the Target Company's ownership and/or shareholdings; and

(5) the absence of any decrease in the share capital of the Target Company, to the extent which is less than the amount of share capital upon Completion plus any increase in the share capital of the Target Company by the Vendor's Undertaking, including any declaration or payment of dividend by the Target Company. For the purpose of the Acquisition Agreement, any declaration or payment of dividend before the end of the financial year ending 30 June 2017 will be considered as a decrease in the share capital of the Target Company.

The National Directorate of Management Control is in charge of the legal and financial control of professional football clubs in France and ensures that they comply with the applicable national and international regulations. It also acts as a supervisor of the accounting documents of the Target Company and is mostly in charge of ensuring that the budget of the Target Company is balanced and that the investments/expenses incurred by the Target Company do not exceed its financial capacities.

In case of non-compliance with the applicable regulations, the National Directorate of Management Control is entitled to pronounce restrictive measures including fines, banning from participating in the football cups (French cup and league cup) for the season and downgrading the club to a lower league.

The Vendor's Undertaking is subject to the Target Company achieving the Cumulative Conditions for each of the financial years ending 30 June 2016 and 30 June 2017. If the Cumulative Conditions are not satisfied in each of the financial years ending 30 June 2016 and 30 June 2017, the Vendor will not need to pay the Purchaser €1,500,000 for each of the financial years ending 30 June 2016 and 30 June 2017 respectively.

The Vendor's Undertaking shall be paid as follow:

(1) €1,500,000 shall be paid by the Vendor to the Purchaser within 15 calendar days from the receipt of (a) the Notice of Final Completion Statement stating the achievement of the Cumulative Conditions for the financial year ending 30 June 2016; and (b) a copy of the shareholder's minutes of the Target Company voting an increase of share capital of the Target Company for an amount of €1,500,000; and

(2) €1,500,000 shall be paid by the Vendor to the Purchaser within 15 calendar days from the receipt of (a) the Notice of Final Completion Statement stating the achievement of the Cumulative Conditions for the financial year ending 30 June 2017; and (b) a copy of the shareholder's minutes of the Target Company voting and acknowledging the completion of an increase of share capital of the Target Company for an amount of €1,500,000.

Under the Acquisition Agreement, the Purchaser acknowledges and warrants that any amount which will be received by the Purchaser under the Vendor's Undertaking shall be invested in the Target Company by way of increase of share capital of the Target Company. It is the intention of both the Purchaser and the Vendor that (i) any amount which will be received by the Purchaser under the Vendor's Undertaking will not be given directly to the Purchaser but instead to the Target Company by way of increase of the share capital of the Target Company; and (ii) such amount will be used primarily for the business of the Target Company, but not the other businesses of the Purchaser.

As the Target Company will become a wholly-owned subsidiary of the Group upon Completion, any increase of the share capital of the Target Company as a result of the Vendor's Undertaking will also increase the value of the Group.

Conditions precedent

The obligation of the Purchaser to purchase the Sale Shares is subject to the following conditions having been fulfilled or waived (as the case may be) by 30 June 2015:

(1) the transfer of all the shares of the Target Company held by the board members of the Target Company to the Vendor;

(2) the resignation of the president of the Target Company and all the board members of the Target Company waiving any rights or claims of any kind, whether disclosed or undisclosed, towards the Target Company;

(3) the completion of the Trademarks Assignment Agreement;

(4) the termination of the Secondment Agreement;

(5) the completion of the Transitional Services Agreement;

(6) the closing of all the current bank account(s) of the Target Company opened in the books of Société Financiere de Banque – Sofib SA, which offers commercial banking services in France (which are reserved only to distributors/dealers of the Vendor and its affiliates, domiciled in France and such requirement will not be met by the Target Company upon Completion), and transfer of all the available cash positions to another existing bank account(s) of the Target Company, the amendment of all existing mandates for the operation of all the bank account(s) maintained by the Target Company in such manner as the Purchaser may require;

(7) the delivery of the French legal opinion by Thomas Mayer & Associes, a French law firm, covering the necessary approvals for the Vendor to sign the Acquisition Agreement;

(8) the obtaining by the Vendor and the Target Company of all necessary consents, licenses and approvals required in respect of the Acquisition Agreement (i.e. the minutes of the board of the Target Company authorising the transfer of Sale Shares);

(9) the passing by the Shareholders at the EGM to be convened and held of the resolution to approve the Acquisition Agreement and the transactions contemplated thereunder; and

(10) the completion of the extension of duration of the FCSM Agreement from 1 July 2015 to 30 June 2020, and confirmation of the approval of such by the Prefecture, which is an administration that belongs to the Ministry of the Interior in France and is in charge of the delivery of identity cards, driving licenses, passports, residency and work permits for foreigners, vehicle registration, registration of associations (creation, status modification, dissolution) and of the management of the police etc.

Other than conditions (7), (9) and (10) are incapable of being waived, all other conditions above are waivable by the Purchaser by notice to the Vendor. As at the Latest Practicable Date, all the above conditions were not yet fulfilled. The Purchaser has no current intention to waive such conditions as at the Latest Practicable Date.

The obligation of the Vendor to sell the Sale Shares is subject to the following conditions having been fulfilled or waived (as the case may be) by 30 June 2015:

(1) the representations and warranties of the Purchaser set forth in the Acquisition Agreement shall be true and accurate in all respects at the date of Completion, except for those representations and warranties that are explicitly made for a specific time shall be true and accurate in all respects at such time only; and

(2) all necessary consents, licenses and approvals having been obtained by the Purchaser.

All the conditions above are waivable by the Vendor by notice to the Purchaser. As at the Latest Practicable Date, the above condition (2) was fulfilled whereas the above condition (1) will be fulfilled at the date of Completion. The Vendor has no current intention to waive such conditions as at the Latest Practicable Date.

If the conditions have not been satisfied or waived (as the case may be) on or before 30 June 2015, the Acquisition Agreement shall cease and determine, and thereafter neither party thereto shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms and conditions thereof.

Completion

Completion shall take place on 30 June 2015 or such other date as the parties to the Acquisition Agreement may agree, subject to the fulfilment or waiver of the conditions precedent of the Acquisition Agreement.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Company will be consolidated to the financial information of the Group upon Completion.

As at the Latest Practicable Date, the Vendor is providing the following services to the Target Company:

(1) IT workstations, desktop and laptop;

(2) IT workstation software;

(3) network equipment;

(4) application server and data;

(5) e-mail;

(6) domain name; and

(7) internet access.

Upon Completion, the Target Company and the Vendor will enter into the Transitional Services Agreement pursuant to which the Vendor will continue to provide the above services to the Target Company at a nominal consideration for a maximum period of six months in order to enable the Purchaser and the Target Company to continue to benefit from the IT support of the Vendor after Completion and during a period of transition. The Target Company is currently seeking for IT supporting services from new services providers and will invite quote or tender from new services providers. The Directors consider that there is no difficulty for the Target Company to seek for IT supporting services from new services providers. Upon Completion, if the Target Company identifies the suitable new services providers for the IT supporting services, the Target Company will terminate the Transitional Services Agreement before the expiry of the term of the Transitional Services Agreement.

As at the Latest Practicable Date, the Target Company is the registered owner of several trademarks with Vendor's device element "Lion" and/or the word "Peugeot". The Target Company will, upon Completion, enter into the Trademarks Assignment Agreement with the Vendor pursuant to which the Target Company will assign the trademarks to the Vendor. The Trademarks Assignment Agreement provides that in order to allow the Target Company to create a new visual identity, the Target Company is authorised to continue using the trademarks until 31 December 2015 on a royalties-free and exclusive basis. The Target Company will be able to use the name "FCSM" and/or "Football Club De Sochaux Montbeliard" as trademark or commercial name with no time limit and will be able to register the name "FCSM" and/or "Football Club De Sochaux Montbeliard" as a trademark, with a different logo. The Vendor also agrees not to make any use of the trademarks and of the name "FCSM" and "Football Club De Sochaux Montbeliard" from the date of the Trademarks Assignment Agreement and not to renew them at the next renewal term.

INFORMATION ON THE TARGET COMPANY

The Target Company is a professional football club created 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. It is one of the historical football clubs in France and had won many significant champions in France.

In accordance with article L.122-14 of the French Sporting Code, which is a body of law applicable to the sports business and has the authority of statute law, the Target Company has entered into the FCSM Agreement on 1 July 2010 with the Association which assigns various activities and governs the fees arrangements between the Target Company and the Association, in particular the amateur/professional sectors, training activities and costs thereof, pitches, buildings and facilities and trademarks. The FCSM Agreement also provides that the managers of the Association and those of the Target Company shall be of different persons. The Target Company pays an annual fee of not more than €300,000 to the Association under the FCSM Agreement.

The roles and responsibility of the Association are mainly related to the amateur sector activities as opposed to the professional activities. In accordance with article R.122-8 of the French Sporting Code, an agreement must be entered into between the association responsible for the amateur sector and the company running the professional sector, and must detail the distribution of such activities, as well as those related to the training.

Any sports association affiliated to a sports federation, which is involved in the organisation of sporting events and (i) has revenues exceeding €1.2 million or (ii) that employs sportsmen whose remuneration exceeds €800,000, has to have its professional activities (as opposed to amateur activities) managed by a company set up for this purpose and such company has a legal obligation to enter into an agreement with the Association.

The various activities assigned by the FCSM Agreement and fees arrangements are as follow:

(1) Amateur/Professional Sectors

The Association is in charge of the 'amateur' sector: children's football, introduction to participating in youth competitions organised by the Franche-Comté League and Women's football. The Target Company is in charge of the 'professional' sector: activities relating to professional competitions, senior teams, Youth Academy (YA), pre-training, recruiting junior and senior players, organising matches and all business activities (merchandise, advertising, partnerships, sale of advertising space, etc.).

The Association must transfer any sums it receives for 'professional' activities to the Target Company and the Target Company must transfer any sums it receives for 'amateur' activities to the Association.

The Association allows the Target Company to register its professional teams in the competitions of the federal calendar of the French Football Association (FFF) and in those organised by the Professional Football League (LFP).

(2) Pre-screening and screening training activities

Pre-screening and screening training activities are the Target Company's responsibility (with the exception of children's football, introduction activities and women's football).

A technical policy established jointly by the Target Company and the Association, and its implementation is conducted by the technical manager of the Youth Academy (YA) without the Association's financial involvement.

(3) Participation of the Target Company in activities for which the Association is responsible

The Target Company provides instructors for free and outfits and equipment (maximum €8,000 excluding taxes, invoiced to the Association). Training costs (illumination of pitches, pitch maintenance, showers) are borne by the Target Company in exchange of the payment by the Association of a fixed annual sum.

(4) Pitches, buildings and facilities

The Youth Academy's facilities are made available to the Association's teams.

(5) Trademarks

A non-exclusive right to use the Football Club De Sochaux Montbeliard trademark free of charge is granted to the Association for the duration of the agreement for its own requirements only (no commercial use).

The annual fee payable to the Association by the Target Company is negotiated between the parties. The Target Company currently pays €151,500 per year, without the agreement providing any other specification as to the basis of this fee. The annual fee is annually revised according to the consumer price index-limit set at 2%.

The Target Company has entered into the Secondment Agreement with Automobiles Peugeot SA on 3 January 2005 (as amended on 30 June 2009), which provides for the secondment of managerial staff employed by Peugeot Citroën Automobiles, which to the best knowledge of the Company, is an affiliate company of the Vendor. Seconded staff members remain on the payroll of Peugeot Citroen Automobiles, which continues to pay them and provide their payslips. Three members of managerial staff were seconded to the Target Company for the year ended 30 June 2014. The termination of Secondment Agreement is one of the conditions precedent to complete the Acquisition.

As at the Latest Practicable Date, the Vendor owned 249,995 shares representing 99.99% of the issued share capital of the Target Company and the board members of the Target Company owned 5 shares of the Target Company representing 0.01% of the issued share capital of the Target Company.

In accordance with the French law n°2014-856 of 31 July 2014 (loi relative à l'économie sociale et solidaire dite "Loi Hamon"), the employees of the Target Company have been duly and timely informed of the contemplated change of control of the Target Company. In addition, the opinion of the works council of the Target Company regarding the contemplated operation has been obtained on 20 March 2015.

The Target Company is governed by the following organisations/authorities:

(1) the French Football Federation (FFF), which is in charge of (a) delivering the yearly license to football clubs allowing them to run their business activity; (b) monitoring and organising the teaching and practice of professional football in France; and (c) dealing with administrative aspects of football clubs (certification and national selections etc.);

(2) the Professional Football League (LFP), which is mainly in charge of (a) certifying the football player contracts; and (b) controlling the compliance of the Youth Academy with the on-going requirements. It also has exclusive first jurisdiction for any dispute relating to professional football contracts;

(3) the International Federation of Association Football (FIFA), which is in charge of governing issues relating to (a) players' agents; (b) transfers of professional football players; and (c) relationships between players and football clubs and between football clubs; and

(4) the National Directorate of Management Control (DNCG), which is mainly in charge of controlling the legal, financial and accounting matters of football clubs.

The following licenses and approvals are required by the Target Company for its operations:

(1) Certification by the French Football Federation (FFF) for each season

The certification of the football club by the French Football Federation (FFF) is granted on a yearly basis. The football club of the Target Company has obtained the certification for the 2014/2015 season and will apply for the certification for the 2015/2016 season and it is expected that the Target Company shall receive it before the start of the new season.

(2) Affiliation to/probate from the Professional Football League (LFP)

The affiliation to the Professional Football League (LFP) concerns the Youth Academy (YA) and the football player's contracts. The affiliation is obtained on a yearly basis after an on-site evaluation to ensure the compliance of the Youth Academy with the on-going requirements including technical requirements, sport and training structures and housing facilities etc. The football club of the Target Company has obtained the affiliation for the season 2014/2015 and it is expected that the on-site evaluation for the season 2015/2016 will take place before the start of the new season.

The probate of the football player's contracts is notified by the Professional Football League (LFP) to the football club, the player and to the French Football Federation (FFF). The Professional Football League (LFP) (i) controls the compliance of the contract with legal requirements; and (ii) checks the status of the football club with the National Directorate of Management Control (DNCG). As at the Latest Practicable Date, all the football player's contracts of the football club of the Target Company have obtained the probate from the Professional Football League (LFP).

(3) Approval by the Prefecture of the FCSM Agreement

The FCSM Agreement is in force once it is approved by the Prefet in accordance with articles L. 122-15 and R. 122-9 of the French Sporting Code. The Prefet controls the compliance of the FCSM Agreement with legal requirements. The FCSM Agreement is currently in force up to 30 June 2015. It is one of the conditions precedent that the duration of the FCSM Agreement shall have extended to 30 June 2020.

Financial information on the Target Company

Set out below is a summary of the key financial data of the Target Company based on the audited accounts of the Target Company for the two years ended 30 June 2013 and 30 June 2014 and the six months ended 31 December 2014 which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	Financial year ended 30 June 2013	**Financial year ended 30 June 2014**	**Six months ended 31 December 2014**
	(audited)	(audited)	(audited)
	€'000	*€'000*	*€'000*
Turnover	26,979	24,938	5,434
Net (loss) before taxation	(3,352)	(13,186)	(750)
Net (loss) after taxation	(3,352)	(13,186)	(750)

The audited net assets of the Target Company as at 31 December 2014 was approximately €20,190,000.

The loss recorded for the year ended 30 June 2013 was mainly attributed to the reduction of gain on disposal of players' registration rights. The gain on disposal of player's registration rights in year ended 30 June 2012 was €19.44 million while the gain on disposal of players' registration rights in year ended 30 June 2013 was only €5.27 million.

The loss recorded for the year ended 30 June 2014 was mainly attributed to the increase in other operating expenses. As the final ranking position of the football team of the Target Company for the season 2013–2014 was 18th and was relegated from Ligue 1 to Ligue 2, the Target Company decided to terminate most contracts of the players and resulted in impairment of certain assets of the Target Company. There were additional costs of (a) costs arising to compensate the players due to the early termination of contracts; (b) an impairment of intangible assets of players' registration rights amounted to €3.71 million; (c) write-off of intangible assets of players' registration rights amounted to €1.44 million; and (d) impairment of property and equipment of €1.36 million.

Major assets and liabilities of the Target Company

Set out below is a detailed breakdown of the major assets and liabilities of the Target Company as at 31 December 2014 based on the audited accounts of the Target Company for the six months ended 31 December 2014 which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	As at 31 December 2014 (audited) *€'000*
Assets	
Trade and other receivables	5,159
Cash and cash equivalents	22,757
Liabilities	
Trade payables	2,219
Payroll payables	1,084
Deferred revenue	2,312
Other payables	972
Value added tax payables	1,340

All the long-term assets including players' registration rights, property and equipment and other intangible assets have been fully impaired as at 30 June 2014 and 31 December 2014 due to the relegation of the football team of the Target Company from Ligue 1 to Ligue 2 for the season 2014/2015.

Current squad and the management team of the Target Company

As at the Latest Practicable Date, there are a total of 24 professional football players and over 40 youth players in the squad of the football team of the Target Company, together with a first team manager, an assistant first team coach, a goalkeepers coach, a first team fitness coach, a kit manager and two medical first team staff and other medical staff assistants.

The football club of the Target Company is managed by the president, Mr. Denis Worbe, the vice-president, Christian Peugeot and four members of the board of directors, together with the chief executive, financial director, administrative director and the commercial director of the football club.

Historical performance and its current ranking

Set out below is the performance of the football team of the Target Company for the past three seasons:

Season	League	Matches played	Points	Ranking
2012–2013	French Ligue 1	38	41	15
2013–2014	French Ligue 1	38	40	18 *(Note)*
2014–2015	French Ligue 2	38	52	10

Note: The football team ranked 18 out of 20 for the season 2013–2014 and was relegated from the French Ligue 1 to French Ligue 2 for the season 2014–2015.

