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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 03823)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "Board") of directors of Tech Pro Technology Development Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015, together with comparative figures for the year ended 31 December 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Turnover	*3*	**220,026**	144,327
Cost of sales		**(153,848)**	(104,767)
Gross profit		**66,178**	39,560
Other revenue and income	*4*	**15,156**	5,859
Selling and distribution costs		**(28,767)**	(24,324)
Administrative and other operating expenses		**(146,670)**	(50,559)
Impairment loss on goodwill	*9*	**(79,539)**	(96,043)
Impairment loss on other intangible assets	*9*	**(107,701)**	(28,207)
Amortisation of other intangible assets		**(70,303)**	(71,380)
Fair value loss on contingent consideration receivables		**(5,941)**	–
Net realised and unrealised loss on other current financial assets		**(2,209)**	–
Fair value gain on embedded derivatives of bonds		**–**	12,846
Fair value loss on embedded derivatives of convertible bonds		**–**	(34,780)
Gain on bargain purchase	*13*	**61,996**	–
Finance costs	*5(a)*	**(1,397)**	(33,347)
Share of results of a joint venture		**17,153**	13,303

	Notes	2015 RMB'000	2014 RMB'000
Loss before income tax	5	**(282,044)**	(267,072)
Income tax	6	**43,819**	24,826
Loss for the year		**(238,225)**	(242,246)
Loss attributable to:			
Owners of the Company		**(192,208)**	(216,852)
Non-controlling interests		**(46,017)**	(25,394)
		(238,225)	(242,246)
Loss per share (RMB cents)			(Represented)
– Basic and diluted	8	**(2.99 cents)**	(3.69 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
Loss for the year	**(238,225)**	(242,246)
Other comprehensive income for the year		
Item that will not be reclassified to profit or loss:		
Actuarial loss on pension obligations	**(155)**	–
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**13,382**	945
Total comprehensive income for the year (net of tax)	**(224,998)**	(241,301)
Attributable to:		
Owners of the Company	**(178,955)**	(215,903)
Non-controlling interests	**(46,043)**	(25,398)
	(224,998)	(241,301)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**68,562**	67,212
Goodwill	9	**–**	79,539
Other intangible assets		**321,018**	487,657
Other financial assets		**5,179**	–
Contingent consideration receivable		**3,669**	–
Interest in a joint venture		**366,641**	349,488
		765,069	983,896
Current assets			
Other current financial assets		**30,789**	–
Inventories		**30,396**	18,723
Trade and bills receivables	10	**142,981**	104,354
Other receivables and prepayments		**112,468**	105,712
Pledged bank deposits		**487**	23,935
Cash at banks and in hand		**128,579**	33,351
		445,700	286,075
Current liabilities			
Trade and bills payables	11	**25,658**	22,307
Other payables and accruals		**76,606**	25,440
Bank loans	12	**132**	11,293
Bonds payable		**–**	66,368
Obligations under finance leases		**494**	376
Income tax payable		**21,153**	12,913
		124,043	138,697
Net current assets		**321,657**	147,378
Total assets less current liabilities		**1,086,726**	1,131,274

	2015	2014
	RMB'000	*RMB'000*
Non-current liabilities		
Obligations under finance leases	**741**	380
Defined benefit obligations	**2,051**	–
Deferred tax liabilities	**78,222**	121,277
	81,014	121,657
NET ASSETS	**1,005,712**	1,009,617
EQUITY		
Equity attributable to owners of the Company		
Share capital	**14,267**	13,541
Reserves	**891,901**	850,489
	906,168	864,030
Non-controlling interests	**99,544**	145,587
TOTAL EQUITY	**1,005,712**	1,009,617

NOTES:

1. GENERAL INFORMATION

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

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

(a) Adoption of new/revised HKFRSs – effective 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operation[1]
HKFRS 15	Revenue from Contracts with Customers[2]

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

2 Effective for annual periods beginning on or after 1 January 2018

3 On 6 January 2015, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standard Board's equivalent amendments. This update defers/removes the effective date of the amendments in Sale or Contribution of Assets between an Investor or its Associate or Joint Venture that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group has so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover and revenue

Turnover represents the net invoiced value of goods supplied to customers less returns and allowance, service income from energy efficiency projects, boardcasting income, matchday ticket income and sponsorship and advertising income. The amount of each significant category of revenue recognised in turnover during the year is as follow:

	2015	2014
	RMB'000	*RMB'000*
Sale of products and accessories	**176,724**	138,820
Service income from energy efficiency projects	**9,617**	5,507
Boardcasting income	**19,002**	–
Matchday ticket income	**4,710**	–
Sponsorship and advertising income	**9,973**	–
	220,026	144,327

(b) Segment reporting

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

– LED lighting
– Professional football club
– Property sub-leasing services

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

The professional football club segment represents the newly acquired wholly-owned subsidiary during the year as disclosed in Note 13.

