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 2016

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 2016, together with comparative figures for the year ended 31 December 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Turnover	*3*	**232,980**	220,026
Cost of sales		**(108,306)**	(153,848)
Gross profit		**124,674**	66,178
Other revenue and income	*4*	**14,750**	15,156
Selling and distribution costs		**(29,710)**	(28,767)
Administrative and other operating expenses		**(236,096)**	(146,670)
Impairment loss on property, plant and equipment	*9*	**(42,153)**	–
Impairment loss on goodwill and other intangible assets	*9&10*	**(234,635)**	(187,240)
Amortisation of other intangible assets	*10*	**(53,392)**	(70,303)
Fair value gain/(loss) on contingent consideration receivables		**11,669**	(5,941)
Net realised and unrealised loss on other current financial assets, net		**(2,957)**	(2,209)
Gain on bargain purchase		**–**	61,996
Finance costs	*5(a)*	**(39)**	(1,397)
Share of results of a joint venture		**9,855**	17,153

	Notes	**2016**	2015
		RMB'000	*RMB'000*
Loss before income tax	*5*	**(438,034)**	(282,044)
Income tax	*6*	**73,469**	43,819
Loss for the year		**(364,565)**	(238,225)
Loss attributable to:			
Owners of the Company		**(271,747)**	(192,208)
Non-controlling interests		**(92,818)**	(46,017)
		(364,565)	(238,225)

		2016	2015
Loss per share (RMB cents)			
– Basic and diluted	*8*	**(4.14 cents)**	(2.99 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	2016	2015
	RMB'000	*RMB'000*
Loss for the year	**(364,565)**	(238,225)
Other comprehensive income for the year		
Item that will not be reclassified to profit or loss:		
Actuarial (gain)/loss on pension obligations	**1,021**	(155)
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**18,450**	13,382
Total comprehensive income for the year (net of tax)	**(345,094)**	(224,998)
Attributable to:		
Owners of the Company	**(252,331)**	(178,955)
Non-controlling interests	**(92,763)**	(46,043)
	(345,094)	(224,998)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	**2016** **RMB'000**	2015 RMB'000
Non-current assets			
Property, plant and equipment		**22,100**	68,562
Goodwill	*9*	**–**	–
Other intangible assets	*10*	**32,989**	321,018
Other non-current financial assets		**124,525**	5,179
Contingent consideration receivables		**–**	3,669
Deferred tax assets		**2,252**	–
Interest in a joint venture		**257,696**	366,641
Deposit	*14*	**10,746**	–
		450,308	765,069
Current assets			
Other current financial assets		**4,298**	30,789
Inventories		**30,536**	30,396
Trade and bills receivables	*11*	**122,703**	142,981
Other receivables and prepayments		**131,306**	112,468
Pledged bank deposits		**26,656**	487
Cash at banks and in hand		**98,689**	128,579
		414,188	445,700
Current liabilities			
Trade and bills payables	*12*	**36,683**	25,658
Other payables and accruals		**79,421**	76,606
Bank loans		**–**	132
Obligations under finance leases		**527**	494
Income tax payable		**21,153**	21,153
		137,784	124,043
Net current assets		**276,404**	321,657
Total assets less current liabilities		**726,712**	1,086,726

	2016 *RMB'000*	2015 *RMB'000*
Non-current liabilities		
Obligations under finance leases	**264**	741
Defined benefit obligations	**1,244**	2,051
Deferred tax liabilities	**6,882**	78,222
	8,390	81,014
NET ASSETS	**718,322**	1,005,712
EQUITY		
Equity attributable to owners of the Company		
Share capital	**14,974**	14,267
Reserves	**696,567**	891,901
	711,541	906,168
Non-controlling interests	**6,781**	99,544
TOTAL EQUITY	**718,322**	1,005,712

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 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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

Annual Improvements 2012-2014 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 1 - Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these financial statements.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss ("FVTPL") should provide the disclosures related to investment entities as required by HKFRS 12. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Company is neither an intermediate parent entity nor an investment entity.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply the relevant principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not acquired or formed a joint operation.

(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.