Revenue model of the Target Company

The Target Company's revenue and profit are mainly derived from the followings:

(a) broadcasting revenue: broadcasting revenue is regulated by Direction Nationale du Contrôle de Gestion ("DNCG") and French Professional Football League ("LFP") on annual basis and comprises a fixed part and a variable part. The fixed part is a pre-determined amount according to which league the football club participants in and is recognised over the duration of the football season. The variable part includes the pre-determined amount of rewards depends on the final ranking at the end the football season and the average rating over the past five football seasons and the merit rewards allocated by LFP based on the television live coverage and FCSM's reputation (mainly measured by the number of football games played by the club that have been diffused on TV). The variable portion of the broadcasting revenue is not recognised at any interim period because the amount cannot be measured reliably;

(b) matchday ticket sales: recognised based on matches played throughout the year with revenue from each match being recognised only after the match to which the ticket sales related has been played. Matchday ticket sales which are received in advance of a period end but relating to future periods (mainly the sale of seasonal tickets) are treated as deferred revenue. The deferred revenue is then released to revenue as the matches are played;

(c) sponsorship and marketing revenue is in relation to the sponsorship contracts with Esso, Automobile Peugeot, Lotto, Orange and Conseil Régional and is recognised over the duration of the respective contracts;

(d) merchandising revenue is recognised when goods are delivered; and

(e) gain arising from disposal of players' registration rights is recognised at the date of the players' deregistration being homologated by the French Football League. Where a part of the consideration receivable is contingent on specified performance conditions, this amount is recognised in the statement of profit or loss on the date the conditions are met.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company. The accounts of the Target Company will be consolidated with those of the Group.

Effect on assets, liabilities and gearing ratio

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming that Completion had taken place on 31 December 2014, the total assets would increase by approximately RMB234,458,000 to approximately RMB1,504,429,000 as at 31 December 2014. The total liabilities would increase by approximately RMB118,353,000 to approximately RMB378,707,000 as at 31 December 2014. The gearing ratio would change from 4.5 to minus 10.7 as at 31 December 2014.

Effects on earnings

In light of the future prospects of the Target Company, the Directors are of the view that the Proposed Acquisition, despite of the unprofitable position of the Target Company in the past years, will be likely to have a positive impact on the future earnings of the Enlarged Group in the long run.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Purchaser is interested in the acquisition of the Target Company in the context of its strategic business and marketing development in France.

The Group is principally engaged in the manufacturing and sales of LED lighting products and accessories, energy efficiency projects and provision of property sub-leasing services. It is the Company's corporate strategy to raise the global market awareness and recognition of "LEDUS" brand name which is owned by the Group and build up the brand name as an international brand.

The Group has operated various energy saving projects with the regional governments in Spain and also works with the large chain stores in Hong Kong and overseas. The Group always strives to explore the European markets, both in public sectors and private sectors, and capture more market shares in the LED lighting markets. The Group believes that the Acquisition is an effective way to promote the Group's products in Europe. It can also raise the global market awareness and recognition of "LEDUS" brand name, not only in France but the whole Europe, through the television broadcasting of French football matches, marketing materials of the football club such as club T-shirts and souvenirs. The Group plans to incorporate 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 Target Company 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. The Group believes that the Acquisition can build up "LEDUS" into an international brand.

According to the information provided in the official website of Ligue de France Professionnel ("**LFP**") (www.lfp.fr), the attendances of the spectators of the football matches in Ligue 1 and Ligue 2 for the last three football seasons as below:

Ligue 1

Season	Attendances (total)	Attendances (average)
2012–2013	7,299,737	19,261
2013–2014	7,975,488	21,155
2014–2015	8,452,906	22,362

Ligue 2

Season	Attendances (total)	Attendances (average)
2012–2013	2,665,027	7,032
2013–2014	3,007,736	7,915
2014–2015	2,340,622	6,160

The Target Company

Season	Attendances (total)	Attendances (average)
2012–2013	512,886	13,497
2013–2014	546,744	14,388
2014–2015	353,020	9,290

From the table above, it shows that football is one of the popular sports in France, even in Europe. There are about 20,000 and 7,000 spectators/week to watch the football matches in Ligue 1 and Ligue 2 respectively.

The average spectators/match of the Target Company for the season 2012–2013 and 2013–2014, where the Target Company still played in Ligue 1, were 13,497 and 14,388 respectively. It was close to the average spectators figures of the respective years. For 2014–2015, the average spectators/match of the Target Company is higher than the average spectators figures. Considering that the capacity of the Bondal Stadium, the home stadium of the Target Company, is only 20,005, the number of the spectators is better than most of the teams in Ligue 2 and is satisfactory as compared with the teams in Ligue 1.

As shown above, the Target Company has a solid supporter base even the Target Company was relegated to Ligue 2 in 2013–2014.

On the other hand, according to the statistics from LFP (source "Médiamétrie"), there was about 900,000 French audiences watching the football match television broadcasting on Saturday matches of the Target Company in 2013–2014 season. It did not include the audience of the other countries.

As the Group aims to raise the awareness and recognition of its owned "LEDUS" brand name and build up the brand name as an international brand. The Target Company will be an effective channel to the Group to promote its brand through the television broadcasting in France and other countries.

The Acquisition can also diversify the businesses and sources of income of the Group and achieve revenue growth and increase the value of the Company.

Further, (i) the Consideration represents a discount of approximately 65.33% to the net assets of the Target Company as at 31 December 2014 of approximately €20,190,000; (ii) as the net assets of the Target Company is expected to exceed the amount of the Consideration, the net assets of the Group is expected to increase upon Completion; and (iii) as the Consideration is to be settled in cash, there will not be any dilution effect on the Shares as a result of the Acquisition.

Upon Completion, save for the president, Mr. Denis Worbe, who is currently the head of financial and bank relationships of the Vendor group responsible generally for the financial affairs of the Vendor group, will not remain with the Target Company, the Company intends to retain all the senior management teams of the Target Company to manage the operation and business of the Target Company. Most of them are experienced in the professional football sport industry and have been working with the Target Company for years. The Purchaser understands that Mr. Denis Worbe is a representative of the Vendor group in the Target Company and he would continue his duties and remain with the Vendor group after Completion.

In relation to the steps taken by the Company to retain and recruit relevant expertise to manage the business of the Target Company, the employees of the Target Company have been informed of the contemplated change of control of the Target Company. The Company has met with the works council and senior management teams of the Target Company, after which a favourable opinion was given by the works council to the Acquisition in March 2015. The senior management teams of the Target Company have also indicated their intention to remain with the Target Company. The resignation of all the existing board members of the Target Company, which is one of the condition precedents of the Completion, will not affect the Target Company's staffing plan and the Target Company will retain the existing senior management teams. The Directors believe that despite the change of control of the Target Company, most of the management, who have been delegated the duties from the board to run the business of the Target Company in previous years, will remain with the Target Company. Based on the above, the Directors are confident that most of the senior management teams will remain with the Target Company and the change of ownership of the Target Company will have minimal effect on the performance of the football team.

In addition, according to the FCSM Agreement entered into between the Target Company and the Association, the Target Company is in charge of the activities relating to

the Youth Academy (YA) where youth players are recruited and trained. Potential players have been promoted to the first team of the football club in the past years. The Directors consider that Youth Academy (YA) can recruit and train potential players with low cost for the Target Company's own use and the performance of the football team will be maintained in the future.

In addition, the Company will nominate person(s) to be member(s) of the board of directors of the Target Company. The Company will also identify suitable candidate with the relevant management expertise to manage the operation and business of the Target Company in the future through different channels for specific position of the Target Company if it is needed. Based on the above, the Directors are confident that the Company will have sufficient management expertise to oversee and operate the football club business of the Target Company in the future.

Despite the fact that the Target Company is loss making, as at 31 December 2014, the Target Company had €22,757,000 cash and cash equivalents and even taking into account of the completion of the Target Company's distribution of exceptional dividends in the amount of €6,950,000 in May 2015, the Target Company should have sufficient cash and assets to self-sustain in the future. In addition, having considered the annual fee for incorporating one logo into the jersey of the football team of the Target Company would amount to €1,500,000, the acquisition of the Target Company would allow the logo of "LEDUS" to be incorporated into the football club marketing materials, T-shirts, jersey of the football team and even the advertising panels of the football stadium.

The Directors consider that the background of the Target Company, which is one of the historical football clubs in France found in 1928, would help the Group to achieve its aims to raise the awareness and recognition of its owned "LEDUS" brand name and build up the brand name as an international brand. The football club is always supported by its supporters and there were steady attendances for every season when the football club was playing in Ligue 1. Despite the football club relegated to Ligue 2 for the season 2014 - 2015, there were still more than 9,000 attendances per match in average, which is the highest average attendance among all football clubs in Ligue 2. In addition, there is television broadcasting of football matches of Ligue 1 and Ligue 2 every week, which attract many audiences in France and some countries in Europe to watch the football matches. It will enhance the Group to promote its own brand name through different channels, other than television broadcasting, advertising panels in the stadium, jersey, souvenirs and marketing materials of the Target Company with the Group's own brand logo. Based on the above, the Directors consider that the risk of decline in popularity of the football club in France is low.

Based on the above, the Directors are of the view that the Acquisition is fair and reasonable and will maximise the future contribution to the Group and that the Acquisition is in the interest of the Group and the Shareholders as a whole.

Save for the Acquisition, the Company has not entered or has not proposed to enter into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with an intention to dispose of or downsize the existing business of the Group, and/or acquire other companies/businesses.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition. Accordingly, no Shareholder is required to abstain from voting for the resolution to approve the Acquisition Agreement and the transactions contemplated thereunder at the EGM.

EGM

A notice convening the EGM is set out on pages 119 to 120 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors are of the view that the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Tech Pro Technology Development Limited
Li Wing Sang
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2012, 2013 and 2014 are disclosed in the annual reports of the Company for the years ended 31 December 2012, 2013 and 2014 respectively. These annual reports are published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http:// www.techprotd.com).

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 30 April 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had total outstanding borrowings of approximately RMB22,871,000, comprising secured bank loans of approximately RMB7,775,000, bonds payable of amount RMB14,464,000 and obligations under finance leases of approximately RMB632,000.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

As at 30 April 2015, the Group has capital commitment contracted but not provided for in respect of acquisition of plant and machinery of approximately RMB468,000.

Save as aforesaid above and apart from intra-group liabilities and normal trade bills payables arising in the ordinary course of business, at the close of business on 30 April 2015, the Group did not have any other outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptance (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, guarantees or contingent liabilities.

Save as disclosed, the Directors confirmed that there has not been no material change in the indebtedness, contingent liabilities and commitments of the Group from 30 April 2015 up to the Latest Practicable Date.

As at the close of business on 30 April 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Target Company did not have any mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities, external financing plans or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees outstanding.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that taking into account the financial resources presently available to the Group including the internally generated funds, the currently available facilities, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its normal business, in the next twelve months from the date of this circular.

The Directors, after due and careful enquiry, are of the opinion that taking into account the financial resources presently available to the Target Company including internally generated funds, and in the absence of unforeseeable circumstances, the Target Company has sufficient working capital for its normal business for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in the manufacture and sale of LED lighting products and accessories, energy efficiency projects and provision of property sub-leasing and management services.

The Target Company is a professional football club created 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. It is one of the historical football clubs in France and had won many significant champions in France.

The Company believes its LED business has a bright prospect and will contribute consistently to the Group in the coming years. 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. By the end of 2014, the Group has awarded two energy efficiency projects in the cities of Spain, namely Gandia and Cartaya. The production and installation of the LED street lamps will commence in 2015. 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 premise so as to explore the opportunities in the LED lighting business in the PRC.

Upon the completion of the Acquisition, the Group plans to put the logo of "LEDUS" into the football club marketing materials, such as advertising panels in the stadium, and also the jerseys of the football club in order to increase the exposure of "LEDUS" brand name in France and the whole Europe. The Group also plans to renovate the existing lighting systems in the football stadium and training school of the Target Company 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.

5. MANAGEMENT DISCUSSIONS AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the performance of the Group for the year ended 31 December 2012:

Business review

To capitalise on the strengthening international campaigns for environmental protection, the Group was transforming its business to LED (light-emitting diode) lighting products manufacturing and the provision of LED lighting solutions in 2012, and made good progress.

The new business of LED lighting was gaining momentum in development and posted a substantial growth, driving up the Group's turnover by approximately 119.1% to approximately RMB619.2 million for the year ended 31 December 2012. The LED lighting segment's turnover from continuing operations rose by approximately 12.9 times to approximately RMB303.6 million in 2012 (2011: approximately RMB21.9 million). LED lighting segment's adjusted EBITDA increased by approximately 87.5% to approximately RMB71.8 million (2011: approximately RMB38.3 million). The effect of the business transformation to the LED lighting production and sales became more noticeable in 2012 and is expected to become the Group's profit driver in 2013.

In a push to expand the business overseas and build up the "LEDUS" brand, the Group's subsidiary in Spain, Tecdoa Energy, which the Company acquired in 2011, won a tender for the installation and maintenance of public lighting from the Town of Tarancon, Spain, jointly with Indra Sistemas, S.A. in October 2012.

We believe the Group's LED business has bright prospects because the global environmental movements are gaining momentum, and, at home, the Chinese government is enacting more policies to foster the development of environmental industries. Environmental-friendly and energy-saving businesses are gaining more and more recognition. In 2012, the Group's LED lighting segment performed satisfactorily despite the tough economic conditions. The LED lighting business, which can sell to a wide client base ranging from corporations to households because it encompasses a wide section of the value chain, will serve as a new source of income and protects the Group from volatility of business of a single product.

In order to improve the returns to its shareholders, the Group was scaling down the business of manufacturing and selling aluminum electrolytic capacitors and chip type electronic components which had been making a loss. Accordingly, the Group disposed of the Hai Te Wei Group and the Tong Tai Group by the end of 2012. It will continue to scale down the business segment of aluminum electrolytic capacitor and focus on the LED lighting business segment, which has brighter prospects.

Looking ahead, the Group is optimistic about its future in 2013 despite the challenges ahead. It will continue with its efforts in developing new products and technology, with emphasis on quality control, cost competitiveness and technology improvement. The Group will also develop global sales distribution channels for its products under its own brand "LEDUS". In 2013, the Group plans to enter into the wholesale and retail markets and "LEDUS" products are expected to be sold in the large chain shops in Hong Kong. With the successfully bidding the tender in the city of Tarancon, the Group will keep on exploring opportunities to open up the European markets with energy efficiency projects. There are several cities in Spain where we are working with and the Group expects more tenders would be awarded. As environmental protection has become a global trend, the Group is positive about the outlook of the industry of LED lighting and its related products. It expects the LED lighting business to become its major source of income in the future. We will continue to seek every opportunity in the rapidly growing LED lighting industry to create value for the shareholders.

Financial review

The consolidated financial information in 2012 includes only the result of the continuing operations of the Group. To facilitate comparison with the result of continuing operations in 2012, the 2011 comparative figures are restated to exclude the result of the discontinued operations which will be separately discussed under the heading "Loss from discontinued operations".

For the year ended 31 December 2012, the Group recorded a turnover from continuing operations of approximately RMB619.2 million (2011 (restated): approximately RMB282.6 million), representing an increase of approximately 1.2 times. The increase in turnover was mainly due to the contribution attributed by LED lighting business, which recorded a total turnover of approximately RMB303.6 million.

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

	2012		2011	
	RMB'000	%	*RMB'000* (restated)	% (restated)
Aluminum electrolytic capacitors	315,541	51.0	260,774	92.3
LED lighting	303,629	49.0	21,857	7.7
Total	619,170	100.0	282,631	100.0

Sales of LED lighting products and accessories contributed approximately RMB303.6 million in 2012 (2011: approximately RMB21.9 million), representing an increase approximately by 12.9 times. This is primarily due to the full year contribution from the subsidiaries which were acquired in 2011.

Sales of aluminum electrolytic capacitors contributed approximately RMB315.5 million in 2012 (2011 (restated): approximately RMB260.8 million), representing an increase of approximately 21.0%. This is mainly attributed to the commencement of commercial production in the Group's Sichuan plant, which is specialised in the production of a raw material component, aluminum foil. External sales generated by this new production plant amounted to approximately RMB37.4 million in 2012.

Reportable segment adjusted EBITDA, representing "earnings/(loss) before interest, tax, depreciation and amortisation", is used as one of the measures for reportable segment profit or loss since 2012, which does not take into account of non-operating factors such as the finance costs, non-cash expenses and non-recurring expenses. It therefore more fairly reflects the performance of each segment from its operating activities. The EBITDA of the LED lighting segment for the year ended 31 December 2012 was approximately RMB71.8 million (2011: approximately RMB38.3 million) where the EBITDA of the aluminum electrolytic capacitors segment was approximately RMB0.3 million (2011(restated): approximately RMB45.0 million).

The consolidated loss before taxation of the Group for the year ended 31 December 2012 was approximately RMB125.3 million (2011 (restated): approximately RMB48.7 million). The substantial consolidated loss was primarily attributable to the (i) a substantial loss recorded in aluminum electrolytic capacitors segment of approximately RMB63.0 million (2011 (restated): profit of approximately RMB15.5 million); (ii) write-down of obsolete and slow moving inventories of approximately RMB22.0 million relating to the aluminum electrolytic capacitors segment (2011: nil) and non-cash items of (i) amortisation of other intangibles assets of approximately RMB71.4 million (2011: approximately RMB42.2 million); (ii) a fair value gain on embedded derivative of convertible notes of approximately RMB11.9

million (2011: loss of approximately RMB33.6 million); (iii) a loss on extinguishment of convertible notes to bonds of approximately RMB39.0 million (2011: nil); (iv) a loss of early redemption of promissory notes of approximately RMB5.6 million (2011: approximately RMB2.6 million).

Distribution costs, administrative expenses and other operating expenses of the Group's continuing operations for the year ended 31 December 2012 were approximately RMB15.6 million (2011 (restated): approximately RMB9.0 million), RMB60.3 million (2011 (restated): approximately RMB43.6 million) and RMB0.1 million (2011 (restated): approximately RMB1.9 million) respectively.

Gross profit margin

Even the gross profit margin of LED lighting business was approximately 29.6% (2011: approximately 29.4%), the Group's gross profit margin from continuing operations for the year ended 31 December 2012 was narrowed to approximately 17.4% (2011 (restated): approximately 23.5%). This was mainly attributed to the significant reduction in the gross profit margin of the overall aluminum electrolytic capacitors business to approximately 5.6% for the year ended 31 December 2012 (2011 (restated): approximately 23.0%).

Finance costs

For the year ended 31 December 2012, finance costs of the Group's continuing operations were approximately RMB42.6 million (2011 (restated): approximately RMB27.7 million), which represents an increase of approximately 53.8%. This was mainly because full year interests of convertible notes was recorded in 2012.

Loss from discontinued operations

During the year ended 31 December 2012, the chip type electronic components segment and aluminum electrolytic capacitors segment in the Southern China were disposed. The net loss from these discontinued operations was approximately RMB5.5 million for the year ended 31 December 2012 (2011 (restated): approximately RMB6.9 million), which has decreased by approximately 20.3%.

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2012.

