

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*



## **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)**

### **MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE REMAINING 50% EQUITY INTEREST IN SHANGHAI FUCHAO PROPERTY MANAGEMENT COMPANY LIMITED# INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

#### **THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 3 June 2016 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Capital, representing 50% of the registered and paid-up capital of the Target Company, at the Consideration of RMB387,450,000 (equivalent to approximately HK\$461,065,500), which shall be satisfied by the Purchaser in the following manner:

- (i) a sum equivalent to the Relevant Amount as at Completion Date to be setoff against the Consideration by entering into the Deed of Assignment and Setoff at Completion; and
- (ii) subject to that as mentioned in the paragraph headed "Consideration" in this announcement, the balance of the Consideration to be settled by the Purchaser by procuring the Company to allot and issue the Consideration Shares at the issue price of HK\$2.50 each to the Vendor (or his nominee) in six equal installments over six years after Completion.

The Target Company is principally engaged in the sub-leasing of the Property to tenants and provision of property management services for the Property. As at the date of this announcement, the Target Company is owned as to 50% by the Vendor and as to 50% by the Company (through its wholly-owned subsidiaries), and is currently a joint venture of the Company.

Upon Completion, the Company will become interested in 100% of the equity interest in the Target Company, and the Target Company will cease to be a joint venture of the Company and will become an indirect wholly-owned subsidiary of the Company.

Taking into account (a) the stable income stream and the future prospect of the property market in Shanghai remains favorable, (b) that the Acquisition is in line with the business objective of the Group, (c) the Company will have full control of the Target Company upon Completion, and (d) the financial information of the Target Company will be consolidated into the Company's financial information upon Completion, the Board considers that the Acquisition is beneficial to the Company and the Shareholders as a whole and that the cessation of the Vendor as a shareholder of the Target Company will not have any material adverse effect to the business and affairs of the Group.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition exceed(s) 25% but is (are) less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

According to the preliminary valuation prepared by Peak Vision, an independent qualified professional valuer, the income-based approach based on the discounted cash flow method was adopted to prepare the valuation of the Target Company. As discounted cash flow method is applied in the valuation, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

### **GENERAL**

The EGM will be convened for the purpose of considering and, if thought fit, approving, the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares under the Specific Mandate. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the Sale and Purchase Agreement that will be required to abstain from voting at the EGM in respect of the resolution(s) relating to the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Company will despatch a circular containing, among other things, (i) further information on the Target Company, the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares under the Specific Mandate; (ii) the financial information of the Target Company; (iii) the unaudited pro forma financial information of the Enlarged Group; and (iv) the notice of the EGM, in accordance with the requirements under the Listing Rules. As the Company requires more time for compiling the financial information of the Enlarged Group for inclusion in the circular pursuant to the Listing Rules, the circular is expected to be despatched to the Shareholders on or before 24 June 2016.

**As completion of the Acquisition is conditional upon fulfilment (or waiver, as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 27 November 2013, 28 February 2014, and 30 May 2016 respectively.

On 3 June 2016 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Capital, representing 50% of the registered and paid-up capital of the Target Company, at the Consideration of RMB387,450,000 (equivalent to approximately HK\$461,065,500). Principal terms of the Sale and Purchase Agreement are summarised below.

## **THE SALE AND PURCHASE AGREEMENT**

Date: 3 June 2016 (after trading hours of the Stock Exchange)

Parties: (i) Champion Miracle Limited, an indirect wholly-owned subsidiary of the Company, as purchaser  
(ii) Mr. Fan Lin as vendor

On 27 November 2013, the Purchaser and the Vendor entered into a sale and purchase agreement (which was supplemented by a side letter dated 28 February 2014), pursuant to which the Purchaser acquired from the Vendor 50% equity interest in the Target Company (details of which are set out in the announcements of the Company dated 27 November 2013 and 28 February 2014 respectively), completion of which took place on 24 March 2014 and upon which the Target Company has been treated as a joint venture of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, and as confirmed by the Vendor, save and except that the Vendor is a director and the legal representative of the Target Company, as well as the legal and beneficial owner of 50% equity interest in the Target Company, being a joint venture of the Company as at the date of this announcement, the Vendor and his associates are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement. As at the date of this announcement, the Vendor and his associates are not interested in any Share.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Capital, representing 50% of the registered and paid-up capital of the Target Company.