Amendments to HKAS 7	Statement of cash flows: Disclosure initiative[1]
Amendments to HKAS 12	Income taxes: Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) [2]
Amendments to HKFRS 2	Share-based payment: Classification and measurement of share-based payment transactions[3]
HKFRS 16	Leases[3]
Amendments to HKFRS10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

– Step 1: Identify the contract(s) with a customer

– Step 2: Identify the performance obligations in the contract

– Step 3: Determine the transaction price

– Step 4: Allocate the transaction price to each performance obligation

– Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use-asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

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, broadcasting 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 follows:

	2016	2015
	RMB'000	*RMB'000*
Sale of products and accessories	**120,840**	176,724
Service income from energy efficiency projects	**20,740**	9,617
Boardcasting income	**49,855**	19,002
Matchday ticket income	**17,210**	4,710
Sponsorship and advertising income	**24,335**	9,973
	232,980	220,026

(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

– Provision of 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 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.

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 year ended 31 December 2016 and 2015 is set out below:

	2016			
	LED lighting *RMB'000*	**Professional football club** *RMB'000*	**Property sub-leasing services** *RMB'000*	**Total** *RMB'000*
Turnover	**137,754**	**97,429**	**–**	**235,183**
Inter-segment revenue	**–**	**(2,203)**	**–**	**(2,203)**
Reportable segment revenue from external customers	**137,754**	**95,226**	**–**	**232,980**
Reportable segment results	**(374,936)**	**(48,105)**	**9,855**	**(413,186)**
Other information:				
Interest income	**419**	**575**	**–**	**994**
Depreciation of property, plant and equipment	**(12,454)**	**(494)**	**–**	**(12,948)**
Amortisation of other intangible assets	**(50,672)**	**(2,720)**	**–**	**(53,392)**
Impairment on property, plant and equipment	**(40,457)**	**(1,696)**	**–**	**(42,153)**
Impairment loss on other intangible assets	**(227,496)**	**(7,139)**	**–**	**(234,635)**
Allowance for impairment on trade and other receivables, net	**(25,847)**	**–**	**–**	**(25,847)**
Fair vale gain on contingent consideration receivables	**–**	**11,669**	**–**	**11,669**
Net realised and unrealised gain on other current financial assets, net	**125**	**–**	**–**	**125**
Loss on disposal of property, plant and equipment	**(2,042)**	**–**	**–**	**(2,042)**
Share of results of a joint venture	**–**	**–**	**9,855**	**9,855**
Reportable segment assets	**320,569**	**125,408**	**376,496**	**822,473**
Reportable segment liabilities	**62,369**	**49,153**	**–**	**111,522**

	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 and other intangible assets	(187,240)	–	–	(187,240)
Allowance for impairment on trade and other receivables, net and bad debt written off	(16,294)	–	–	(16,294)
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

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

	2016	2015
	RMB'000	*RMB'000*
Profit or loss		
Reportable segment results	**(413,186)**	(261,146)
Unallocated interest expenses	**(39)**	(35)
Unallocated depreciation of property, plant and equipment	**(1,007)**	(777)
Dividend income from other current financial assets	**–**	260
Net realised and unrealised loss on other current financial assets	**(3,082)**	(1,866)
Unallocated corporate administrative expenses	**(20,720)**	(18,480)
Consolidated loss before income tax	**(438,034)**	(282,044)

	2016	2015
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**822,473**	1,177,504
Deferred tax assets	**2,252**	–
Other current financial assets	**4,298**	6,453
Unallocated head office and corporate assets	**35,473**	26,812
Consolidated total assets	**864,496**	1,210,769

	2016	2015
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**111,522**	101,867
Income tax payable	**21,153**	21,153
Deferred tax liabilities	**6,882**	78,222
Unallocated head office and corporate liabilities	**6,617**	3,815
Consolidated total liabilities	**146,174**	205,057

(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 locations of assets:

	Revenue from external customers		**Non-current assets**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The People's Republic of China (the "PRC")	**90,370**	94,403	**269,917**	688,895
France	**96,600**	40,618	**–**	11,274
Hong Kong (place of domicile)	**9,485**	60,320	**26,600**	32,433
Spain	**28,384**	14,060	**27,014**	23,619
Other countries	**8,141**	10,625	**–**	–
	232,980	220,026	**323,531**	756,221

(d) **Major customers**

During the year ended 31 December 2016, there is no revenue from transactions with a single external customer which amounts to 10% or above of the total revenue of the Group.

During the year ended 31 December 2015, revenue from a customer of the Group amounted to RMB51,258,000.