Liquidity and Financial resources

As at 31 December 2012, the Group had current assets of approximately RMB647.6 million (2011 (restated): approximately RMB611.2 million) and current liabilities of approximately RMB609.0 million (2011 (restated): approximately RMB562.9 million). The current ratio of the Group as at 31 December 2012 was approximately 1.1 (2011 (restated): approximately 1.1) where fluctuation was insignificant.

As at 31 December 2012, the Group had cash and cash equivalents of approximately RMB65.1 million (2011: approximately RMB30.4 million), wholly representing cash at banks and in hand. Total bank loans were approximately RMB285.3 million (2011: approximately RMB224.0 million), all of which were short term borrowings. As at 31 December 2012, majority of the Group's bank loans were subject to fixed interest rates and were denominated in RMB. As at 31 December 2012, the loan from a former director, the promissory notes, and the bonds were approximately RMB96.2 million (2011: approximately RMB162.1 million), approximately RMB15.1 million (2011: approximately RMB60.8 million), and approximately RMB58.3 million (2011: nil), respectively. The repayment date of the loan from a former director has been extended to 31 January 2014. The remaining promissory note is repayable on 30 November 2013. 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. As at 31 December 2012, there is no balance from the convertibles note (2011: approximately RMB129.9 million).

As at 31 December 2012, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Group was approximately 39.4 (2011 (restated): approximately 58.8). The decrease in gearing ratio as at 31 December 2012 was principally attributable to the decrease in borrowings of the Group by partial repayment of loan from a former director and promissory notes and extinguishment of convertible notes to bonds during the year 2012.

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 the year 2012. However, in view of the continuing upward appreciation of RMB against Hong Kong Dollar and US Dollars, the Group will adopt all applicable financial instruments to hedge against currency risks whenever necessary.

As at 31 December 2012, the Group had no significant contingent liabilities.

Capital commitment

As at 31 December 2012, the capital commitments contracted but not provided for in respect of the purchase of property, plant and equipment and other non-current assets and injection of capital in a subsidiary were approximately RMB8.1 million (2011: approximately RMB31.9 million) and none (2011: approximately RMB8.3 million) respectively. There was no outstanding capital commitments authorised but not provided for in respect of property, plant and equipment as at 31 December 2012 (2011: approximately RMB8.3 million).

Employee information

As at 31 December 2012, the Group had over 1,500 employees the majority of whom stationed in the PRC. Total employee remuneration for the year 2012 amounted to approximately RMB62.9 million (2011 (restated): approximately RMB64.7 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.

Charge on assets

As at 31 December 2012, restricted bank deposits of approximately RMB42.5 million (2011: approximately RMB67.7 million), property, plant and equipment with a carrying amount of approximately RMB31.2 million (2011: approximately RMB12.8 million) and lease prepayments with a carrying amount of nil (2011: approximately RMB2.6 million) were pledged to secure banking facilities granted to the Group.

Set out below is the management discussion and analysis of the performance of the Group for the year ended 31 December 2013:

Business review

Global LED (light-emitting diode) industry saw both challenges and opportunities in 2013 as the keen competition among the manufacturers of different sizes in the industry, while government policies of promoting environmental-friendly lighting, notably LED products, for conventional ones around the world stimulated demand.

Governments around the world, such as those in China, Japan, Europe and the United States have already set timetables for phasing out incandescent lamps, paving the way for a growing replacement demand. LEDs, which enjoy a much longer life span, consume much less energy and cause considerably less pollution than the conventional lighting, have become a substitute for incandescent lamps. As a result, global demand for LED products was growing rapidly. A report by Credit Suisse projected that the global LED lighting market would grow from US$7 billion in 2011 to US$45 billion in 2016. The fast-growing demand is set to help absorb the consolidated production capacity. Moreover, the popularization and expanded production have been making LED products more affordable and narrowing the price difference between them and the conventional lighting products. This may trigger enormous replacement demand. In 2013, the LED products only accounted for 2% to 3% of the global market for lighting, and thus have huge potential for growth.

To capitalize on these developments, the Company streamlined its operations and sharpened its business focus on the manufacturing and sales of LED lighting products and accessories in 2013. It disposed of its entire equity interest in and

discontinued the operating of aluminum electrolytic capacitor business. The Group also increased its equity stake in Giga-World Industry Company Limited and U Young Technology Holdings Limited, the manufacturing and assembling of LED lighting products factories, from 50% to 60% and 70% to 100% respectively. The acquisition is part of the Group's ongoing move to integrate and strengthen its LED business in the midstream and downstream of the value chain, following its acquisition of five LED business-related companies in 2011. The Group has been working to achieve synergy among them, and made good progress in 2013.

In 2013, the Company keeps on moving forward in Hong Kong, the PRC and overseas LED lighting businesses. The turnover of the Group for the year ended 2013 has divided into two streams, under the same segment of LED lighting, manufacturing and sale of LED lighting products and parts, and service income. Service income is comprised the income from energy efficiency projects and commission income from provision of agency services in selling of LED lighting products to the Company's customers. During the year ended 2013, the Group continued with its efforts in developing global sales distribution channels of its LED lighting products, but also expanded the agency services and reduced the reliance on trading business. As such, the turnover has been reduced from approximately RMB303.6 million for the year ended 2012 to approximately RMB167.2 million for the year ended 2013. The reduction in turnover was primarily attributed to the (i) the reduction of selling prices in LED lighting products as there was keen competition in the LED industry; (ii) the LED lighting products sold under the energy efficiency projects were capitalised as property, plant and equipment according to the accounting standard instead of the turnover; and (iii) the Company received commission incomes from the customers instead of providing direct sales of products during the year ended 2013 so as to streamline the business operation.

The adjusted EBITDA decreased by approximately 42.6% to approximately RMB41.2 million (2012: approximately RMB71.8 million). The consolidated loss before taxation for the year ended 2013 was approximately RMB255.6 million which has increased approximately RMB193.3 million as compared to approximately RMB62.3 million (restated) recorded for the year ended 2012. The increase in consolidated loss before taxation was primarily attributed to the impairment loss on goodwill, which was amount to approximately RMB197.0 million, during the year ended 2013.

In 2013, the Company has successfully entered into the retail and wholesale markets in Hong Kong. The Company self-owned brand "LEDUS" LED lighting products have been distributed to the large chained supermarkets and department stores. In addition, there are hundreds of small electrical retail shops are selling "LEDUS" LED lighting products covering all the districts in Hong Kong. In 2013, the Company has completed various projects of the renovation of lighting systems for different premises such as factories, hotels, restaurants, office buildings and retail shops in Hong Kong and Macau. In the PRC market, the Company has worked with Giant, one of the biggest global bicycle manufacturers, to renovate the lighting systems to LED for its more than 2,000 retail shops in the PRC.

In the oversea market, the Company continues to focus on the project based business in Spain. The Company had awarded a tender in late 2011 to renovate 3,300 street lamps for the city of Tarancon in Spain. The installation has been completed in 2013. It was the pilot LED street lamp renovation project in Spain. With the success of the Tarancon project, the Company has also awarded another tender of LED street lamp renovation for the city of Jaen in Spain in 2013. The size of Jaen project is bigger than the Tarancon project, in which about 19,000 street lamps will be renovated to LED. The installation has been started in 2013 and expects to be completed by the third quarter of 2014. These two projects are operating under the energy management contract ("EMC"), of which are entered into between the Spain subsidiary of the Company and the regional government of Tarancon and Jaen respectively. The duration of the EMC is 16 years. The Company is responsible for supplying of the LED street lamps and the installation. Within the period of executing the EMC, the Company will receive the money of energy consumption saved from the adoption of LED street lamp. These EMC projects will secure the Company with a constant and stable cash inflow. In addition, all the street lamps are manufactured under the Company self-owned brand "LEDUS", and which enables the Company to build up its branding in Europe.

In private sector, the Company has worked with Empark to renovate its lighting system to LED light tubes. Empark, which is founded in 1966 and is one of the biggest car park enterprises in Spain, operates 400,000 car park spaces in 164 cities of Spain, Portugal, United Kingdom, Turkey and Andorra. The Company has started to install LED light tubes in 81 car park premises in Spain and Portugal for Empark in 2013 and expects to be completed in early 2014.

The Company notices that branding is more important than ever as it provides differentiation between enterprises, which contributes to the long-term profitability of our business. Brand building is vital to the success of an enterprise, but building brand loyalty is a challenging task that requires sophisticated and high-impact strategies. In 2013, the Company has put resources in advertising and promotion through various mass media channels, such as taxi banner, advertising in TV and bus channels. In order to increase the exposure and brand awareness of "LEDUS", the Company has done interviews with magazines and media, joining the lighting fairs in Hong Kong and oversea, sponsorships to social enterprises. We believe that it will enhance the recognition of our brand name "LEDUS" to our customers.

In order to broaden the source of revenue and diversify the businesses of the Group, the Company has entered into a sale and purchase agreement in November 2013 with the vendor, pursuant to which the Company shall acquire 50% equity interest in Shanghai Fu Chao Investment Company Limited ("Fu Chao"). Fu Chao is principally engaged in sub-leasing a property situated in Jing An District, Shanghai to tenants and provision of property management services for the property. The property is located in a prime location in Shanghai, where is less sensitive to the effect of increase in supply due to decentralized projects. In addition, the property sub-leasing and management business could provide a stable income stream to the Group.

Business outlook

Looking forward, we believe the Group's LED business still has bright prospects and shall be the major source of income of the Group. The Group is working with various cities and towns and will keep on looking for opportunities to award more energy efficiency projects in Spain and other European countries where the electricity fee is comparatively high in the world. Private enterprises have more incentive to renovate their lighting systems as the prices of the LED lighting products are getting lower. The Group will keep on exploring opportunities to expand its market share in LED lighting market in Hong Kong, the PRC and the oversea markets. With the recognition of the branding of "LEDUS" is getting higher as more advertising and promotion have been lodged, the public awareness of energy saving is increasing and the encouragement from the governments of the world, we believe the Group's LED lighting business shall have a potential and perspective future.

Upon the completion of the acquisition of Fu Chao in Shanghai on 24 March 2014, it will be an avenue for the Group to expand its sales of LED lighting business in the PRC and promote its brand name "LEDUS" in the PRC. It is intended that, upon completion of acquisition, the Group will setup a PRC headquarter office inside the property; also the Group will utilise the outer wall of the property to decorate with its LED lights for promotion and marketing purposes. In addition, the Group will renovate the Shanghai property existing lighting system from traditional lighting to LED lighting so that it will be a pilot project to our potential customers in the PRC.

In March 2014, the Company has entered into a strategic agreement with Jing Da Fu Jewelry (金大福珠寶), one of the biggest jewelry retailers with over 800 chain stores in the PRC. According to the strategic agreement, the Company will provide LED lighting products for the replacement of its existing lighting system over 700 chain-stores.

In the early 2014, the Company has been awarded to be one of the approved LED suppliers of Citybase Property Management Limited, a wholly-owned subsidiary of Cheung Kong (Holdings) Limited (stock code: HK0001), and Ka Wah International Holdings Limited (stock code: HK0173). These achievements have proved the recognition of "LEDUS" products by the customers in terms of our products quality and technology.

In the oversea markets, the Company keeps on exploring the opportunities to co-operate with, through our distribution agents, department stores in Japan, Europe and USA. The Company anticipates its market shares in retails sector and projects sector to be expanded in 2014.

The outlook of the LED industry is brilliant. Nevertheless, there are challenges from all aspects to the Group such as keen competition in the industry, increasing operating costs, cost and quality controls, technological improvement. The Group will, just as in the past, take a prudent and cautious approach to our development, particularly the efficiency of our production in terms of costs, quality, technology and productivity.

Financial review

The consolidated financial information in 2013 includes only the result of the continuing operations of LED lighting business, which comprise sales from the manufacturing and sales of LED lighting products and accessories, income from energy efficiency projects and commission income from distribution of LED lighting products of the Group. To facilitate comparison with the result of continuing operations in 2013, the 2012 comparative figures are restated to exclude the result of the discontinued operations which will be separately discussed under the heading "Loss from discontinued operations".

For the year ended 31 December 2013, the Group recorded a turnover from the continuing operations of approximately RMB167.2 million (2012 (restated): approximately RMB303.6 million), representing a decrease of approximately 44.9%.

Reportable segment adjusted EBITDA, represents "earnings/(loss) before interest, tax, depreciation and amortisation", is used as one of the measures for reportable segment profit or loss since 2012, which does not take into account of non-operating factors such as the finance costs, non-cash expenses and non-recurring expenses. It therefore more fairly reflects the performance of each segment from its operating activities. The EBITDA of the LED lighting segment for the year ended 31 December 2013 was approximately RMB41.2 million (2012: approximately RMB71.8 million).

The consolidated loss before taxation of the Group for the year ended 31 December 2013 was approximately RMB255.6 million (2012 (restated): approximately RMB62.3 million), represents an increase of approximately 310.3%. The consolidated loss was primarily attributable to the (i) impairment loss on goodwill of approximately RMB197.0 million (2012: nil); (ii) amortisation of intangible assets of approximately RMB71.4 million (2012: approximately RMB71.4 million); (iii) no fair value gain on embedded derivative of convertible notes (2012: approximately RMB11.9 million); (iv) fair value loss on embedded derivatives of bonds of approximately RMB3.5 million (2012: gain of approximately RMB2.7 million); (v) no loss on extinguishment of convertible notes to bonds (2012: approximately RMB39.0 million); (vi) loss on early redemption of promissory notes of approximately RMB4.9 million (2012: approximately RMB5.6 million); and (vii) a decrease in gross profit margin. All the items from (i) to (vi) above were non-cash items which did not affect the cashflow of the Group.

Distribution costs and administrative expenses of the Group's continuing operations for the year ended 31 December 2013 were approximately RMB15.3 million (2012 (restated): approximately RMB7.9 million) and RMB34.8 million (2012 (restated): approximately RMB27.7 million) respectively.

Impairment loss on goodwill

The impairment loss on goodwill of the Group for the year ended 31 December 2013 was approximately RMB197.0 million (2012: nil), as during the year

ended 2013, the gross profit margin of the LED lighting products, particularly the LED lighting parts businesses, was reduced as compared to 2012. The reduction in gross profit margin was mainly attributable to (i) selling prices of the LED lighting products have been decreased as there was keen competition in the LED lighting industry; (ii) the cost of production was kept on rising such as the labour cost, utilities costs; and (iii) the increased cost 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 commission income from selling of LED lighting products and income from energy efficiency projects) of the Group was approximately 21.8% (2012 (restated): approximately 29.6%). This was mainly attributed to (i) the increase in the operating costs; (ii) the reduction in the selling prices of the LED lighting products in 2013 due to keen competition in the industry.

Finance costs

For the year ended 31 December 2013, finance costs of the Group's continuing operations were approximately RMB9.8 million (2012 (restated): approximately RMB22.5 million), which represents a decrease of approximately 56.4%. This was mainly due to the reduction of imputed interest expenses incurred from the promissory notes and convertible notes.

Loss from discontinued operations

During the year ended 31 December 2013, the manufacturing and sales of aluminum electrolytic capacitors businesses were discontinued. The net loss from these discontinued operations was approximately RMB6.8 million for the year ended 31 December 2013 (2012 (restated): approximately RMB68.9 million), which has decreased by approximately 90.1%. This was mainly due to (i) approximately RMB14.0 million gain on disposal of the subsidiaries was taken into account; (ii) five months results were recorded during the year ended 31 December 2013.

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2013.

Liquidity and financial resources

As at 31 December 2013, the Group had current assets of approximately RMB288.1 million (2012: approximately RMB647.6 million) and current liabilities of approximately RMB147.9 million (2012: approximately RMB609.0 million). The

current ratio of the Group as at 31 December 2013 was approximately 1.9 (2012: approximately 1.1) where an improvement in current ratio was recorded. The improvement is mainly due to the substantial reduction of short term bank loans after the disposal of discontinued operations of aluminum electrolytic capacitors business.

As at 31 December 2013, the Group had cash and cash equivalents of approximately RMB42.5 million (2012: approximately RMB65.1 million), wholly representing cash at banks and in hand. Total bank loans were approximately RMB3.3 million (2012: approximately RMB285.3 million), all of which were short term borrowings. As at 31 December 2013, the Group's bank loans were subject to variable interest rates and were denominated in Hong Kong Dollars. As at 31 December 2013, there was no outstanding promissory notes (2012: approximately RMB15.1 million), no loan due from a former director (2012: approximately RMB96.3 million) and the bonds were approximately RMB65.3 million (2012: approximately RMB58.3 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.

As at 31 December 2013, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Group was 3.2 (2012: 39.4). The decrease in gearing ratio as at 31 December 2013 was principally attributable to the decrease in borrowings of the Group by huge reduction of short terms bank loans after the disposal of discontinued operations of aluminum electrolytic capacitors businesses.

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 2013. However, in view of the continuing upward appreciation 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 2013, the Group had contingent liabilities of RMB66.0 million (2012: nil) in respect of the outstanding obligations in relation to purchase contracts made with suppliers on behalf of the independent third principals under the relevant sale agency agreements made during the year.

Capital commitment

As at 31 December 2013, 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 RMB5.0 million (2012: approximately RMB8.1 million) and acquisition of equity interest in a joint venture was approximately RMB351.4 million (2012: nil). There was no outstanding capital commitments authorised but not provided for in respect of property, plant and equipment as at 31 December 2013 (2012: nil).

Employee information

As at 31 December 2013, the Group had over 500 employees the majority of whom stationed in the PRC. Total employee remuneration for the year 2013 amounted to approximately RMB29.2 million (2012 (restated): approximately RMB20.7 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 2013, restricted bank deposits of approximately RMB12.2 million (2012: approximately RMB42.5 million) and property, plant and equipment with a carrying amount of nil (2012: approximately RMB31.2 million) were pledged to secure banking facilities granted to the Group.

Set out below is the management discussion and analysis of the performance of the Group for the year ended 31 December 2014:

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 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 manufacture 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 such as 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 enhance 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 the United Kingdom, Belgium, 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 premise 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.

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" in to 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 initative 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 jerseys 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.

Financial review

The consolidated financial information in 2014 includes only the result of the continuing operations, which comprise the manufacture and sale 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 a decrease of approximately 13.7%.

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

	2014		2013	
	RMB	%	*RMB*	%
Manufacture and sale 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 sale 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 on other intangible assets of approximately RMB28.2 million (2013: RMB Nil); (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: approximately RMB0.2 million); 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 nonrecurring 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: approximately RMB0.2 million) in 2014.