## Consideration

The Consideration for the Acquisition is RMB387,450,000 (equivalent to approximately HK\$461,065,500), which shall be satisfied by the Purchaser in the following manner:

- (i) a sum equivalent to the Relevant Amount as at Completion Date to be setoff against the Consideration by entering into the Deed of Assignment and Setoff at Completion; and
- (ii) subject to the belowmentioned, the balance of the Consideration to be settled by the Purchaser by procuring the Company to allot and issue the Consideration Shares at the issue price of HK\$2.50 each to the Vendor (or his nominee) in six equal installments over six years after Completion.

Notwithstanding the payment manner as set out in paragraph (ii) above, in the event that at any time between the Completion Date and the sixth anniversary of the Completion Date, the PRC legal advisers appointed by the Purchaser has issued a PRC legal opinion confirming, among other things, that: (a) there being no legal impediment in relation to the application and renewal of the relevant permit for the leasing of the Property (i.e. the 《武警部隊房地產租賃許可證》) during the term of Lease Agreements; and (b) there being no legal impediment in relation to the continued enforcement of the Leasing Agreements during the term thereof, the Purchaser shall procure the Company to issue all of the then remaining Consideration Shares to the Vendor within 10 Business Days from the date of receipt such PRC legal opinion.

On the other hand, in the event that at any time between the Completion Date and the sixth anniversary the Completion Date, the Lease Agreements were terminated without the consent of the Purchaser, or the relevant permit for the leasing of the Property (i.e. the 《武警部隊房地產租賃許可證》) was cancelled, or concluded as not eligible for change or renewal, the Vendor has irrevocably and unconditionally agreed under the Sale and Purchase Agreement that the Purchaser shall be entitled to cease its payment obligation in relation to the Consideration Shares forthwith.

As at 30 April 2016, the Relevant Amount amounted to approximately RMB301.14 million (equivalent to approximately HK\$358.36 million). Assuming the Relevant Amount shall be zero as at the Completion Date, it is expected that a maximum of 184,426,200 Consideration Shares will be allotted and issued to the Purchaser in six equal instalments over six years after Completion (equivalent to not more than 30,737,700 Consideration Shares per annum).

For illustration purpose only, assuming the Relevant Amount at the Completion Date remaining the same as per its balance as of 30 April 2016, the balance of the Consideration will be approximately RMB86,310,000 (equivalent to approximately HK\$102,708,900) and will be settled by the Purchaser by procuring the Company to allot and issue 41,083,560 Consideration Shares at the Issue Price of HK\$2.50 each to the Vendor (or his nominee) in the following manner:

- a. not more than 6,847,260 Consideration Shares to be allotted and issued to the Vendor (or its nominee) on the first anniversary of the Completion Date;
- b. not more than 6,847,260 Consideration Shares to be allotted and issued to the Vendor (or its nominee) on the second anniversary of the Completion Date;

- c. not more than 6,847,260 Consideration Shares to be allotted and issued to the Vendor (or its nominee) on the third anniversary of the Completion Date;
- d. not more than 6,847,260 Consideration Shares to be allotted and issued to the Vendor (or its nominee) on the fourth anniversary of the Completion Date;
- e. not more than 6,847,260 Consideration Shares to be allotted and issued to the Vendor (or its nominee) on the fifth anniversary of the Completion Date; and
- f. not more than 6,847,260 Consideration Shares to be allotted and issued to the Vendor (or its nominee) on the sixth anniversary of the Completion Date.

In determining the payment schedule of the Consideration Shares above, the Board has taken into account the risk factors as disclosed in the paragraph headed “Risks relating to the property sub-leasing business of the Group” below.