4. OTHER REVENUE AND INCOME

	2016	2015
	RMB'000	*RMB'000*
Bank interest income	**994**	913
Rental income from property, plant and equipment	**–**	400
Scrap sales	**2,430**	4,489
Dividend income from other current financial assets	**–**	260
Gain on disposal of players' registration rights	**7,471**	4,725
Others	**3,855**	4,369
	14,750	15,156

5. LOSS BEFORE INCOME TAX

This is arrived at after charging:

		2016	2015
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interests on bank loans	**–**	187
	Interest on bonds	**–**	1,175
	Finance charges on obligations under finance leases	**39**	35
	Total finance costs	**39**	1,397
(b)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits	**109,707**	49,433
	Contributions to retirement plans	**29,591**	8,868
	Total staff costs	**139,298**	58,301
(c)	**Other items**		
	Auditor's remuneration		
	– Audit services	**1,244**	974
	– Non-audit services	**407**	269
	Cost of inventories sold	**105,139**	152,609
	Depreciation of property, plant and equipment	**13,955**	12,703
	Allowance for impairment on trade and other receivables, net and bad debt written off	**25,847**	16,294
	Write-down of inventories	**3,167**	1,239
	Loss on disposal of property, plant and equipment	**2,042**	3,793
	Share-based payment	**5,146**	4,868
	Operating lease charges in respect of land and buildings	**18,165**	11,209
	Research and development expenditures	**294**	709

Notes:

(i) Cost of inventories sold includes staff costs of RMB10,097,000 (2015: RMB9,187,000) and depreciation of RMB4,584,000 (2015: RMB5,047,000) as disclosed in staff costs and depreciation of property, plant and equipment above.

(ii) Research and development expenditures includes staff costs of RMB191,000 (2015: RMB374,000) and materials of RMB60,000 (2015: RMB269,000) 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:

	2016	2015
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
Current year	**74**	1,524
Deferred tax	**(73,543)**	(45,343)
Income tax	**(73,469)**	(43,819)

7. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since 31 December 2016 (2015: 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 prior year.

	2016	2015
	RMB'000	*RMB'000*
Loss attributable to owners of the Company	**271,747**	192,208

	2016	2015
Weighted average number of shares in issue	**6,556,900,400**	6,417,680,127

(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 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 2016.

9. GOODWILL

	2016	2015
	RMB'000	*RMB'000*
Cost		
At 1 January and 31 December	**372,627**	372,627
Impairment		
At 1 January	**372,627**	293,088
Impairment loss recognised	**–**	79,539
At 31 December	**372,627**	372,627
Carrying amount		
At 31 December	**–**	–

The Group's goodwill was arising from business combinations in prior years 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 then existing LED lighting related businesses.

Impairment testing on goodwill and other assets allocated to cash-generating units

For the purpose of impairment testing, goodwill has been allocated to six cash-generating units ("CGUs") attributable to the above groups of subsidiaries which are engaged in manufacture and sale of LED lighting products and accessories, and provision of energy efficiency projects. In addition, the Group's professional football club also constituted a CGU, namely Football Club CGU.

Based on the impairment assessments, the estimated recoverable amount of CGUs as at 31 December 2016 fell below the respective net carrying values of the assets, and accordingly impairment loss on goodwill and other intangible assets of RMB234,635,000 (2015: RMB187,240,000) and impairment loss on property, plant and equipment of RMB42,153,000 (2015: RMBNil) have been recognised in profit or loss for the year ended 31 December 2016.

The impairment losses were resulted mainly because of deterioration of profitability reflected by the decrease in turnover and/or gross profit margin in different CGUs, which was 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. The profitability of the Football Club CGU also has been deteriorating during the year.

10. OTHER INTANGIBLE ASSETS

	Customer relationships *RMB'000*	Patents *RMB'000*	Trademarks and tradenames *RMB'000*	Players' registration rights *RMB'000*	Total *RMB'000*
Cost					
At 1 January 2015	478,900	243,300	50,000	–	772,200
Acquired on acquisition of a subsidiary	–	–	6,932	–	6,932
Additions	–	–	–	4,371	4,371
Exchange realignment	–	–	–	80	80
At 31 December 2015 and 1 January 2016	**478,900**	**243,300**	**56,932**	**4,451**	**783,583**
Additions	**–**	**–**	**–**	**734**	**734**
Disposals	**–**	**–**	**–**	**(2,026)**	**(2,026)**
Exchange realignment	**–**	**–**	**–**	**162**	**162**
At 31 December 2016	**478,900**	**243,300**	**56,932**	**3,321**	**782,453**
Amortisation and impairment loss					
At 1 January 2015	151,442	117,685	15,416	–	284,543
Charge for the year	31,627	32,173	5,540	963	70,303
Impairment loss recognised	99,072	8,629	–	–	107,701
Exchange realignment	–	–	–	18	18
At 31 December 2015 and 1 January 2016	**282,141**	**158,487**	**20,956**	**981**	**462,565**
Charge for the year	**20,440**	**25,232**	**6,080**	**1,640**	**53,392**
Impairment loss recognised	**168,286**	**59,210**	**5,311**	**1,828**	**234,635**
Written back on disposal	**–**	**–**	**–**	**(1,160)**	**(1,160)**
Exchange realignment	**–**	**–**	**–**	**32**	**32**
At 31 December 2016	**470,867**	**242,929**	**32,347**	**3,321**	**749,464**
Carrying amount					
At 31 December 2016	**8,033**	**371**	**24,585**	**–**	**32,989**
At 31 December 2015	196,759	84,813	35,976	3,470	321,018

