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## **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)**

### **CLARIFICATION ANNOUNCEMENT AND RESUMPTION OF TRADING**

#### **CLARIFICATION ANNOUNCEMENT**

This announcement is made to categorically deny, refute and clarify the allegations or comments concerning the Group raised in a report published by GeoInvesting, LLC on 1 June 2016.

Save as disclosed in this announcement, after having made due and careful enquiries with respect to the Group as is reasonable in the circumstances, the Board confirms that it is not aware of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

**The Board would recommend the Shareholders and potential investors to exercise extreme caution when using the information in the Report, which the Board considers contain statements which are untrue or misleading.**

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Tuesday, 7 June 2016, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange from 9:00 a.m. on Wednesday, 8 June 2016.

This announcement is made by Tech Pro Technology Development Limited (the "**Company**"), together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**").

## CLARIFICATIONS ANNOUNCEMENT

Reference is made to a report (the “**Report**”) issued by GeoInvesting, LLC (“**GeoInvesting**”) on 1 June 2016. The board (the “**Board**”) of directors (each a “**Director**”) of the Company does not have any background information as to the identity of GeoInvesting, nor any Director or senior management of the Group has been interviewed by any of GeoInvesting’s analysts before the issuance of the Report.

As mentioned in the Report, GeoInvesting is “currently short the Company”, which the Board believes that it means they are currently short selling the shares (the “**Shares**”) of the Company, and it also means that GeoInvesting will benefit if the price of the Shares declines. **The Board would therefore recommend the shareholders of the Company (the “Shareholders”) and potential investors to exercise extreme caution when using the information in the Report, which the Board considers contain statements which are untrue or misleading.**

The Report contains certain allegations and comments on the Company. This announcement is made to categorically deny, refute and clarify the allegations or comments concerning the Group raised in the Report. In the meantime, the Company is seeking advice from its legal advisers and reserves its rights to take legal actions against GeoInvesting for the issue of the Report.

## ALLEGATIONS OR COMMENTS CONCERNING THE GROUP IN THE REPORT

### 1. The Group has insufficient financial resources to sustain operations

The Report alleged that the Company will require continued dilutive equity financing to sustain operations, and that Football Club Sochaux-Montbéliard SA (“**FCSM**”) requires heavy investment to maintain its current position to avoid relegation.

The Board considers this comment to be absolutely fallacious and of no substance. The Board confirms that the Company currently has no intention to conduct any debt or equity fund-raising activities, and the Group currently has sufficient resources to finance its operations. The Directors would also like to point out that no equity fund-raising activity for cash has been conducted by the Company since June 2014. As disclosed in the annual report (the “**2015 Annual Report**”) of the Company for the year ended 31 December 2015, as at 31 December 2015, the Group had net current assets in the amount of approximately RMB321,657,000, out of which approximately RMB128,579,000 was cash at bank and in hand. Taking into account the working capital requirements for the daily operations of the Group and the financial resources presently available to the Group, in the absence of unforeseeable circumstances, the Board is of the view that the Group currently has sufficient resources to finance its operations without having to resort to any debt or equity fund-raising activities.

Regarding the allegations on the financial position of FCSM, as disclosed in the circular of the Company dated 13 June 2015, despite FCSM had been loss-making, as at 31 December 2014, FCSM had €22,757,000 (equivalent to approximately HK\$213,681,000) cash and cash equivalent in hand, and even taking into account of the completion of FCSM's distribution of exceptional dividends in the amount of €6,950,000 (equivalent to approximately HK\$59,250,000) in May 2015 and prior to its acquisition by the Group, FCSM has sufficient cash and assets to self-sustain in the future. As disclosed in the said circular, the acquisition of FCSM was to complement the Company's corporate strategy to build up the "LEDUS" brand name as an international brand, and was considered to be an effective way to promote the Group's products in Europe, and to raise the global market awareness and recognition of "LEDUS" brand name. In view of the financial resources presently available to FCSM and the performance of FCSM, the Board considers it is not necessary for the Company to inject any substantial investment to FCSM in order to support its operation for the time being.

## **2. The LED business of the Group is deteriorating and downsizing**

The Report claimed that through interviews with certain employees of the Group, they found that there are discrepancies between the existing actual number of employees and size of the LED production facilities of the Group and those figures contained in the website of the Company. It was also discovered that the Group also shared the production facilities with other companies. The Report further commented that "all findings from our due diligence tell us that the company has downsized nearly all of its LED segments, despite the company somehow being able to grow revenue", and "Tech Pro's LED business is deteriorating with poor margins". The Report also questioned the genuineness of the turnover of the LED business of the Group.