During the year ended 31 December 2015, the senior management changed the structure of its internal resources allocation and performance assessment in a manner that causes the changes in composition of its reportable segments. The corresponding information for year ended 31 December 2014 have been represented to conform with current year presentation.

Information regarding the Group's reportable segments as provided to the senior management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below:

	2015			
	LED lighting	**Professional football club**	**Property sub-leasing services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	**184,840**	**36,226**	**–**	**221,066**
Inter-segment revenue	**–**	**(1,040)**	**–**	**(1,040)**
Reportable segment revenue from external customers	**184,840**	**35,186**	**–**	**220,026**
Reportable segment results	**(300,965)**	**22,666**	**17,153**	**(261,146)**
Other information:				
Interest income	**366**	**547**	**–**	**913**
Interest expenses	**(1,362)**	**–**	**–**	**(1,362)**
Depreciation of property, plant and equipment	**(11,855)**	**(71)**	**–**	**(11,926)**
Amortisation of other intangible assets	**(68,800)**	**(1,503)**	**–**	**(70,303)**
Impairment loss on goodwill	**(79,539)**	**–**	**–**	**(79,539)**
Impairment loss on other intangible assets	**(107,701)**	**–**	**–**	**(107,701)**
Allowance for impairment on trade and other receivables, net	**(11,703)**	**–**	**–**	**(11,703)**
Bad debts written-off	**(4,591)**	**–**	**–**	**(4,591)**
Fair vale loss on contingent consideration receivables	**–**	**(5,941)**	**–**	**(5,941)**
Net realised and unrealised loss on other current financial assets	**(343)**	**–**	**–**	**(343)**
Loss on disposal of property, plant and equipment	**(3,793)**	**–**	**–**	**(3,793)**
Gain on bargain purchase	**–**	**61,996**	**–**	**61,996**
Share of results of a joint venture	**–**	**–**	**17,153**	**17,153**
Reportable segment assets	**671,765**	**139,098**	**366,641**	**1,177,504**
Reportable segment liabilities	**47,557**	**54,310**	**–**	**101,867**

	2014			
	LED lighting	Professional football club	Property sub-leasing services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(represented)			(represented)
Turnover	144,327	–	–	144,327
Inter-segment revenue	–	–	–	–
Reportable segment revenue from external customers	144,327	–	–	144,327
Reportable segment results	(228,664)	–	(28,967)	(257,631)
Other information:				
Interest income	24	–	–	24
Interest expenses	(25,818)	–	(7,490)	(33,308)
Depreciation of property, plant and equipment	(9,923)	–	–	(9,923)
Amortisation of other intangible assets	(71,380)	–	–	(71,380)
Fair value gain on embedded derivatives of bonds	12,846	–	–	12,846
Fair value loss on embedded derivatives of convertible bonds	–	–	(34,780)	(34,780)
Impairment loss on goodwill	(96,043)	–	–	(96,043)
Impairment loss on other intangible assets	(28,207)	–	–	(28,207)
Allowance for impairment on trade and other receivables	(10,000)	–	–	(10,000)
Loss on disposal of property, plant and equipment	(986)	–	–	(986)
Share of results of a joint venture	–	–	13,303	13,303
Reportable segment assets	900,638	–	349,488	1,250,126
Reportable segment liabilities	122,160	–	–	122,160

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

	2015	2014
	RMB'000	*RMB'000*
		(represented)
Profit or loss		
Reportable segment results	**(261,146)**	(257,631)
Unallocated interest expenses	**(35)**	(39)
Unallocated depreciation of property, plant and equipment	**(777)**	(577)
Dividend income from other current financial assets	**260**	–
Net realised and unrealised loss on other current financial assets	**(1,866)**	–
Unallocated corporate administrative expenses	**(18,480)**	(8,825)
Consolidated loss before income tax	**(282,044)**	(267,072)

	2015	2014
	RMB'000	*RMB'000*
		(represented)
Assets		
Reportable segment assets	**1,177,504**	1,250,126
Other current financial assets	**6,453**	–
Unallocated head office and corporate assets	**26,812**	19,845
Consolidated total assets	**1,210,769**	1,269,971

