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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF AFFLUENT STATE HOLDINGS LIMITED

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board announces that on 4 November 2016 (after trading hours of the Stock Exchange), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the non-legally binding MOU with the Vendor and the Vendor's Guarantor in respect of the Possible Acquisition of the entire issued share capital of the Target Company.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and upon completion of the Reorganisation, the Target Group would be principally engaged in property investment in the PRC and shall become the owner of the Guangzhou Property. The Guangzhou Property is situated in a commercial building located in 珠江新城 (Zhujiang New Town[#]), a prime location in Guangzhou, Guangdong Province, the PRC, and is currently leased to an Independent Third Party for the operation of a "Food City (美食城)" comprising various restaurants.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction on the part of the Company under the Listing Rules. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

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MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

Date: 4 November 2016

Parties: (i) Vendor : Poly (China) Commercial Property Development Limited (保利(中國)商業地產開發有限公司);

(ii) Purchaser : Champion Miracle Limited (冠奇有限公司), an indirect wholly-owned subsidiary of the Company; and

(iii) Vendor's Guarantor : Zhi Jianling (植建玲).

The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. As at the date of this announcement, the Vendor's Guarantor is the ultimate beneficial owner of the Vendor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor, the Vendor's Guarantor and their respective associates is not a connected person of the Company and is an Independent Third Party.

Major terms of the MOU

Assets to be acquired

Under the MOU, it is proposed that the Purchaser (or its designated wholly-owned subsidiary) will acquire, and the Vendor will dispose of, the entire issued share capital of the Target Company.

Consideration

The consideration for the Possible Acquisition will be subject to further negotiation among the Purchaser (or its designated wholly-owned subsidiary), the Vendor and the Vendor's Guarantor and is expected to be satisfied by the Purchaser by way of cash or by procuring the Company to issue promissory notes or to allot and issue new Shares or to issue convertible bonds carrying rights to convert into new Shares or a combination of any of the above or any other kind of consideration as the Purchaser (or its designated wholly-owned subsidiary), the Vendor and the Vendor's Guarantor may agree.

Deposit

Pursuant to the MOU, the Purchaser shall pay the Deposit in the amount of HK\$4,000,000 in cash to the Vendor within 30 days after the signing of the MOU. Such Deposit shall be applied for the settlement of part of the consideration at completion in the event that the Possible Acquisition materialises.

In the event that the Formal Agreement is not entered into among the Purchaser (or its designated wholly-owned subsidiary), the Vendor and the Vendor's Guarantor on or before the date falling three (3) months from the date of the MOU (or such later date as may be agreed among the parties to the MOU), the MOU shall be cancelled and in any event, the Vendor shall forthwith refund the Deposit (without interest) to the Purchaser.

Due Diligence Review

After the signing of the MOU, the Purchaser shall procure its advisers and agents to conduct a due diligence review on the Target Group and all the assets, liabilities, operation and affairs of the Target Group (the "**Due Diligence Review**").

The Vendor shall provide, and shall procure its agents to provide, assistance to the Purchaser (and its advisers and agents) for the Due Diligence Review.

Conditions precedent

Pursuant to the MOU, completion of the Possible Acquisition shall be conditional upon the fulfillment of the following conditions precedent:

- (i) the Purchaser being satisfied with the results of the Due Diligence Review;
- (ii) (if necessary) the passing by the Shareholders at an extraordinary general meeting of the Company to be convened and held of ordinary resolution(s) to approve the Formal Agreement and the transactions contemplated thereunder;
- (iii) the Reorganisation having been completed;
- (iv) the obtaining of a PRC legal opinion (in the form and substance satisfactory to the Purchaser (or its designated wholly-owned subsidiary)) issued by a PRC legal adviser appointed by the Purchaser (or its designated wholly-owned subsidiary) on the Formal Agreement and transactions contemplated thereunder, the PRC subsidiaries of the Target Company and the Reorganisation;
- (v) all necessary consents and approvals required to be obtained on the part of the Purchaser (or its designated wholly-owned subsidiary), the Vendor and the Vendor's Guarantor in respect of the Formal Agreement and the transactions contemplated thereunder having been obtained; and

- (vi) any other conditions which may be agreed by the Purchaser (or its designated wholly-owned subsidiary), the Vendor and the Vendor's Guarantor and to be included in the Formal Agreement.

Formal Agreement

The Purchaser (or its designated wholly-owned subsidiary), the Vendor and the Vendor's Guarantor shall negotiate in good faith with the view of entering into the legally-binding Formal Agreement on or before the date falling three (3) months from the date of the MOU (or such later date as may be agreed among the parties to the MOU).

