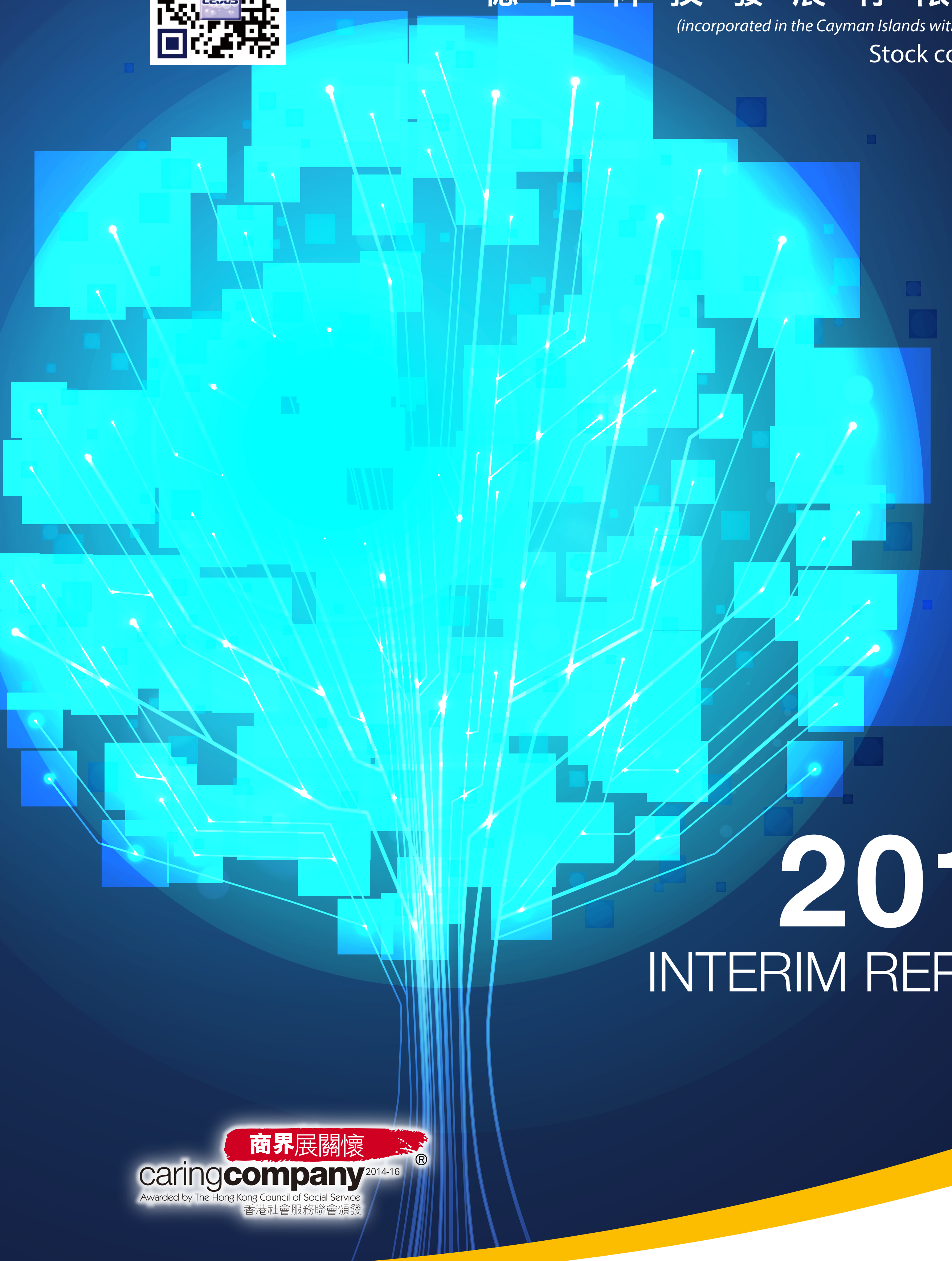
Tech Pro Technology Development Limited
德 普 科 技 發 展 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

Stock code : 03823



2016
INTERIM REPORT

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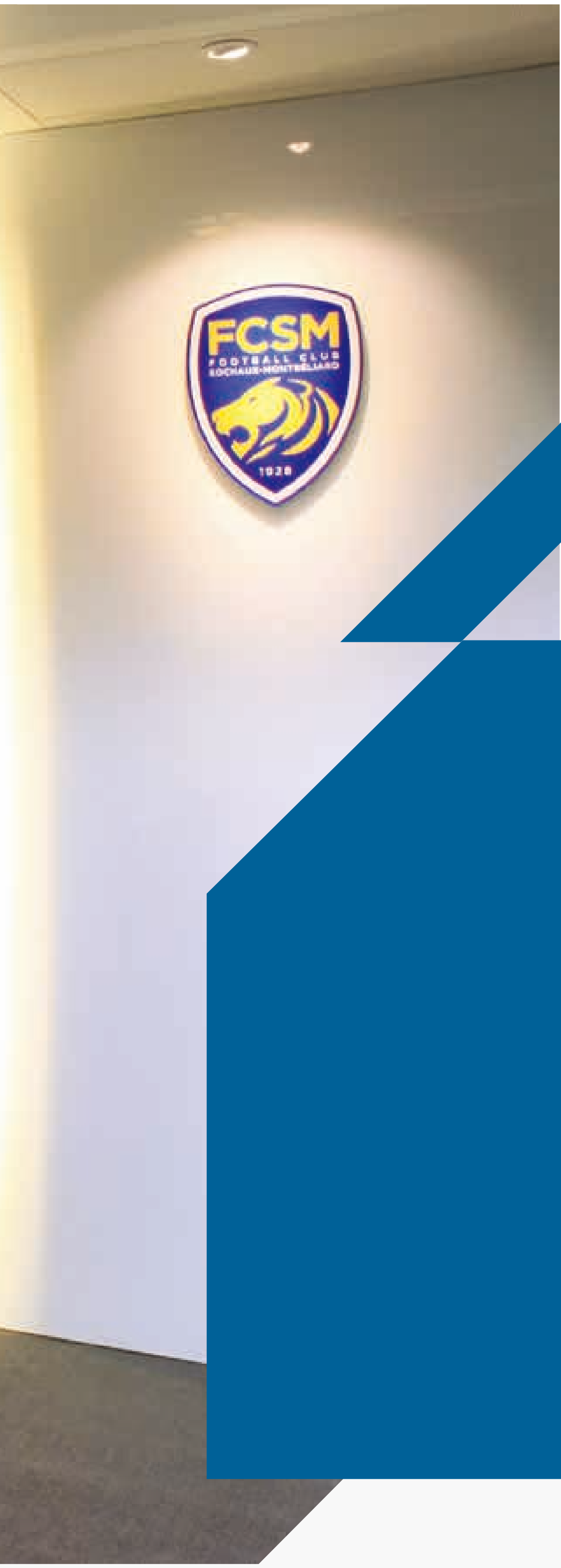

