



GLAUCUS RESEARCH GROUP

格勞克斯研究

“Ask not for whom the bell tolls; it tolls for thee” - **John Donne**

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COMPANY: Tech Pro Technology Development Limited | HK: 3823
INDUSTRY: Roll-Up

Recommendation:
Strong Sell

Price (as of
07/27/2016):
HKD 2.27

Market Cap:
HKD 14.8 billion

Daily Volume:
11 million shares
(avg. 3mo)

Price Target:
HKD 0.00



Tech Pro Technology Development Limited (HK: 3823) (“Tech Pro” or the “Company”) is a roll-up of unrelated businesses: it manufactures and sells LED lighting products, it is a sub-leasing agent for a commercial real estate property in Shanghai, and it recently purchased a French soccer team.

In this report we present publicly available SAIC filings, which, in our opinion, indicate that Tech Pro has massively overstated its reported profits and inflated the reported purchase price of its acquisitions. We believe that Tech Pro is an obvious fraud, that its equity is worth HKD 0.00 and trading of its stock should be halted to protect future investors from further losses and hopefully provide a modicum of recovery for shareholders and creditors.

- Fabricated Financial Performance of Shanghai Fuchao.** In 2014 and 2015, Tech Pro reported that Shanghai Fuchao Property Management Company Limited (“Shanghai Fuchao”), a sub-leasing agent for a commercial real estate property in Shanghai, generated cumulative net profits of RMB 60.9 million, making Shanghai Fuchao its most profitable business segment and its most valuable asset. In aggregate, Tech Pro claims that Shanghai Fuchao generated net profits of RMB 190 million from 2011 through 2015, and retained a net asset balance of RMB 733 million as of FYE 2015. However, financial statements contained within SAIC filings indicate that **Shanghai Fuchao's cumulative profits were 99% less than reported from 2011-2015 and its net asset balance was 99% less than reported as of FYE 2015.** In our opinion, this is clear and convincing evidence that Tech Pro has lied about financial performance of its most profitable business segment and its most valuable asset.
- Fabricated Purchase Price of Shanghai Fuchao.** On November 27, 2013, Tech Pro **announced** its intent to purchase 50% of Shanghai Fuchao for a total consideration of HKD 450 million. However, SAIC filings of Shanghai Fuchao reveal that **the actual purchase price was only RMB 4.5 million, 99% less than Tech Pro claimed.** We believe that this is clear and undeniable evidence that Tech Pro massively inflated the purchase price of its acquisition and thereby blatantly violated Hong Kong securities laws.
- LED Businesses: Fabricated Profitability of Acquired Subsidiaries.** In 2011, Tech Pro acquired five LED related businesses for a total consideration of RMB 781 million. Each acquisition included a profit guarantee for the first twelve-months post-acquisition, to reassure investors that Tech Pro's acquisition binge was a responsible investment. Tech Pro reported that the five LED businesses generated profits of RMB 98 million in the first twelve-months post-acquisition. However, SAIC filings for four acquired LED businesses reveal that **actual profits during the twelve-month minimum guaranteed performance period were 100% less than Tech Pro reported.** In our view, this is further evidence that Tech Pro defrauded investors and is another clear violation of Hong Kong Securities Law.