Impairment loss on goodwill and other intangible assets

The impairment loss on goodwill and other intangible assets of the Group for the 2014 was approximately RMB96.0 million (2013: approximately RMB197.0 million and approximately RMB28.2 million (2013: Nil), respectively, 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 products 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 overseas 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: RMB Nil).

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 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 Renminbi, 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 fIuctuation of Renminbi 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 RMB351.4 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: Nil).

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 Group.

A. ACCOUNTANTS' REPORT OF THE TARGET COMPANY

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants of FCSM, Ernst & Young, Certified Public Accountants, Hong Kong.

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

13 June 2015

The Directors
Tech Pro Technology Development Ltd.

Dear Sirs,

We set out below our report on the financial information of Football Club Sochaux-Montbéliard SA ("FCSM") comprising the statements of profit or loss, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of FCSM for each of the years ended 30 June 2012, 2013 and 2014, and the six months ended 31 December 2014 (the ''Relevant Periods''), together with the notes thereto (the ''Financial Information''), and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of FCSM for the six months ended 31 December 2013 (the "Interim Comparative Information"), prepared on the basis of preparation in note 2.1 of Section II below, for inclusion in the circular of Tech Pro Technology Development Ltd. (the "Company") dated 13 June 2015 (the ''Circular'') in connection with the proposed acquisition of the entire issued share capital of FCSM by Ledus Club Limited (a subsidiary of the Company) (the "Acquisition").

FCSM was incorporated in France as a company with limited liability in 1928.

The statutory financial statements of FCSM for the years ended 30 June 2012, 2013 and 2014 have been prepared in accordance with generally accepted accounting principles of France ("French GAAP") and were audited by Ernst & Young et Autres.

For the purpose of this report, the directors of FCSM (the "Directors") have prepared the financial statements of FCSM (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), based on the audited statutory financial statements or unaudited management accounts of FCSM for each of the Relevant Periods and for the six months ended 31 December 2014. The Underlying Financial Statements for each of the years ended 30 June 2012, 2013 and 2014, and the six months ended 31 December 2014 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of FCSM as at 30 June 2012, 2013 and 2014 and 31 December 2014 and of the results and cash flows of FCSM during the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS

		Year ended 30 June			Six months ended 31 December	
	Notes	**2012**	**2013**	**2014**	**2013**	**2014**
		EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
Revenue	5	29,355	26,979	24,938	12,090	5,434
Personnel expenses		(24,670)	(22,224)	(19,721)	(9,699)	(4,365)
Income/(expenses) arising from football trading		14,051	1,525	(1,268)	413	3,112
Other operating expenses		(10,577)	(9,767)	(17,164)	(4,596)	(4,901)
Operating profit/(loss)		8,159	(3,487)	(13,215)	(1,792)	(720)
Finance income		117	198	83	65	12
Finance costs		(60)	(63)	(54)	(28)	(42)
Profit/(loss) before tax	7	8,216	(3,352)	(13,186)	(1,755)	(750)
Income tax	6	–	–	–	–	–
Profit/(loss) for the year/period		8,216	(3,352)	(13,186)	(1,755)	(750)

STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 30 June			Six months ended 31 December	
	Notes	**2012**	**2013**	**2014**	**2013**	**2014**
		EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
					(unaudited)	
Profit/(loss) for the year/period	7	8,216	(3,352)	(13,186)	(1,755)	(750)
Other comprehensive income/(loss)						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
– actuarial (loss)/gain on pension obligations		(28)	16	(49)	(25)	(22)
Total comprehensive income/(loss)		8,188	(3,336)	(13,235)	(1,780)	(772)

STATEMENTS OF FINANCIAL POSITION

	Notes		As at 30 June		As at 31 December
		2012	2013	2014	2014
		EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
NON-CURRENT ASSETS					
Property and equipment	*12*	1,787	1,564	5	–
Players' registration rights	*13*	6,164	7,562	41	–
Other intangible assets	*14*	537	536	–	–
Other financial assets	*15*	509	583	653	681
Total non-current assets		8,997	10,245	699	681
CURRENT ASSETS					
Inventories	*16*	202	177	112	71
Trade and other receivables	*17*	19,972	9,114	6,556	5,159
Amount due from a shareholder	*25*	94	–	80	–
Cash and cash equivalents	*18*	112	5,334	2,267	22,757
Total current assets		20,380	14,625	9,015	27,987
CURRENT LIABILITIES					
Trade payables	*19*	3,750	3,431	3,511	2,219
Amount due to a shareholder	*25/10*	–	4,904	–	39
Interest-bearing loans and borrowings	*21*	2,471	791	4,000	–
Other payables and provisions	*20*	9,980	5,904	5,545	5,993
Total current liabilities		16,201	15,030	13,056	8,251
NET CURRENT ASSETS/(LIABILITIES)		4,179	(405)	(4,041)	19,736
TOTAL ASSETS LESS CURRENT LIABILITIES		13,176	9,840	(3,342)	20,417
NON-CURRENT LIABILITIES					
Defined benefit obligations		143	143	196	227
Total non-current liabilities		143	143	196	227
Net assets/(liabilities)		13,033	9,697	(3,538)	20,190
EQUITY					
Share capital	*22*	4,000	4,000	4,000	4,000
Reserves		9,033	5,697	(7,538)	16,190
Total equity/(deficiency in assets)		13,033	9,697	(3,538)	20,190

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium*	Statutory reserve*	Retained earnings*	Actuarial (loss)/ gain reserve*	Total equity
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 1 July 2011	4,000	5,906	–	(5,061)	–	4,845
Profit of the year	–	–	–	8,216	–	8,216
Actuarial loss on defined benefit obligations	–	–	–	–	(28)	(28)
Total comprehensive income for the year	–	–	–	8,216	(28)	8,188
At 30 June 2012	4,000	5,906	–	3,155	(28)	13,033
Loss of the year	–	–	–	(3,352)	–	(3,352)
Actuarial gain on defined benefit obligations	–	–	–	–	16	16
Total comprehensive loss for the year	–	–	–	(3,352)	16	(3,336)
Statutory reserve	–	–	172	(172)	–	–
At 30 June 2013	4,000	5,906	172	(369)	(12)	9,697
Loss of the year	–	–	–	(13,186)	–	(13,186)
Actuarial loss on defined benefit obligations	–	–	–	–	(49)	(49)
Total comprehensive loss for the year	–	–	–	(13,186)	(49)	(13,235)
Statutory reserve	–	–	65	(65)	–	–
At 30 June 2014	4,000	5,906	237	(13,620)	(61)	(3,538)

	Share capital	Share premium*	Statutory reserve*	Retained earnings*	Actuarial (loss)/ gain reserve*	Total equity
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 30 June 2014	4,000	5,906	237	(13,620)	(61)	(3,538)
Loss of the period	–	–	–	(750)	–	(750)
Actuarial loss on defined benefit obligations	–	–	–	–	(22)	(22)
Total comprehensive loss for the period	–	–	–	(750)	(22)	(772)
Capital reduction *(note 22)*	(4,000)	(9,131)	–	13,131	–	–
Increase in paid up capital *(note 22)*	4,000	20,500	–	–	–	24,500
At 31 December 2014	4,000	17,275	237	(1,239)	(83)	20,190
At 30 June 2013 (Unaudited)	4,000	5,906	172	(369)	(12)	9,697
Loss of the period	–	–	–	(1,755)	–	(1,755)
Actuarial loss on defined benefit obligations	–	–	–	–	(25)	(25)
Total comprehensive loss for the period	–	–	–	(1,755)	(25)	(1,780)
Statutory reserve	–	–	65	(65)	–	–
At 31 December 2013	4,000	5,906	237	(2,189)	(37)	7,917

* These reserve accounts comprise the credit reserves of EUR9,033,000, EUR5,697,000, and EUR16,190,000 and debit reserve of EUR7,538,000 in the statements of financial position as at 30 June 2012 and 2013, 31 December 2014 and 30 June 2014, respectively.

STATEMENTS OF CASH FLOWS

	Year ended 30 June			Six months ended 31 December	
	2012	2013	2014	2013	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	8,216	(3,352)	(13,186)	(1,755)	(750)
Adjustments for:					
Amortisation of players' registration rights	3,981	3,279	3,913	1,849	79
Depreciation of property and equipment	343	276	220	124	100
Amortisation of other intangible assets	18	12	17	7	–
Impairment of players' registration rights	368	–	3,712	–	274
Impairment of property and equipment	–	–	1,364	–	19
Impairment of other intangible assets	–	–	531	–	–
Gain on disposal of players' registration rights	(19,441)	(5,271)	(3,856)	(2,335)	(3,270)
Write-off of players' registration rights	–	–	1,442	–	41
Non-operating finance costs	12	26	4	1	–
Loss on disposal of property and equipment	3	–	–	–	–
	(6,500)	(5,030)	(5,839)	(2,109)	(3,507)
(Increase)/decrease in trade and other receivables	(692)	673	495	(2,139)	(1,470)
(Increase)/decrease in an amount due from a shareholder	(37)	8	(76)	165	467
Decrease in inventories	–	25	65	36	41
Increase/(decrease) in trade payables	4,544	(554)	377	293	(38)
(Decrease)/increase in other payables and provisions	(2,635)	(4,076)	(359)	5,134	448
Increase/(decrease) in an amount due to a shareholder	42	(10)	92	(200)	(348)
Net cash flows from/(used in) operating activities	(5,278)	(8,964)	(5,245)	1,180	(4,407)

	Year ended 30 June			Six months ended 31 December	
	2012	2013	2014	2013	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of items of players' registration rights	(7,188)	(5,896)	(3,321)	(2,505)	(1,607)
Purchase of items of property and equipment	(164)	(53)	(25)	(16)	(114)
Purchase of items of other intangible assets	(42)	(11)	(12)	–	–
Proceeds from disposal of players' registration rights	8,167	16,910	7,397	6,373	6,137
Payments for other financial assets	(81)	(84)	(70)	(31)	(19)
Net cash flows from investing activities	692	10,866	3,969	3,821	4,397
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from/(repayment of) in interest-bearing loans and borrowings from/(to) a fellow subsidiary	–	–	4,000	–	(4,000)
Proceeds from/(repayment of) in interest-bearing loans and borrowings	2,471	(1,680)	(791)	(779)	–
Capital paid up	–	–	–	–	24,500
A subsidy loan received from a shareholder	–	5,000	–	–	–
Subsidy loans refunded to a shareholder	(8,000)	–	(5,000)	(5,000)	–
Net cash flows from/(used in) financing activities	(5,529)	3,320	(1,791)	(5,779)	20,500
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(10,115)	5,222	(3,067)	(778)	20,490
Cash and cash equivalents at beginning of year/period	10,227	112	5,334	5,334	2,267
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	112	5,334	2,267	4,556	22,757

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Football Club Sochaux-Montbéliard SA ("FCSM") is a professional football club established in 1928, a limited liability company engaged in the development and promotion of a professional football club.

The registered office of FCSM is located at Stade Bonal – 25200 Montbéliard, France.

In the opinion of the Directors, the holding company and the ultimate holding company of FCSM is Automobiles Peugeot SA ("Peugeot"), a limited liability company incorporated in France.

2.1 BASIS OF PREPARATION

The statements of comprehensive income, the statements of changes in equity and the statements of cash flows of FCSM for each of the years ended 30 June 2012, 2013 and 2014, and the six months ended 31 December 2014 (the ''Relevant Periods''), together with the notes thereto (the ''Financial Information'') have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from 1 July 2014, together with the relevant transitional provisions, have been early adopted by FCSM in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in EURO ("EUR") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

FCSM has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this Financial Information.

HKFRS 9	*Financial Instruments*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2017

[3] Effective for annual periods beginning on or after 1 January 2018

[4] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to FCSM

FCSM is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, FCSM considers that these new and revised HKFRSs may result in changes in accounting policies but are unlikely to have a significant impact on FCSM's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to FCSM if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over FCSM;

  (ii) has significant influence over FCSM; or

  (iii) is a member of the key management personnel of FCSM or of a parent of FCSM;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and FCSM are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and FCSM are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either FCSM or an entity related to FCSM;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, FCSM recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment over its estimated useful life. The principal annual rates used for the purpose are as follows:

Freehold land	Not depreciated
Buildings	3.33% to 25%
Equipment	10% to 33.3%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal or retirement recognised in the statement of profit or loss in the year the assets is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Players' registration rights

Players' registration rights are recognised at acquisition cost, including any auxiliary expenses, when the contract enters into force, i.e. when the transfer agreement is homologated by the French Football League. The capitalised auxiliary expenses include the cost of the intermediation services rendered by the players' agents for their work in the acquisition of the player, except if the transfer is with suspending conditions or is a temporary transfer, in such cases fees paid to player's agents are expensed as incurred. Under the conditions of certain transfer agreements, further costs are payable to the vendors in the event the player makes a certain number of first team (the top-level team in the club) appearances or on the occurrence of certain other specified future events. Costs related to such contingent considerations are not capitalised as they cannot be estimated reliably. These costs are recorded as expenses and accrued, when it becomes probable that the specified future events will occur. Indemnities paid to the training centre that initially trained the player are also capitalised.

When the players' contract is renewed, after the term of its initial contract, additional remuneration for services performed by the player's agent is capitalised.

Players' registration rights are amortised on a straight-line basis over the term of each player's contract. Where a contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. When a decision is taken to discontinue a contract before its initial term (for example, dismissal of a player), the unamortised costs are amortised over the residual term of the contract.

FCSM considers that the players' registration rights do not have separate cashflows but are part of a cash-generating unit as a football team. As a consequence, the football team is considered as one cash-generating unit and the related intangible and tangible assets are tested for impairment as the assets of a single cash-generating unit.

In some instances, an individual player is considered to be no longer part of the professional players' team (a player held for sale or unavailable for the long term) and consequently not contributing to the future cash flows earned by the cash-generating unit. The players' registration rights are assessed for impairment by considering the individual fair value less costs to sell. The individual fair value is assessed based on available information from external appraisals and on a combination of specific sports and financial parameters.

Players' registration rights are derecognised at the date of disposal, transfer, cancellation of the contract, or expiry of the contractual rights over players.

The fair value of the consideration receivable, less the unamortised cost of the asset represents the profits or losses on the disposal of the intangible assets.

Other intangible assets

Other intangible assets include trademarks and software, which are stated at cost less any impairment losses. Trademarks have an indefinite life and are not subject to amortisation. Software is amortised on the straight-line basis over its estimated useful life of 2 to 4 years.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where FCSM is the lessor, assets leased by FCSM under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where FCSM is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that FCSM commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Loans and receivables

FCSM's financial assets are all classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income or costs in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from FCSM's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- FCSM has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) FCSM has transferred substantially all the risks and rewards of the asset, or (b) FCSM has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When FCSM has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, FCSM continues to recognise the transferred asset to the extent of FCSM's continuing involvement. In that case, FCSM also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that FCSM has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that FCSM could be required to repay.

Impairment of financial assets

FCSM assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, FCSM first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If FCSM determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to FCSM.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating expenses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

FCSM's financial liabilities include trade payables, other payables, an amount due to a shareholder and interest-bearing loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

FCSM's financial liabilities are all classified as loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories, which comprise goods held for resale, are stated at the lower of cost and net realisable value. Cost, includes the amount invoiced after deducting any trade discounts, rebates or similar items, plus all the other costs incurred until the goods are ready for sale. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Contingent liabilities which do not meet the criteria for recognition as provisions are disclosed in the notes, unless the probability of an obligation occurring is remote.

Foreign currency translation

Transactions in currencies other than EURO are initially translated at the spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the spot rate at the end of each of the Relevant Periods. The exchange gains and losses arising from this translation process, and those arising on settlement of these monetary items in the statement of financial position are recognised in the statement of profit or loss when realised.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in France in which FCSM operates.

Deferred tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to FCSM and when the revenue can be measured reliably, on the following bases:

(a) broadcasting revenue: broadcasting revenue comprises a fixed part and a variable part. The fixed part of television and broadcasting revenue is recognised over the duration of the football season. The variable part includes three elements which depend on the final ranking at the end of the football season of the football club; the average ranking over the past five football seasons of the football club; and the television live coverage and FCSM's reputation. The variable portion of the broadcasting revenue that depends on the final ranking at the end of the football season is not recognised at any interim period because the amount cannot be measured reliably;

(b) matchday ticket sales: recognised based on matches played throughout the year with revenue from each match being recognised only after the match to which the ticket sales related have been played. Matchday ticket sales which are received in advance of a period end but relating to future periods (mainly the sale of seasonal tickets) are treated as deferred revenue. The deferred revenue is then released to revenue as the matches are played.

(c) sponsorship and marketing revenue is recognised over the duration of the respective contracts;

(d) merchandising revenue is recognised when goods are delivered;

(e) gain arising from disposal of players' registration rights is recognised at the date of the players' deregistration being homologated by the French Football League. Where a part of the consideration receivable is contingent on specified performance conditions, this amount is recognised in the statement of profit or loss on the date the conditions are met; and

(f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

According to the legislation applicable in France, FCSM contributes to defined contribution government pension schemes through the payment of the social charges on a quarterly basis.

The only supplementary pension scheme payable to retirees is related to retirement bonuses representing one-off payments made at the time of retirement according to the collective employment agreement. This obligation is treated as a defined benefit plan. The liability is measured at present value of the defined benefit obligation at the reporting date using the projected unit credit method. This method requires calculating the present value of the defined benefit obligations and the related services cost. It also considers each period of service giving rise to an additional unit of benefit entitlement, and measures each unit separately to build up the final obligation.

Defined benefit plan

FCSM operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and

- the date that FCSM recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. FCSM recognises the following changes in the net defined benefit obligation under "personnel expenses" and "finance costs" in the statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

- net interest expense or income

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

FCSM assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The provision for impairment of players' registration rights amounted to EUR368,000, nil, EUR3,712,000 and EUR274,000 for the years ended 30 June 2012, 2013 and 2014 and for the six months ended 31 December 2014, respectively.

Impairment of receivables

Impairment of receivables is made based on an assessment of the recoverability of trade receivables. The identification of impairment requires management's judgements and estimates. Where the actual outcome is different from the original estimate, such differences will impact on the carrying values of the trade receivables and impairment losses over the period in which such estimate has been changed. The provision for impairment of trade receivables amounted to EUR127,000, EUR162,000, EUR1,428,000, and EUR1,285,000 as at 30 June 2012, 2013 and 2014 and 31 December 2014, respectively.