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Corporate information

Directors

Executive directors
Mr. Li Wing Sang *(Chairman of the board)*
Mr. Liu Xinsheng
Mr. Chiu Chi Hong

Independent non-executive directors
Mr. Tam Tak Wah
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Audit committee

Mr. Tam Tak Wah *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Remuneration committee

Mr. Tam Tak Wah *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Nomination committee

Mr. Li Wing Sang *(Chairman of the committee)*
Mr. Ng Wai Hung
Mr. Lau Wan Cheung

Authorised representatives

Mr. Liu Xinsheng
Ms. Lee On Wing

Company secretary

Ms. Lee On Wing

Auditor

BDO Limited

Principal bankers

The Hong Kong and Shanghai Banking Corporation Limited

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal share registrar and transfer office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Registered office

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Principal place of business

Unit 1402, 14/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Company website

http://www.techprotd.com

Stock code

03823

Management discussion and analysis

For the six months ended 30 June 2016 ("the Period under Review"), Tech Pro Technology Development Limited (the "Company", together with its subsidiaries as the "Group") has experienced a challenging period. The Group's principal activities engaged are (i) the manufacture and sale of LED lighting products and accessories; (ii) the provision of energy efficiency projects; (iii) the promotion and development of a professional football club; and (iv) the provision of property sub-leasing and management services.

The turnover of the Group decreased to approximately RMB109.7 million for the Period under Review. The decrease in turnover was mainly attributable to the decrease in turnover contributed by LED lighting segment.

LEDUS booth – Light + Building 2016, Germany

Business Review and Outlook

LED lighting

The competition in LED lighting business is still keen and the global economy situation is still unfavourable, it inevitably affected the Group's performance for the Period under Review. In the last few years, the Group has spent much effort to explore the European markets and it brought rapid growth to the Group in LED lighting segment in terms of turnover and market shares. With the slow economic recovery in European market and political unstability in Europe, turnover in LED lighting segment recorded a decrease. To capture more new customers and markets, the Group has joined several lighting exhibitions held in Germany, Belgium and Malaysia for the Period under Review. The Group expects that, through those exhibitions, new customers could be sought and increased the exposure of LEDUS, the Group's self-owned LED products brand.

In order to diversify the target market and explore new customers, the Group has entered into a Strategic Cooperation 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. Shenzhen Poly was established in 2001 by Poly Property Group (保利物業集團), and is principally engaged in the provision of high-end property management service in the People's Republic of China ("PRC"). Shenzhen Poly ranked the 36th place out of top 100 property management enterprises in 2015 in the PRC, and has established place of business throughout the nation covering north China, east China, southwest China, northwest China, middle China and south China in total of six areas. The Group expects it will help the Group to promote its LED lighting products in the Chinese property market and secure a stable demand to its LED lighting products.

The Group has completed four energy efficiency projects

Press Conference to announce the strategic corporation with Poly Property Group in 2015 and which brought stable income to the Group. The Group keeps on collaborating with the municipals in Spain, France and other European countries to secure more projects. With the success of the projects completed, the Group strives to explore the wholesales markets in Europe.

LED lighting is still the major focus of the Group. In recent years, the worldwide LED lighting market has achieved rapid growth due to the intense demand for efficient displays, lighting and fixtures as well as energy conservation concern. In light to the global political uncertainty, unclear situation in Europe due to Britain's decision to leave the European Union, it is expected that the growth will be slowed down. The Group will keep on exploring new markets and customers in order to broaden the customer base and the source of income of the Group. In addition, the Group will take all applicable measures to lower its cost of production and to enhance its competitiveness. The Group will also continue to put resources into product and technology development. On the other hand, the Group will consider to acquire its own production plant and new equipment in order to consolidate the current rented factories in the PRC.

LEDUS booth – Batibouw 2016, Belgium

LEDUS booth – ASEAN M&E Show 2016, Malaysia

Professional football club

The Group owns a French Ligue 2 football club, Football Club Sochaux-Montbéliard SA ("FCSM") since 2015. FCSM experienced an exciting and challenging season. FCSM, in French Ligue, lost several matches at the beginning of the 2015/2016 football season. The Group, in order to restore the team spirit and confidence of the players, changed a new experienced coach. FCSM kept on playing with their best efforts and fighting spirits of the players and the management, FCSM ranked number 15 to finish the last football season. Contrary to French Ligue, FCSM kept on having good performance in French Cup and successfully reached to semi-final with 0:1 lost to Olympique de Marseille, a French Ligue 1 team.

In order to have a better result for the 2016/2017 football season, FCSM has started its scouting and recruitment in the early summer. It has successfully recruited some experienced and good quality players to replace those performed below expectation in the last season. Further, FCSM has promoted some potential youth players from the club's youth academy to the first team squad. Some potential youth players are offered an extension of contracts in order to secure these valuable players to stay in FCSM for the coming years.

Youth academy of FCSM is one of the famous and historical football academies in France. In order to promote the youth academy and FCSM, the Group will arrange U17 of the youth academy to Shanghai, PRC to have matches with Shanghai youth team. The Group expects through the increase the exposure of FCSM and the youth academy, the club can explore the opportunities to collaborate any cooperation with the PRC football clubs.

The Group strives to bring FCSM to promote to Ligue 1 in order to increase the revenue and value of the football club. In light of above, the Group will keep on recruiting high quality players, enhancing the facilities, equipment of the club, the stadium and the football academy.

Welcome the new football players by our CEO

Training of football players

Training of football players

Provision of property sub-leasing services

Despite of lower economic growth target and depreciation of currency, the property market in the PRC seems to pick up a rising step. As the property which the Group operates, through a joint-venture company named Shanghai Fuchao Property Management Limited ("Shanghai Fuchao"), the sub-leasing services is located at the prime area in Shanghai, PRC, it contributed stable income to the Group. On 30 May 2016, the Group announced that the Central Military Commission ("CMC") of the PRC issued a notice (the "Notice") on 27 March 2016 on the stopping of all paid services of the People's Liberation Army ("PLA") and the People's Armed Police Force ("APF") (關於軍隊和武警部隊全面停止有償服務活動的通知), pursuant to which, the PLA and the APF are set to stop providing all paid services, which is expected to be completed in three years. The Group has been carrying out study on the impact of the Notice on the business and operations of the sub-leasing services business. The Group has consulted its PRC legal advisers and was advised that since the CMC has not yet specified on how to deal with existing contracts regarding real estates of the military, there are uncertainties as to when and how the rental arrangement under the leasing agreements would be affected by the Notice.

In order to get full control and consolidate the financial information of Shanghai Fuchao into the Group, the Group entered into a conditional sale and purchase agreement ("Acquisition Agreement") with the joint-venture partner to acquire the remaining 50% equity interest in Shanghai Fuchao.

The Group considers that the property market in the PRC remains favourable. The Group, in order to secure stable income stream and increase the value of the Group, will keep on looking for suitable investment properties at the prime areas in the PRC.