11. TRADE AND BILLS RECEIVABLES

	2016 *RMB'000*	2015 *RMB'000*
Trade receivables	**159,036**	151,648
Less: Impairment losses	**(37,178)**	(13,985)
	121,858	137,663
Bills receivables	**845**	5,318
	122,703	142,981

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

Aging analysis

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

	2016 *RMB'000*	2015 *RMB'000*
0–30 days	**25,841**	35,858
31–90 days	**23,174**	29,046
91–180 days	**17,170**	20,085
181–365 days	**22,823**	38,064
Over 365 days	**33,695**	19,928
	122,703	142,981

The Group normally grants a normal credit period of 90 to 365 days (2015: 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.

12. TRADE AND BILLS PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**36,683**	24,810
Bills payables	**–**	848
	36,683	25,658

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:

	2016	2015
	RMB'000	*RMB'000*
0–30 days	**16,741**	12,268
31–90 days	**10,061**	7,509
91–365 days	**8,640**	4,691
Over 365 days	**1,241**	1,190
	36,683	25,658

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

13. 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 to the selling clubs and agents if certain specific performance conditions (subject to future events) are met. As at 31 December 2016, the contingent amount in relation to purchase of football players was RMB5,219,000 (2015: RMB5,801,000).

(b) Related to the ranking of professional football club

Under the terms of the employment contracts with certain players and management staff in French's subsidiary, if French's subsidiary 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 2016, the contingent amount in relation to the ranking of professional football club was RMB2,339,000 (2015: RMB3,706,000).

14. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 28 February 2017, the Group completed the acquisition of the entire issued share capital of Affluent State Holdings Limited ("Affluent State"), which indirectly holds a property in the PRC at an aggregated consideration of HK$103,500,000 (equivalent to RMB92,684,000) comprising of HK$12,000,000 (equivalent to RMB10,746,000) in cash paid as a deposit upon signing the agreement and HK$91,500,000 (equivalent to RMB81,938,000) in consideration shares of the Company be issued upon completion, based on the sale and purchase agreement dated 29 December 2016 with an independent third party. Further details are set out in the Company's announcements dated 4 November 2016, 29 December 2016 and 28 February 2017 respectively.

BUSINESS REVIEW AND OUTLOOK

LED lighting segment

Business Review

LED lighting business experienced a difficult year in 2016. The turnover of the LED segment decreased by approximately 25.4% from approximately RMB184.8 million in 2015 to approximately RMB137.8 million in 2016. The reduced turnover of LED lighting segment was mainly attributed to the decreased turnover from the manufacture and sale of LED lighting products and accessories. It was mainly due to the keen competition among the LED lighting manufacturers and the unfavorable market environment which ultimately led to the decrease in prices of LED lighting products and accessories.

The decrease in LED lighting segment's turnover was narrowed by the increase in service income from energy efficiency projects. With the completion of the energy efficiency projects, the service incomes generated had increased about 115.6% to approximately RMB20.7 million. The Group started to provide maintenance services by its own in one of the projects so that we can maximise all the income from the project. All those projects are 16-year contracts which will contribute stable income and cashflow to the Group. The Group is still working with other municipals to seek for the feasibility of energy efficiency projects.

In 2016, the Company has entered into a strategic corporation framework agreement with Shenzhen City Poly Property Management Group Limited (深圳市保利物業管理集團有限公司) ("Shenzhen Poly") in June 2016. The agreement aimed at forming a strategic alliance in relation to the cooperation regarding the expansion of the LED lighting business of our brand "LEDUS" by leverage on the network of Shenzhen Poly in the People's Republic of China ("PRC").

In order to promote our brand, products, energy efficiency projects and exposure, the Group had participated various lighting exhibitions in Hong Kong and other countries such as the Germany, Belgium, Spain, Malaysia and South Africa. 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 third year that the Company was awarded as the caring company in Hong Kong.