Useful lives of property and equipment

FCSM's management determines the estimated useful lives and related depreciation charges for its property and equipment. This estimate is based on the historical experience of the actual useful lives of property and equipment of similar nature and functions, which could change significantly as a result of technical innovations. Management considers increasing the depreciation charge where useful lives are less than previously estimated lives, or writing off or writing down technically obsolete or non-strategic assets that have been abandoned. The net carrying value of property and equipment was EUR1,787,000, EUR1,564,000, EUR5,000 and nil as at 30 June 2012, 2013 and 2014 and 31 December 2014, respectively.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of unrecognised tax losses as at the end of each of the Relevant Periods are contained in note 6 to the Financial Information.

Judgements

In the process of applying FCSM's accounting policies, management has made the following judgement apart from those involving estimations which have the most significant effect on the amounts recognised in the Financial Information.

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. FCSM carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

4. OPERATING SEGMENT INFORMATION

FCSM's primary business is participating in national football competitions. For management purposes, the economic and financial components of FCSM can be attributed essentially to one type of activity and FCSM operates only one segment under the definition of HKFRS 8.

Since all customers and all non-current assets of FCSM are located in France, no geographical information for revenue and non-current assets is presented.

5. REVENUE

Revenue derived from FCSM's activity is as follows:

	Year ended 30 June			Six months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
Broadcasting revenue	19,009	17,245	14,939	7,450	3,177
Matchday revenue	1,922	1,724	2,258	965	345
Sponsorship and advertising revenue	7,623	7,458	7,134	3,367	1,656
Sales of goods	479	474	531	261	226
Other revenue	322	78	76	47	30
	29,355	26,979	24,938	12,090	5,434

6. INCOME TAX

FCSM is subject to income tax on profit arising in or derived from France.

The provision for France current income tax is based on the statutory rate of 33% of the assessable profits of FCSM as determined in accordance with the French Income Tax Law.

	Year ended 30 June			Six months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
Current tax	–	–	–	–	–

A reconciliation of the tax charge applicable to profit/(loss) before tax at the statutory rate of 33% to the tax expense at the effective tax rate is as follows:

	Year ended 30 June			Six months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
Profit/(loss) before tax	8,216	(3,352)	(13,186)	(1,755)	(750)
Tax at the statutory tax rate	2,711	(1,106)	(4,351)	(579)	(248)
Expense not deductible for tax	26	34	18	1	8
Income not subject to tax	(1)	(113)	(28)	–	(14)
Deductible temporary difference not recognised	(2,451)	1,664	114	(1,548)	81
Tax losses utilised from previous periods	(285)	(479)	–	–	–
Tax losses not recognised	–	–	4,247	2,126	173
Tax charges at the FCSM's effective rate	–	–	–	–	–

FCSM was in a tax loss position at the end of each of the Relevant Periods. The tax losses carried forward amounted to EUR11,381,000, EUR9,929,000, EUR22,798,000 and EUR23,325,000 at 30 June 2012, 2013 and 2014, 31 December 2014, respectively. No deferred tax assets have been recognised for the tax losses carried forward and deductible temporary differences as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

7. PROFIT/(LOSS) BEFORE TAX

FCSM's profit before tax is arrived at after charging/(crediting):

	Year ended 30 June			Six months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
				(unaudited)	
Minimum lease payments under an operating lease of a building	564	564	564	282	282
Gain on disposal of players' registration rights*	(19,441)	(5,271)	(3,856)	(2,335)	(3,270)
Depreciation of property and equipment	343	276	220	124	100
Amortisation of players' registration rights*	3,981	3,279	3,913	1,849	79
Amortisation of other intangible assets	18	12	17	7	–
Other income and expenditure*	1,041	467	1,211	73	79
Auditors' remuneration	47	48	49	24	25
Interest income	(117)	(198)	(83)	(65)	(12)
Staff costs (excluding directors' remuneration (note 8)):					
Wages and salaries	18,206	16,328	14,465	7,124	3,116
Social security contributions	6,464	5,896	5,256	2,575	1,249
	24,670	22,224	19,721	9,699	4,365
Impairment of property and equipment	–	–	1,364	–	19
Impairment of players' registration rights	368	–	3,712	–	274
Impairment of other intangible assets	–	–	531	–	–
Write-off of players' registration rights	–	–	1,442	–	41
Provision for/(reversal of) impairment of trade and other receivables	67	35	1,266	20	(143)
(Reversal of impairment)/ write-down of inventories	(30)	(6)	2	(8)	(7)

* These amounts were included in the income/expenses arising from football trading in the statements of profit or loss.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Year ended 30 June			Six months ended 31 December	
	2012	2013	2014	2013	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	–	–	96	43	44
Pension scheme contributions	–	–	–	–	–
	–	–	96	43	44

The names of the Directors and their remuneration for the Relevant Periods are as follows:

(a) Independent non-executive directors

	Year ended 30 June			Six months ended 31 December	
	2012	2013	2014	2013	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
Independent non-executive directors:					
– PEUGEOT Christian	–	–	–	–	–
– PEUGEOT Xavier	–	–	–	–	–
– DUCHEMIN Xavier	–	–	–	–	–
	–	–	–	–	–

During the Relevant Periods, no fee or emolument was paid to independent non-executive directors.

(b) Executive directors

	Year ended 30 June			Six months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
Executive directors:					
– WORBE Denis	–	–	–	–	–
– PERNET Laurent	–	–	96	43	44
	–	–	96	43	44

During the Relevant Periods, no fee or emolument was paid to executive directors.

There was no chief executive of FCSM during the Relevant Periods.

There was no arrangement under which a Director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals for the Relevant Periods included nil Directors. Details of the remuneration of the highest paid employees who are neither a Director nor chief executive of FCSM are as follows:

	Year ended 30 June			Six months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000* *(unaudited)*	*EUR'000*
Salaries, allowances and benefits in kind	4,745	4,168	3,312	1,404	700
Pension scheme contributions	2,267	1,960	1,488	708	427
	7,012	6,128	4,800	2,112	1,127

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 30 June			Six months ended 31 December	
	2012	**2013**	**2014**	**2013** *(unaudited)*	**2014**
Nil to HK$10,000,000	–	2	2	5	5
HK$10,000,001 to HK$20,000,000	5	3	3	–	–
	5	5	5	5	5

10. SHAREHOLDER'S SUBSIDY LOAN

In circumstances when FCSM faced a financing liquidity shortage, the shareholder has provided subsidy loans to FCSM with a better fortune clause, i.e. the subsidy loan is repayable when the operation improves. During the Relevant Periods, reimbursements of the subsidies of EUR8 million and EUR5 million were made to the shareholder during the years ended 30 June 2012 and 2014, respectively. Subsidies were received from the shareholder of EUR8 million and EUR5 million during the years ended 30 June 2011 and 2013, respectively.

11. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

12. PROPERTY AND EQUIPMENT

	Land and buildings	Equipment	Construction in progress	Others	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 1 July 2011:					
Cost	4,806	597	–	21	5,424
Accumulated depreciation and impairment	(2,919)	(516)	–	(20)	(3,455)
Net carrying amount	1,887	81	–	1	1,969
At 1 July 2011, net of accumulated depreciation and impairment	1,887	81	–	1	1,969
Additions	128	36	–	–	164
Depreciation	(296)	(47)	–	–	(343)
Disposals	(3)	–	–	–	(3)
At 30 June 2012, net of accumulated depreciation and impairment	1,716	70	–	1	1,787
At 30 June 2012:					
Cost	4,928	633	–	21	5,582
Accumulated depreciation and impairment	(3,212)	(563)	–	(20)	(3,795)
Net carrying amount	1,716	70	–	1	1,787

	Land and buildings	Equipment	Construction in progress	Others	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 30 June 2012 and 1 July 2012:					
Cost	4,928	633	–	21	5,582
Accumulated depreciation and impairment	(3,212)	(563)	–	(20)	(3,795)
Net carrying amount	1,716	70	–	1	1,787
At 1 July 2012, net of accumulated depreciation and impairment	1,716	70	–	1	1,787
Additions	31	22	–	–	53
Depreciation	(246)	(30)	–	–	(276)
At 30 June 2013, net of accumulated depreciation and impairment	1,501	62	–	1	1,564
At 30 June 2013:					
Cost	4,959	655	–	21	5,635
Accumulated depreciation and impairment	(3,458)	(593)	–	(20)	(4,071)
Net carrying amount	1,501	62	–	1	1,564

	Land and buildings	Equipment	Construction in progress	Others	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 30 June 2013 and 1 July 2013:					
Cost	4,959	655	–	21	5,635
Accumulated depreciation and impairment	(3,458)	(593)	–	(20)	(4,071)
Net carrying amount	1,501	62	–	1	1,564
At 1 July 2013, net of accumulated depreciation and impairment	1,501	62	–	1	1,564
Additions	13	7	5	–	25
Depreciation	(197)	(23)	–	–	(220)
Impairment	(1,317)	(46)	–	(1)	(1,364)
At 30 June 2014, net of accumulated depreciation and impairment	–	–	5	–	5
At 30 June 2014:					
Cost	4,972	662	5	21	5,660
Accumulated depreciation and impairment	(4,972)	(662)	–	(21)	(5,655)
Net carrying amount	–	–	5	–	5

	Land and buildings	Equipment	Construction in progress	Others	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 30 June 2014 and 1 July 2014:					
Cost	4,972	662	5	21	5,660
Accumulated depreciation and impairment	(4,972)	(662)	–	(21)	(5,655)
Net carrying amount	–	–	5	–	5
At 1 July 2014, net of accumulated depreciation and impairment	–	–	5	–	5
Additions	114	–	–	–	114
Depreciation	(100)	–	–	–	(100)
Impairment	(14)	–	(5)	–	(19)
At 31 December 2014, net of accumulated depreciation and impairment	–	–	–	–	–
At 31 December 2014:					
Cost	5,086	662	5	21	5,774
Accumulated depreciation and impairment	(5,086)	(662)	(5)	(21)	(5,774)
Net carrying amount	–	–	–	–	–

In June 2014, the team of FCSM was relegated to the Second League of the LFP. As a consequence:

– The management determined to reduce personnel cost and other operating expenses. Redundancy costs have been provided for when agreements were reached individually with the football players or employees.

– Players' regristration rights were written off to the contracts that were discontinued (note 13).

– FCSM assessed the relegation to French Second League as a trigger event for an impairment test on assets. The cashflow projections were revised considering the fact that revenue would be reduced and the personnel costs and other operating expenses would be adjusted to a certain extent. FCSM came to the conclusion that projected cashflows would be shortfall. As a result, all non-current assets related to the cash-generating unit, including property and equipment of EUR1,364,000 and EUR19,000 were fully impaired for the year/period ended 30 June 2014 and 31 December 2014, respectively.

13. PLAYERS' REGISTRATION RIGHTS

	Year ended 30 June			Six months ended 31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
At the beginning of the year/period:				
Cost	23,906	15,347	15,812	10,211
Accumulated amortisation and impairment	(14,762)	(9,183)	(8,250)	(10,170)
Net carrying amount	9,144	6,164	7,562	41
At the beginning of the year/period, net of accumulated amortisation and impairment	9,144	6,164	7,562	41
Additions	4,067	6,131	3,024	353
Amortisation	(3,981)	(3,279)	(3,913)	(79)
Impairment	(368)	–	(3,712)	(274)
Write-off of players' registration rights	–	–	(1,442)	(41)
Disposals	(2,698)	(1,454)	(1,478)	–
At the end of the year/period, net of accumulated amortisation and impairment	6,164	7,562	41	–
At the end of the period:				
Cost	15,347	15,812	10,211	5,205
Accumulated amortisation and impairment	(9,183)	(8,250)	(10,170)	(5,205)
Net carrying amount	6,164	7,562	41	–

As described in note 12, players' registration rights of EUR3,712,000 and EUR274,000 have been fully impaired for the year ended 30 June 2014 and 31 December 2014, respectively.

14. OTHER INTANGIBLE ASSETS

	Year ended 30 June			Six months ended 31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
At the beginning of the year/period:				
Cost	608	574	585	597
Accumulated amortisation and impairment	(95)	(37)	(49)	(597)
Net carrying amount	513	537	536	–
At the beginning of the year/period, net of accumulated amortisation and impairment	513	537	536	–
Additions	42	11	12	–
Amortisation	(18)	(12)	(17)	–
Impairment	–	–	(531)	–
At the end of the year/period, net of accumulated amortisation and impairment	537	536	–	–
At the end of the year/period:				
Cost	574	585	597	–
Accumulated amortisation and impairment	(37)	(49)	(597)	–
Net carrying amount	537	536	–	–

As set out in note 12, other intangible assets of EUR531,000 were fully impaired for the year ended 30 June 2014.

15. OTHER FINANCIAL ASSETS

	As at 30 June			As at 31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Regulatory loans	509	583	653	681

The regulation in France requires the French companies to contribute a certain amount to the government funds which further provide mortgage loans to employees. Such contribution is made by granting an interest-free loan repayable after 20 years. These long-term loans are initially recognised at fair value determined by discounting the future cashflows at the market interest rate. A risk-free rate on government bonds with similar maturity is considered appropriate as the loans are granted to government funds.

16. INVENTORIES

		As at 30 June		As at 31 December
	2012	2013	2014	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Merchandise goods	234	203	140	92
Less: Impairment provision	(32)	(26)	(28)	(21)
	202	177	112	71

17. TRADE AND OTHER RECEIVABLES

		As at 30 June		As at 31 December
	2012	2013	2014	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade receivables (i)	1,082	1,066	1,735	2,097
Receivables from player sales	17,033	6,848	4,785	1,918
Other receivables	1,984	1,362	1,464	2,429
Less: Impairment provision	(127)	(162)	(1,428)	(1,285)
	19,972	9,114	6,556	5,159

(i) FCSM's trading terms with its customers are mainly on credit and the credit period is generally 30 to 45 days, extending up to 60 days for major customers. There is no significant concentration of credit risk. FCSM does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in provision for impairment provision are as follows:

		As at 30 June		As at 31 December
	2012	2013	2014	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Balance at the beginning of the year/period	98	127	162	1,428
Charge for the year/period	67	35	1,266	15
Reversal	–	–	–	(158)
Write-off	(38)	–	–	–
Balance at the end of the year/period	127	162	1,428	1,285

At 30 June 2014 and 31 December 2014, the impairment provision included a provision of EUR950,000 related to a receivable for a player's transfer.

The aged analysis of trade and other receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 30 June			As at 31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Neither past due nor impaired	12,429	8,350	5,449	5,033
Less than 3 months past due	7,279	476	976	126
Over 3 months past due	264	288	131	–
	19,972	9,114	6,556	5,159

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with FCSM. Based on past experience, the Directors of FCSM are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

18. CASH AND CASH EQUIVALENTS

	As at 30 June			As at 31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Cash at banks	102	5,321	2,251	22,745
Cash in hand	10	13	16	12
	112	5,334	2,267	22,757

All the cash and cash equivalents of FCSM are denominated in EUR. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values as at the end of each of the Relevant Periods.

Included in cash at banks were amounts of EUR50,000, EUR44,000, EUR35,000 and EUR22,010,000 as at 30 June 2012, 2013, 2014 and 31 December 2014, respectively, which were deposited in Société Financiere de Banque – Sofib SA ("Sofib Bank"), a subsidiary of Peugeot.

19. TRADE PAYABLES

		As at 30 June		As at 31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade payables	1,716	1,162	1,539	1,501
Payables for player acquisitions	2,034	2,269	1,972	718
	3,750	3,431	3,511	2,219

An aged analysis of trade payables and payables for player acquisitions as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

		As at 30 June		As at 31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Within 3 months	3,750	3,431	3,511	2,219

The trade payables are non-interest-bearing and are normally settled on 30 to 45 day terms. Certain payables for player acquisitions are settled on a milestone instalment basis.

20. OTHER PAYABLES AND PROVISIONS

		As at 30 June		As at 31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Payroll payables	4,854	1,954	3,473	1,084
Deferred revenue	187	–	36	2,312
Other payables	1,590	865	354	972
Value added tax payables	3,274	2,994	1,586	1,340
Other provision*	75	91	96	285
	9,980	5,904	5,545	5,993

Payroll payables, deferred revenue and other payables are non-interest-bearing.

* Included in other provision as at 31 December 2014 was mainly a provision for social security contributions. FCSM has been inspected by URSAFF (French Social Security and Family Allowance Contribution Collection Offices) for the years 2007, 2008 and 2009 to charge for more contributions. The French Appeal Court pronounced a favourable judgement for FCSM, but it was revoked by the Court of Cassation in November 2014. The next hearing before the Court of Appeal will be in December 2015. A provision was made at 31 December 2014 to cover the risk.

21. INTEREST-BEARING LOANS AND BORROWINGS

	As at 30 June									As at 31 December		
	2012			2013			2014			2014		
	Effective interest rate (%)	*Maturity*	*EUR'000*	*Effective interest rate (%)*	*Maturity*	*EUR'000*	*Effective interest rate (%)*	*Maturity*	*EUR'000*	*Effective interest rate (%)*	*Maturity*	*EUR'000*
Current:												
Unsecured												
Short term bank loan	–	–	–	–	–	–	3 months Euribor+1.6%	2015	4,000	–	–	–
Bank overdraft facility	3 months Euribor+0.6%	2012	1,493	–	–	–	–	–	–	–	–	–
	3 months Euribor+0.6%	Unlimited maturity*	978	3 months Euribor+0.6%	Unlimited maturity*	791	–	–	–	–	–	–
			2,471			791			4,000			–

* Revocable under notice within 60 days

	As at 30 June			As at 31 December
	2012	2013	2014	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Analysed into:				
Bank loans and overdrafts repayable: Within one year or on demand	2,471	791	4,000	–

As at 30 June 2014, a bank loan of EUR4 million was borrowed from Sofib Bank, a subsidiary of Peugeot.

As at 30 June 2012, 2013 and 2014 and 31 December 2014, FCSM's borrowing and overdraft bank facilities amounted to EUR12,000,000, EUR12,000,000, EUR5,000,000 and EUR5,000,000, respectively, of which EUR2,471,000, EUR791,000, EUR4,000,000 and nil had been utilised, respectively.

As at 30 June 2012, 2013 and 2014 and 31 December 2014, the facility granted by Sofib Bank was EUR5 million.

22. SHARE CAPITAL

	As at 30 June			As at 31 December
	2012	2013	2014	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Issued and fully paid:				
250,000 ordinary shares of EUR16.00 each:	4,000	4,000	4,000	4,000

On 9 December 2014, capital of EUR4 million was reduced to offset the accumulated losses of FCSM. In addition, a shareholder contributed EUR24.5 million with the amount of EUR20.5 million credited to the share premium account.