Taking into account the challenges ahead, the Group remains cautiously optimistic about the prospects of the LED lighting business given the competitive edge of "LEDUS", professional football club segment and provision of property sub-leasing segment. Nevertheless, the Board continues to adopt a prudent and cautious approach in managing the Group for its sustainable development. Besides, the Group will continue to explore other business opportunities to support our core focuses and at the same time, to pursue diversification with the aim of optimising the value for the Company and the shareholders as a whole.

Appearance of premise in Shanghai, PRC

Financial Review

Turnover

For the six months ended 30 June 2016, the Group recorded a turnover of approximately RMB109.7 million (six months ended 30 June 2015: approximately RMB111.1 million), representing a decrease of approximately 1.3%.

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

	Six months ended 30 June			
	2016		2015	
	RMB'000	**%**	RMB'000	%
Sale of products and accessories	**54,021**	**49.3**	106,870	96.2
Service income from energy efficiency projects	**9,981**	**9.1**	4,230	3.8
Broadcasting income	**24,471**	**22.3**	–	–
Matchday ticket income	**8,343**	**7.6**	–	–
Sponsorship and advertising income	**12,840**	**11.7**	–	–
Total	**109,656**	**100.0**	111,100	100.0

The decrease in the Group's turnover was primarily attributed to the decrease in turnover contributed from LED lighting segment. The turnover from the professional football club segment represented approximately 43.8% of total turnover of the Group for the six months ended 30 June 2016. The turnover from LED lighting segment decreased by approximately 44.6% from approximately RMB111.1 million for the six months ended 30 June 2015 to approximately RMB61.6 million for the six months ended 30 June 2016. Under the LED lighting segment, the turnover from the sale of LED lighting products and accessories was decreased by approximately 51.7%, which amounted from approximately RMB106.9 million for the six months ended 30 June 2015 to approximately RMB51.6 million for the six months ended 30 June 2016. It was mainly attributed to (i) the keen competition among the LED manufacturers; and (ii) the unfavourable environment in the PRC and European markets. The service income from energy efficiency projects was increased by approximately 138.1%, which amounted from approximately RMB4.2 million for the six months ended 30 June 2015 to approximately RMB10.0 million for the six months ended 30 June 2016, it was due to the installation of the 3rd and 4th Spanish energy efficiency projects were completed in the second half of 2015.

Gross profit margin

The gross profit margin (excluding the service income) of the Group was approximately 13.9% (six months ended 30 June 2015: approximately 8.4%) for the six months ended 30 June 2016. Comparing with the gross profit margin of the Group for the year ended 31 December 2015 which was approximately 13.0%, the Group maintained a stable gross profit margin for the six months ended 30 June 2016. The Group will continue to monitor closely the overall cost of production and implement stringent cost control measure to improve production efficiency.

Results

The consolidated loss before income tax of the Group for the six months ended 30 June 2016 was approximately RMB90.2 million (six months ended 30 June 2015: approximately RMB63.2 million), represented an increase of approximately 42.7%. 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 RMB80.2 million from approximately RMB36.6 million for the six months ended 30 June 2015 to approximately RMB116.8 million for the six months ended 30 June 2016, it was mainly attributed to (i) the administrative and other operating expenses incurred by the professional football club segment of approximately RMB80.8 million for the six months ended 30 June 2016; and (ii) the increase in allowance for impairment on trade and other receivables of approximately RMB2.9 million was recorded for the six months ended 30 June 2016; and

(ii) impairment loss on other intangible assets of approximately RMB19.2 million was recorded for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB Nil).

However, the increase in consolidated loss before income tax were compensated by the following factors:

(iii) fair value gain on contingent consideration receivables of approximately RMB8.6 million (six months ended 30 June 2015: RMBNil) was recorded for the six months ended 30 June 2016; and

(iv) decrease in finance costs, including the interest incurred on bank loans of approximately RMB1.3 million from approximately RMB1.3 million for the six months ended 30 June 2015 to approximately RMB22,000 for the six months ended 30 June 2016.

The above factors from (ii) to (iii) are non-cash or non-recurring items.

Finance costs

For the six months ended 30 June 2016, finance costs of the Group were approximately RMB22,000 (six months ended 30 June 2015: approximately RMB1.3 million), which represents a decrease of approximately 98.3%. This was mainly due to less interest expenses incurred from the bank loans.

Geographical information

The principal source of turnover was derived from sale of LED lighting products and accessories in PRC and accounted for approximately 49.3% (six months ended 30 June 2015: approximately 96.2%) of the Group's total turnover for the six months ended 30 June 2016.

Dividends

At the meeting of the board (the "Board") of directors of the Company held on 19 August 2016, the Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: RMBNil).

Liquidity and financial resources

As at 30 June 2016, the Group had current assets of approximately RMB391.6 million (31 December 2015: approximately RMB445.7 million) and current liabilities of approximately RMB112.5 million (31 December 2015: approximately RMB124.0 million). The current ratio of the Group as at 30 June 2016 was approximately 3.5 (31 December 2015: approximately 3.6).

As at 30 June 2016, the Group had cash and cash equivalents of approximately RMB81.7 million (31 December 2015: approximately RMB128.6 million), wholly representing cash at banks and in hand. As at 31 December 2015, total bank loans were approximately RMB0.1 million and were denominated in Hong Kong Dollars, all of which were short term borrowings and were subject to variable interest rates. The Group's obligations under finance leases were approximately RMB1.0 million (31 December 2015: approximately RMB1.2 million) as at 30 June 2016.

As at 30 June 2016, the gearing ratio (calculated by dividing total borrowings less cash and cash equivalent over total equity) of the Group was zero (31 December 2015: zero), as the Group did not have any borrowing (31 December 2015: RMBNil) at 30 June 2016.

Exchange risk exposure

The Group's sale 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 the six months ended 30 June 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 30 June 2016, the Group had contingent liabilities regarding to the purchase of players to selling clubs and agents of approximately RMB5.5 million (31 December 2015: approximately RMB5.8 million) and performance bonus to players and management staff of a wholly-owned subsidiary of approximately RMB3.5 million (31 December 2015: approximately RMB3.7 million).

Capital commitment

As at 30 June 2016, the capital commitments contracted but not provided for in respect of the purchase of property, plant and equipment and other non-current assets was approximately RMB0.1 million (31 December 2015: RMBNil) and acquisition of the remaining 50% equity interest of a joint venture were approximately RMB387.5 million (31 December 2015: RMBNil) and there was no outstanding capital commitments authorised but not provided for in respect of property, plant and equipment as at 30 June 2016 (31 December 2015: Nil).

Charge on assets

As at 30 June 2016, pledged bank deposits of approximately RMB0.5 million (31 December 2015: approximately RMB0.5 million) and other current financial assets of approximately RMB24.9 million (31 December 2015: approximately RMB24.3 million) were pledged to secure banking facilities granted to the Group.

Employee information

As at 30 June 2016, the Group had over 600 (31 December 2015: over 600) employees in which around 90% of who are full-time employees, the majority of whom stationed in the PRC. Total employee remuneration for the six months ended 30 June 2016 amounted to approximately RMB66.7 million (six months ended 30 June 2015: approximately RMB15.1 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

There was no significant investment, material acquisition or disposal of subsidiaries, joint ventures and associates by the Company during the six months ended 30 June 2016.