The Formal Agreement shall include, but not limited to, the following:

- (i) the representations, warranties, undertakings and indemnities to be given by the Vendor in relation to the Possible Acquisition as contemplated under the MOU, which are customary in similar types of transactions; and
- (ii) the conditions precedent mentioned in the paragraph headed "Conditions precedent" in this announcement.

Exclusivity

In consideration of the expenses to be incurred by the Purchaser in negotiation of the MOU and conducting the Due Diligence Review, it is agreed that the Vendor will not, and will procure its directors, officers, employees, representatives and agents not to, directly or indirectly, during the period from the date of the MOU up to the date falling three (3) months from the date of the MOU (or such later date as may be agreed among the parties to the MOU), (i) solicit, initiate or encourage inquiries or offers from; or (ii) initiate or continue negotiations or discussions with or furnish any information to; (iii) enter into any agreement or statement of intent or understanding with, any person or entity, to sell or otherwise deal with issued share capital of the Target Company.

Guarantee by the Vendor's Guarantor

The Vendor's Guarantor unconditionally and irrevocably guarantees in favour of the Purchaser the due and punctual performance by the Vendor of all its obligations under the MOU and undertakes to fully indemnify the Purchaser in respect of any liabilities, loss, damages, costs and expenses that it may have suffered or incurred by reason of or in consequences of any failure of or delay by the Vendor in performing any of its obligations under the MOU.

Binding effect

Save for those provisions relating to the payment, application and refund of the Deposit, the Due Diligence Review, exclusivity, confidentiality, the guarantee given by the Vendor's Guarantor, notice, fees, binding effects, counterparts and governing law and jurisdiction, the MOU does not have any legally binding effect on the parties to the MOU.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

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 Target Company is a company incorporated in the British Virgin Islands with limited liability and upon completion of the Reorganisation, the Target Group would be principally engaged in property investment in the PRC and shall become the owner of the Guangzhou Property. The Guangzhou Property is situated in a commercial building located in 珠江新城 (Zhujiang New Town[#]), a prime location in Guangzhou, Guangdong Province, the PRC, and is currently leased to 廣州市蔡瀾寶島美食餐飲管理有限公司, an Independent Third Party, for the operation of a “Food City (美食城)” comprising various restaurants.

The Group started to operate the property sub-leasing and management business since the completion of the acquisition of 50% equity interest in 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[#])) in March 2014, which is principally engaged in sub-leasing 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 car parking spaces in the basement and LED signage on exterior wall, to tenants and provision of property management services for the property. The property sub-leasing and management business has been generating a stable income and cashflow for the Group.

The Board believes that the Possible Acquisition represents a viable business opportunity to step forward in strengthening and to further expand the Group's property leasing and management business in the PRC. Taking into account the rental income to be derived from the leasing of the Guangzhou Property, the Directors are also of the view that the Possible Acquisition represents a good opportunity for the Group to expand its existing business so as to broaden its sources of income, aiming at maximising profit and return for the Group and its Shareholders. In addition, upon completion of the Possible Acquisition, the Purchaser will own the legal titles of the Guangzhou Property which will further enhance the assets of the Group. As the Group considers the future prospect of the property market in the PRC is positive, it may have the opportunity to benefit from the appreciation of property value in the long term.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associates(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors from time to time
“Company”	Tech Pro Technology Development Limited (德普科技發展有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Deposit”	the refundable deposit in the amount of HK\$4,000,000 payable by the Purchaser to the Vendor pursuant to the MOU
“Director(s)”	the director(s) of the Company from time to time
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Guangzhou Property”	中國廣東省廣州市天河區華廈路28號富力盈信大廈二樓全層、三樓310室 (2/F and Unit 310 of 3/F, R & F Yingxin Building, 28 Huaxia Road, Tianhe District, Guangzhou, Guangdong Province, the PRC [#]), the principal asset of the Target Group upon completion of the Reorganisation
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	the non-legally binding memorandum of understanding dated 4 November 2016 and entered into among the Purchaser, the Vendor and the Vendor’s Guarantor setting out the preliminary understanding in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Purchaser (or its designated wholly-owned subsidiary) from the Vendor of the entire issued share capital of the Target Company as contemplated under the MOU
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Champion Miracle Limited (冠奇有限公司), a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Reorganisation”	a corporate reorganisation being implemented by the Target Company, such that upon completion of the Reorganisation, the Target Group shall become the owner of the Guangzhou Property
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Affluent State Holdings Limited (富國控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Poly (China) Commercial Property Development Limited (保利(中國)商業地產開發有限公司), a company incorporated in Hong Kong with limited liability
“Vendor’s Guarantor”	Zhi Jianling (植建玲)

“%” per cent

“HK\$” Hong Kong dollars

The English transliteration of the Chinese names in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English names of such Chinese names.

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

Hong Kong, 4 November 2016

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