The Board considers that as per the Notice as defined under the paragraph headed “Risks relating to the property sub-leasing business of the Group” below, although CMC intends to stop the paid services within three years from the date of Notice, the Board is not aware of any material adverse impact of Notice on the business and operation of the Target Company. As the Consideration Shares are only required to be allotted and issued in arrears on the basis that the Lease Agreements shall remain valid and subsisting, and taking into account the expected rental income of the Target Company, the Board considers that the settlement terms of the Consideration is fair and reasonable.

### **Basis of the Consideration**

The Consideration was determined on normal commercial terms and after arm’s length negotiations between the Purchaser and the Vendor having considered the following factors:

- (i) based on the preliminary valuation prepared by Peak Vision, an independent qualified professional valuer, the market value of 100% equity interest of the Target Company as at 31 December 2015 of approximately RMB774,900,000 (equivalent to approximately HK\$922,131,000);
- (ii) the future prospects of the Target Company and the stable income stream bringing in by the Target Company in the medium to long term;
- (iii) the Target Company will become a wholly-owned subsidiary of the Company and will be fully controlled by the Group upon Completion, and the financial information of the Target Company will be consolidated into the Group’s financial information; and
- (iv) based on the preliminary valuation as mentioned in point (i) above, the market value of the attributable interest of the Target Company to be acquired by the Group under the Sale and Purchase Agreement is RMB387,450,000 (equivalent to approximately HK\$461,065,500). The Consideration therefore represents the preliminary valuation of the attributable interest of the Target Company.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the terms and conditions of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion is conditional upon satisfaction (or waiver, as the case may be) of the following conditions precedent:

- (i) (if required) the passing by the Shareholders at the EGM of ordinary resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares;
- (ii) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares;
- (iii) the Vendor having obtained all necessary consent and approval relating to the sale and purchase of the Sale Capital;
- (iv) the Purchaser having obtained all necessary consent and approval relating to the sale and purchase of the Sale Capital;
- (v) the representations, warranties and undertakings given by the Vendor under the Sale and Purchase Agreement remaining true and accurate and not misleading;
- (vi) the valuer appointed by the Purchaser having issued a valuation report, in the form and substance satisfactory to the Purchaser, showing that the valuation of 100% equity interest of the Target Company is not less than RMB760,000,000 (equivalent to approximately HK\$904,400,000);
- (vii) the PRC legal advisers appointed by the Purchaser having issued a PRC legal opinion relating to, among other things, the Sale and Purchase Agreement, the Target Company, and the legality, validity and feasibility of leasing agreements of the Target Company, in the form and substance satisfactory to the Purchaser; and
- (viii) the Purchaser being satisfied that there is no material adverse change in the Target Company since the date of the Sale and Purchase Agreement.

Save for conditions precedent set out in paragraphs (i), (ii), (iii), (iv) and (vi) above, the conditions precedent may be waived by the Purchaser by notice in writing to the Vendor.

If the conditions precedent set out above cannot be fulfilled (or waived, as the case may be) on or before 12:00 noon on 31 August 2016 (or such later date as may be agreed by the Purchaser and the Vendor in writing), the Sale and Purchase Agreement shall terminate, and neither party shall have any claim against the other in respect of any matter or thing arising out of or in connection with Sale and Purchase Agreement save for any antecedent breaches of the terms thereof.

In the event that all the conditions precedent under the Sale and Purchase Agreement have been fulfilled (or waived, as the case may be) on or before 12:00 noon on 31 August 2016 (or such later date as may be agreed by the Purchaser and the Vendor in writing), but due to the breach of any terms of the Sale and Purchase Agreement by the Vendor or the Purchaser resulting that Completion could not be taken place in accordance with the terms and conditions of the Sale and Purchase Agreement, the Purchaser shall have the right to terminate the Sale and Purchase Agreement by notice in writing to the Vendor.

### **Indemnities**

Pursuant to the Sale and Purchase Agreement, the Vendor has also undertaken to indemnify the Purchaser and/or the Target Company against, among other things, all losses, liabilities, damages, costs and expenses suffered or incurred by the Purchaser and/or the Target Company as a result of certain non-compliance incidents and litigations of the Target Company.