23. OPERATING LEASE ARRANGEMENT

FCSM leases its stadium under operating lease arrangement. The lease is negotiated for a term of ten years. FCSM owns a right of use of the stadium for 22 football matches per year for a net rent (including maintenance costs) of EUR564,000 per year. The agreement is cancellable with a 12 month advance notice. As a consequence, the non-cancellable rental obligation is EUR564,000.

24. CONTINGENT LIABILITIES

Under the terms of certain contracts with selling football clubs and agents in respect of player transfers, contingent amount, in excess of the amounts included in the cost of players' registrations, would be payable by FCSM to the selling clubs and agents if certain specific performance conditions (subject to future events) are met. At the end of each of the Relevant Periods, the contingent payments in relation to purchase of football players not provided for in the Financial Information were as follows:

				As at
		As at 30 June		31 December
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Contingent payables in relation to football player transfers to				
– Selling club	1,692	900	–	1,380
– Agent	556	453	211	300
	2,248	1,353	211	1,680

25. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Name of related party	Relationship with FCSM
Peugeot	The parent company of FCSM
Sofib Bank	Subsidiary of Peugeot

(b) Related party transactions

	Year ended 30 June			Six months ended 31 December	
	2012	**2013**	**2014**	**2013**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
				(unaudited)	
Sponsorship income from – Peugeot*	526	518	594	353	127
Service fee charged by – Peugeot*	300	279	291	131	13
Vehicle rental expense charged by – Peugeot*	405	396	488	203	153
A subsidy loan received from – Peugeot	–	5,000	–	–	–
Subsidy loans refunded to – Peugeot	8,000	–	5,000	5,000	–
Bank loan received from – Sofib Bank	–	–	4,000	–	–
Bank loan repaid to – Sofib Bank	–	–	–	–	4,000
Finance costs charged by – Sofib Bank*	–	–	10	–	24

* The Directors consider that the transaction prices were made according to the agreements reached between FCSM and Peugeot, with reference to market prices.

(c) Outstanding balances with a related party

		As at 30 June		As at 31 December
	2012	2013	2014	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Amount due from a shareholder – Peugeot	94	–	80	–
Amount due to a shareholder – Peugeot	–	4,904	–	39
Cash and cash equivalents – Sofib Bank	50	44	35	22,010
Interest-bearing loans and borrowings – Sofib Bank	–	–	4,000	–

The amounts due from and due to the shareholder are unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel

Key management personnel of FCSM consists of the Directors and the chief executive, of whom the emoluments are included in note 8 to the Financial Information.

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	Loans and receivables			
		As at 30 June		As at 31 December
	2012	2013	2014	2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade and other receivables	19,972	9,114	6,556	5,159
Amount due from a shareholder	94	–	80	–
Other financial assets	509	583	653	681
Cash and cash equivalents	112	5,334	2,267	22,757
	20,687	15,031	9,556	28,597

Financial liabilities

	Financial liabilities at amortised cost			
				As at
		As at 30 June		**31 December**
	2012	**2013**	**2014**	**2014**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade payables	3,750	3,431	3,511	2,219
Financial liabilities included in other payables and provisions *(note 20)*	1,590	865	354	972
Amount due to a shareholder	–	4,904	–	39
Interest-bearing loans and borrowings	2,471	791	4,000	–
	7,811	9,991	7,865	3,230

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, amount due from a shareholder, trade payables, financial liabilities included in other payables and provisions, amount due to a shareholder and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of other financial assets (non-current assets) has been calculated by discounting the expected future cash flow using the risk-free rate on government bonds with similar maturity (note 15). The fair value has been assessed and approximates to its carrying amount.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

FCSM's principal financial instruments comprise bank loans and borrowings, cash and short term deposits. The main purpose of these financial instruments is to raise finance for FCSM's operations. FCSM has various other financial assets and liabilities, such as trade and other receivables and trade payables, which arise directly from its operations.

The main risks arising from FCSM's financial instruments are interest rate risk, credit risk and liquidity risk. The board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

Interest rate risk is the potential loss triggered by fluctuations in the fair value or future cash flows from assets and liabilities as well as due to changes in the discount rates used to determine the carrying amount of its assets due to changes in market interest rates.

FCSM is financed through equity and banking facilities that are limited to cover short term financial needs. Consequently the interest rate risk is very limited.

If the aforementioned interest rates had been 50 basis points higher/lower, which was considered reasonably possible by management, with all other variables held constant, the profit/loss after tax for the year/period would have been decreased/increased by a minimal amount for each of the Relevant Periods.

Credit risk

Credit risk is the potential loss arising from a breach of contractual obligations by FCSM's counterparties, i.e. the possibility that financial assets will not be recovered at their carrying amount within the established timeframe.

FCSM conducts its operating activities with third parties of good credit standing. Concentration of credit risk can arise in the context of a player transfer and from a long-term sponsorship agreement. Such concentrations of risks are monitored in the course of FCSM's operating activities.

Investments are limited to regulatory long-term loans to public funds.

Cash is deposited with financial institutions of renowned solvency and liquidity. FCSM does not invest in cash equivalents or in any current financial assets. FCSM does not use any derivative financial instruments.

At the end of each of the Relevant Periods, FCSM had certain concentrations of credit risk as 24%, 11%, 2% and 13% of its trade and other receivables that were due from the FCSM's five largest customers, respectively.

Liquidity risk

FCSM aims to maintain sufficient cash and credit lines to meet its liquidity requirements. FCSM finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

The table below summarises the maturity profile of FCSM's non-derivative financial liabilities at the end of each of the Relevant Periods based on contractual undiscounted payments including interest payments computed using contractual rates.

As at 30 June 2012

	On demand	**Less than 3 months**	**3 to 12 months**	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Interest-bearing bank and other borrowings	984	–	1,503	2,487
Trade payables	–	3,750	–	3,750
Financial liabilities included in other payables and provisions	1,590	–	–	1,590
	2,574	3,750	1,503	7,827

As at 30 June 2013

	On demand	**Less than 3 months**	**3 to 12 months**	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Interest-bearing bank and other borrowings	796	–	–	796
Trade payables	–	3,431	–	3,431
Financial liabilities included in other payables and provisions	865	–	–	865
Amount due to a shareholder	4,904	–	–	4,904
	6,565	3,431	–	9,996

As at 30 June 2014

	On demand	**Less than 3 months**	**3 to 12 months**	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Interest-bearing bank and other borrowings	–	–	4,038	4,038
Trade payables	–	3,511	–	3,511
Financial liabilities included in other payables and provisions	354	–	–	354
	354	3,511	4,038	7,903

As at 31 December 2014

	On demand	**Less than 3 months**	**3 to 12 months**	**Total**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Trade payables	–	2,219	–	2,219
Financial liabilities included in other payables and provisions	972	–	–	972
Amount due to a shareholder	39	–	–	39
	1,011	2,219	–	3,230

Capital management

FCSM's objectives for managing capital are to safeguard the FCSM's ability to continue as a going concern in order to provide returns for the sole shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The ultimate holding company regularly reviews and manages FCSM's capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. FCSM is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or process during the Relevant Periods.

29. EVENTS AFTER THE RELEVANT PERIODS

On 17 February 2015, Peugeot signed a letter of intent with Ledus Club Limited, a subsidiary of the Tech Pro Technology Development Ltd., for the sale of 100% of the shares of FCSM. The transaction is subject to the fulfilment of various conditions precedent and internal and external approvals.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by FCSM in respect of any period subsequent to 31 December 2014.

Yours faithfully
ERNST & YOUNG
Certified Public Accountants
Hong Kong

B. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY

Set out below is the management discussion and analysis on the Target Company for each of the three years ended 30 June 2012, 2013 and 2014 and six months ended 31 December 2014.

For the year ended 30 June 2012

Business and financial review

During the year ended 30 June 2012, the Target Company achieved revenue of approximately EUR29.4 million and a net profit of approximately EUR8.2 million.

Revenue derived from the Target Company's activities is as follow:

	EUR'000	%
Broadcasting revenue	19,009	64.8
Matchday revenue	1,922	6.5
Sponsorship and advertising revenue	7,623	26.0
Sales of goods	479	1.6
Other revenue	322	1.1
	29,355	100.0

For the year ended 30 June 2012, the net profit of the Target Company was approximately EUR8.2 million, comprising income arising from football trading of approximately EUR14.1 million, personnel expenses of approximately EUR24.7 million and other operating expenses of approximately EUR10.6 million. As a result of the foregoing, the Target Company recorded a net profit of approximately EUR8.2 million.

Liquidity, financial resources and capital structure

As at 30 June 2012, the Target Company had current assets of approximately EUR20.4 million and current liabilities of approximately EUR16.2 million. The current ratio of the Target Company as at 30 June 2012 was approximately 1.3.

As at 30 June 2012, the Target Company had cash and cash equivalents of approximately of EUR0.1 million, wholly representing cash at banks and in hand. The total borrowings were approximately EUR2.5 million, all of which were subject to variable interest rates and were denominated in EUR. The gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Target Company was approximately 18.5.

Current assets of the Target Company were approximately EUR20.4 million as at 30 June 2012, other than cash and cash equivalents, of which mainly comprised inventories of approximately EUR0.2 million, trade and other receivables of approximately EUR20.0 million and amount due from a shareholders of approximately EUR0.1 million.

Current liabilities of the Target Company were approximately EUR16.2 million as at 30 June 2012, other than total borrowings, inclusive of trade payables of approximately EUR3.7 million and other payables and provisions of approximately EUR10.0 million.

Exchange risk exposure

As the Target Company operated in France and all of their transactions and assets and liabilities were denominated in EUR, the currency risk of the Target Company generated from fluctuation in exchange rate was remote.

Capital commitment

As at 30 June 2012, the Target Company had no capital commitment.

Contingent liabilities

As at 30 June 2012, the Target Company had contingent liabilities regarding the purchase of football players of approximately EUR2.2 million.

Employee information

As at 30 June 2012, the Target Company had around 200 employees in France. Total employee remuneration for the year ended 30 June 2012 amounted to approximately EUR24.7 million, comprising wages and salaries of approximately EUR18.2 million and social security contribution of approximately EUR6.5 million. The Target Company adopts a competitive remuneration package for its employees in accordance with performance, skills, qualification and experience.

Charge on assets

As at 30 June 2012, the Target Company did not have any charge on assets.

Significant investment, material acquisition and disposal

During the year ended 30 June 2012, the Target Company did not have a material acquisition and disposal.

For the year ended 30 June 2013

Business and financial review

During the year ended 30 June 2013, the Target Company achieved revenue of approximately EUR27.0 million and a net loss of approximately EUR3.4 million.

Revenue derived from the Target Company's activities is as follow:

	EUR'000	%
Broadcasting revenue	17,245	63.9
Matchday revenue	1,724	6.4
Sponsorship and advertising revenue	7,458	27.6
Sales of goods	474	1.8
Other revenue	78	0.3
	26,979	100.0

Comparing with the revenue in 2012, the decrease in revenue was primarily attributed to the decrease in broadcasting revenue by approximately EUR1.8 million.

For the year ended 30 June 2013, the net loss of the Target Company was approximately EUR3.4 million, comprising income arising from football trading of approximately EUR1.5 million, personnel expenses of approximately EUR22.2 million, other operating expenses of approximately EUR9.8 million and finance income net of the finance costs of approximately of EUR0.1 million. As a result of the foregoing, the Target Company recorded a net loss of approximately EUR3.4 million.

Comparing with the results in 2012 which the Target Company recorded a net profit of approximately EUR8.2 million, this was mainly attributed to the decrease in income arising from football trading of approximately EUR 14.1 million in 2012 to approximately of EUR1.5 million in 2013.

Liquidity, financial resources and capital structure

As at 30 June 2013, the Target Company had current assets of approximately EUR14.6 million and current liabilities of approximately EUR15.0 million. The current ratio of the Target Company as at 30 June 2013 was approximately 1.0.

The slightly decrease in current ratio when comparing with 2012 was mainly due to the decrease in trade and other receivable by approximately EUR10.9 million in 2013.

As at 30 June 2013, the Target Company had cash and cash equivalents of approximately of EUR5.3 million, wholly representing cash at banks and in hand.

The total borrowings were approximately EUR5.7 million, including interest bearing loans and borrowings of approximately EUR0.8 million which were subject to variable interest rates and were denominated in EUR and the amount due to a shareholder of approximately EUR4.9 million were interest-free and were denominated in EUR. The gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Target Company was approximately 4.1.

The significant increase in gearing ratio when comparing with 2013 was mainly due to the increase in total borrowing by approximately EUR3.2 million in 2013 and decrease in equity by approximately EUR3.3 million in 2013.

Current assets of the Target Company were approximately EUR14.6 million as at 30 June 2013, other than cash and cash equivalents, of which mainly comprised inventories of approximately EUR0.2 million, trade and other receivables of approximately EUR9.1 million.

Current liabilities of the Target Company were approximately EUR15.0 million as at 30 June 2013, other than total borrowings, inclusive of trade payables of approximately EUR3.4 million and other payables and provisions of approximately EUR5.9 million.

Exchange risk exposure

As the Target Company operated in France and all of their transactions and assets and liabilities were denominated in EUR, the currency risk of the Target Company generated from fluctuation in exchange rate was remote.

Capital commitment

As at 30 June 2013, the Target Company had no capital commitment.

Contingent liabilities

As at 30 June 2013, the Target Company had contingent liabilities regarding the purchase of football players of approximately EUR1.4 million.

Employee information

As at 30 June 2013, the Target Company had around 190 employees in France. Total employee remuneration for the year ended 30 June 2013 amounted to approximately EUR22.2 million, comprising wages and salaries of approximately EUR16.3 million and social security contribution of approximately EUR5.9 million. The Target Company adopts a competitive remuneration package for its employees in accordance with performance, skills, qualification and experience.

Charge on assets

As at 30 June 2013, the Target Company did not have any charge of assets.

Significant investment, material acquisition and disposal

During the year ended 30 June 2013, the Target Company did not have a material acquisition and disposal.

For the year ended 30 June 2014

Business and financial review

During the year ended 30 June 2014, the Target Company achieved revenue of approximately EUR24.9 million and a net loss of approximately EUR13.2 million.

Revenue derived from the Target Company's activities is as follow:

	EUR'000	%
Broadcasting revenue	14,939	59.9
Matchday revenue	2,258	9.1
Sponsorship and advertising revenue	7,134	28.6
Sales of goods	531	2.1
Other revenue	76	0.3
	24,938	100.0

Comparing with the revenue in 2013, the decrease in revenue was primarily attributed to the decrease in broadcasting revenue by approximately EUR2.3 million.

For the year ended 30 June 2014, the net loss of the Target Company was approximately EUR13.2 million, comprising expenses arising from football trading of approximately EUR1.3 million, personnel expenses of approximately EUR19.7 million and other operating expenses of approximately EUR17.1 million. As a result of the foregoing, the Target Company recorded a net loss of approximately EUR13.2 million.

Comparing with the results in 2013, the increase in net loss was mainly due to the increase in other operating expenses by approximately EUR7.4 million, representing the recognition of impairment of property and equipment of approximately EUR1.4 million, impairment of players' registration rights of approximately EUR3.7 million, impairment of approximately EUR0.5 million, write-off of players' registration rights of approximately EUR1.4 million and provision for impairment of trade and other receivables of approximately EUR1.3 million. In addition, the Target company recorded expenses from football trading of approximately EUR1.3 million in 2014, while the Target Company recorded an income arising from football trading of approximately EUR1.5 million in 2013, which mainly represented the decrease in proceeds from disposal of players' registration rights by approximately of EU9.5 million in 2014.

Liquidity, financial resources and capital structure

As at 30 June 2014, the Target Company had current assets of approximately EUR9.0 million and current liabilities of approximately EUR13.1 million. The current ratio of the Target Company as at 30 June 2014 was approximately 0.7.

The slightly decrease in current ratio when comparing with 2013 was mainly due to the decrease in trade and other receivable by approximately EUR2.5 million in 2014.

As at 30 June 2014, the Target Company had cash and cash equivalents of approximately of EUR2.3 million, wholly representing cash at banks and in hand. The total borrowings were approximately EUR4.0 million, all of which were subject to variable interest rates and were denominated in EUR. As the Target Company recorded a deficiency in assets, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Target Company was not applicable.

Current assets of the Target Company were approximately EUR9.0 million as at 30 June 2014, other than cash and cash equivalents, of which mainly comprised inventories of approximately EUR0.1 million, trade and other receivables of approximately EUR6.6 million.

Current liabilities of the Target Company were approximately EUR13.1 million as at 30 June 2014, other than total borrowings, inclusive of trade payables of approximately EUR3.5 million and other payables and provisions of approximately EUR5.6 million.

Exchange risk exposure

As the Target Company operated in France and all of their transactions and assets and liabilities were denominated in EUR, the currency risk of the Target Company generated from fluctuation in exchange rate was remote.

Capital commitment

As at 30 June 2014, the Target Company had no capital commitment.

Contingent liabilities

As at 30 June 2014, the Target Company had contingent liabilities regarding the purchase of football players of approximately EUR0.2 million.

Employee information

As at 30 June 2014, the Target Company had around 180 employees in French. Total employee remuneration for the year ended 30 June 2014 amounted to approximately EUR19.7 million, comprising wages and salaries of approximately

EUR14.5 million and social security contribution of approximately EUR5.2 million. The Target Company adopts a competitive remuneration package for its employees in accordance with performance, skills, qualification and experience.

Charge on assets

As at 30 June 2014, the Target Company did not have any charge on assets d no material contingent liabilities.

Significant investment, material acquisition and disposal

During the year ended 30 June 2014, the Target Company did not have a material acquisition and disposal.

For the six months ended 31 December 2014

Business and financial review

During the six months ended 31 December 2014, the Target Company achieved revenue of approximately EUR5.4 million and a net loss of approximately EUR0.8 million.

Revenue derived from the Target Company's activities is as follow:

	EUR'000	%
Broadcasting revenue	3,177	58.5
Matchday revenue	345	6.3
Sponsorship and advertising revenue	1,656	30.5
Sales of goods	226	4.2
Other revenue	30	0.5
	5,434	100.0

Comparing with the revenue with six months ended 31 December 2013, the decrease in revenue was primarily attributed to the relegated to Ligue 2 from Ligue 1 of Target Company since 1 July 2014.

For the six months ended 31 December 2014, the net loss of the Target Company was approximately EUR0.8 million, comprising income arising from football trading of approximately EUR3.1 million, personnel expenses of approximately EUR4.4 million and other operating expenses of approximately EUR4.9 million. As a result of the foregoing, the Target Company recorded a net loss of approximately EUR0.8 million.