- a. **Shine Link.** On June 20, 2011, Tech Pro entered an [agreement to purchase](#) 100% of Shine Link Technology (“[Shine Link](#)”), which has one PRC operating subsidiary, U Young (Xiamen) Light Electrical Technology Limited (“[U Young](#)”), for a total consideration of RMB 177.5 million. Tech Pro subsequently [reported](#) that Shine Link generated profits of RMB 14.6 million in the first twelve-months post-acquisition. However, SAIC filings reveal that in the two years from 2011 through 2012, U Young generated **88% less revenues than Tech Pro claimed and rather than turn a profit, generated a cumulative net loss of RMB -3.5 million.** In our opinion, SAIC filings indicate that Tech Pro lied to investors about the financial performance of the acquired business.
 - b. **Kings Honor.** On July 7, 2011, Tech Pro entered an [agreement to purchase](#) 60% of Kings Honor Technology (“[Kings Honor](#)”) which owns 95% of one PRC operating subsidiary, Jiangxi Lantian Wei Guang Technology Company Limited (“[Wei Guang](#)”), for a total consideration of RMB 127.1 million. Tech Pro [reported](#) that Kings Honor generated RMB 26.3 million in profits in the first twelve-months post-acquisition. However, SAIC filings reveal that in the two years from 2011 through 2012, Wei Guang generated **only RMB 4.3 million in profits, 84% less than Tech Pro reported.** We believe that Wei Guang’s SAIC filings clearly indicate that Kings Honor was far less profitable than Tech Pro claimed.
 - c. **Pacific King.** On August 24, 2011, Tech Pro entered an [agreement to purchase](#) 60% of Pacific King Technology (“[Pacific King](#)”), which owns 100% of the PRC operating business Shenzhen Chong Zheng Electronic Technology Limited (“[Chong Zheng](#)”), for a total consideration of RMB 107.7 million. Tech Pro [reported](#) that Pacific King generated a profit of RMB 21 million its first twelve-months post-acquisition. However, SAIC filings reveal that in the two years from 2011 to 2012, Chong Zheng generated **only RMB 171,000 in profits before tax, 99% less than Tech Pro reported.** We believe that, similar to Tech Pro’s other LED acquisitions, SAIC filings clearly indicate that Pacific King was far less profitable than Tech Pro claimed.
 - d. **Giga-World.** On January 24, 2011 Tech Pro entered an [agreement to purchase](#) 50% of Giga-World Industry (“[Giga-World](#)”), which owns 100% of the PRC operating business Shenzhen Wind and Solar New Energy Company Limited (“[Shenzhen Wind and Solar](#)”), for a total consideration of RMB 243.6 million. Tech Pro [reported](#) that Giga-World generated RMB 19 million in profits from February 2011 through January 2012. However, SAIC filings reveal that **rather than generating profits in its first twelve-months post-acquisition, Shenzhen Wind and Solar actually lost money.** We believe that, similar to Tech Pro’s other LED acquisitions, SAIC filings clearly indicate that Giga-World was far less profitable than Tech Pro claimed.
4. **Valuation.** Tech Pro is no stranger to controversy. In March 2016, the Wall Street Journal [questioned](#) Tech Pro’s rising stock price, highlighting that the Company’s shares seem to register a disproportionate amount of their gains in the last hour of trading. The Wall Street Journal compared this pattern to Hanergy, whose stock price collapsed amid accusations of fraud and market manipulation. The Wall Street Journal was right to caution investors. In this report we present publicly available SAIC filings for Tech Pro’s acquisitions, which, in our opinion, indicate that Tech Pro has massively overstated its reported profits and inflated the purchase price of its acquisitions. We believe that Tech Pro is an obvious fraud, that its **equity is worth HKD 0.00** and trading of its stock should be halted to protect future investors from further losses and hopefully provide a modicum of recovery for shareholders and creditors.

FABRICATED FINANCIAL PERFORMANCE AND PURCHASE PRICE FOR SHANGHAI FUCHAO

Tech Pro is a roll-up of unrelated businesses: it manufactures and sells LED lighting products, it is a sub-leasing agent for a commercial real estate property in Shanghai, and it recently purchased a French soccer team. However, in the last two fiscal years, only the property management business reportedly generated a profit.

Tech Pro's Profit by Segment

RMB'000	2014	2015
LED lighting	(228,664)	(300,965)
Professional football club	-	(39,330)
Property Sub-leasing services	13,303	17,153
Total	(215,361)	(323,142)

Source: [Tech Pro FY 2015 Annual Report](#), p. 79, 80

Note: Excludes one-time gain on bargain purchase for French soccer team

We believe that Tech Pro's reported profitability is a lie.

1) Fabrication of Financial Performance

On November 27, 2013, Tech Pro [announced](#) its intent to purchase 50% of Shanghai Fuchao for a total consideration of HKD 450 million (RMB 351 million). Shanghai Fuchao is principally engaged in the sub-leasing and management of tenants for a commercial real-estate property in Shanghai called Universal Mansion.

In its [acquisition announcement](#), Tech Pro released a summary of the audited historical financials for Shanghai Fuchao in 2011 and 2012. Most recently on June 3, 2016, Tech Pro [agreed to buy](#) the remaining 50% of Shanghai Fuchao for an additional HKD 461 million (~RMB 387 million). In this announcement, Tech Pro released an unaudited summary of the financial performance of Shanghai Fuchao from 2013 through 2015.