### **Completion**

Subject to the fulfillment (or waiver, as the case may be) of all the conditions precedent under the Sale and Purchase Agreement, Completion shall take place at 4:00 p.m. on the Completion Date.

Upon Completion, the Company will become interested in 100% of the equity interest in the Target Company, and the Target Company will cease to be a joint venture of the Company and will become an indirect wholly-owned subsidiary of the Company.

### **CONSIDERATION SHARES**

The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid, in the manner as set out in the paragraph headed “Consideration” of this announcement. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares, including the right to all dividends, distributions and other payments made or to be made on the record date which falls on or after the date of such allotment and issue.

The Issue Price of HK\$2.50 per Consideration Share represents:

- (i) a premium of 0.40% to the closing price of HK\$2.49 per Share as quoted on the Stock Exchange on 3 June 2016, being the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 8.51% to the average of the closing prices of HK\$2.304 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (iii) a premium of approximately 1,266.12% to the audited net assets value per Share of approximately HK\$0.183, which was calculated based on the audited net asset value of the Company of approximately RMB1,005.71 million (equivalent to approximately HK\$1,196.79 million) as at 31 December 2015 and divided by the total number of issued Shares of 6,536,862,044 as at the date of this announcement.

The Issue Price was determined by the Board after taking into consideration of the prevailing Share prices and the Directors consider that the Issue Price is fair and reasonable.

The maximum of 184,426,200 Consideration Shares (assuming the Relevant Amount shall be zero as at the Completion Date) represent (i) approximately 2.82% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.74% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The aggregate nominal value of the maximum of 184,426,200 Consideration Shares is HK\$461,065.50.

## **ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND APPLICATION FOR LISTING**

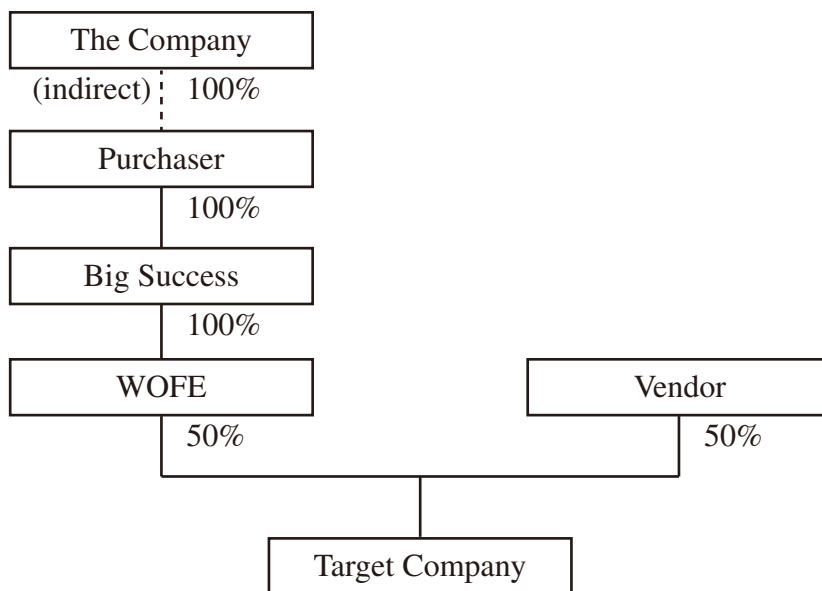
The Consideration Shares will be issued under the Specific Mandate to be sought at the EGM.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **SHAREHOLDING STRUCTURE OF THE TARGET COMPANY**

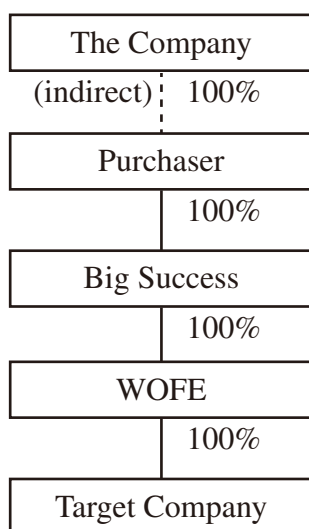
The following diagrams show the shareholding structure of the Target Company (a) as at the date of the Sale and Purchase Agreement; and (b) immediately after Completion:

