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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)

FURTHER CLARIFICATION ANNOUNCEMENT

CLARIFICATION ANNOUNCEMENT

Reference is made to the Glaucus Report and the announcement of the Company issued on 28 July 2016. This announcement is made to categorically deny, refute and clarify the allegations or comments concerning the Group raised in the Glaucus Report.

Save as disclosed in this announcement, after having made reasonable 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 vigorously denies the allegations against the Group in the Glaucus Report, and considers the information contained in the Glaucus Report to be incomplete, biasedly-selected and presented and materially misleading. As admitted by Glaucus in the Glaucus Report, Glaucus are short sellers and the Glaucus Report is a short-biased opinion, and they will make money if the price of the shares of the Company declines. **The Board would recommend the Shareholders and potential investors to exercise extreme caution when using the information in the Glaucus Report.**

This announcement is made by Tech Pro Technology Development Limited (the "Company", together with its subsidiaries, the "Group") on a voluntary basis.

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated 28 July 2016 and a report (the “**Glaucus Report**”) issued by Glaucus Research Group California, LLC (“**Glaucus**”) on 28 July 2016. The board (the “**Board**”) of directors (each a “**Director**”) of the Company does not have any background information as to the identity of this Glaucus, nor any Director or senior management of the Group has been interviewed by any of Glaucus’s analysts before the issuance of the Glaucus Report.

The Board vigorously denies the accusations against the Company in the Glaucus Report, and considers the information contained in the Glaucus Report to be incomplete, biasedly-selected and presented and materially misleading. As admitted by Glaucus in the Glaucus Report, Glaucus are short sellers and the Glaucus Report is a short-biased opinion, and they will make money if the price of the shares of the Company 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 Glaucus Report.**

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

ALLEGATIONS OR COMMENTS CONCERNING THE GROUP IN THE GLAUCUS REPORT

The Board responds and refutes the allegations contained in the Glaucus Report as follows:

1. *False allegation on fabricated financial performance of Shanghai Fuchao Property Management Company (“Shanghai Fuchao”)*

The Board strongly denies the allegation in the Glaucus Report that the Group has overstated the profitability of Shanghai Fuchao.

The Board would like to point out it is entirely wrong for Glaucus to mistakenly believe and to claim and mislead the readers that “*Tech Pro, as it admits, is only the sub-leasing agent of Universal Mansion ... It is a common sense that the vast majority of the rental income goes to the property owner, and not the management company.*”

The Company has never admitted or represented that Shanghai Fuchao as a sub-leasing agent of Universal Mansion. As disclosed in the announcements (the “**Acquisition Announcements**”) of the Company dated 27 November 2013 and 3 June 2016, Shanghai Fuchao is itself the **sub-lessor** of the Universal Mansion who is fully entitled to the entire rental income from leasing of Universal Mansion.

The purported discrepancy between the profits recorded in the SAIC filings and the audited historical financials as shown in the Acquisition Announcements and the 2015 Annual Report is due to the timing difference in the recognition of revenue for accounting and SAIC reporting purposes. The Group recognises rental income from leasing of Universal Mansion in accordance with the terms of the relevant lease agreements entered into with the tenants under Hong Kong Financial Reporting Standards (HKFRSs), whereas the rental income reported to the local tax bureau in SAIC filings was recognised when the relevant tax invoices were issued to the tenants. As a result, a portion of rental income recognised in a certain fiscal year under HKFRSs was in effect recognised in the subsequent fiscal years for SAIC reporting purposes.

Thus, the allegation that the Group has fabricated the profitability of Shanghai Fuchao is firmly denied.

2. *False allegation on fabricated purchase price of Shanghai Fuchao*

The Glaucus Report alleged that the Company inflated the purchase price of Shanghai Fuchao, which it avers that according to an equity transfer agreement (the “**Equity Transfer Agreement**”) dated 10 March 2014 was entered into between the vendor and 上海萊懇實業有限公司 (a wholly-owned subsidiary of the Company), the consideration actually paid by the Group to acquire the 50% equity interests in Shanghai Fuchao was only RMB4,500,000, instead of HK\$450,000,000 as disclosed in the announcement of the Company dated 27 November 2013.

The Board strongly denies such allegation, and believes such wrongful accusation was made due to Glaucus’s misunderstanding on the PRC filing requirements.

As confirmed by the PRC legal advisers of the Company, the Equity Transfer Agreement is merely one of the transfer documents required to be submitted to the relevant municipal office of the industry and commerce bureau of the PRC for completing the transfer procedure of the equity interests in Shanghai Fuchao, which does not contain any legal force. The consideration of RMB4,500,000 as stated in the relevant Equity Transfer Agreement only represents the amount of registered and paid up capital attached to the 50% equity interests in Shanghai Fuchao acquired by the Group. All the terms and conditions of the acquisition (including but not limited to the consideration) should be based on the formal sale and purchase agreement dated 27 November 2013 (as supplemented by the extension letter dated 28 February 2014) entered into between the vendor and the Group (details of which have been disclosed in the announcements of the Company dated 27 November 2013 and 28 February 2014 respectively).

The Board therefore has not in any event inflated or misstated the consideration paid by the Group for its interests in Shanghai Fuchao and Glaucus’s accusation is strictly denied.

3. False allegation on fabricated profitability of the Group's LED business

The Glaucus Report further alleged that the Group fabricated the profitability of the Group's LED business solely by reference to the SAIC filings of four PRC subsidiaries of the Group, namely U Young (Xiamen) Light Electrical Technology Limited (“**U Young**”), Jiangxi Lantian Wei Guang Technology Company Limited (“**Jiangxi Lantian**”), Shenzhen Chong Zheng Electronic Technology Limited (“**Shenzhen Chongzheng**”) and Shenzhen Wind and Solar New Energy Company Limited (“**Shenzhen Wind and Solar**”), without taking into account (i) the contributions of the Hong Kong holding companies of the abovementioned PRC subsidiaries during the years under review; and (ii) the differences in timing to recognise the income and expenses for the preparation of the SAIC filings and financial statements under HKFRSs. Under HKFRSs, the revenue of sale of goods is recognised when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts and returns, whereas the income reported in the SAIC filings was recognised when the relevant tax invoices were issued to the customers. As a result, a portion of income from the sale of goods recognised in a certain fiscal year in financial statements prepared under HKFRSs was in effect recognised in the subsequent fiscal years in the SAIC filings.

The profit guarantee certificates of each of the abovementioned sub-groups were confirmed and issued by the then auditors of the Company, and details of which have been disclosed in the announcements of the Company dated 23 May 2012, 21 November 2012 and 19 February 2013 respectively.

Based on that above, the Board considers that the allegations of Glaucus are unfounded and inaccurate.

4. Valuation

Glaucus was of the view that based on their allegations as mentioned above, the Shares are worth nil.

The Board is not in a position to comment on the valuation 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 Glaucus 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 Group, the Board does not agree that the Share price is currently overvalued. 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 Glaucus Report were made without due consideration of the underlying fact, and based on erroneous beliefs and misinterpretation of information, and are considered to be inappropriate and materially misleading.

Save as disclosed in this announcement, after having made reasonable 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 of the Company and potential investors to exercise extreme caution when using the information in the Glaucus Report, which the Board considers to be incomplete, biasedly-selected and presented, and materially 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 Glaucus.

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

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

Hong Kong, 29 July 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.