	For the year ended 31 December	
	2011	2012
	RMB'000	RMB'000
	(approx.)	(approx.)
Turnover	53,293	56,098
Profit before tax	39,834	43,212
Profit after tax	37,444	40,620

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is a summary of the key financial data of the Target Company based on the unaudited accounts of the Target Company for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December		
	2013	2014	2015
	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000
	(approx.)	(approx.)	(approx.)
Rental income, gross	69,477	69,431	69,645
Profit for the year	53,631	54,351	54,469
Profit after income tax	51,794	52,514	52,630
Net assets	156,175	208,689	261,319

	For the year ended 31 December	
	2011	2012
	RMB'000	RMB'000
	(approx.)	(approx.)
Net assets	62,775	103,395

Sources: [Tech Pro Announcement November 27, 2013](#) – [Tech Pro Announcement June 3, 2016](#)

In total, from 2011-2015, Tech Pro claimed that Shanghai Fuchao generated RMB 190 million in cumulative net profits, and maintained a net asset balance that exceeded RMB 733 million by year-end 2015.¹ However, financial statements contained within Shanghai Fuchao's SAIC filings indicate that **Shanghai Fuchao's cumulative profits were 99% less than reported from 2011-2015 and that its net asset balance was 99% less than reported as of FYE 2015.**

¹ Cumulative net profits of RMB 190mm and net asset balance of RMB 733mm come from audited annual reports.

Reported Difference in Shanghai Fuchao Property Management Company Limited

RMB'000	2011			2012			2013		
	Reported	SAIC	Difference	Reported	SAIC	Difference	Reported	SAIC	Difference
Turnover	53,293	4,141	-92%	56,098	13,453	-76%	69,477	16,755	-76%
Profit before tax	39,834	151	-100%	43,212	430	-99%	53,631	230	-100%
Profit after tax	37,444	47	-100%	40,620	93	-100%	51,794	(190)	-100%
Net assets	62,775	9,062	-86%	103,395	9,156	-91%	156,175	8,966	-94%
Net profit margin	70%	1%	-98%	72%	1%	-99%	75%	-1%	-102%
RMB'000	2014			2015			Total		
	Reported	SAIC	Difference	Reported	SAIC	Difference	Reported	SAIC	Difference
Turnover	55,338	273,430	394%	56,890	18,510	-67%	291,096	326,289	12%
Profit before tax	26,606	760	-97%	34,306	470	-99%	197,589	2,040	-99%
Profit after tax	26,606	70	-100%	34,306	45	-100%	190,770	66	-100%
Net assets	698,976	9,040	-99%	733,282	9,050	-99%	n/a	n/a	n/a
Net profit margin	48%	0%	-100%	60%	0%	-100%	66%	0%	-100%

Sources: 1. [Tech Pro Announcement on November 27, 2013](#)2. [Tech Pro Announcement on June 3, 2016](#)3. [Tech Pro FY 2015 Annual Report p. 94](#)

4. SAIC Filings

Note: Tech Pro reported financial performance for Shanghai Fuchao is audited except for 2013. Reported Shanghai Fuchao 2015 Net Asset balance represents 100% of Shanghai Fuchao's net asset balance, not 50%.

Shanghai Fuchao 2011 Income Statement

抄 益 表		Income Statement	
Unit: RMB 02表		金额单位: 元	
编制单位: 上海富朝投资有限公司		2011年12月31日	
Shanghai Fuchao Property Management Co., Ltd. (Formerly known as Shanghai Fuchao Investment Co., Ltd.)		Dec. 31, 2011	
	行次	本月数	This Year 本年累计数
一、营业收入 Sales Revenue	1	222,783.00	4,140,773.76
减: 营业成本	2		4,140.773
营业费用	3		
营业税金及附加	4	11918.89	222467.4
二、经营利润 (亏损以“-”号表示)	5		
加: 非货币性交易收益	6		
减: 存货跌价损失	7		
减: 管理费用	8	50,3136.74	3766,509.8
财务费用	9	-0.93	910.1
三、营业利润 (亏损以“-”号表示)	10		
加: 投资收益 (亏损以“-”号表示)	11		
期货损益	12		
补贴收入	13		
营业外收入	14		
减: 营业外支出	15		
加: 以前年度损益调整	16		150,946
四、利润总额 Profit before tax	17	-20,2205.70	150,915.95
减: 所得税	18	12,705.08	10,519.34
五、净利润 Net Profit	19	-304,970.78	47,427.62

Source: Shanghai Fuchao 2011 SAIC Filings

Shanghai Fuchao 2011 Balance Sheet

Shanghai Fuchao Property Management Co., Ltd.