Comparing with the results with six months ended 31 December 2013, the decrease in net loss was mainly due to the decrease in personal expenses by

approximately EUR5.3 million and net of the increase in income arising from football trading of approximately EUR2.7 million since the Target Company terminated most contracts of the players in 2014.

Liquidity, financial resources and capital structure

As at 31 December 2014, the Target Company had current assets of approximately EUR28.0 million and current liabilities of approximately EUR8.3 million. The current ratio of the Target Company as at 30 June 2014 was approximately 3.4.

The significant increase in current ratio when comparing with 2014 was mainly due to the increase in total equity by approximately EUR24.5 million at 31 December 2014.

As at 31 December 2014, the Target Company had cash and cash equivalents of approximately of EUR22.8 million, wholly representing cash at banks and in hand. The significant increase in cash and cash equivalent was mainly due to the capital injection by shareholders during the six months ended 31 December 2014. As the Target Company did not have any borrowings, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Target Company was not applicable.

Current assets of the Target Company were approximately EUR28.0 million as at 31 December 2014, other than cash and cash equivalents, of which mainly comprised trade and other receivables of approximately EUR5.2 million.

Current liabilities of the Target Company were approximately EUR8.3 million as at 31 December 2014, inclusive of trade payables of approximately EUR2.3 million and other payables and provisions of approximately EUR6.0 million.

Exchange risk exposure

As the Target Company operated in France and all of their transactions and assets and liabilities were denominated in EUR, the currency risk of the Target Company generated from fluctuation in exchange rate was remote.

Capital commitment

As at 31 December 2014, the Target Company had no capital commitment.

Contingent liabilities

As at 31 December 2014, the Target Company had contingent liabilities regarding the purchase of football players of approximately EUR1.7 million.

The increase in contingent liabilities was mainly due to (a) as the Target Company was just relegated to French League 2 at the end of 2013–2014 season and the Target Company did not have sufficient fund at that time that could support the team play toward an ambition of good performance in the next season, the Target Company assessed and concluded the payment of the contingent amount subject to future performance conditions is remote; and (b) with a cash injection of approximately EUR24.5 million by existing shareholder and take consideration of the operation performance of the team in the new season, the Target Company considered that relegated to League 1 for season 2015–2016 would be possible. In this regard, it is considered the payment of contingent amount in relation to the purchase of football players become possible but not probable. The Target Company accordingly disclosed the relevant contingent liabilities as at 31 December 2014 which resulted in the increase of contingent liabilities.

Employee information

As at 31 December 2014, the Target Company had around 130 employees in France. Total employee remuneration for the year ended 31 December 2014 amounted to approximately EUR4.4 million, comprising wages and salaries of approximately EUR3.1 million and social security contribution of approximately EUR1.3 million. The Target Company adopts a competitive remuneration package for its employees in accordance with performance, skills, qualification and experience.

Charge on assets

As at 31 December 2014, the Target Company did not have any charge on assets.

Significant investment, material acquisition and disposal

During the year ended 31 December 2014, the Target Company did not have a material acquisition and disposal.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The accompanying unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of the Enlarged Group (as defined in this circular) has been prepared by the Directors (as defined in this circular) in accordance with Rule 14.69 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for illustrative purposes only, to provide information about how the Acquisition (as defined in this circular) as detailed in the "Letter from the Board" included in this circular might have affected the results of operations, financial position and cash flows of the Group as if the Acquisition had been completed on (i) 1 January 2014 in respect of the unaudited pro forma statement of profit or loss, the unaudited pro forma statement of comprehensive income and the unaudited pro forma statement of cash flows of the Enlarged Group; and (ii) 31 December 2014 in respect of the unaudited pro forma statement of financial position of the Enlarged Group.

The unaudited pro forma statement of financial position of the Enlarged Group has been prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2014, which was extracted from the published annual report of the Company for the year ended 31 December 2014; and (ii) the audited statement of financial position of the Target Company (as defined in this circular) as at 31 December 2014, which was extracted from the accountants' report thereon set out in Appendix II to this circular, and adjusted on a pro forma basis to reflect the effect of the Acquisition as explained in the accompanying notes that are directly attributable to the Acquisition and not relating to future events or decisions, and are factually supportable.

The unaudited pro forma statement of profit or loss, the unaudited pro forma statement of comprehensive income and the unaudited pro forma statement of cash flows of the Enlarged Group are prepared based on (i) the audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2014, which were extracted from the published annual report of the Company for the year ended 31 December 2014; and (ii) the audited statement of profit or loss, the audited statement of comprehensive income and the audited statement of cash flows of the Target Company for the year ended 30 June 2014, which were extracted from the accountants' report thereon set out in Appendix II to this circular, and adjusted on a pro forma basis to reflect the effect of the Acquisition as explained in the accompanying notes that are directly attributable to the Acquisition and not relating to future events or decisions, and are factually supportable.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates, uncertainties, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual results of operations, financial position or cash flows of the Enlarged Group that would have been attained had the Acquisition been completed on the dates indicated herein. Furthermore, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict the future results of operations, financial position or cash flows of the Enlarged Group.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in the published annual report of the Company for the year ended 31 December 2014 and as set out in Appendix I to this circular, the Company's announcement dated 18 May 2015 and other financial information included elsewhere in this circular.

Unaudited pro forma statement of financial position

	The Group as at 31 December 2014	The Target Company as at 31 December 2014	Pro forma adjustments		Unaudited pro forma Enlarged Group as at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (1))	*(Note (2))*	*(Note (3))*	*(Note (4))*	
Non-current assets					
Property, plant and equipment	67,212	–	–	–	67,212
Goodwill	79,539	–	–	–	79,539
Other intangible assets	487,657	–	6,148	–	493,805
Other financial assets	–	5,118	–	–	5,118
Contingent consideration receivable	–	–	17,992	–	17,992
Interest in a joint venture	349,488	–	–	–	349,488
	983,896	5,118	24,140	–	1,013,154
Current assets					
Inventories	18,723	534	–	–	19,257
Trade and bills receivables, other receivables and prepayments	210,066	38,772	–	–	248,838
Pledged bank deposits	23,935	–	–	–	23,935
Cash at banks and in hand	33,351	171,030	–	(5,136)	199,245
	286,075	210,336	–	(5,136)	491,275
Current liabilities					
Trade payables	22,307	16,677	–	–	38,984
Other payables and accruals	25,440	45,333	–	–	70,773
Consideration payable to vendor	–	–	52,608	–	52,608
Bank loans	11,293	–	–	–	11,293
Bond payables	66,368	–	–	–	66,368
Obligations under finance leases	376	–	–	–	376
Income tax payable	12,913	–	–	–	12,913
	138,697	62,010	52,608	–	253,315
Net current assets	147,378	148,326	(52,608)	(5,136)	237,960
Total assets less current liabilities	1,131,274	153,444	(28,468)	(5,136)	1,251,114

	The Group as at 31 December 2014	The Target Company as at 31 December 2014	Pro forma adjustments		Unaudited pro forma Enlarged Group as at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (1))	*(Note (2))*	*(Note (3))*	*(Note (4))*	
Non-current liabilities					
Defined benefit obligation	–	1,706	–	–	1,706
Obligations under finance leases	380	–	–	–	380
Deferred tax liabilities	121,277	–	2,029	–	123,306
	121,657	1,706	2,029	–	125,392
Net assets	**1,009,617**	**151,738**	**(30,497)**	**(5,136)**	**1,125,722**
Equity					
Equity attributable to owners of the Company					
Share capital	13,541	30,062	(30,062)	–	13,541
Reserves	850,489	121,676	(121,676) 52,232 69,009	(5,136)	966,594
	864,030	151,738	(30,497)	(5,136)	980,135
Non-controlling interests	145,587	–	–	–	145,587
Total equity	**1,009,617**	**151,738**	**(30,497)**	**(5,136)**	**1,125,722**

Unaudited pro forma statement of profit or loss

	The Group for the year ended 31 December 2014	The Target Company for the year ended 30 June 2014	Pro forma adjustments			Unaudited pro forma Enlarged Group for the year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (5))	*(Note (6))*	*(Note (3))*	*(Note (4))*	*(Note (7))*	
Turnover	144,327	208,448	–	–	–	352,775
Cost of sales	(104,767)	–	–	–	–	(104,767)
Gross profit	39,560	208,448	–	–	–	248,008
Other revenue	5,644	694	69,009	–	32,573	107,920
Other income and expense	215	–	–	–	–	215
Selling and distribution costs	(24,324)	–	–	–	–	(24,324)
Administrative and other operating expenses	(50,559)	(143,468)	–	(5,136)	4,823	(194,340)
Personnel expenses	–	(164,841)	–	–	164,841	–
Expenses arising from football trading	–	(10,599)	–	–	10,599	–
Staff costs for professional players	–	–	–	–	(133,263)	(133,263)
Impairment loss on property, plant and equipment	–	–	–	–	(11,401)	(11,401)
Impairment loss on goodwill	(96,043)	–	–	–	–	(96,043)
Impairment loss on other intangible assets and players' registration rights	(28,207)	–	–	–	(35,465)	(63,672)
Amortisation of other intangible assets and players' registration rights	(71,380)	–	–	–	(32,707)	(104,087)
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)
Finance costs	(33,347)	(451)	–	–	–	(33,798)
Share of results of a joint venture	13,303	–	–	–	–	13,303
Loss before income tax	(267,072)	(110,217)	69,009	(5,136)	–	(313,416)
Income tax	24,826	–	–	–	–	24,826
Loss for the year	**(242,246)**	**(110,217)**	**69,009**	**(5,136)**	**–**	**(288,590)**

	The Group for the year ended 31 December 2014	The Target Company for the year ended 30 June 2014	Pro forma adjustments			Unaudited pro forma Enlarged Group for the year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (5))	*(Note (6))*	*(Note (3))*	*(Note (4))*	*(Note (7))*	
Loss for the year attributable to:						
Owners of the Company	(216,852)	(110,217)	69,009	(5,136)	–	(263,196)
Non-controlling interests	(25,394)	–	–	–	–	(25,394)
	(242,246)	**(110,217)**	**69,009**	**(5,136)**	**–**	**(288,590)**

Unaudited pro forma statement of comprehensive income

	The Group for the year ended 31 December 2014	The Target Company for the year ended 30 June 2014	Pro forma adjustments		Unaudited pro forma Enlarged Group for the year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (5))	*(Note (6))*	*(Note (3))*	*(Note (4))*	
Loss for the year	**(242,246)**	**(110,217)**	**69,009**	**(5,136)**	**(288,590)**
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	–	–	–	945
Items that may not be subsequently reclassified to profit or loss:					
Actuarial loss on pension obligation	–	(410)	–	–	(410)
Total comprehensive income for the year (net of tax)	**(241,301)**	**(110,627)**	**69,009**	**(5,136)**	**(288,055)**
Total comprehensive income attributable to:					
Owners of the Company	(215,903)	(110,627)	69,009	(5,136)	(262,657)
Non-controlling interests	(25,398)	–	–	–	(25,398)
	(241,301)	**(110,627)**	**69,009**	**(5,136)**	**(288,055)**

Unaudited pro forma statement of cash flows

	The Group for the year ended 31 December 2014	The Target Company for the year ended 30 June 2014	Pro forma adjustments		Unaudited pro forma Enlarged Group for the year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (5))	*(Note (6))*	*(Note (3))*	*(Note (4))*	
Operating activities					
Loss before income tax	(267,072)	(110,217)	69,009	(5,136)	(313,416))
Adjustments for:					
Amortisation of other intangible assets	71,380	142	–	–	71,522
Amortisation of players' registration rights	–	32,707	–	–	32,707
Impairment loss on goodwill	96,043	–	–	–	96,043
Impairment loss on other intangible assets	28,207	4,438	–	–	32,645
Impairment of players' registration rights	–	31,027	–	–	31,027
Impairment of property, plant and equipment	–	11,401	–	–	11,401
Share of results of a joint venture	(13,303)	–	–	–	(13,303)
Finance costs	33,347	–	–	–	33,347
Fair value loss on embedded derivative of convertible bonds	34,780	–	–	–	34,780
Fair value gain on embedded derivative of bonds	(12,846)	–	–	–	(12,846)
Depreciation of property, plant and equipment	10,500	1,839	–	–	12,339
Allowance for impairment on trade and other receivables, net	10,000	–	–	–	10,000
Loss on disposal of property, plant and equipment	986	–	–	–	986
Gain on disposal of players' registration rights	–	(32,231)	–	–	(32,231)
Interest income	(24)	–	–	–	(24)
Write-down of inventories	346	–	–	–	346
Write-off players' registration rights	–	12,053	–	–	12,053
Non-operating finance costs	–	33	–	–	33
Share-based payment expense	4,792	–	–	–	4,792
Gain on bargain purchase	–	–	(69,009)	–	(69,009)

	The Group for the year ended 31 December 2014	The Target Company for the year ended 30 June 2014	Pro forma adjustments		Unaudited pro forma Enlarged Group for the year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (5))	*(Note (6))*	*(Note (3))*	*(Note (4))*	
Net cash flows before working capital changes	**(2,864)**	**(48,808)**	**–**	**(5,136)**	**(56,808)**
Decrease in inventories	3,463	543	–	–	4,006
Increase/(decrease) in trade and bills receivables, other receivables and prepayments	(9,223)	4,138	–	–	(5,085)
Increase in amount due from a shareholder	–	(635)	–	–	(635)
(Decrease)/increase in trade payables	(2,658)	3,151	–	–	493
Decrease in other payables and accruals	(2,791)	(3,001)	–	–	(5,792)
Decrease in amount due to a director/shareholder	(571)	769	–	–	198
Cash used in operations	**(14,644)**	**(43,843)**	**–**	**(5,136)**	**(63,623)**
Income tax paid	(15,160)	–	–	–	(15,160)
Net cash used in operating activities	**(29,804)**	**(43,843)**	**–**	**(5,136)**	**(78,783)**
Investing activities					
Interest received	24	–	–	–	24
Increase in pledged bank deposits	(11,765)	–	–	–	(11,765)
Acquisition of property, plant and equipment	(22,156)	(209)	–	–	(22,365)
Purchase of items of players' registration rights	–	(27,759)	–	–	(27,759)
Purchase of items of other intangible assets	–	(100)	–	–	(100)
Proceeds from disposal of property, plant and equipment	266	–	–	–	266
Proceeds from disposal of players' registration rights	–	61,829	–	–	61,829
Payments for other financial assets	–	(585)	–	–	(585)
Capital injection by a non-controlling interest	8	–	–	–	8
Acquisition of a joint venture	(31,676)	–	–	–	(31,676)
Net cash used in investing activities	**(65,299)**	**33,176**	**–**	**–**	**(32,123)**

	The Group for the year ended 31 December 2014	The Target Company for the year ended 30 June 2014	Pro forma adjustments		Unaudited pro forma Enlarged Group for the year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note (5))	*(Note (6))*	*(Note (3))*	*(Note (4))*	
Financing activities					
Payment of interest element of finance lease obligations	(39)	–	–	–	(39)
Payment of capital element of finance lease obligations	(334)	–	–	–	(334)
Interest paid	(5,887)	–	–	–	(5,887)
Proceeds from new bank loans	13,985	–	–	–	13,985
Repayment of bank loans	(6,100)	(6,612)	–	–	(12,712)
Proceeds from interest-bearing loans and borrowings from a fellow subsidiary	–	33,435	–	–	33,435
Partial repayment of bonds	(6,000)	–	–	–	(6,000)
Subsidy loans refunded to a shareholder	–	(41,793)	–	–	(41,793)
Proceeds from issue of unlisted warrants	12,042	–	–	–	12,042
Proceeds from issue of new shares upon exercise of unlisted warrants	76,969	–	–	–	76,969
Net cash generated from financing activities	**84,636**	**(14,970)**	**–**	**–**	**69,666**
Net decrease in cash and cash equivalents	**(10,467)**	**(25,637)**	**–**	**(5,136)**	**(41,240)**
Cash and cash equivalents at beginning of year	42,520	44,585	–	–	87,105
Effect of foreign exchange rate changes	1,298	–	–	–	1,298
Cash and cash equivalents at end of year	**33,351**	**18,948**	**–**	**(5,136)**	**47,163**

Notes to the Unaudited Pro Forma Financial Information:

1. The audited consolidated statement of financial position of the Group as at 31 December 2014 was extracted from the published annual report of the Company for the year ended 31 December 2014.

2. The balances are extracted from the audited statement of financial position of the Target Company as at 31 December 2014, as set out in Appendix II to this circular, and are rounded to the nearest thousand and translated into Renminbi ("RMB") at a translation rate of RMB100 = EUR13.306.

3. (a) Under Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the Group will apply the purchase method to account for the Acquisition in the consolidated financial statements of the Group.

The gain on bargain purchase arising from the Acquisition is calculated as follows:

	RMB'000
Fair value of consideration in respect of the Acquisition *(Note 3(b))*	
– Purchase Price (defined below)	52,608
– Price Reduction (defined below)	(17,992)
	34,616
Less:	
Fair value of net identifiable assets and liabilities of the Target Company *(Note 3(c))*	155,857
Exceptional dividends *(Note 3(d))*	(52,232)
	103,625
Gain on bargain purchase arising from the Acquisition	(69,009)

Gain on bargain purchase is included in "other revenue" in the unaudited pro forma statement of profit or loss of the Enlarged Group. In order to attract the Group to acquire the Target Company and continue to operate the football club, the Purchase Price was determined based on a discounted price, resulting in a gain on bargain purchase.

(b) Pursuant to the Acquisition Agreement (as defined in the circular), the consideration for the Acquisition is EUR7,000,000 (the "Purchase Price", equivalent to approximately RMB52,608,000 with reference to the exchange rate as at 31 December 2014 of RMB100 = EUR13.306) which will be satisfied by cash.

Pursuant to the Acquisition Agreement, the Purchase Price is subject to a price reduction of a maximum amount of EUR3,000,000 in the event that the Target Company achieves the following conditions during the financial years ending 30 June 2016 and 2017 (the "Price Reduction"):

(i) The Target Company shall not have been declared insolvent, nor subject to any bankruptcy, insolvency, moratorium or any other similar proceedings applicable under French law;

(ii) The Target Company shall hold its place in the French League 1 (Ligue 1) or in the French League 2 (Ligue 2);

(iii) The Target Company shall provide evidence that the National Directorate of Management Control will not pronounce any restricted measures after reviewing the financial budgets of the Target Company;

(iv) The absence of any change in the Target Company's ownership and/or shareholdings; and

(v) The absence of any decrease in the share capital of the Target Company, to the extent which is less than the amount of share capital upon completion of the Acquisition plus any increase in the share capital of the Target Company by the Vendor's Undertaking (as defined in the circular), including any declaration or payment of dividend by the Target Company. For the purpose of the Acquisition Agreement, any declaration or payment of dividend before the end of the financial year ending 30 June 2017 will be considered as a decrease in the share capital of the Target Company.