Further information

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations

As at 30 June 2016, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which require notification pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

(i) Interests in the issued shares of the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Executive Directors:			
Mr. Li Wing Sang	Beneficial owner	1,237,924,400 (Long position)	18.94%
	Beneficial owner	139,516,800 (Short position)	2.13%
Mr. Chiu Chi Hong	Beneficial owner	345,472,000 (Long position)	5.28%
Mr. Liu Xinsheng	Beneficial owner	175,670,400 (Long position)	2.69%

(ii) Interests in the issued shares of associated corporation

None of the directors or any of their associates or chief executives of the Company, had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2016, so far as is known to the directors of the Company, the following person (other than the directors or chief executive of the Company), who had interests of 5% in the shares or underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ms. Hui Wah Ying, Joelle (Note)	Deemed	345,472,000	5.28%

Note: Ms. Hui Wah Ying Joelle ("Ms. Hui") is the spouse of Mr. Chiu Chi Hong ("Mr. Chiu"), an executive director of the Company. By virtue of the SFO, Ms. Hui is deemed to be interested in the 345,472,000 shares which are beneficially owned by Mr. Chiu.

Share Option Scheme

A share option scheme ("Share Option Scheme") was conditionally approved by resolutions of the shareholders of the Company on 26 July 2007. It became unconditional on 6 September 2007 and shall be valid and effective for a period of ten years commencing on 26 July 2007, subject to the early termination provisions contained in the Share Option Scheme.

During the period of six months ended 30 June 2016, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme and there are no outstanding share options under the Share Option Scheme as at 30 June 2016.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

Corporate Governance

Save as described below, none of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, in any time during the six months ended 30 June 2016 in due compliance with the code provisions and certain recommended practices (with amendments from time to time) as set out in the Corporate Governance Code (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(i) Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Taking into account the current structure of the Company, there is no officer appointed with the title "chief executive officer" and accordingly, the Company is in deviation from code provision A.2.1.

Mr. Li Wing Sang, who acted as the chairman of the Company during the six months ended 30 June 2016, was also responsible for overseeing the general operations of the Group. As the directors of the Company would meet regularly to consider major matters affecting the operations of the Company, the directors of the Company consider that this structure will not impair the balance of power and authority between the directors 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 role of the chairman and chief executive officer. The directors of the Company believe that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance of complying with the code provision A.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate persons will be nominated to take up the different roles of chairman and chief executive officer.

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

Mode Code Set Out in Appendix 10 to the Listing Rules

The Company has adopted the Model Code 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 confirmed that they have complied with the Model Code for the six months ended 30 June 2016. Moreover, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Subsequent to the end of the reporting 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 during the period commencing on 28 July 2016 to 10 August 2016 (the "Relevant Period") 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, who are not interest in the Disposals, satisfied that the Disposals were exceptional circumstance under paragraph C.14 of the Model Code.

Further information

Changes of Directors' Information Under Rule 13.51B(1) of the Listing Rules

Pursuant to rule 13.51B(1) of the Listing Rules, the changes of directors' information of the Company since the date of the 2015 annual report are as follows:

With effect from 1 April 2016, the director's emoluments of Mr. Li Wing Sang, Mr. Chiu Chi Hong and Mr. Liu Xinsheng have been revised to approximately HK$3.0 million (equivalent to approximately RMB2.6 million) per annum, approximately HK$2.5 million (equivalent to approximately RMB2.0 million) per annum and approximately HK$0.4 million (equivalent to approximately RMB0.4 million) per annum respectively, which were determined with reference to the duties and responsibilities of an executive director.

With effect from 1 April 2016, the director's emoluments of both Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung have been revised to approximately HK$0.2 million (equivalent to approximately RMB0.2 million) per annum, which were determined with reference to the duties and responsibilities of an independence non-executive director.

Mr. Ng Wai Hung has been appointed as an independent non-executive director of Xinyi Automobile Glass Hong Kong Enterprises Limited whose shares are listed on the Growth Enterprise Market of the Stock Exchange on 25 June 2016.

Save as disclosed above, the Company is not aware of other information which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

Audit Committee

The Company established an audit committee ("Audit Committee") on 26 July 2007 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. Tam Tak Wah, Mr. Ng Wai Hung and Mr. Lau Wan Cheung. Mr. Tam Tak Wah is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed with the Company's management regarding the Group's unaudited interim financial statements for the six months ended 30 June 2016 and this interim report. The Audit Committee has confirmed that this interim report is in compliance with all applicable laws and regulations, including but not limited to the Listing Rules.

Remuneration Committee

The Group set up a remuneration committee ("Remuneration Committee") on 26 July 2007 with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other employment terms to the directors of the Company and other senior management. Currently, the Remuneration committee comprises three independent non-executive directors of the Company, namely Mr. Tam Tak Wah, Mr. Lau Wan Cheung and Mr. Ng Wai Hung. Mr. Tam Tak Wah is the chairman of the Remuneration Committee.

By order of the Board
Li Wing Sang
Chairman

Hong Kong, 19 August 2016

Consolidated statement of profit or loss

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 RMB'000 (unaudited)	 2015 RMB'000 (unaudited)
Turnover	5	**109,656**	111,100
Cost of sales		**(46,518)**	(97,908)
Gross profit		**63,138**	13,192
Other revenue and income	6	**8,589**	2,658
Selling and distribution costs		**(13,324)**	(14,448)
Administrative and other operating expenses		**(116,760)**	(36,559)
Amortisation of other intangible assets		**(29,207)**	(34,371)
Fair value gain on contingent consideration receivables	13	**8,643**	–
Impairment loss on other intangible assets	12	**(19,248)**	–
Net realised and unrealised loss on other current financial assets		**(112)**	(864)
Finance costs	7(a)	**(22)**	(1,315)
Share of results of a joint venture		**8,112**	8,527
Loss before income tax	7	**(90,191)**	(63,180)
Income tax	8	**11,717**	8,081
Loss for the period		**(78,474)**	(55,099)
Loss attributable to:			
Owners of the Company		**(65,105)**	(40,907)
Non-controlling interests		**(13,369)**	(14,192)
		(78,474)	(55,099)
Loss per share (RMB cents)	9		
– Basic and diluted		**(1.00 cents)**	(0.65 cents)

The notes on pages 20 to 36 form an integral part of these interim financial statements.

Consolidated statement of comprehensive income

For the six months ended 30 June 2016

	Six months ended 30 June 2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Loss for the period	**(78,474)**	(55,099)
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss:		
– Actuarial loss on pension obligations	**(162)**	–
Items that may be subsequently reclassified to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**8,059**	484
Total comprehensive income for the period (net of tax)	**(70,577)**	(54,615)
Attributable to:		
Owners of the Company	**(57,264)**	(40,398)
Non-controlling interests	**(13,313)**	(14,217)
	(70,577)	(54,615)

The notes on pages 20 to 36 form an integral part of these interim financial statements.