(a) As at the date of the Sale and Purchase Agreement





(b) Immediately after Completion



**INFORMATION OF THE TARGET COMPANY**

The Target Company is a property investment company established in the PRC with limited liability which, as at the date of this announcement, is owned as to 50% by the Vendor and as to 50% by the Company (through its wholly-owned subsidiaries), and is currently a joint venture of the Company. The principal business of the Target Company is sub-leasing the Property to tenants and provision of property management services for the Property. The whole property, namely Universal Mansion, comprises a two-block commercial/office building, with two levels of basement and LED signage on exterior wall situated at Jing'an District, Shanghai, the PRC and completed in 1998. The portion rented by the Target Company, namely the Property, comprises of Levels 1 to 10 of Block B of Universal Mansion, including carparking spaces in the basement and LED signage on exterior wall.

On 10 May 2007, the Target Company (as lessee) and the Lessor, entered into a leasing agreement, which was supplemented by two supplemental agreements dated 10 May 2007 and 22 January 2013 respectively, pursuant to which the Lessor agreed to rent out and the Target Company agreed to rent the Property, which is a real estate of the military owned by 中國人民武裝警察部隊後勤部 (the Logistics Department of The Chinese People's Armed Police Force<sup>#</sup>), for a term of an aggregate of 35 years from 1 July 2007 to 30 June 2042 at a fixed annual rental amount.

The principal asset of the Target Company since its establishment and up to the date of this announcement is the sub-leasing right to the Property.

## INFORMATION OF THE PROPERTY

Below sets out further information for the Property:

Description of the Property : Level 1 to 10 of Block B of Universal Mansion, together with carparking spaces in the basement and LED signage on exterior wall.

Land use area (sqm) : Approximately 1,133 sqm

Gross floor area (“GFA”) : Approximately 10,471 sqm, which usage breakdowns as follows:

Level	Usage	GFA (sqm)
Basement 1 & 2	Car park	986.52
Level 1	Retail	1,142.73
Level 2 to 5	Retail	4,733.08
	(1,183.27 sqm each)	
Level 6 to 10	Office	<u>3,609.15</u>
		<u>10,471.48</u>

Principal usage : For retail and commercial uses.

As at 30 April 2016, the Property is fully sub-leased to 18 tenants. The sub-leasing contracts with tenants of the Property are ranging from three years to eight years. Since most of the sub-leasing contracts are entered into on long-term basis, it is considered that the Acquisition can provide further stable and sustainable income flow to the Group in the future. As at 30 April 2016, tenants of the Property are engaged in different kinds of businesses including, among others, food and beverages and management business, entertainment, investment management, beauty, education and import and export office etc.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is a summary of the key financial data of the Target Company based on the unaudited accounts of the Target Company for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December		
	2013	2014	2015
	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000
	(approx.)	(approx.)	(approx.)
Rental income, gross	69,477	69,431	69,645
Profit for the year	53,631	54,351	54,469
Profit after income tax	51,794	52,514	52,630
Net assets	156,175	208,689	261,319

## REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Group is principally engaged in the manufacturing and sale of LED lighting products and accessories, provision of energy efficiency services, development and promotion of a professional football club and provision of property sub-leasing and management services.

The Group started to operate the property sub-leasing and management business since the completion of the acquisition of 50% equity interest in the Target Company in March 2014, which is principally engaged in sub-leasing the Property to tenants and provision of property management services for the Property.

Property market in the PRC experienced a quiet period due to the slowing down of economic growth, tightened monetary policies, and government policies in controlling property prices. As the Property is located in a prime location in Shanghai, the PRC, the level of rents has not been affected by the currently unfavourable property market atmosphere. Moreover, the property sub-leasing and management business has been generating a stable income and cashflow for the Group.

Upon Completion, the Target Company will cease to be a joint venture and will become an indirect wholly-owned subsidiary of the Company. The Company will have full control of the Target Company. In addition, the financial information of the Target Company will be consolidated into the Company's financial information. There will be positive impact to the financial position of the Group.

