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TECH PRO TECHNOLOGY DEVELOPMENT LIMITED

德普科技發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 03823)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE DISPOSAL OF THE EQUITY INTEREST IN FOOTBALL CLUB SOCHAUX-MONTBELIARD SA

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE DISPOSAL

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

The Board announces that on 20 May 2019, the Guarantor (a direct wholly-owned subsidiary of the Company), the Borrower (an indirect wholly-owned subsidiary of the Company) and the Lender (an Independent Third Party) entered into the non-legally binding MOU in relation to the Possible Disposal involving the possible disposal of the equity interest in the holding company of the Football Club Company.

The Football Club Company is a French société anonyme company which owns the Football Club.

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

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Principal terms of the MOU are set forth below:

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE DISPOSAL

Date: 20 May 2019

Parties:

- (i) Guarantor: SunTech Holdings Limited (新德智控股有限公司), a direct wholly-owned subsidiary of the Company;
- (ii) Borrower: LEDUS Club Limited (萊德斯俱樂部有限公司), an indirect wholly-owned subsidiary of the Company; and
- (iii) Lender: Phoenix Time Holdings Limited, an Independent Third Party

The Lender is a company incorporated in British Virgin Islands with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Lender and its ultimate beneficial owner(s) is not a connected person of the Company and is an Independent Third Party.

Assets and Consideration

Subject to the terms and conditions of the Formal Agreement, the Guarantor and the Borrower shall procure the transfer of the Sale Shares, representing the entire issued share capital of the Borrower or LEDUS Investment (to be determined under the Formal Agreement) to the Lender upon Completion.

The Consideration for the transfer of the Sale Shares shall be equivalent to the Borrower's Liabilities, and the Lender shall be allowed to offset the Consideration due and payable for the transfer of the Sale Shares against the Borrower's Liabilities in full upon Completion.

The Football Club Company is a French société anonyme company which owns the Football Club in French Ligue 2 in the current season.

As at the date of this announcement, the Borrower's Liabilities amounted to approximately HK\$35,450,344.06.

Due Diligence Review

The Lender, its advisers and agents shall have the right, forthwith upon the signing of the MOU, to conduct the Due Diligence Review of the assets, liabilities, operations, affairs and any other aspects of the Disposal Group as it may consider appropriate and the Guarantor shall provide and procure the Disposal Group and their respective agents to provide such assistance as the Lender, its advisers and agents may require in connection with the Due Diligence Review, so as to enable the Lender to conduct the Due Diligence Review promptly before the termination of the MOU.

Conditions precedent

Completion is conditional upon (inter alia):

- (1) the passing of the necessary resolution(s) by the Company's shareholders at a general meeting of the Company to be convened and held to approve the Formal Agreement and the transactions contemplated thereunder (if necessary under the Listing Rules);
- (2) all the representations, undertakings and warranties to be set out in the Formal Agreement remaining true, correct and accurate in all respects and not misleading in any respect;
- (3) the Lender being satisfied with the results of the Due Diligence Review in its sole opinion;
- (4) all necessary consents and approvals required to be obtained on the part of the Guarantor/LEDUS Investment and the Lender in relation to the Formal Agreement and the transaction contemplated thereunder having been obtained;
- (5) the Lender having received a French legal opinion in respect of the Football Club Company and British Virgin Islands legal opinion in respect of the members of the Disposal Group, all in form and substance satisfactory to the Lender; and
- (6) such other conditions as may be required by the Lender in its sole discretion.

Special Conditions

Subject to and conditional upon the full compliance of the terms and conditions of the MOU by the Guarantor and the Borrower, the Lender agreed to forbear to bring any legal proceedings against the Borrower and/or the Guarantor or any security provider or to enforce the security constituted by any security document in relation to the Loan Agreement or to enforce its rights and remedies against the Borrower and/or the Guarantor or any security provider under the Loan Agreement or any security document in relation to the Loan Agreement until the date of termination of the MOU.