Consolidated statement of financial position

As at 30 June 2016

	Notes	**As at 30 June 2016 RMB'000 (unaudited)**	As at 31 December 2015 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	**68,195**	68,562
Other intangible assets	12	**272,223**	321,018
Other non-current financial assets		**5,635**	5,179
Contingent consideration receivables	13	**7,118**	3,669
Interest in a joint venture		**374,753**	366,641
		727,924	765,069
Current assets			
Other current financial assets		**31,370**	30,789
Inventories		**29,392**	30,396
Trade and bills receivables	14	**140,880**	142,981
Other receivables and prepayments		**107,724**	112,468
Pledged bank deposits		**498**	487
Cash at banks and in hand		**81,741**	128,579
		391,605	445,700
Current liabilities			
Trade and bills payables	15	**29,056**	25,658
Other payables and accruals		**61,776**	76,606
Bank loans		**–**	132
Obligations under finance leases		**495**	494
Income tax payable		**21,153**	21,153
		112,480	124,043
Net current assets		**279,125**	321,657
Total assets less current liabilities		**1,007,049**	1,086,726
Non-current liabilities			
Obligations under finance leases		**508**	741
Defined benefit obligations		**2,374**	2,051
Deferred tax liabilities		**66,503**	78,222
		69,385	81,014
Net assets		**937,664**	1,005,712

Consolidated statement of financial position

As at 30 June 2016

	Note	**As at 30 June 2016 RMB'000 (unaudited)**	As at 31 December 2015 RMB'000 (audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	**14,267**	14,267
Reserves		**837,166**	891,901
		851,433	906,168
Non-controlling interests		**86,231**	99,544
Total equity		**937,664**	1,005,712

The notes on pages 20 to 36 form an integral part of these interim financial statements.

Consolidated statement of changes in equity

For the six months ended 30 June 2016

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Warrant reserve RMB'000	Other reserve RMB'000	Actuarial loss reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (audited)	13,541	1,361,005	43,367	12,344	–	(460)	(565,767)	145,587	1,009,617
Issue of new shares:									
– upon exercise of unlisted warrants	622	218,386	(37,339)	–	–	–	–	–	181,669
Share-based payment for a share transaction	–	2,407	–	–	–	–	–	–	2,407
Loss for the period	–	–	–	–	–	–	(40,907)	(14,192)	(55,099)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	509	–	(25)	484
Total comprehensive income for the period	–	–	–	–	–	509	(40,907)	(14,217)	(54,615)
At 30 June 2015 (unaudited)	14,163	1,581,798	6,028	12,344	–	49	(606,674)	131,370	1,139,078
At 1 January 2016 (audited)	14,267	1,624,732	7	12,344	(155)	12,948	(757,975)	99,544	1,005,712
Share-based payment for a share transaction	–	2,529	–	–	–	–	–	–	2,529
Loss for the period	–	–	–	–	–	–	(65,105)	(13,369)	(78,474)
Actuarial loss on pension obligations	–	–	–	–	(162)	–	–	–	(162)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	8,003	–	56	8,059
Total comprehensive income for the period	–	–	–	–	(162)	8,003	(65,105)	(13,313)	(70,577)
At 30 June 2016 (unaudited)	14,267	1,627,261	7	12,344	(317)	20,951	(823,080)	86,231	937,664

The notes on pages 20 to 36 form an integral part of these interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(52,180)**	(30,662)
Net cash generated from/(used in) investing activities	**106**	(17,181)
Net cash (used in)/generated from financing activities	**(342)**	103,876
Net (decrease)/increase in cash and cash equivalents	**(52,416)**	56,033
Cash and cash equivalents at 1 January	**128,579**	33,351
Effect of foreign exchange rate changes	**5,578**	4,319
Cash and cash equivalents at 30 June	**81,741**	93,703

The notes on pages 20 to 36 form an integral part of these interim financial statements.

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, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of LED lighting products and accessories, the provision for energy efficiency projects, the promotion and development of a professional football club and the provision of property sub-leasing and management services.

These unaudited interim financial statements are presented in Renminbi ("RMB") rounded to the nearest thousand. Renminbi is the functional and presentation currency of the Group.

2. Basis of Preparation

The unaudited interim financial statements for the six months ended 30 June 2016 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and in compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2015 and these interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This interim financial report contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performances of the Group since the annual financial statements for the year ended 31 December 2015. The condensed consolidated interim financial statements and notes thereto do not include all the information required for a full set of financial statements prepared in accordance with HKFRSs.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimated uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2015.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2015 are available from the Company's principal place of business.

3. Application of New and Revised Hong Kong Financial Reporting Standards

In the current period, the Group has applied the following revised HKFRSs which are effective for the current accounting period and relevant to the Group.

HKFRSs (Amendment)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative

None of these revised HKFRSs have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and currency risk.

The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

There have been no changes in the risk management policies since last year end.

(b) Fair values

(i) Financial instruments measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 valuations:	Fair value measured Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
Level 3 valuations:	Fair value measured using significant unobservable inputs.

4. Financial Risk Management (Continued)

(b) Fair values (Continued)

(i) Financial instruments measured at fair value (Continued)

The following table presents the Group's assets that are measured at fair value at 30 June 2016 and 31 December 2015:

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000
At 30 June 2016 (unaudited)			
Assets			
– Contingent consideration receivables	–	–	18,169
– Other current financial assets	6,427	24,943	–
At 31 December 2015 (audited)			
Assets			
– Contingent consideration receivables	–	–	8,967
– Other current financial assets	6,453	24,336	–

During the six months ended 30 June 2016 and year ended 31 December 2015, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of instruments in Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

Valuation and information about Level 3 fair value measurements

As at 30 June 2016, the fair value of the contingent consideration receivables is a Level 3 fair value measurement and is determined by the professional valuation conducted by Peak Vision Appraisals Limited ("Peak Vision") by applying probability weighted discounted cash flows method. The determination of fair value is based on discount rate which is unobservable. The significant unobservable input and relationship of this input to fair value of the contingent consideration receivables are shown as below:

Significant unobservable input	**Relationship of unobservable input to fair value**
Probability of staying in Ligue 1 or Ligue 2 of 71.80%	The higher the probability, the higher the fair value
Discount rate of 11.02%	The higher the discount rate, the lower the fair value

The movements of contingent consideration receivables during the six months ended 30 June 2016 in the balance of Level 3 fair value measurements are as follows:

	2016 **RMB'000** **(unaudited)**	2015 RMB'000 (audited)
Contingent consideration receivables:		
At 1 January	**8,967**	–
At completion date of acquisition of a subsidiary	**–**	14,908
Change in fair value recognised in profit or loss	**8,643**	(5,941)
Exchange realignment	**559**	–
At 30 June	**18,169**	
At 31 December		8,967

4. Financial Risk Management (Continued)

(b) Fair values (Continued)

(ii) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value at 30 June 2016 and 31 December 2015.