Business Outlook

Despite rising LED lighting market demands, and large scale replacements of traditional luminaires, the oversupply situation in the market has caused average sales prices of LED lighting to plunge. Some of the LED lighting manufacturers in the PRC may leave the industry and some of them may seek to acquire oversea companies in order to transform its business model and explore new sales channels.

Europe remains to be the major target market of the Group as the European 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 willing to work with us, looking for co-operation opportunities. The Group will make effort to promote the business collaboration in other countries in Europe such as France and Italy. The Group will also 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. We will develop technology in LED modules, using the IC power supply chips, for the LED luminaires fixtures. The Group will also consider to acquire its own production plant and new equipment in advance to enhance the productivity and effectiveness.

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

Professional football club segment

Business Review

The Group owns a French Ligue 2 football club, Football Club Sochaux-Montbéliard ("FCSM"). FCSM experienced an extreme situation in 2016. In the first half of 2016, FCSM faced a risk of relegation to lower level competition for the 2015-2016 football season and the team struggled to retain in the competition in Ligue 2. Finally, FCSM was successfully positioned in 15 and could play in Ligue 2 for the 2016-2017 football season. In April 2016, FCSM also finished at the semi-final in the French Ligue Cup and finally played against Marseille, a Ligue 1 football club. During this summer, FCSM learnt the lessons from the last season and started its preparation work earlier. Experienced and better quality players were recruited. In 2016-2017 football season, FCSM had a good start and ranked at the highest position of 5th on the table. Currently, FCSM ranks 10th with 11 points behind the top of the table. In January 2017, FCSM also finished at the quarter-final in the French Ligue Cup and finally played against Monaco, a Ligue 1 football club.

Pursuant to the sale and purchase agreement dated 18 May 2015 in relation to the acquisition of FCSM, the vendor undertakes to pay to the Company a maximum total amount of €3,000,000 (equivalent to approximately RMB14,908,000) in the event that FCSM achieves the cumulative conditions for each of the financial years ending 30 June 2016 and 30 June 2017 respectively. As at 30 June 2016, all the cumulative conditions had been fulfilled and the vendor had paid to the Company a contingent consideration receivable of €1,500,000. As the current position of FCSM is 10th on the Ligue 2 table, it is most likely that FCSM will retain in Ligue 2 for the coming 2017-2018 football season. The Company is confident to fulfill all the cumulative conditions for the year ending 30 June 2017 and it is expected the final contingent consideration receivable of €1,500,000 will be received.

Business Outlook

As a platform for "LEDUS" to enter into the LED lighting market in France, the Group will utilise the connections through the football 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. In 2016, Ligue de Football Professionnel ("LFP") has made a decision that starting from 2016–2017 football season, only the top two teams on the table can be promoted to Ligue 1 directly. The third best team will play two matches against the third lowest team of Ligue 1 in order to determine which team can play in Ligue 1 in the coming football season. Currently, FCSM ranks 10th with 8 points behind the team at third place. The Group and FCSM will use its best effort to get the best result as it can and will not let the chance of promotion be missed.

FCSM has its own football academy and many of the players in the squad are trained from the youth football academy. Some of them have been trained since their childhood. They are young, talented and determined who may be the future football stars in France. They are the valuable assets of the football club and the Group will keep on scouting and training potential youth players for long term development of the football club.

Provision of property sub-leasing services segment

Business Review

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#) in March 2014, which is principally engaged in provision of 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 Wanhuang 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 services business has been generating a stable income and cashflow for the Group.

Despite the economy growth in the PRC was not as rapid as few years ago, the stable retail sales growth underpinned the city's retail property market in 2016, and the vacancy rate decreased while the average rent edged up. The Group expected that there will be a steady growth in the PRC property market in mid and long term. By the end of 2016, the Group had entered into a sale and purchase agreement with the vendor to acquire indirectly a property in Guangzhou, the PRC and the transaction was subsequently completed in February 2017. The Guangzhou property is with a total gross floor area of approximately 2,580 sq.m. and is situated in 富力盈信大廈 (R&F YingXin Building), a commercial building located in 珠江新城 (Zhujiang New Town), a prime location in Guangzhou, Guangdong Province, the PRC. The Guangzhou property is currently leased to an independent third party for the operation of a "Food City (美食城)" named "蔡瀾美食城 (Cai Lan Food City#)" comprising various restaurants. The Group expects it will bring a steady and stable income stream. In addition, the Group owns the legal titles of the Guangzhou property and this will enhance the quality of assets of the Group. The Group will also benefit if there is an appreciation in property value.