For the purpose of this Unaudited Pro Forma Financial Information, the fair value of the Price Reduction is determined by the directors of the Company with reference to a professional valuation conducted by Peak Vision Appraisals Limited ("Peak Vision"), an independent firm of professionally qualified valuers, at approximately EUR2,394,000 (equivalent to approximately RMB17,992,000), at a translation rate of RMB100 = EUR13.306.) and classified as contingent consideration receivable under non-current assets in the unaudited pro forma statement of financial position of the Enlarged Group.

The directors of the Company consider that the above conditions (i) to (v) can be achieved based on management's strategies and the Target Company's past performance, and accordingly the full amount of the Price Reduction is recorded as a receivable of the Enlarged Group and discounted at rates ranging from 11.77% to 11.82% with the following key assumptions:

– the conditions (i) to (v) are assumed to be met by the Enlarged Group; and

– respective payments of the Price Reduction will be received on 15 July 2016 and 15 July 2017.

– the adopted discount rates reflect the time value of money, as well as risk of not receiving the Price Reduction; and were derived using cost of equity usually adopted in the football industry plus credit risk premium and liquidity risk premium.

The fair values of the Price Reduction shall be re-assessed on the actual date of the completion of the Acquisition and therefore subject to change.

Pursuant to the Acquisition Agreement, the Price Reduction shall be invested in the Target Company by way of increase of share capital of the Target Company, which will be fully eliminated on consolidation level of the Enlarged Group.

For the purpose of the Unaudited Pro Forma Financial Information, the fair values of the net identifiable assets and liabilities of the Target Company and fair value of contingent consideration receivable (collectively the "FV") as at 31 December 2014 were determined by the Directors with reference to the valuations conducted by Peak Vision as set out in Notes 3(c) below and 3(b), and the FV as at 1 January 2014 is assumed to be identical to that as at 31 December 2014. Such assumption is made by the Directors based on (i) the factors including the prevailing performance of the Target Company in French League; and (ii) the factors affecting risk premiums in relation to the contingent consideration receivable.

(c) The fair values of the net identifiable assets and liabilities of the Target Company as at 31 December 2014 were as follows:

	Carrying amount	**Fair value adjustments**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Other intangible assets *(Note (i))*	–	6,148	6,148
Net assets value of the Target Company as at 31 December 2014	151,738	–	151,738
Deferred tax liabilities *(Note (ii))*	–	(2,029)	(2,029)
	151,738	4,119	155,857

Note (i): It represented the aggregate fair values of the trade names of the Target Company of approximately RMB6,148,000, as identified by the Directors.

The trade names of the Target Company are initially recorded based on a professional valuation conducted by Peak Vision based on a 3-year discounted cash flow projection with the following key assumptions:

– the Target Company will remain to hold its place in French League 2 (Ligue 2);

– revenue and operating expenses will remain stable during the projection period;

– income arising from trading of football players will remain stable during the projection period;

– the cash flows during the projection period are discounted at a rate of 13.03%. The adoption of the discount rate reflects the time value of money and uncertainty of cash flows of the Target Company. It was derived by weighted average cost of capital usually adopted in football industry and specific risk premium of the Target Company and the trade names; and

– the cash flows beyond the projection period are extrapolated using a growth rate of 0.94% for determining the terminal value.

The directors of the Company consider the initial recognition of trade names is reasonable as the intangible assets can provide continuing economic benefits to the Enlarged Group taking into account the long-term expected usage of the trade names by the Target Company with relevant to the history of the operations.

Note (ii): It represented the deferred tax liabilities arising from the fair value adjustments of other intangible assets in the aggregate amount of RMB6,148,000 with reference to the applicable income tax rate of 33% in France.

(d) Pursuant to the Letter of Intent (as defined in the circular), exceptional dividends of EUR6,950,000 (equivalent to approximately RMB52,232,000, at a translation rate of RMB100 = EUR13.306) shall be distributed to the vendor upon the completion of the Acquisition. For the purpose of this Unaudited Pro Forma Financial Information, the exceptional dividends are considered as distributed on 1 January 2014 in respect of the unaudited pro forma statement of profit or loss, the unaudited pro forma statement of

comprehensive income and the unaudited pro forma statement of cash flows; and 31 December 2014 in respect of the unaudited pro forma statement of financial position.

(e) For the purpose of the Unaudited Pro Forma Financial Information, the Purchase Price is accounted for as consideration payable to the vendor. For the purpose of unaudited pro forma statement of cash flows, the Enlarged Group's balance of cash and cash equivalents will be in deficit if the Purchase Price is credited from cash at bank, which is considered inappropriate by the Directors given the cash at banks and in hand position in unaudited pro forma statement of financial position. As the Purchase Price will be funded by the internal resources of the Group as set out in section headed "Letter from the Board" of this circular, the current presentation is considered appropriate in the opinion of the Directors.

(f) The adjustment represents (i) the elimination of paid-up capital of the Target Company amounting to approximately RMB30,062,000 and pre-acquisition reserves of the Target Company amounting to approximately RMB121,676,000; (ii) the fair value adjustments on other intangible assets in the aggregate amount of RMB6,148,000, and related deferred tax liabilities of RMB2,029,000; (iii) the recognition of the Price Reduction of RMB17,992,000; (iv) the recognition of the gain on bargain purchase of RMB69,009,000 set out in Note 3(b) above; (v) the recognition of the distribution of exception dividends of RMB52,232,000 as set out in Note 3(d) above; and (vi) the recognition of the Purchase Price as set out in Note 3(b) above, as if the Acquisition had completed on 1 January 2014 in respect of the unaudited pro forma statement of profit or loss, the unaudited pro forma statement of comprehensive income and the unaudited pro forma statement of cash flows; and 31 December 2014 in respect of the unaudited pro forma statement of financial position.

4. The direct expenses of audit, legal and other professional services related to the Acquisition and for the purpose of the preparation of this circular are estimated to be RMB5,136,000.

5. The audited consolidated statement of profit or loss, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2014 were extracted from the published annual report of the Company for the year ended 31 December 2014.

6. The audited statement of profit or loss, the audited statement of comprehensive income and the audited statement of cash flows of the Target Company for the year ended 30 June 2014, were extracted from the accountants' report of the Target Company as set out in Appendix II to this circular and are rounded to the nearest thousand and translated into Renminbi ("RMB") at a translation rate of RMB100 = EUR11.964.

7. The adjustment represents the reclassification of items of the Target Company's statement of profit or loss to conform with the presentation of the Group.

The following is the text of an accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the Unaudited Pro Forma Financial Information of the Group.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

13 June 2015

The Board of Directors
Tech Pro Technology Development Limited
Unit 1402, 14/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tech Pro Technology Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 31 December 2014, the unaudited pro forma statement of profit or loss, the unaudited pro forma statement of comprehensive income, the unaudited pro forma statement of cash flows for the year ended 31 December 2014, and related notes as set out pages 94 to 107 of circular dated 13 June 2015 (the "Circular") issued by the Company (the "Unaudited Pro Forma Financial Information") in connection with the proposed acquisition (the "Acquisition") of the entire issued share capital of Football Club Sochaux – Montbeliard SA, a French société anonyme company (the "Target Company") by the Group. The applicable criteria on the basis of which the Directors have complied the Unaudited Pro Forma Financial Information are described in section headed "Introduction" in Section A of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 31 December 2014 and the Group's financial performance and cash flows for the year ended 31 December 2014 as if the transaction had taken place at 31 December 2014 and 1 January 2014, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Company's published annual report for the year ended 31 December 2014. Information about the Target Company's financial position, financial performance and

cash flows has been extracted by the Directors from the Target Company's financial statements for the six-month ended 31 December 2014 and for year ended 30 June 2014 (on which an accountant's report has been published), respectively.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or a review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Acquisition in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
BDO Limited
Certified Public Accountants
Hong Kong

RISK FACTORS

The investment in the Target Company is subject to a number of risks which include but not limited to those set out below.

The Target Company is dependent upon the performance and popularity of its football team

The revenues of the Target Company are dependent upon the performance and popularity of its football team. Significant sources of revenue are the result of strong performances in domestic competitions, specifically the French Ligue 2 and the French League Cup (Coupe de la Ligue). The income of the Target Company varies significantly depending on its football team's participation and performance in these competitions. The performance of its football team affects all three primary areas of revenue of the Target Company, which include (i) matchday revenue through ticket sales; (ii) media revenue through the frequency of broadcast appearances and performance-based share of league broadcast revenues and prize money; and (iii) commercial and sponsorship revenue through merchandising and sponsorship revenues.

The football team of the Target Company is currently playing in French Ligue 2. The revenue from the sale of broadcasting rights, tickets and hospitality of the Target Company may fall considerably if the football team is relegated from (or otherwise ceased to play in) the French Ligue 2. Relegation or a decline in the success of the football team, particularly in consecutive seasons, may negatively affect the ability of the football team to attract or retain talented players and coaching staff, as well as supporters and key sponsors, and may materially adversely affect the business, results of operations and financial condition of the Target Company.

The Company considers the Acquisition as a long term investment in order to develop its products in Europe. As such, the Company will support the football club of the Target Company to promote back to the Ligue 1 in the coming future.

The business of the Target Company is dependent upon its ability to attract and retain key personnel

The Target Company is highly dependent on members of its management, coaching staff, including its manager and players. Its success is highly dependent on its performance and, to a lesser degree, the behaviour of players and staff on and off the pitch. Its ability to attract and retain the highest quality players and coaching staff is critical to the football team's success in league and cup competitions and, consequently, critical to its financial performance. A downturn in the performance of the football team may adversely affect its ability to attract and retain such coaches and players.

While the Target Company enters into employment contracts with each of its key personnel with the aim of securing their services for the term of the contract, the retention of their services for the full term of the contract cannot be guaranteed.

The senior management of the Target Company is responsible for looking for suitable potential football players and coaching staff when they are needed. The Target

Company will contact the players directly or through their corresponding agents to negotiate the transfer of football players and coaching staff. Also, the Target Company currently provides bonus and incentive programs to existing football players and coaching staff if the performances are satisfactory. The Company plans to continue these policies and programs and all the costs include but not limited to the transfer fee and incentive will be generated from the internal resources of the Target Company.

For details of the steps taken or to be taken by the Company to retain and recruit relevant expertise to manage the business of the Target Company, please refer to the paragraph headed "Reasons for and benefit of the Acquisition" in this circular.

An increase in the relative size of salaries or transfer costs may adversely affect the business of the Target Company

The success of the Target Company depends on its ability to employ and retain the highest quality players and coaching staff. As a result, it is obliged to pay salaries generally comparable to its main competitors in France and Europe. Over the past years, salaries for players and coaching staff have increased significantly. If there is a continued increase in the level of salaries paid to top players and coaching staff in general, it may be required to increase the salaries it pay to avoid losing key members of the playing and coaching staff. Further increases in salaries may adversely affect its results of operations.

Other factors, such as the proposed increase in the rate of income taxation or other changes to taxation in France and the relative strength of Euros, may make it more difficult to attract top players and coaching staff from Europe or require it to pay higher salaries to compensate for higher taxes or less favourable exchange rates. In addition, if its revenues fall and salaries remain stable (for example as a result of fixed player or coaching staff salaries over a long period), its salary costs would increase relative to its revenues, which may have a material adverse effect on its results of operations.

An increase in transfer fees would require the Target Company to pay more than expected for the acquisition of players' registrations in the future, although the effect of these increased costs may be mitigated by its ability to sell the registrations of existing players at increased prices. However, if the increase in transfer fees occurred at a time when it is looking to buy rather than sell players, there is a risk that net transfer costs could increase, resulting in a reduction in the amount of cash available for it to meet its obligations.

The Target Company depends on its matchday supporters, who are concentrated in France

A significant amount of income of the Target Company derives from ticket sales to its supporters who attend football matches and its share of gate receipts from cup matches. In particular, the income generated from ticket sales will be highly dependent on the continued attendance at matches of its individual and corporate supporters. Match attendance is influenced by a number of factors, some of which are partly or wholly outside of its control. These factors include the success of the football team, ticket prices, broadcasting coverage and general economic conditions which affect personal disposable

income and corporate marketing and hospitality budgets. A reduction in matchday attendance may have a material adverse effect on its matchday revenues and its overall business.

The Target Company has a solid supporter base and the number of spectators is better than most of the teams in Ligue 2 and is satisfactory as compared with the teams in Ligue 1. For more details, please refer to the paragraph headed "Reasons for and benefit of the Acquisition" in this circular.

The Target Company faces strong competition from other football clubs

The Target Company faces strong competition from other football clubs in France and Europe. In the French Ligue, recent investment from wealthy team owners has led to teams with strong financial backing. As the French Ligue continues to grow, the interest of wealthy potential owners may increase, leading to additional clubs substantially increasing their financial strength. Competition from European clubs also remains strong. Other European football clubs are spending substantial sums on transfer fees and player salaries. Competition from inside and outside the French Ligue has led to higher salaries for players of the Target Company as well as increased competition on the field. The increase in competition could result in the football team finishing lower in the French Ligue than it has in the past. Competition within France could also cause the football team to fail to advance in the French League Cup (Coupe de la Ligue). All of the above factors may materially adversely affect its matchday, media and commercial revenues and its overall business.

Despite the above risk factors and taking into account the reasons and benefits of the Acquisition as set out in the paragraph headed "Reasons in and benefit of the Acquisition" in this circular, the Directors are of the view that the Acquisition is in the interest of the Group and the Shareholders as a whole.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of the Directors, the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors, the chief executive and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which are required to be entered in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in the Listing Rules were as follows:

Interests in the Shares

Name of Director	Capacity	Number of shares held	Approximate percentage of shares in issue
Li Wing Sang	Beneficial owner	288,055,200 (Long position)	17.86%
		34,879,200 (Short position)	2.16%
Chiu Chi Hong	Beneficial owner	86,368,000 (Long position)	5.35%
Liu Xinsheng	Beneficial owner	43,917,600 (Long position)	2.72%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company or their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which are required to be entered in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, no Director or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each of the executive Directors has entered into a service contract for a term of three years, which may be terminated by either party giving the other party not less than six months' prior notice in writing, whereas, each of the independent non-executive Directors has entered into a service contract for a term of two years, which may also be terminated by either party by giving the other party at least one month's prior notice in writing.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling Shareholder and their respective associates had any business or interest that competes or may compete with the business of the Group and had any other conflict of interest with the Group.

7. MATERIAL LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of

material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

(a) the Acquisition Agreement;

(b) the spokesperson agreement dated 31 October 2014 entered into between True Regent International Limited and LEDUS Lighting Technology Limited, a wholly-owned subsidiary of the Company in relation to the arrangement of artists to participate in the production of the television commercials and print advertising and to attend promotional activities arranged by LEDUS Lighting Technology Limited, including but not limited to the promotional and charity sales function in the service fee of HK$30,000,000;

(c) the conditional placing agreement dated 10 June 2014 and entered into between the Company and Enlighten Securities Limited in relation to the placing, on a best effort basis, of 100,000,000 warrants issued by the Company at a placing price of HK$0.15 per warrant;

(d) the sale and purchase agreement dated 27 November 2013 entered into between Champion Miracle Limited, a wholly-owned subsidiary of the Company and Mr. Fan Lin in relation to the acquisition of 50% of the registered and paid-up capital of 上海富朝物業管理有限公司 at a total consideration of HK$450,000,000; and

(e) the conditional agreement dated 15 July 2013 and entered into between Mr. Hsu Chih-Ming and Shine Link Technology Limited, a wholly-owned subsidiary of the Company for the sale and purchase of 3,000 ordinary shares of HK$1.00 each in the issued share capital of U Young Technology Holdings Limited in the consideration of HK$50,000,000.

10. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the professional advisers who have given opinion or advice contained in this circular:

Name	Qualification
BDO Limited ("**BDO**")	Certified Public Accountants
Ernst & Young ("**EY**")	Certified Public Accountants

BDO and EY have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter and report (as the case may be) and references to their name, in the form and context in which they appear.

As at the Latest Practicable Date, each of BDO and EY:

(i) was not beneficially interested in the share capital of any member of the Enlarged Group;

(ii) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group; and

(iii) did not have any interest, either directly or indirectly, in any asset which had been acquired or disposed of by or leased to any member of the Enlarged Group or which were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

11. MISCELLANEOUS

(a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is situated at Unit 1402, 14/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong.

(b) Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Ms. Lee On Wing, who is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom.

(d) The English texts of this circular and the form of proxy shall prevail over their respective Chinese texts in the event of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at Unit 1402, 14/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the three financial years ended 31 December 2012, 2013 and 2014;

(c) the accountants' report issued by EY on the Target Company, the text of which is set out in appendix II to this circular;

(d) the letter issued by BDO in connection with the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(e) a copy of each of the material contracts as referred to in the section headed "Material Contracts" in this appendix;

(f) the written consent letters from the experts referred to in the section headed "Qualification and Consent of Experts" in this appendix; and

(g) this circular.

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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting ("**EGM**") of Tech Pro Technology Development Limited (the "**Company**") will be held at Unit 1403, 14/F, Grand Millenium Plaza, 181 Queen's Road Central, Hong Kong on Tuesday, 30 June 2015 at 10:00 a.m. to consider and, if thought fit, passing with or without modification, the following resolution as ordinary resolution of the Company:-

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional sale and purchase agreement dated 18 May 2015 (the "**Agreement**") (copy of which, signed by the chairman of the meeting for the purposes of identification, has been produced to the meeting marked "A") entered into among LEDUS Club Limited, Automobiles Peugeot SA and Football Club Sochaux – Montbeliard SA (the "**Target Company**") in relation to the acquisition of 250,000 shares of the Target Company, representing the entire issued share capital of the Target Company and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified; and

(b) the directors of the Company be and are hereby authorised to do such acts and/or things and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Agreement as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the Agreement and the implementation of all transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interest of the Company."

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

Hong Kong, 13 June 2015

Registered office:
Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit 1402, 14/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint another person (who must be an individual) as his proxy to attend and to vote on his behalf. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead.

2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon must be deposited with the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

5. Any voting of the meeting should be taken by poll.