In the view of the above, the Directors consider that the Acquisition presents a good investment opportunity which could provide a stable income stream for the Group in mid-term and long term and is in the interests and is beneficial to the Company and Shareholders as a whole.

### **Overview of the property sub-leasing and management business in Shanghai**

In the past decade or so, the property markets in the PRC have grown rapidly and property prices have lost its momentum, in particular in the second tier cities. To cool down the overheated property markets, policies in monetary supplies and other controlling measures were in place in 2015.

As the central government expects that there will be an economic growth of about 6.5% per annum in 2016, market confidence in the property markets appeared to have restored and recorded growth in early 2016. According to the Shanghai Statistics Bureau, Shanghai's retail sales grew 7.0% between January and February 2016, decelerating 1.1% as compared with the same period in 2015. In spite of the slowdown, Shanghai's retail real estate market for Q1 2016 was more active as compared to the corresponding period in 2015 in terms of new supply and net absorption. Average rent remained largely unchanged while vacancy rate decreased slightly. Furthermore, according to the World Property Journal, a global digital real estate newspaper, which was ranked one of the top global real estates news websites, the office sector in the first quarter of 2016 saw a slowdown in leasing momentum overall, however, in China's tier-one markets such as Shanghai and Shenzhen, office demand remains robust with solid rental growth.

In view of the above, the Property is located in a prime location in Shanghai, the PRC, which is less sensitive to the volatility in property market. As the central government is intensifying policies support on various monetary constraints needed to maintain relative Renminbi stability, it is expected the level of rent, particularly in the first tier cities, will grow steadily. The Board expected that stable income stream will be generated from the strong demand in Shanghai office including the Property.

Further, the completion of new supply slowed in Shanghai from the previous quarter while demand in Shanghai's retail market remained strong in Q1 2016, the vacancy rates decreased and in the prime retail area, it recorded the largest decline. In light of the limited new supply, rental growth in prime locations will remain buoyant in the short term.

## **RISKS RELATING TO THE PROPERTY SUB-LEASING BUSINESS OF THE GROUP**

### **Overall performance of the property market in the PRC and impact by governmental policies**

The overall property market in the PRC has experienced a quiet period due to the slowdown of economic growth, tightened monetary policies, government policies in controlling property prices etc., all these have ultimately impacted the performance of the property market in the PRC. Property prices have lost its growth momentum.

Even though the Property is located in a prime location in Shanghai, the PRC, and the level of rents has not been affected by the poor property market atmosphere since the acquisition of the first 50% of the Property by the Group, the property market in Shanghai is still subject to future economic changes and effects from changing governmental policies, which may adversely affected the return and profitability of the Property.

### **Impact from the notice issued by the CMC dated 27 March 2016**

As disclosed in the announcement of the Company dated 30 May 2016, the CMC has published a notice dated 27 March 2016 in relation to the stopping of all paid services of the People's Liberation Army (“**PLA**”) and the People's Armed Police Force (“**APF**”) (關於軍隊和武警部隊全面停止有償服務活動的通知) (“**Notice**”), pursuant to which, the PLA and the APF are set to stop providing all paid services, which is expected to be completed in three years. In light of this, the Company has carried out studies on the possible impacts of the Notice on the business and operation on the Target Company. The Company has consulted its PRC legal advisers and was advised that since the CMC has not yet specified on how to deal with existing contracts regarding real estates of the military, there are uncertainties as to when and how the rental arrangements will be impacted under the Lease Agreements.

As at the date of this announcement, the Board is not aware of any material adverse impact of the Notice on the business and operation of the Target Company as a whole. Nonetheless, in the event that there are further notices, rules or regulations issued by the PRC government or CMC in relation to the Notice, they might adversely affect the continuity of the Lease Agreements, which will adversely impact the operation and financial performance of the business of the Group.

The Company will keep shareholders and potential investors of the Company informed in the event of any material developments of the above matter and will make further announcement(s) as and when appropriate in accordance with the Listing Rules and/or the SFO.