	2015	2014
	RMB'000	*RMB'000*
		(represented)
Liabilities		
Reportable segment liabilities	**101,867**	122,160
Income tax payable	**21,153**	12,913
Deferred tax liabilities	**78,222**	121,277
Unallocated head office and corporate liabilities	**3,815**	4,004
Consolidated total liabilities	**205,057**	260,354

(c) Geographic information

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

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The People's Republic of China (the "PRC")	**94,403**	103,415	**688,895**	893,336
France	**40,618**	–	**11,274**	–
Hong Kong (place of domicile)	**60,320**	14,401	**32,433**	35,651
Spain	**14,060**	18,104	**23,619**	54,909
Other countries	**10,625**	8,407	**–**	–
	220,026	144,327	**756,221**	983,896

4. OTHER REVENUE AND INCOME

	2015	2014
	RMB'000	*RMB'000*
Other revenue		
Bank interest income	**913**	24
Rental income from property, plant and equipment	**400**	2,400
Scrap sales	**4,489**	2,947
Dividend income from other current financial assets	**260**	–
Gain on disposal of players' registration rights	**4,725**	–
Others	**4,369**	488
	15,156	5,859

5. LOSS BEFORE INCOME TAX

This is arrived at after charging:

	2015 *RMB'000*	2014 *RMB'000*
(a) Finance costs		
Interests on bank loans	**187**	114
Interest on bonds	**1,175**	25,704
Imputed interest on convertible bonds	**–**	7,490
Finance charges on obligations under finance leases	**35**	39
Total finance costs	**1,397**	33,347
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**49,433**	28,602
Contributions to defined contribution retirement plans	**8,868**	1,245
Total staff costs	**58,301**	29,847
(c) Other items		
Auditor's remuneration		
– Audit services – current year	**974**	700
– under-provision in previous year	**–**	398
– Non-audit services	**269**	–
Bad debts written-off	**4,591**	–
Cost of inventories sold	**152,609**	104,421
Depreciation of property, plant and equipment	**12,703**	10,500
Allowance for impairment on trade and other receivables, net	**11,703**	10,000
Write-down of inventories	**1,239**	346
Loss on disposal of property, plant and equipment	**3,793**	986
Operating lease charges in respect of land and buildings	**6,399**	7,040
Research and development expenditures	**709**	664

Notes:

(i) Cost of inventories sold includes staff costs of RMB9,187,000 (2014: RMB9,240,000) and depreciation of RMB5,047,000 (2014: RMB3,916,000) as disclosed in staff costs and depreciation of property, plant and equipment above.

(ii) Research and development expenditures includes staff costs of RMB374,000 (2014: RMB375,000) and materials of RMB269,000 (2014: RMB151,000) incurred by the research and development department which are included in the staff costs and cost of inventories sold as disclosed above.

6. INCOME TAX

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

	2015	2014
	RMB'000	*RMB'000*
Hong Kong Profits Tax		
– Current year	**–**	9
– Over-provision in respect of prior years	**–**	(8)
PRC Enterprise Income Tax		
– Current year	**1,524**	2,891
	1,524	2,892
Deferred tax	**(45,343)**	(27,718)
Income tax	**(43,819)**	(24,826)

Notes:

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

(ii) No provision for Hong Kong Profits Tax is assumed as no assessable profits were estimated for the year.

(iii) The domestic tax rate of the Group's principal subsidiaries in the PRC is used as it is where the operations of these subsidiaries are substantially based. Except for a PRC subsidiary which entitles a preferential tax rate of 15% for the three years ended 31 December 2014, 2015 and 2016 as it is certified as a high and new technology enterprise, the standard enterprise income tax rate of 25% (2014: 25%) is applicable to the rest of the Group's principal subsidiaries in the PRC.

(iv) No provision for France Income Tax is assumed as no assessable profits were estimated for the year.

7. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since 31 December 2015 (2014: RMBNil).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the share subdivision effected during the year. Basic and diluted loss per share for the year ended 31 December 2014 are also represented to reflect the share subdivision during the year.

	2015	2014
	RMB'000	*RMB'000*
Loss attributable to owners of the Company	**192,208**	216,852

	2015	2014
		(Represented)
Weighted average number of shares in issue	**6,417,680,127**	5,870,319,023

(b) Diluted loss per share

The computation of diluted loss per share does not assume the subscription of the Company's outstanding potential dilutive ordinary shares in the calculation of diluted loss per share as they are anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the years ended 31 December 2015 and 2014.