Each of the Guarantor and the Borrower agreed that except with the prior written consent of the Lender (which shall not be unreasonably withheld), it shall not (and shall procure that none of the members of the Disposal Group and the Company shall) directly or indirectly enter into any discussions or negotiations with any party (other than the Lender or its affiliates) (the “**Prospective Purchaser**”) at any time relating to the sale and purchase (whether direct or indirect) of the Sale Shares or any shares of any members of the Disposal Group or any of its business, property or asset.

If the Lender grants its consent to the Guarantor and the Borrower for entering into any discussions or negotiations with the Prospective Purchaser, then:

- (1) the Guarantor and the Borrower shall keep the Lender fully informed of the discussions or negotiations with the Prospective Purchaser;
- (2) if the Guarantor, the Company or any members of the Disposal Group receives an offer from the Prospective Purchaser, the Guarantor and the Borrower shall immediately notify the Lender in writing of such offer in detail, including without limitation (a) the identity and address of the Prospective Purchaser, (b) the offer price and (c) all other terms and conditions of the offer; and
- (3) the Guarantor and the Borrower shall provide the Lender with such information and documents as the Lender may request in respect of such discussions and negotiations.

Each of the Guarantor and the Borrower agreed that except with the prior written consent of the Lender, it shall not (and shall procure that none of the members of the Disposal Group and the Company shall) directly or indirectly enter into any agreement, arrangement or understanding with any party (other than the Lender or its affiliates) at any time relating to the sale and purchase (whether direct or indirect) of the Sale Shares or any shares of any members of the Disposal Group or any of its business, property or asset.

Formal Agreement

The Guarantor and the Lender shall negotiate in good faith towards one another in ensuring that the Formal Agreement be entered into as soon as possible and in any event, not later than 90 days from the date of the MOU or such later date as the Lender may approve. The Guarantor and the Borrower shall procure the Company to join in and execute the Formal Agreement as guarantor of the Guarantor/LEDUS Investment. If any condition of the Formal Agreement cannot be fulfilled (unless such condition is waived by the Lender), Completion shall not take place.

The Formal Agreement shall contain such representations, warranties, undertakings and indemnities to be given by the Guarantor/LEDUS Investment, conditions precedent and other conditions and provisions that are acceptable to the Lender in its sole discretion.

The MOU will terminate automatically (other than clauses in relation to the Company and the Disposal Group's restriction on negotiation or arrangement with third parties in respect of, among others, the Sales Shares (as mentioned in the paragraph headed "Special Conditions" above), confidentiality, notice, costs, legal effect and governing law and jurisdiction) upon the earlier of:

- (1) the expiry of 90 days from the date of the MOU or such later date as the Lender may approve, or
- (2) the Lender delivering, at its sole discretion, written notice of termination to the Guarantor and the Borrower.

Legal effect

Save for those provisions relating to joint and several liability, representations and warranties, cancellation of the MOU, the Due Diligence Review, Special Conditions, confidentiality, exclusivity, notice, costs, legal effect and governing law and jurisdiction, the MOU shall not create any legal and binding obligations on the parties thereto.

REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL

Pursuant to the Loan Agreement, the Lender had made available to the Borrower and the Borrower had drawn a loan in the principal amount of HK\$31,632,328.77 (the "**Loan**") upon and subject to the terms and conditions set out therein. Pursuant to the Loan Agreement, the Guarantor has entered into a share mortgage (the "**Share Mortgage**") in respect of the entire issued share capital of LEDUS Investment in favour of the Lender as security for the Borrower's obligations under the Loan Agreement. According to the terms of the Loan Agreement, the Borrower shall repay the Loan together with accrued interest under the Loan Agreement on 31 January 2019 (the "**Final Repayment Date**"). The Borrower had failed to fully repay the Loan together with accrued interest on the Final Repayment Date.

As at the date of this announcement, the Borrower's Liabilities under the Loan Agreement amounted to approximately HK\$35,450,344.06.