(iii) Transferred financial assets that are derecognised in their entirety

During the six months ended 30 June 2016 and year ended 31 December 2015, the Group endorsed certain bills receivables accepted by banks in the People's Republic of China ("PRC") (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of directors of the Company, the Group has transferred substantially all risks and rewards relating the Derecognised Bills. Accordingly, it has derecognised the full carrying amount of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flow to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors of the Company, the fair value of the Group's Continuing Involvement in the Derecognised Bills are not significant.

5. 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 period is as follow:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sale of products and accessories	**54,021**	106,870
Service income from energy efficiency projects	**9,981**	4,230
Broadcasting income	**24,471**	–
Matchday ticket income	**8,343**	–
Sponsorship and advertising income	**12,840**	–
	109,656	111,100

5. Turnover and Segment Reporting (Continued)

(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 absolute 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.

The professional football club segment represented the newly acquired a wholly-owned subsidiary in July 2015.

During the year ended 31 December 2015, the senior management changed the structure of its internal resources allocation and performance assessment in a manner that causes the changes in composition of its reportable segments. The corresponding information for the period ended 30 June 2015 have been represented to conform with current period presentation.

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 six months ended 30 June 2016 and 2015 is set out below:

	Six months ended 30 June 2016			
	LED lighting RMB'000 (unaudited)	Professional football club RMB'000 (unaudited)	Property sub-leasing services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Turnover	61,576	49,173	–	110,749
Inter-segment revenue	–	(1,093)	–	(1,093)
Reportable segment revenue from external customers	61,576	48,080	–	109,656
Reportable segment results	(70,853)	(17,332)	8,112	(80,073)
Other information:				
Interest income	267	401	–	668
Interest expenses	(1)	–	–	(1)
Depreciation of property, plant and equipment	(6,038)	(227)	–	(6,265)
Amortisation of other intangible assets	(27,600)	(1,607)	–	(29,207)
(Allowance for)/reversal of impairment on trade and other receivables, net	(8,996)	472	–	(8,524)
Fair value gain on contingent consideration receivables	–	8,643	–	8,643
Impairment loss on other intangible assets	(19,248)	–	–	(19,248)
Loss on disposal of property, plant and equipment	(26)	–	–	(26)
Net realised and unrealised gain on other current financial assets	57	–	–	57
Share of results of a joint venture	–	–	8,112	8,112

5. Turnover and Segment Reporting (Continued)

(b) Segment reporting (Continued)

	As at 30 June 2016			
	LED lighting RMB'000 (unaudited)	**Professional football club RMB'000 (unaudited)**	**Property sub-leasing services RMB'000 (unaudited)**	**Total RMB'000 (unaudited)**
Reportable segment assets	**600,657**	**132,963**	**374,753**	**1,108,373**
Reportable segment liabilities	**53,273**	**38,897**	**–**	**92,170**

	Six months ended 30 June 2015			
	LED lighting RMB'000 (unaudited)	Professional football club RMB'000 (unaudited)	Property sub-leasing services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Turnover	111,100	–	–	111,100
Inter-segment revenue	–	–	–	–
Reportable segment revenue from external customers	111,100	–	–	111,100
Reportable segment results	(59,168)	–	8,527	(50,641)
Other information:				
Interest income	113	–	–	113
Interest expenses	(1,300)	–	–	(1,300)
Depreciation of property, plant and equipment	(5,638)	–	–	(5,638)
Amortisation of other intangible assets	(34,371)	–	–	(34,371)
Allowance for impairment on trade receivables	(5,614)	–	–	(5,614)
Loss on disposal of property, plant and equipment	(3,801)	–	–	(3,801)
Net realised and unrealised loss on other current financial assets	(222)	–	–	(222)
Share of results of a joint venture	–	–	8,527	8,527

	As at 31 December 2015			
	LED lighting RMB'000 (audited)	Professional football club RMB'000 (audited)	Property sub-leasing services RMB'000 (audited)	Total RMB'000 (audited)
Reportable segment assets	671,765	139,098	366,641	1,177,504
Reportable segment liabilities	47,557	54,310	–	101,867

5. Turnover and Segment Reporting (Continued)

(b) Segment reporting (Continued)

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Reportable segment results	**(80,073)**	(50,641)
Unallocated interest expenses	**(21)**	(15)
Unallocated depreciation of property, plant and equipment	**(596)**	(330)
Dividend income from other current financial assets	**–**	176
Net realised and unrealised loss on other current financial assets	**(169)**	(642)
Unallocated corporate administrative costs	**(9,332)**	(11,728)
Consolidated loss before income tax	**(90,191)**	(63,180)

6. Other Revenue and Income

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Bank interest income	**668**	113
Rental income from property, plant and equipment	**–**	400
Scrap sale	**723**	1,858
Dividend income from other current financial assets	**–**	176
Gain on disposal of players' registration rights	**5,661**	–
Others	**1,537**	111
	8,589	2,658

7. Loss Before Income Tax

This is arrived at after charging:

		Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
		(unaudited)	(unaudited)
(a)	Finance costs		
	Interest on bank loans wholly repayable within 5 years	**1**	138
	Interest on bonds	**–**	1,162
	Finance charges on obligations under finance leases	**21**	15
	Total finance costs	**22**	1,315
(b)	Staff costs (including directors' emoluments)		
	Salaries, wages and other benefits	**51,518**	14,259
	Contributions to defined contribution retirement plans	**15,229**	878
	Total staff costs	**66,747**	15,137
(c)	Others		
	Allowance for impairment on trade and other receivables, net	**8,524**	5,614
	Amortisation of other intangible assets	**29,207**	34,371
	Auditor's remuneration		
	– Audit services	**–**	–
	– Non-audit services	**194**	241
	Cost of inventories sold	**46,518**	97,908
	Depreciation of property, plant and equipment	**6,861**	5,968
	Impairment loss on other intangible assets	**19,248**	–
	Loss on disposal of property, plant and equipment	**26**	3,801
	Operating lease charges in respect of land and buildings	**4,257**	3,775
	Research and development expenditure	**152**	476
	Share-based payment	**2,529**	2,407

8. Income Tax

Income tax credit in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax		
– Current period	**–**	403
– Under-provision in prior years	**1**	–
Deferred tax	**(11,718)**	(8,484)
	(11,717)	(8,081)

(a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(b) No provision for Hong Kong Profits Tax is provided as there are no estimated assessable profits for the current and prior periods.

(c) The domestic tax rate of the Group's principal subsidiaries in the PRC is used as it is where the operations of these subsidiaries are substantially based. Except for a PRC subsidiary which entities a preferential tax rate of 15% for the three years ended 31 December 2014, 2015 and 2016 as it is certified as a high and new technology enterprise, the standard enterprise, the standard enterprise income tax rate of 25% (year ended 31 December 2015: 25%) is applicable to the rest of the Group's principal subsidiaries in the PRC.

(d) The provision of income tax of subsidiary in France is based on the statutory tax rate of 33% (year ended 31 December 2015: 33%) of its assessable profits as determined in accordance with the French Income Tax Law.