9. GOODWILL

	2015	2014
	RMB'000	*RMB'000*
Cost		
At 1 January and 31 December	**372,627**	372,627
Impairment		
At 1 January	**293,088**	197,045
Impairment loss recognised	**79,539**	96,043
At 31 December	**372,627**	293,088
Carrying amount		
At 31 December	**–**	79,539

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

Impairment testing on goodwill

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

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

	2015		2014	
	Pre-tax discount rate	**Growth rate beyond 5 years**	Pre-tax discount rate	Growth rate beyond 5 years
Giga-World Group	**21.16%**	**3%**	22.54%	3%
Shine Link Group	**21.09%**	**3%**	27.74%	3%
Kings Honor Group	**20.01%**	**3%**	22.24%	3%
Pacific King Group	**21.17%**	**3%**	21.05%	3%
Starry View Group	**20.94%**	**3%**	20.03%	3%
Mega Wide Group	**26.47%**	**3%**	25.74%	3%

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

Based on the above impairment assessments, the recoverable amounts of certain CGUs fell below the respective net carrying values of the assets as at 31 December 2015, and accordingly impairment loss on goodwill and other intangible assets of approximately RMB79,539,000 (2014: RMB96,043,000) and RMB107,701,000 (2014: RMB28,207,000) has been charged to profit or loss for the year ended 31 December 2015.

Analysis of carrying amounts of goodwill allocated to each of the CGUs and corresponding impairment loss recognised during the year ended 31 December 2015 are as follows:

	Carrying amount as at 31 December 2014	**Impairment loss recognised during the year**	**Carrying amount as at 31 December 2015**
	RMB'000	*RMB'000*	*RMB'000*
Giga-World Group	19,355	(19,355)	–
Shine Link Group	44,290	(44,290)	–
Kings Honor Group	–	–	–
Pacific King Group	15,894	(15,894)	–
Starry View Group and Mega Wide Group	–	–	–
	79,539	(79,539)	–

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

As at 31 December 2015, the recoverable amount of Giga-World Group, Shine Link Group and Pacific King Group that impairment loss on goodwill has been recognised during the year are RMB228,100,000, RMB98,950,000 and RMB67,128,000 respectively.

10. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**151,648**	98,441
Less: Allowance for doubtful debts	**(13,985)**	(4,153)
	137,663	94,288
Bills receivables	**5,318**	10,066
	142,981	104,354

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

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

	2015	2014
	RMB'000	*RMB'000*
0–30 days	**35,858**	29,133
31–90 days	**29,046**	20,953
91–180 days	**20,085**	13,167
181–365 days	**38,064**	12,957
Over 365 days	**19,928**	28,144
	142,981	104,354

The Group normally grants a normal credit period of 90 to 365 days (2014: 90 to 365 days) to its customers. Certain well-established customers who have strong financial strength, good repayment history and creditworthiness, the Group extends their credit periods beyond 180 days. Each customer of the Group has a maximum credit limit.

11. TRADE AND BILLS PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**24,810**	22,307
Bills payables	**848**	–
	25,658	22,307

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

	2015	2014
	RMB'000	*RMB'000*
0–30 days	**12,268**	5,641
31–90 days	**7,509**	4,579
91–365 days	**4,691**	7,836
Over 365 days	**1,190**	4,251
	25,658	22,307

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

12. BANK LOANS

As at 31 December 2015, the Group's bank loans are interest-bearing at Hong Kong dollar best lending rate minus 2% per annum (2014: Hong Kong dollar best lending rate minus 2.25% per annum) and repayable within one year after the end of the reporting period.

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

13. ACQUISITION OF A SUBSIDIARY

On 2 July 2015, the Group has completed the acquisition of the entire issued share capital of Football Club Sochaux – Montbéliard SA ("FCSM") for a cash consideration of EUR7,000,000 (equivalent to approximately RMB48,178,000). This acquisition has been accounted for using the purchase method. The amount of gain on bargain purchase arising as a result of the acquisition was RMB61,996,000. FCSM is engaged in the development and promotion of a professional football club. FCSM was acquired so as to further diversify the business segments of the Group and enhance the exposure and recognition of the Group's LED brand name, "LEDUS" in Europe.