As the Consideration would be set off against the Borrower's Liabilities in full upon Completion, the Directors consider the Possible Disposal a good opportunity to repay all the Group's liabilities under the Loan Agreement. In addition, pursuant to the terms in relation to the Special Conditions in the MOU, the Lender shall, among other things, forbear to bring any legal proceedings against the Borrower and/or the Guarantor or any security provider or to enforce the security constituted by any security document in relation to the Loan Agreement or to enforce its rights and remedies against the Borrower and/or the Guarantor or any security provider under the Loan Agreement or any security document in relation to the Loan Agreement until the date of termination of the MOU. The Directors believe that the MOU would mitigate the risks of the Group from engaging potential litigations in relation to the Loan Agreement and avoid the security documents (including the Share Mortgage) under the Loan Agreement being enforced which may have a material adverse impact on the Group.

In view of the above, the Directors consider the terms and conditions of the MOU fair and reasonable to the Group and the Shareholders as a whole.

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

DEFINITIONS

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

“Board”	the board of Directors from time to time
“Borrower”	LEDUS Club Limited (萊德斯俱樂部有限公司), a company incorporated under the laws of British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Borrower’s Liabilities”	the aggregate amount of liabilities owing or payable by the Borrower and the security providers to the Lender under the Loan Agreements and the security documents to the Loan Agreement
“Company”	Tech Pro Technology Development Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Formal Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the amount equivalent to the Borrower’s Liabilities to be payable by the Lender for the sale and purchase of the Sale Shares, in accordance with the Formal Agreement
“Director(s)”	the director(s) of the Company from time to time
“Disposal Group”	collectively, LEDUS Investment, the Borrower and the Football Club Company
“Due Diligence Review”	the due diligence review to be conducted by the Lender, its advisers and agents upon the signing of the MOU as set out in the paragraph headed “Due Diligence Review” in this announcement

“Football Club”	Football Club Sochaux-Montbéliard, a professional football club playing in French Ligue 2 in the current season
“Football Club Company”	Football Club Sochaux – Montbéliard SA, a French société anonyme company which is an indirect wholly-owned subsidiary of the Company and owns the Football Club
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Disposal
“Group”	the Company and its subsidiaries
“Guarantor”	SunTech Holdings Limited (新德智控股有限公司), a company incorporated under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“LEDUS Investment”	LEDUS Investment Limited (萊德斯投資有限公司), a company incorporated under the laws of British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Lender”	Phoenix Time Holdings Limited, a company incorporated under the laws of British Virgin Islands and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 2 March 2018 (as amended and supplemented by the supplemental agreement dated 28 August 2018) entered into among the Borrower as borrower, the Guarantor as guarantor and the Lender as lender pursuant to which the Lender had made available to the Borrower a loan in the principal amount of HK\$31,632,328.77 upon and subject to the provisions therein contained
“MOU”	the non-legally binding memorandum of understanding dated 20 May 2019 and entered into among the Guarantor, the Borrower and the Lender setting out the preliminary understanding in relation to the Possible Disposal

“Possible Disposal”	the possible disposal of the Sale Shares by the Guarantor/ LEDUS Investment to the Lender as contemplated under the MOU
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	the entire issued share capital of the LEDUS Investment/ Borrower (to be determined in the Formal Agreement)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Special Conditions”	the special conditions contained in the MOU the details of which set out in the paragraph headed “Special Conditions” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent
“HK\$”	Hong Kong dollars

CONTINUED SUSPENSION OF TRADING

Trading in Shares has been suspended since 9 November 2017 pending the fulfilment of the Resumption Conditions. The Board is working closely towards the resumption of trading in Shares as soon as possible.

By order of the Board
Tech Pro Technology Development Limited
Dong Bo Frederic
Chairman

Hong Kong, 22 May 2019

As at the date of this announcement, the executive Directors are Mr. Liu Xinsheng, Mr. Chiu Chi Hong, Mr. Lee Tsz Hang and Mr. Dong Bo Frederic; and the independent non-executive Directors are Mr. Wong Kui Shing, Danny, Dr. Wong Yun Kuen and Mr. Chan Wing Chung.