Business Outlook

The Group expects the PRC central government has no intention to sharply devalue its currency and will use its vast resources to fight speculation. Also the PRC central government targets there will be about 6.5% economic growth in 2017. Retail property market will continue to see steady development in the coming year. We believe it may improve the level of rent in the prime area of the first tier cities such as Shanghai, Guangzhou, PRC to achieve a steady rental growth.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2016, the Group recorded a turnover of approximately RMB233.0 million (2015: approximately RMB220.0 million), representing an increase of approximately 5.9%.

The categories of the Group's turnover are shown in the following table:

	2016		2015	
	RMB'000	*%*	*RMB'000*	*%*
Sale of products and accessories	**120,840**	**51.9**	176,724	80.3
Service income from energy efficiency projects	**20,740**	**8.9**	9,617	4.4
Broadcasting income	**49,855**	**21.4**	19,002	8.6
Matchday ticket income	**17,210**	**7.4**	4,710	2.1
Sponsorship and advertising income	**24,335**	**10.4**	9,973	4.6
Total	**232,980**	**100.0**	220,026	100.0

The turnover of the Group remained stable as compared with 2015. The slightly increase in the Group's turnover was primarily attributed to the increase in turnover by professional football club segment since full year figures were recorded; but it was compensated by the decrease in turnover contributed from LED lighting segment.

The turnover from LED lighting segment decreased by approximately 25.4% from approximately RMB184.8 million in 2015 to approximately RMB137.8 million in 2016. Under the LED lighting segment, the turnover from the sale of LED lighting products and accessories was decreased by approximately 33.2%, which amounted from approximately RMB175.2 million in 2015 to approximately RMB117.0 million in 2016. However, the service income from energy efficiency projects was increased by approximately 115.6%, which amounted from approximately RMB9.6 million in 2015 to approximately RMB20.7 million in 2016, it was due to the full year service income of four energy efficiency projects was recorded in 2016, while the installation of the 3rd and 4th energy efficiency projects were completed in late 2015 and contributed insignificant amount of service income in 2015.

The turnover from the professional football club segment represented approximately 40.9% of total turnover of the Group in 2016. The broadcasting income, matchday ticket income and sponsorship and advertising income were increased by approximately 171.2%, which amounted from approximately RMB33.7 million in 2015 to approximately RMB91.4 million in 2016, it was due to the full year income was recorded in 2016, while 6-month income was recorded in 2015. As the performance and ranking of the football club in 2016 were improved as compared to that in 2015, which led to an increase in various categories of income of the football club.

Gross profit margin

The gross profit margin (excluding the service income) of the Group was approximately 10.4% (2015: approximately 13.0%) during the year ended 31 December 2016. The decrease in gross profit margin was mainly attributed to the increase in costs of production such as material cost and labour costs and utilities costs in 2016, while the cost increased cannot be shifted to the customers.

Results for the year

The consolidated loss before income tax of the Group for the year ended 31 December 2016 was approximately RMB438.0 million (2015: approximately RMB282.0 million), representing an increase of approximately 55.3%. 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 RMB89.4 million from approximately RMB146.7 million in 2015 to approximately RMB236.1 million in 2016;

(ii) increase in impairment loss on other intangible assets of approximately RMB126.9 million from approximately RMB107.7 million in 2015 to approximately RMB234.6 million in 2016;

(iii) decrease in gain on bargain purchase from the acquisition of FCSM of approximately RMB62.0 million from approximately RMB62.0 million in 2015 to RMBNil in 2016; and

(iv) decrease in share of results of a joint venture of approximately RMB7.3 million from approximately RMB17.2 million in 2015 to approximately RMB9.9 million in 2016.

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

(v) decrease in impairment loss on goodwill of approximately RMB79.5 million from approximately RMB79.5 million in 2015 to RMBNil in 2016;

(vi) decrease in amortisation of other intangible assets of approximately RMB16.9 million from approximately RMB70.3 million in 2015 to approximately RMB53.4 million in 2016;

(vii) increase in fair value change on contingent consideration receivable of approximately RMB17.6 million from fair value loss of approximately RMB5.9 million in 2015 to fair value gain of approximately RMB11.7 million in 2016; and

(viii) decrease in finance costs of approximately RMB1.3 million from approximately RMB1.4 million in 2015 to approximately RMB0.04 million in 2016.

All of the above factors from (ii) to (vii) are non-cash or non-recurring items.