The fair value of identifiable assets and liabilities of FCSM as at the date of acquisition were:

	RMB'000
Other intangible assets	6,932
Other non-current financial assets	4,853
Inventories	596
Trade receivables	8,159
Other receivables and prepayments	7,616
Cash at bank and in hand	107,253
Trade payables	(9,036)
Other payables and accruals	(27,037)
Defined benefit obligations	(1,782)
Deferred tax liabilities	(2,288)
Total identifiable net assets	95,266
Contingent consideration receivables *(Note (a))*	14,908
Gain on bargain purchase	(61,996)
Consideration	48,178

Notes:

(a) Pursuant to the acquisition agreement ("Acquisition Agreement"), the consideration is subject to a price reduction ("Price Reduction") of a maximum amount to EUR1,500,000 (equivalent to RMB10,324,000) in the event that FCSM achieves the mutually agreed conditions stated in the Acquisition Agreement during each of the two financial years ending 30 June 2016 and 2017. At the date of acquisition, the aggregate fair value of the Price Reduction is determined by the professional valuation conducted by Peak Vision at EUR2,166,000 (equivalent to approximately RMB14,908,000) by reference to the discount rates ranging from 12.18% to 12.19%, which gave rise to contingent consideration receivables of the same amount as at the date of acquisition.

(b) Acquisition-related costs amounting to RMB10,205,000 have been excluded from the consideration paid and have been recognised as an administrative expenses during the year ended 31 December 2015.

(c) The net cash inflow on acquisition of subsidiary is RMB59,075,000, which represented the cash consideration paid of RMB48,178,000 less the bank deposits and cash at banks and in hand acquired of RMB107,253,000.

(d) Since the acquisition, FSCM has contributed RMB35,186,000 and RMB23,706,000 to the Group's revenue and profit respectively. If the acquisition had occurred on 1 January 2015, the Group's revenue and loss would have been RMB304,320,000 and RMB234,741,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor it is intended to be a projection of future performance.

(e) Gain on bargain purchase is included in Group's consolidated statement of profit or loss as a separate item. In order to attract the Group to acquire FCSM and continue to operate the football club, which has long history, the consideration of the acquisition was determined based on a discounted price, resulting in the gain on bargain purchase.

Further details are set out in the Company's announcements dated 18 May 2015 and 6 July 2015 and the circular dated 13 June 2015 respectively.

14. CONTINGENT LIABILITIES

(a) Related to football players transfers

Under the terms of certain contracts with selling football clubs and agents in respect of players 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. As at 31 December 2015, the contingent amounts in relation to purchase of football players was approximately RMB5,801,000.

(b) Related to the ranking of FCSM

Under the terms of the employment contracts with certain players and management staff of FCSM, if FCSM meets the specific ranking in French Ligue or entitles to participate certain competitions in French Ligue, there would be contingent amount or performance bonus to be payable by FCSM to these players and management staff of the football club. As at 31 December 2015, the contingent amount in relation to the ranking of FCSM was approximately RMB3,706,000.

BUSINESS OUTLOOK AND REVIEW

LED lighting segment

Business Review

LED lighting business is still the main focus of the Group. In 2015, the Group kept on making progress in LED lighting business with an increase in turnover about 28.1% to approximately RMB184.8 million. The competition in LED lighting business was still keen and the selling prices of the LED lighting products and accessories were facing pressure. The increase in turnover is mainly due to the capture of new customers through the effort the Group has made in the previous years.

With more energy efficiency projects had been completed, the service incomes generated from the energy efficiency projects had increased about 74.5% to approximately RMB9.6 million. The Group has tried to provide maintenance services by its own in one of the projects so that it can maximize all the income from the project. All those projects are 16-years contracts which will contribute stable income and cashflow to the Group.

In 2015, the Group had participated various lighting exhibitions in Hong Kong and other countries such as Germany and Thailand. These exhibitions enabled the Group to promote its brand, products, energy efficiency projects and exposure in those countries. In addition, the Group also sponsored some local communities activities in order to alert the public awareness of energy saving and promote its brand "LEDUS". It was the second year that the Company was awarded as the caring company in Hong Kong.

Business Outlook

The market for replacement lamps will still exist in the coming years as the prices of LED lighting products keep on decreasing, the advantages of LED lighting products are recognised by the customers and the popularity of LED lighting products. The Group will keep on exploring the oversea markets in order to capture more market shares and diversifying the customer bases. Europe is our major target market as the customers are willing to pay for higher quality LED lighting products. New markets such as US and the countries with high electricity fee are also our major targets.

With the success of the projects the Group has completed in Spain, there are more municipal governments in Spain working with us to looking for co-operation opportunities. The Group will take effort to promote the business collaboration in other countries in Europe such as France. The Group will seek for opportunities to promote the energy efficiency projects to private enterprises.