9. 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 six months ended 30 June 2016.

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss attributable to owners of the Company	**65,105**	40,907

	As at 30 June 2016 (unaudited)	As at 30 June 2015 (unaudited)
Weighted average number of shares in issue	**6,536,862,044**	6,255,782,592

(b) Diluted loss per share

No diluted earnings per share is presented as the Group had no potential ordinary shares during the six months ended 30 June 2016. During the six months ended 30 June 2015, the computation of diluted loss per share did not assume the subscription of the Company's outstanding potential dilutive ordinary shares in the calculation of diluted loss per share as they were anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2016 and 2015.

10. Dividends

The directors did not recommend payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: RMBNil).

11. Property, Plant and Equipment

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of RMB6,535,000 (six months ended 30 June 2015: RMB9,593,000) and disposed of items of property, plant and equipment with a carrying amount of RMB41,000 (six months ended 30 June 2015: RMB3,939,000). As at 30 June 2016, the carrying amount of property, plant and equipment held under finance lease of the Group was RMB945,000 (31 December 2015: RMB1,499,000).

12. Other Intangible Assets

For the purpose of impairment testing, the recoverable amounts of the six cash-generating units ("CGUs"), which are attributable to the six groups of subsidiaries which engaged in manufacture and sale of LED lighting products and accessories and provision of energy efficiency projects, are determined by the directors of the Company based on value-in-use calculations with reference to professional valuations performed by Peak Vision, an independent firm of professionally qualified valuers. These calculations used cash flow projections based on the financial budgets approved by the senior management covering a five-year period. The cash flows beyond the five-year period are extrapolated using a steady growth rate of 3%, which is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the business in which the individual CGU operates. The pre-tax discount rates as presented below are determined using the Capital Assets pricing Model.

	As at 30 June 2016		As at 31 December 2015	
	Pre-tax discount rate (unaudited)	**Growth rate beyond 5 years (unaudited)**	Pre-tax discount rate (audited)	Growth rate beyond 5 years (audited)
Giga-World Group	**22.02%**	**3%**	21.16%	3%
Shine Link Group	**21.48%**	**3%**	21.09%	3%
Kings Honor Group	**20.64%**	**3%**	20.01%	3%
Pacific King Group	**22.48%**	**3%**	21.17%	3%
Starry View Group	**22.96%**	**3%**	20.94%	3%
Mega Wide Group	**27.78%**	**3%**	26.47%	3%

In the opinion of the directors of the Company, the basis used to determine the value assigned to the growth in revenue and the budgeted gross profit margins is the senior management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

Based on the above impairment assessments, the recoverable amounts of certain CGUs fell below the respective net carrying values of the assets as at 30 June 2016, and accordingly impairment loss on other intangible assets of RMB19,248,000 (six months ended 30 June 2015: RMBNil) has been charged to profit or loss for the six months ended 30 June 2016.

The above impairment losses are resulted mainly because of deterioration of profitability reflected by the decrease in turnover and/or gross profit margin in different CGUs, which is mainly attributable to the decrease in selling prices of the LED lighting products; and the failure to shift the increased costs of production and other operating costs to the customers under the keen market competition.

13. Contingent Consideration Receivables

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
At 1 January	**8,967**	–
Acquired on acquisition of a subsidiary	**–**	14,908
Fair value change	**8,643**	(5,941)
Exchange realignment	**559**	–
At 30 June	**18,169**	
At 31 December		8,967
Non-current portion	**7,118**	3,669
Current portion included in other receivables and prepayments	**11,051**	5,298
	18,169	8,967

As at 30 June 2016, the fair value of the contingent consideration receivables is determined by the professional valuation conducted by Peak Vision at EUR2,466,000 (equivalent to RMB18,169,000) by reference to the discount rate at 11.02%.

14. Trade and Bills Receivables

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Trade receivables	**161,129**	151,648
Less: Allowance for doubtful debts	**(22,986)**	(13,985)
	138,143	137,663
Bills receivables	**2,737**	5,318
	140,880	142,981

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

14. Trade and Bills Receivables (Continued)

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:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
0–30 days	**27,938**	35,858
31–90 days	**21,017**	29,046
91–180 days	**27,963**	20,085
181–365 days	**32,906**	38,064
Over 365 days	**31,056**	19,928
	140,880	142,981

The Group normally grants a normal credit period of 90 to 365 days (31 December 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 period beyond 180 days. Each customer of the Group has a maximum credit limit.

15. Trade and Bills Payables

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Trade payables	**29,056**	24,810
Bills payables	**–**	848
	29,056	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:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
0–30 days	**11,322**	12,268
31–90 days	**10,072**	7,509
91–365 days	**6,024**	4,691
Over 365 days	**1,638**	1,190
	29,056	25,658

The credit terms granted by suppliers are generally for a period of 30 to 90 days (31 December 2015: 30 to 90 days), computing from the end of the month of the relevant purchase.

16. Share Capital

	Number of shares of HK$0.0025 each	Nominal value of ordinary shares HK$'000
Authorised:		
At 31 December 2015 (audited) and 30 June 2016 (unaudited)	**8,000,000,000**	20,000

	Number of shares of HK$0.0025 each	Number of shares of HK$0.01 each	Nominal value of ordinary shares HK$'000	RMB'000
Issued and fully paid:				
At 1 January 2015	–	1,544,115,511	15,441	13,541
– upon exercise of unlisted warrants (Note (a))	50,000,000	77,600,000	901	726
– upon completion of share subdivision (Note (b))	6,486,862,044	(1,621,715,511)	–	–
At 31 December 2015 (audited) and 30 June 2016 (unaudited)	6,536,862,044	–	16,342	14,267

(a) Issue of new ordinary shares upon exercise of unlisted warrants

During the year ended 31 December 2015, 77,600,000 new ordinary shares of the Company of HK$0.01 each were issued upon the exercise of 77,600,000 unlisted warrants at an exercise price of ranging from HK$2.50 to HK$3.29 per share and 50,000,000 new ordinary shares of the Company of HK$0.0025 each were issued upon the exercise of 50,000,000 unlisted warrants at an exercise price of HK$0.82 per share.

The exercise of the above unlisted warrants give rise to an aggregate proceeds of RMB216,225,000, net of expense, of which RMB726,000 was credited to share capital and the remaining balance of RMB215,499,000 was credited to the share premium account. The exercise of the above unlisted warrants also resulted in the transfer of RMB43,360,000 from warrant reserve to share premium account.

(b) Subdivision of 1 ordinary share of HK$0.01 each into 4 ordinary shares of HK$0.0025 each

On 17 August 2015, an ordinary resolution was passed by the shareholders at an extraordinary general meeting of the Company pursuant to which each of the existing issued and unissued ordinary shares of the Company of HK$0.01 per share was subdivided into 4 ordinary shares of HK$0.0025 per share.

Accordingly, 1,621,715,511 ordinary shares of HK$0.01 each were cancelled and 6,486,862,044 new ordinary shares of HK$0.0025 each were allotted and distributed as fully paid to existing shareholders of the Company. Further details are set out in the Company's announcements dated 15 July 2015 and 17 August 2015 and the circular dated 27 July 2015.