Impairment loss on other intangible assets and property, plant and equipment

The impairment loss on other intangible assets and property, plant and equipment of the Group for the year ended 31 December 2016 was approximately RMB234.6 million (2015: approximately RMB107.7 million) and approximately RMB42.2 million (2015: RMBNil) respectively and there was no impairment loss on goodwill of the Group for the year ended 31 December 2016 (2015: approximately RMB79.5 million). As in 2016, the turnover and/or gross profit margin of certain group of subsidiaries were reduced as compared to 2015, the reduction was mainly attributable to (i) selling prices of the LED lighting products have been decreased as there was keen competition in LED lighting products and accessories sectors; (ii) the costs of production was kept on rising such as the material cost and labour cost, utilities cost; (iii) the increased costs of production and operation which cannot be shifted to the customers; and (iv) the deteriorated profitability of the football club.

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.

Administrative and other operating expenses

For the year ended 31 December 2016, administrative and other operating expenses were approximately RMB236.1 million (2015: approximately RMB146.7 million), which represents an increase of approximately 60.9%. This was mainly due to the (i) increase in operating expenses of approximately RMB79.1 million incurred by the professional football club segment from approximately RMB75.4 million in 2015 to approximately RMB154.5 million in 2016, as full year operating expenses were included in 2016; (ii) increase in allowance for impairment on trade and other receivables and bad debts written off of approximately RMB9.5 million from approximately RMB16.3 million in 2015 to approximately RMB25.8 million in 2016; and (iii) increase in rental expenses of approximately RMB0.9 million from approximately RMB4.9 million in 2015 to approximately RMB5.8 million in 2016, as addition office premises was rented for the expansion of the Hong Kong head office in late of 2015.

Finance costs

For the year ended 31 December 2016, finance costs of the Group were approximately RMB0.04 million (2015: approximately RMB1.4 million), which represents a decrease of approximately 97.1% as a result of full payment on bond in 2015.

Share of results of a joint venture

For the year ended 31 December 2016, share of results of a joint venture of the Group was approximately RMB9.9 million (2015: approximately RMB17.2 million), which represents a decrease of approximately 42.4%. This was mainly due to certain units were vacant for a short period of time during the year, as the management would like to locate famous brand name tenants in order to enhance the overall image of the building. In addition, as the LED signage on exterior wall was installed in several years ago, the tenants relocated their advertisements to another advance media.

Geographical information

The principal source of turnover of the Group was derived from the LED lighting segment in which sale of LED lighting products and accessories in PRC accounted for approximately 38.8% (2015: approximately 42.9%) of the Group's total turnover for the year ended 31 December 2016.

Liquidity and financial resources

As at 31 December 2016, the Group had current assets of approximately RMB414.2 million (2015: approximately RMB445.7 million) and current liabilities of approximately RMB137.8 million (2015: approximately RMB124.0 million). The current ratio of the Group as at 31 December 2016 was approximately 3.0 (2015: approximately 3.6) where a decline in current ratio was recorded. The diminution is mainly due to the decrease in cash at banks and in hand and increase in trade and bills payables in 2016.

As at 31 December 2016, the Group had cash and cash equivalents of approximately RMB98.7 million (2015: approximately RMB128.6 million), wholly representing cash at banks and in hand. There was no bank loan at 31 December 2016. At 31 December 2015, total bank loans were approximately RMB0.1 million and were denominated in Hong Kong Dollars, in which were short term borrowings and were subject to variable interest rates. As at 31 December 2016, the Group's obligations under finance leases were approximately RMB0.8 million (2015: approximately RMB1.2 million).

As at 31 December 2016, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Group was zero (2015: zero).

Exchange risk exposure

The Group's sales were principally denominated in Renminbi, Hong Kong Dollars, US Dollars and Euro, with the majority denominated in Renminbi and Euro. 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 2016. 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 2016, the Group had contingent liabilities regarding to the purchase of football players to selling clubs and agents of approximately RMB5.2 million (2015: approximately RMB5.8 million) and performance bonus to football players and management staff of FCSM of approximately RMB2.3 million (2015: approximately RMB3.7 million).

Capital commitment

As at 31 December 2016, the capital commitments contracted but not provided for in respect of the acquisition of the entire issued shares of a subsidiary was approximately RMB81.9 million (2015: RMBNil) and there was no outstanding capital commitments authorised but not provided for in respect of property, plant and equipment as at 31 December 2016 (2015: Nil).

Charge on assets

As at 31 December 2016, pledged bank deposits of approximately RMB26.7 million (2015: approximately RMB0.5 million) were pledged to secure banking facilities granted to the Group. As at 31 December 2015, other current financial assets of approximately RMB24.3 million were also pledged to secure banking facilities granted to the Group.