The Group will keep on putting resources into the products and technology development, particularly the LED luminaires for non-residential customers. The Group will also develop technology in LEDs modules, using the IC power supply chips, for the LEDs luminaires fixtures.

As the lighting market competition is keen and most of the costs increased cannot be shifted to the customers, we will use our best endeavor to take cost control measures. With effective cost control systems, it can enhance our competitiveness and also lower our costs of production. The Group understand there are different challenges and economic uncertain situations ahead, we will, as usual, take prudence and cautious steps to develop our business.

Professional football club segment

Business Review

The acquisition of a French Ligue 2 football club, Football Club Sochaux-Montbéliard ("FCSM"), was completed on 2 July 2015. Upon completion, there was a press conference held to announce and introduce the Company and "LEDUS", the LED brand owned by the Company, to the mass media in France. There were more than 30 television, radio, newspaper, magazines and website companies attend the press conference. During the conference, the new jerseys of the club, with "LEDUS" logo at the front, were presented to the public, the supporters and the sponsors. The acquisition has already raised the public attention in France, not only in football field, but also in the society as we are the first Hong Kong based company owns a football club in France. Currently, "LEDUS" logo is shown at the most eye-catching areas in the Bonal Stadium, the home stadium of FCSM. Marketing materials and souvenirs with "LEDUS" logo are sold in the shop of FCSM. "LEDUS" logo can be seen in the television broadcast, newspapers or magazines during the match day. Through FCSM, as the platform in France, "LEDUS" has already got the public awareness and recognition which has brought a synergy effect to "LEDUS" LED lighting products. This enables the Group to promote the brand "LEDUS" LED lighting products in French lighting market.

The 2015-2016 season of Ligue 2 started in August 2015, FCSM currently ranks 18th and struggles in the competition. In French Cup, FCSM has good performance and has won several matches against teams from Ligue 1 such as Monaco, which ranks 2nd in Ligue 1, and qualified to semi-final. Most of the players of FCSM are French, while some of the players come from other European countries. FCSM operates a youth football academy where youth players from ages 7 years old to 19 years old are trained. Potential youth players will be promoted to the squad and they may become the key players of the team in the future.

Business Outlook

As a platform for "LEDUS" to enter into the LEDs lighting market in France, the Group will utilize the connections through the club to look for business opportunities, not only with the regional governments, but also the French private enterprises. Energy efficiency projects will be introduced, together with our successful cases in Spain, to the regional governments in France.

Promotion back to Ligue 1 is always our target to FCSM. FCSM has many potential youth players who could be football stars in the future. There are seven matches in this season and the club will struggle to stay in Ligue 2. The Group has started the preparation works for the season 2016-2017 and targeted players are under scouting. Further, the Group will make use of the youth academy as a base to arrange visits or study tours from other youth teams in the PRC. It will help to build up the awareness and recognition of FCSM and its youth academy in the PRC, also broaden the source of income to the club.

Provision of property sub-leasing services segment

Business review

Property market in the PRC experienced a quiet period due to the slowing down of economic growth, tight monetary policies, government policies in controlling property prices, all these led to impacts to the property market and the property prices have lost its momentum to grow. As the property of which the Group engaged in sub-leasing business is located in a prime location in Shanghai, PRC, the level of rents has not been affected by the poor property market atmosphere. It generates a stable income to the Group.

Business Outlook

The Group expects PRC government has no intention to sharply devalue its currency to promote trade and will use its vast resources to fight speculation. Also the central government expects there will be about 6.5% economic growth in 2016, market confidence appears restored for now. In the early 2016, the property market seems to pick up a rising steps, particularly in the first tier cities. We believe it may help the level of rent in the prime area in Shanghai to have a steady growth. In order to maintain the competitiveness of the premise in the rental market, the Group will enhance the facilities and services of the premise so that it will attract reputable tenants to stay in the premise.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2015, the Group recorded a turnover of approximately RMB220.0 million (2014: approximately RMB144.3 million), representing an increase of approximately 52.5%.