17. Unlisted Warrants

(a) Tranche 1 Unlisted Warrants issued on 7 December 2012

During the year ended 31 December 2012, the Company issued 89 tranche 1 unlisted warrants, as part of the consideration for the extinguishment of the then outstanding convertible notes, which entitle their holders to subscribe for a total of 29,666,637 ordinary shares of HK$0.01 each of the Company at an initial subscription price of HK$3.00 per share, subject to anti-dilutive adjustments in accordance with the terms of the unlisted warrant instruments ("Tranche 1 Unlisted Warrants"). During the year ended 31 December 2014, the number of shares can be subscribed and the subscription price was adjusted to 35,600,000 shares and HK$2.50 per share respectively as a result to the completion of the bonus issue. The Tranche 1 Unlisted Warrants are exercisable at any time during the period commencing from 7 December 2013 to 6 December 2017.

During the year ended 31 December 2015, 35,600,000 new ordinary shares of HK$0.01 each were issued, in accordance with the terms of the relevant unlisted warrants instrument, for cash at a subscription price of HK$2.50 per share, representing a discount ranged from 57.19% to 68.11% to the closing prices of the Company's shares on the respective issue dates. The subscription price was settled by (i) offset against the Group's bonds payable in the aggregate amount of RMB67,543,000 and (ii) cash of RMB2,742,000. The new ordinary shares were issued, in accordance with the terms of the relevant unlisted warrants instrument, under the specific mandate granted to the directors of the Company at the extraordinary general meeting of the Company held on 5 December 2012 and rank pari passu with the existing ordinary shares in issue in all respects. During the year ended 31 December 2015, the unlisted warrants were fully subscribed.

(b) Tranche 2 Unlisted Warrants issued on 7 December 2012

During the year ended 31 December 2012, the Company issued 88 tranche 2 unlisted warrants as part of the consideration for the extinguishment of the convertible notes, which entitle their holders to subscribe for a total of 45,128,248 ordinary shares of HK$0.01 each of the Company at an initial subscription price of HK$1.95 per share, subject to anti-dilutive adjustments in accordance with the terms of the unlisted warrant instruments ("Tranche 2 Unlisted Warrants"). During the year ended 31 December 2014, the subscription price was adjusted to HK$1.63 per share as a result the completion of the bonus issue. The Tranche 2 Unlisted Warrant are exercisable at any time during the period commencing from 7 December 2012 to 6 December 2017.

During the year ended 31 December 2015, no Tranche 2 Unlisted Warrants was exercised to subscribe for ordinary shares of the Company. As at 30 June 2016, there are 0.01 (31 December 2015: 0.01) outstanding Tranche 2 Unlisted Warrants.

(c) Unlisted warrants issued on 20 June 2014

During the year ended 31 December 2014, the Company entered into a placing agreement with the placing agent which was an independent third party, pursuant to which, the Company issued 100,000,000 unlisted warrants to individual, corporate and institutional investors at a placing price of HK$0.15 each, resulting in the net proceeds of HK$15,000,000, equivalent to approximately RMB12,042,000. Each unlisted warrant entitles the holder to subscribe for one ordinary share of HK$0.01 each of the Company at an initial subscription price of HK$3.95 per share, subject to anti-dilutive adjustments in accordance with the terms stipulated on the unlisted warrants instrument. The unlisted warrants were issued on 20 June 2014. Subsequently, the subscription price was adjusted to HK$3.29 per share as a result of the completion of the bonus issue and further adjusted to HK$0.82 per share as a result of the completion of the share subdivision. The proceeds were utilised by the Group as its general working capital and to finance the operation of the Company such as to purchase materials for manufacturing LED lighting products.

17. Unlisted Warrants (Continued)

(c) Unlisted warrants issued on 20 June 2014 (Continued)

During the year ended 31 December 2015, 42,000,000 new ordinary shares of HK$0.01 each and 50,000,000 new ordinary shares of HK$0.0025 each were issued, in accordance with the terms of the relevant unlisted warrants instrument, for cash at an adjusted subscription price of HK$3.29 and HK$0.82 per share respectively, representing a discount ranged from 42.98% to 60.82% to the closing prices of the Company's shares on the respective issue dates. The proceeds were used to finance the consideration of acquiring the entire equity interest of a company, to reduce the liabilities and to provide additional working capital of the Group such as to purchase materials for manufacturing LED lighting products and operation expenses. The new ordinary shares were issued, in accordance with the terms of the relevant unlisted warrants instrument, under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 26 May 2014 and rank pari passu with the existing ordinary shares in issue in all respects. At 31 December 2015, the unlisted warrants were fully subscribed.

18. Pledged Assets

Other than those disclosed elsewhere in these interim financial statements, at the end of the reporting period, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Pledged other current financial assets	**24,943**	24,336
Pledged bank deposits	**498**	487
	25,441	24,823

19. Capital Commitments

At the end of the reporting period, the Group had following capital commitments:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Contracted but not provided for		
– Purchase of property, plant and equipment and other non-current assets	**145**	–
– Acquisition of remaining 50% equity interests of a joint venture	**387,450**	–
	387,595	–

20. 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 amounts, in excess of the amounts included in the cost of players' registrations, would be payable by the Group to the selling clubs and agents if certain specific performance conditions (subject to future events) are met. At 30 June 2016, the contingent amount in relation to purchase of football players was RMB5,514,000 (31 December 2015: RMB5,801,000).

(b) Related to ranking in French Ligue of a subsidiary

Under the terms of employment contracts with certain players and management staffs of a subsidiary, if this subsidiary meets the specific ranking in French Ligue or entitles to participate certain competitions in French Ligue, there would be contingent amounts or performance bonus to be payable by this subsidiary to these players and management staffs of the football club. As at 30 June 2016, the contingent amounts in relation to the ranking of this subsidiary was RMB3,500,000 (31 December 2015: RMB3,706,000).

21. Events After the Reporting Period

On 5 August 2016, the Company entered into the general mandate placing agreement with the placing agent, Pinestone Securities Limited, ("Placing Agent") pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 1,300,000,000 general mandate placing shares at the general mandate placing price of HK$0.25 per general mandate placing share. In addition, the Company entered into another specific mandate placing agreement with the Placing Agent, on 5 August 2016, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 1,300,000,000 specific mandate placing shares at the specific mandate placing price of HK$0.25 per specific mandate placing share. The Company also proposed to increase the authorised share capital of the Company from HK$20,000,000 divided into 8,000,000,000 shares at HK$0.0025 each to HK$50,000,000 divided into 20,000,000,000 shares at HK$0.0025 each by the creation of additional 12,000,000,000 shares at HK$0.0025 each, which will rank pari passu with all existing shares. The proposed increase in authorised share capital is conditional upon the passing of an ordinary resolution by the shareholders at the coming extra-ordinary meeting. Further details are set out in the Company's announcement dated 7 August 2016.