## Risks relating to competition from other landlords

The Group faces significant competition from various landlord companies and independent landlords who may lease out their properties from time to time. Those competitors of the Group may have the ability to offer better hire rates or deploy larger fleets. Some of the competitors of the Group may also have better market penetration in certain locations and greater financial resources than the Group does. As a consequence, the Group may have to lower hire rates in order to maintain and/or attract tenants, which in turn may reduce the revenue and profitability of the Group. The Group may also experience a loss of market share if it is unable to compete effectively.

## Deterioration of out-dated facilities

The Property has been built for years and some of facilities are not at the latest design and development. As more new commercial buildings with modern facilities have been built in recent years, some of the customers may move to the more modern and new buildings. If the facilities of the Property are deteriorated and no renovation works have been done to upgrade its services, it may not attract new tenants and rental cannot reach to a more competitive level. Therefore, the Group's profitability may be adversely impacted.

## Changes in rental rates and occupancy rates

The rental rates and the occupancy rates will be affected by various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group is able to look for new tenants within a short period of time or procure new leases or renew leases at the prevailing market rates.

## EFFECTS ON SHAREHOLDINGS STRUCTURE OF THE COMPANY

	As at the date of this announcement		Immediately upon Completion and after the allotment and issue of all the Consideration Shares (assuming the Relevant Amount shall be zero as at the Completion Date)	
Mr. Li Wing Sang ( <i>Note i</i> )	1,234,924,400	18.89%	1,234,924,400	18.37%
Mr. Chiu Chi Hong ( <i>Note ii</i> )	345,472,000	5.28%	345,472,000	5.14%
Mr. Liu Xinsheng ( <i>Note ii</i> )	175,670,400	2.69%	175,670,400	2.61%
Sub-total	<u>1,756,066,800</u>	<u>26.86%</u>	<u>1,756,066,800</u>	<u>26.12%</u>
Vendor	–	–	184,426,200	2.74%
Public Shareholders	<u>4,780,795,244</u>	<u>73.14%</u>	<u>4,780,795,244</u>	<u>71.14%</u>
Total	<u>6,536,862,044</u>	<u>100.00%</u>	<u>6,721,288,244</u>	<u>100.00%</u>

Notes:

- (i) Mr. Li Wing Sang, a Director, deemed and beneficially owns 1,234,924,400 Shares, of which 139,516,800 Shares are in short position.
- (ii) Mr. Chiu Chi Hong and Mr. Liu Xinsheng are Directors.

## **VALUATION OF THE TARGET COMPANY**

The Company has appointed Peak Vision, an independent qualified professional valuer, to conduct the valuation report on the Target Company. Based on the preliminary valuation prepared by Peak Vision, the valuation of 100% equity interest of the Target Company as at 31 December 2015 was approximately RMB774,900,000 (equivalent to approximately HK\$922,131,000).

Based on the above preliminary valuation, the market value of the attributable interest of the Target Company to be acquired by the Group under the Sale and Purchase Agreement shall be approximately RMB387,450,000 accordingly.

## **LISTING RULES IMPLICATIONS**

Since the percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition is (are) greater than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

To the best knowledge, information and belief of the Directors having made reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Sale and Purchase Agreement that is required to abstain from voting on the proposed resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares under Specific Mandate, at the EGM.

According to the preliminary valuation prepared by Peak Vision, an independent qualified professional valuer, the income-based approach based on the discounted cash flow method was adopted to prepare the valuation of the Target Company. As discounted cash flow method is applied in the valuation, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

## **GENERAL**

The Company will despatch a circular containing, among other things, (i) further information on the Target Company, the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares under the Specific Mandate; (ii) the financial information of the Target Company; (iii) the unaudited pro forma financial information of the Enlarged Group upon Completion; and (iv) the notice of the EGM, in accordance with the requirements under the Listing Rules. As the Company requires more time for compiling the financial information for inclusion in the circular pursuant to the Listing Rules, the circular is expected to be despatched to the Shareholders on or before 24 June 2016.

## DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meaning:

“Acquisition”	the acquisition of the Sale Capital as contemplated under the Sale and Purchase Agreement
“associate”	has the same meaning ascribed thereto under the Listing Rules
“Big Success”	Big Success International Investment Limited, a company incorporated in Hong Kong with limited liability, which is directly wholly-owned by the Purchaser
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their entire normal business hours
“BVI”	the British Virgin Islands
“CMC”	the Central Military Commission of the PRC
“Company”	Tech Pro Technology Development Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 03823)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date which is the second (2nd) Business Day after the date on which the conditions precedent under the Sale and Purchase Agreement are satisfied or waived (or such later date as the Vendor and the Purchaser may agree in writing)
“Consideration”	RMB387,450,000 (equivalent to approximately HK\$461,065,500), being the total consideration for the Acquisition payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement
“Consideration Share(s)”	the Shares to be allotted and issued by the Company under the Specific Mandate to the Vendor at the Issue Price in satisfaction of part of the Consideration payable by the Purchaser to the Vendor under the Sale and Purchase Agreement, being an aggregate of up to 184,426,200 new Shares (assuming the Relevant Amount shall be zero as at the Completion Date)



“Deed of Assignment and Setoff”	the deed of assignment and setoff to be entered into by the Vendor, the Target Company and the Purchaser at Completion to offset the Relevant Amount as at the Completion Date against the Consideration
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares under the Specific Mandate
“Enlarged Group”	the Group as enlarged by the Target Company immediately after Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	HK\$2.50 per Consideration Share
“Lease Agreements”	the leasing agreement dated 10 May 2007 (supplemented by two supplemental agreements dated 10 May 2007 and 22 January 2013) entered into between the Target Company and the Lessor in relation to the leasing of the Property
“LED”	light-emitting diode, a semi-conductor light source which are used as indicator lamps in various devices
“Lessor”	中國人民武裝警察部隊上海市總隊後勤部營房處租賃辦公室 (the Lease Office of the Barracks Division of the Logistics Department of The People’s Chinese Armed Police Force, Corps of Shanghai#)
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Peak Vision”	Peak Vision Appraisals Limited, the independent qualified professional valuer appointed by the Company to conduct the valuation report on the Target Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Property”	a property located at 中國上海市靜安區萬航渡路3, 7, 9及11號環球世界大廈B座1–10樓 (1/F to 10/F, Block B, Universal Mansion, No. 3, 7, 9 and 11 Wanhua Du Lu, Jing’an, Shanghai, the PRC#), together with carparking spaces in the basement and LED signage on exterior wall
“Purchaser”	Champion Miracle Limited, a company incorporated in the BVI with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Relevant Amount”	the amount due to the Target Company from the Vendor and/or his associates as at the Completion Date, which, as at 30 April 2016, amounted to approximately RMB301.14 million
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 June 2016 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Capital”	the 50% of the registered and paid-up capital of the Target Company, legally and beneficially owned and held by and registered in the name of the Vendor as at the date of the Sale and Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Specific Mandate”	the specific mandate required to be granted to the Directors by the Shareholders at EGM for the allotment and issue of Consideration Shares
“sqm”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	上海富朝物業管理有限公司 (Shanghai Fuchao Property Management Company Limited#) (formerly known as 上海富朝投資有限公司 (Shanghai Fuchao Investment Company Limited#)), a company established in the PRC with limited liability which, as at the date of the Sale and Purchase Agreement, is owned as to 50% by the Vendor and as to 50% by the Company (through its wholly-owned subsidiaries) and is currently a joint venture of the Company

“Vendor”	Mr. Fan Lin (范林), a PRC individual and a shareholder of the Target Company holding 50% of its entire registered and paid-up capital as at the date of the Sale and Purchase Agreement and a director and the legal representative of the Target Company
“WFOE”	上海萊懇實業有限公司 (Shanghai Laiken Industrial Company Limited <sup>#</sup> ), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

<sup>#</sup> *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

*For illustration purposes, the exchange rate of approximately RMB1 = HK\$1.19 is used throughout this announcement. This exchange rate does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or other rate at all.*

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

Hong Kong, 3 June 2016

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