The catergories of the Group's turnover is shown in the following table:

	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Sale of products and accessories	**176,724**	**80.3**	138,820	96.2
Service income from energy efficiency projects	**9,617**	**4.4**	5,507	3.8
Broadcasting income	**19,002**	**8.6**	–	–
Matchday ticket income	**4,710**	**2.1**	–	–
Sponsorship and advertising income	**9,973**	**4.6**	–	–
Total	**220,026**	**100.0**	144,327	100.0

The increase in the Group's turnover was primarily attributed to (i) the increase in turnover contributed from LED lighting segment; and (ii) the newly acquired professional football club segment on 2 July 2015. The turnover from the professional football club segment represented approximately 16.0% of total turnover of the Group for the year ended 31 December 2015. The turnover from LED lighting segment increased by approximately 28.1% from approximately RMB144.3 million in 2014 to approximately RMB184.8 million in 2015. Under the LED lighting segment, the turnover from the sale of LED lighting products and accessories was increased by approximately 26.2%, which amounted from approximately RMB138.8 million in 2014 to approximately RMB175.2 million in 2015. The service income from energy efficiency projects was also increased by approximately 74.5%, which amounted from approximately RMB5.5 million in 2014 to approximately RMB9.6 million in 2015, it is due to the installation of the 3rd and 4th Spanish energy efficiency projects were completed in 2015.

Gross profit margin

The gross profit margin (excluding the service income) of the Group was approximately 13.0% (2014: approximately 24.5%). The decrease in gross profit margin was mainly attributed to a single transaction with high gross profit margin in selling the LED lighting products in overseas markets was recorded in 2014 but it returned to the average market margin in 2015.

Results for the year

The consolidated loss before income tax of the Group for the year ended 31 December 2015 was approximately RMB282.0 million (2014: approximately RMB267.1 million), represents an increase of approximately 5.6%. The increase in consolidated loss before income tax was primarily attributable to the following factors:

(i) increase in administrative and other operating expenses of approximately RMB96.1 million from approximately RMB50.6 million in 2014 to approximately RMB146.7 million in 2015;

(ii) increase in impairment loss on other intangible assets of approximately RMB79.5 million from approximately RMB28.2 million in 2014 to approximately RMB107.7 million in 2015;

(iii) fair value loss on contingent consideration receivable of approximately RMB5.9 million was recorded in 2015; and

(iv) net realised and unrealised loss on other current financial assets of approximately RMB2.2 million was recorded in 2015.

However, these factors which led to increase in consolidated loss before income tax were compensated by the following factors:

(v) decrease in impairment loss on goodwill of approximately RMB16.5 million from approximately RMB96.0 million in 2014 to approximately RMB79.5 million in 2015;

(vi) decrease in net fair value loss on bonds and convertible bonds of approximately RMB22.0 million from approximately RMB22.0 million in 2014 to RMBNil in 2015;

(vii) a gain on bargain purchase from the acquisition of FCSM of approximately RMB62.0 million was recognised in 2015; and

(viii) decrease in finance costs, including imputed interests on the bonds and convertible bonds of approximately RMB31.9 million from approximately RMB33.3 million in 2014 to approximately RMB1.4 million in 2015.

All of the above factors from (ii) to (vii) and the imputed interest incurred on the bonds and convertible bonds mentioned in (viii) are non-cash or non-recurring items. The increase in administrative and other operating expenses were mainly due to the completion of acquisition of a wholly-owned subsidiary, FCSM, in 2015.

Impairment loss on goodwill and other intangible assets

The impairment loss on goodwill and other intangible assets of the Group for the 2015 was approximately RMB79.5 million (2014: approximately RMB96.0 million) and approximately RMB107.7 million (2014: approximately RMB28.2 million) respectively, as during the year ended 31 December 2015, the turnover and/or gross profit margin of certain group of subsidiaries were reduced as compared to 2014. The reduction was mainly attributable to (i) selling prices of the LED lighting products have been decreased as there was keen competition in these particular LED lighting products and accessories sectors; (ii) the costs of production were kept on rising such as the labour cost, utilities cost; and (iii) the increased costs of production and operation 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.

Finance costs

For the year ended 31 December 2015, finance costs of the Group were approximately RMB1.4 million (2014: approximately RMB33.3 million), which represents a decrease of approximately 95.8%. This was mainly due to no imputed interest expenses incurred from the convertible bonds issued in 2014 and decrease in interest expenses incurred from the bonds issued in 2012.

Geographical information

The principal source of turnover was derived from sale of LED lighting products and accessories in PRC and accounted for approximately 42.9% (2014: approximately 71.7%) of the Group's total turnover for the year ended 31 December 2015.

Liquidity and financial resources

As at 31 December 2015, the Group had current assets of approximately RMB445.7 million (2014: approximately RMB286.1 million) and current liabilities of approximately RMB124.0 million (2014: approximately RMB138.7 million). The current ratio of the Group as at 31 December 2015 was approximately 3.6 (2014: approximately 2.1) where an improvement in current ratio was recorded. The improvement is mainly due to the enrichment of current assets upon the completion on acquisition of a wholly-owned subsidiary, FCSM, in 2015.