The Board vigorously denies the above comments from GeoInvesting concerning the downsizing of the business of the Group and the genuineness of the turnover of the LED business of the Group, and would like to stress that the Company has no intention to downsize the LED business of the Group.

The Directors also cast doubt on the source of the information containing the alleged current status of the Group, as well as the identity of the interviewees which were alleged to be employees of the Group. The Board believes that the figures described in the Report as the figures claimed by the Company regarding the number of employees of the Group and the gross floor area of the production facilities of the Group, were actually extracted from certain historical data contained in the website of the Company, which has been out-of-date and is no longer accurate. According to the records of the Company, most of the figures referred to in the Report corresponded to the status of those facilities back at the time immediately after their respective acquisitions by the Group from year 2010 to year 2011, and without taking into account the number of staff of the Group in Spain, France, Shanghai and Hong Kong where the operations of the Group is based.

As disclosed in the 2015 Annual Report, the Group currently has twelve operating subsidiaries principally engaged in the LED business. As benefited from the synergistic effect and economies of scale of those subsidiaries in the development of the LED business, the Group had been able to streamline its work force and consolidate the production facilities which were carrying out overlapping functions, when at the same time managed to maintain the level of operation and productivities. Further, as mentioned in the 2015 Annual Report, in view of the keen competition of the lighting market and most of the cost increased cannot be shifted to the customers, the Group shall use its best endeavours to take cost control measures. For instance, the Group has outsourced the production process of certain products of the Group to other third party manufacturers, so that the Group is allowed to achieve a headcount reduction, shift the risks of costs increment to the manufacturers and reallocate its resources in a more effective manner. As disclosed in the 2015 Annual Report, the turnover recorded from the Group's LED lighting segment was approximately RMB184,840,000, represents an increase of approximately 28.07% as compared to the turnover recorded from the segment for the year ended 31 December 2014 of approximately RMB144,327,000.

The Board would also like to point out that as all of the production facilities were leased premises, and it is natural for the landlords to lease out the remaining portion to other tenants. It is to the Board's astonishment that the Report took the existence of other users in the same building of the Group's facilities as a "sign of downsizing".

Notwithstanding that the correct and accurate figures have been published in the annual reports of the Company, the Company shall continue to review and monitor the accuracy of the figures of the Group mentioned in its website regularly in order avoid any possible confusion in the future.

### **3. Valuation**

GeoInvesting was of the view that based on their allegations as mentioned above, the price movement of the Shares and the company valuation both seem completely detached from the reality.

The Board is not in a position to comment on the movement of the market price of the Shares as it is entirely out of the control of the Company. However, as each of the misleading allegations and the malicious comments in the Report has been refuted and clarified, and based on the continuing improvement in the financial position of the Group as reflected in the 2015 Annual Report, and taking into account the overall operation and prospects of the LED industry, the Board is confident in the future development of the Group. The Board would also like to emphasize that the Group has never fabricated, exaggerated or misled its Shareholders and potential investors about any of its published information concerning its operation and financial position. The Shareholders and potential investors are urged to rely on the information published by the Company on the websites of the Company and the Stock Exchange when dealing in the Shares.

## CONCLUSIONS

Based on the clarifications as stated above, the Board is of the view that the allegations and comments contained in the Report were made without due consideration of the underlying facts and based on selective and biased information, and are considered to be inappropriate and misleading.

Save as disclosed in this announcement, after having made enquiries with respect to the Group as is reasonable in the circumstances, the Board confirms that it is not aware of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

**The Board would recommend the Shareholders and potential investors to exercise extreme caution when using the information in the Report, which the Board considers contain statements which are untrue or misleading.**

The Company will consider and adopt all reasonable measures to protect the interest of the Shareholders, including but not limited to take necessary legal actions against GeoInvesting for the issue of the Report.

This announcement is made by order of the Company. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

## RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Tuesday, 7 June 2016, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange from 9:00 a.m. on Wednesday, 8 June 2016.

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

Hong Kong, 7 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; the independent non-executive Directors are Mr. Lau Wan Cheung, Mr. Ng Wai Hung and Mr. Tam Tak Wah.*