Employee information

As at 31 December 2016, the Group had over 600 (2015: over 600) employees in which around 92% of who are full-time employees, the majority of whom stationed in the PRC. Total employee remuneration for the year ended 31 December 2016 amounted to approximately RMB139.3 million (2015: approximately RMB58.3 million). The Group adopts a competitive remuneration package and incentives for its employees. Promotion, salary increments and discretionary 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

On 29 December 2016, Champion Miracle Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Poly (China) Commercial Property Development Limited (保利(中國)商業地產開發有限公司) ("Poly China") and Mr. Tam Kar Wai (譚家偉先生), pursuant to which the Group had conditionally agreed to acquire, and Poly China had conditionally agreed to sell, the entire issued share capital of Affluent State Holdings Limited (富國控股有限公司) (the "Target Company"), which would, upon completion of an internal corporate reorganisation, indirectly holds a property situated in 富力盈信大廈 (R&F YingXin Building), Guangzhou, the PRC with a total gross floor area of approximately 2,580 sq.m., at the aggregate consideration of HK$103,500,000. The acquisition of the Target Company was completed on 28 February 2017. Details of which please refer to the announcements of the Company dated 4 November 2016, 29 December 2016 and 28 February 2017 respectively.

Save as disclosed above, there was no significant investment, material acquisition or disposal of subsidiaries, joint ventures and associates by the Company during the year ended 31 December 2016.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As mentioned above, on 28 February 2017, the Group completed the acquisition of the entire issued share capital of the Target Company, which indirectly holds a property in the PRC, pursuant to the sale and purchase agreement dated 29 December 2016. Please refer to the announcements of the Company dated 4 November 2016, 29 December 2016 and 28 February 2017 for details of the acquisition.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares 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 2016 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 2016, 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 2016, 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.

Code provision A.6.7 of the Code requires that independent non-executive directors ("INEDs") and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. In addition, under code provision E.1.2 of the Code, the chairman of the Board, as well as the chairman of Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, other members of the respective committees, will make themselves available at the annual general meeting to meet with shareholders.

Due to the other business engagements, Mr. Ng Wai Hung, an INED of the Company, could not attend the annual general meeting of the Company held on 25 May 2016. However, all other executive directors and INEDs of the Company and the representative of the Company's independent auditor, BDO Limited were present thereat to answer any question of the shareholders.

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") as set out in appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has also adopted the Model Code for the relevant employees.

Having made specific enquiry of all directors of the Company, all directors of the Company, save as disclosed below, confirmed that they have complied with the Model Code for the year ended 31 December 2016. Moreover, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

During the period commencing on 28 July 2016 to 10 August 2016 (the "Relevant Period"), certain shares of the Company held by each of the chairman and executive director of the Company, Mr. Li Wing Sang and executive directors of the Company, Mr. Chiu Chi Hong and Mr. Liu Xinsheng which were deposited with securities firms (the "Brokers") as collaterals to secure their respective margin financing (the "Margin Securities"), were sold (the "Disposals") by certain Brokers without prior notice as a result of a decrease in share price of the Company during the Relevant Period. After the Relevant Period, the shareholding interests in the Company of Mr. Li Wing Sang, Mr. Chiu Chi Hong and Mr. Liu Xinsheng reduced from approximately 21.07% to approximately 11.68%, approximately 5.28% to approximately 1.10% and approximately 2.69% to approximately 1.05% respectively. The directors of the Company, who are not interest in the Disposals, satisfied that the Disposals were exceptional circumstance under paragraph C.14 of the Model Code.

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. During the year 2016, the Audit Committee comprised three INEDs, namely Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung. Following the resignation and appointment of directors on 2 March 2017, 8 March 2017 and 17 March 2017 (details of which are set out in the announcements of the Company dated 2 March 2017, 8 March 2017 and 17 March 2017), and as at the date of this announcement, the Audit Committee comprises Mr. Ong King Keung, Mr. Zhou Jing and Ms. Wong Chi Yan, who are INEDs, and Mr. Ong King Keung is the chairman of the Audit Committee. In compliance with the rule 3.21 of the Listing Rules, the Audit Committee currently comprises three members who are INEDs only and Mr. Ong King Keung and Ms. Wong Chi Yan possess a professional accounting qualifications and relevant accounting experience.

The Group's final results for the year ended 31 December 2016 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 2016 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 2016 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, 30 March 2017

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).

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. Ong King Keung, Mr. Zhou Jing and Ms. Wong Chi Yan.