As at 31 December 2015, the Group had cash and cash equivalents of approximately RMB128.6 million (2014: approximately RMB33.4 million), wholly representing cash at banks and in hand. Total bank loans were approximately RMB0.1 million (2014: approximately RMB11.3 million) and were denominated in HKD, all of which were short term borrowings and were subject to variable interest rates. As at 31 December 2015, the Group's obligations under finance leases were approximately RMB1.2 million (2014: approximately RMB0.8 million). As at 31 December 2014, there was outstanding bonds payable together with the accrued interests were approximately RMB66.4 million which was fully repaid during the year ended 31 December 2015.

As at 31 December 2015, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Group was zero (2014: approximately 4.5). The decrease in gearing ratio as at 31 December 2015 was principally attributable to the increase in assets after completion of acquisition of a wholly-owned subsidiary, FCSM, in 2015.

Exchange risk exposure

The Group's sale were principally denominated in Renminbi, Hong Kong Dollars, US Dollars and Euro, with the majority denominated in RMB and EUR. 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 2015. However, in view of the fluctuation of Renminbi and Euro against Hong Kong Dollars and US Dollars, the Group will adopt all applicable financial instruments to hedge against currency risks whenever necessary.

Contingent liabilities

As at 31 December 2015, the Group had contingent liabilities regarding to purchase of football players to selling clubs and agents of approximately RMB5.8 million (2014: RMBNil) and performance bonus to players and management staff of FCSM of approximately RMB3.7 million (2014: RMBNil).

Capital commitment

As at 31 December 2015, there was no outstanding capital commitments contracted but not provided for in respect of the purchase of property, plant and equipment and other non-current assets (2014: approximately RMB2.9 million) and authorised but not provided for in respect of property, plant and equipment as at 31 December 2015 (2014: Nil).

Charge on assets

As at 31 December 2015, pledged bank deposits of approximately RMB0.5 million (2014: approximately RMB23.9 million) and other current financial assets of approximately RMB24.3 million (2014: RMBNil) were pledged to secure banking facilities granted to the Group.

Employee information

As at 31 December 2015, the Group had over 600 (2014: over 500) employees the majority of whom stationed in the PRC. Total employee remuneration for the year ended 31 December 2015 amounted to approximately RMB58.3 million (2014: approximately RMB29.8 million). The Group adopts a competitive remuneration package and incentives for its employees. Promotion, salary increments and bonus 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.

Significant investment, material acquisition and disposal of subsidiaries and associated companies

Save as disclosed in note 13, there was no significant investment, material acquisition or disposal of subsidiaries, joint ventures and associates by the Company during the year ended 31 December 2015.

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

The Company had not purchased, sold or redeemed any of its shares during the year. Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

CODE OF CORPORATE GOVERNANCE PRACTICES

Save as described below, none of the directors of the Company is aware of any information that would reasonably indicate that the Company is not or was not, in any time for the year ended 31 December 2015 in due compliance with the Code on Corporate Governance Practices (the "Code") contained in appendix 14 to the Rules (the "Listing Rules") Governing the Listing Securities on the Stock Exchange. The Company has complied with the code provisions of the Code for the year ended 31 December 2015, save for the exception explained below.

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

Mr. Li Wing Sang, who acts as the chairman of the Board during the year 2015, is also responsible for overseeing the general operations of the Group. As the Board will meet or discuss regularly to consider major matters affecting the operations of the Company, the Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the roles of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

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

MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

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

Having made specific enquiry of all Directors by the Company, all Directors confirmed that they had complied with the Model Code during the year 2015. Moreover, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 26 July 2007 with written terms of reference in compliance with the code provisions of the Code as set out in appendix 14 to the Listing Rules. The primarily duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive directors ("INEDs"), namely Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung. Pursuant to the rule 3.21 of the Listing Rules, the Audit Committee currently comprises three members who are INEDs only and Mr. Tam Tak Wah, the chairman of the Audit Committee, who possesses a professional accounting qualifications and relevant accounting experience.

The Group's final results for the year ended 31 December 2015 and this announcement have been reviewed with no disagreement by the Audit Committee before submission to the Board for approval.

Scope of work of BDO Limited

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2015 annual report of the Group will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.techprotd.com.) respectively in due course.

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

Hong Kong, 24 March 2016

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