(Formerly known as Shanghai Fuchao Investment Co., Ltd.) 饮食服务企业二〇一一年月度会计报表

Unit: RMB

资产负债表

Balance Sheet

金额单位: 元

资产	行次	年初数	期末数	负债及所有者权益	行次	年初数	期末数
流动资产:				流动负债:	35		Ending Balance
货币资金	1	8,184.57	4,060.88	短期借款	36		
应收账款	2			应付账款	37	2,609,240.66	1,177,581.00
应收帐款	3	18,304,112.18	13,814,833.02	其他应付款	38	7,202,004.77	4,120,732.95
减: 坏账准备	4			应付工资	39		
应收账款净额	5	18,304,112.18	13,814,833.02	应付福利费	40		
应收补贴款	6			应交税金	41	76,971.36	(82,927.22)
预收保证金	7			未付利润	42		
应收席位费	8			其他未交款	43	1,459.74	3,856.33
其他应收款	9	21,058.55	21,058.55	预提费用	44		
存货	10			一年内到期的长期负债	45		
待摊费用	11			其他流动负债	46		
待处理流动资产净损失	12				47		
一年内到期的长期债券投资	13			流动负债合计	48	9,889,676.53	5,239,243.06
其他流动资产	14			长期负债:	49		
				长期借款	50		
流动资产合计	15	18,333,335.3	13,839,952.45	应付债券	51		
长期投资:	16			长期应付款	52		
				其中: 住房周转金	54		
固定资产:	18						
固定资产原价	19	772,000.00	772,000.00				
减: 累计折旧	20	200,720.00	310,344.00				
固定资产净值	21	571,280.00	461,656.00	长期负债合计:	57		
固定资产清理	22			递延税款:			
在建工程	23			递延税款贷项	58		
待处理固定资产净损失	24						
				负债合计	60		
固定资产合计	25	571,280.00	461,656.00	所有者权益:			
无形及递延资产:	26			实收资本	61	9,000,000.00	9,000,000.00
无形资产	27			资本公积	62		
递延资产	28			盈余公积	63		
				其中: 公益金	64		
无形及递延资产合计	29			未分配利润	65	14,938.77	62,365.39
其他长期资产:	30						
其他长期资产	31			Net Assets			9,062,365.39
				所有者权益合计	67	9,014,938.77	9,062,365.39
递延税款:	32						
递延税款借项	33						
资产总计	34	18,904,615.30	14,301,608.45	负债所有者权益合计	71	18,904,615.30	14,301,608.45

Source: Shanghai Fuchao 2011 SAIC Filings

Shanghai Fuchao 2012 Income Statement

Shanghai Fuchao Property Management Co., Ltd. 上海市小企业月度会计报表
 (Formerly known as Shanghai Fuchao Investment Co., Ltd.)

编制单位: 上海富朝投资有限公司 所属期: 2012年12月31日 Dec. 31, 2012 This Year

利润表 Income Statement 会小 Unit: RMB 单位: 元

项目	行次	本月数	本年累计数
一、主营业务收入 Sales Revenue	1	1,193,159.50	13,453,099.92
减: 主营业务成本	4		13,453,099.92
主营业务税金及附加	5	63,834.04	719,246.84
二、主营业务利润 (亏损以“-”号填列)	10	1,129,325.46	12,733,853.08
加: 其他业务利润 (亏损以“-”号填列)	11		
减: 营业费用	14		
管理费用	15	615,924.38	12,305,190.20
财务费用	16	-523.29	-862.92
三、营业利润 (亏损以“-”号填列)	18	513,924.37	429,525.80
加: 投资收益 (损失以“-”号填列)	19		
营业外收入	23		
减: 营业外支出	25		
四、利润总额 (Profit before tax 号填列)	27	513,924.37	429,525.80
减: 所得税	28	86,225.39	336,327.50
五、净利润 (Net Profit - 号表示)	30	427,698.98	93,198.30

Source: Shanghai Fuchao 2012 SAIC Filings

Shanghai Fuchao 2012 Balance Sheet

Shanghai Fuchao Property Management Co., Ltd. (Formerly known as Shanghai Fuchao Investment Co., Ltd.)

编制单位: 上海富朝投资有限公司 所属期: 2012年12月31日 Dec. 31, 2012

资产负债表 Balance Sheet Unit: RMB 单位: 元

资产科目	行次	年初数	期末数	负债和所有者权益 (或股东权益)	行次	年初数	期末数
流动资产:				流动负债:		Beginning Balance	Ending Balance
货币资金	1	4,060.88	23,033.98	短期借款	68		
短期投资	2			应付票据	69		
应收票据	3			应付账款	70	1,177,581.00	7,010.18
应收账款	4			预收账款	71		
其他应收款	6	13,814,833.02	8,872,400.52	应付工资	72		
存货	7	21,058.55	20,938.55	应付福利费	73		
待摊费用	8			应付股利	74		
一年内到期的长期债权投资	10			应交税金	76	-62,927.22	59,397.12
其他流动资产	11			其他应付款	80	3,856.33	6,273.46
流动资产合计	21	13,839,952.45	8,916,373.05	其他应付款	81	4,120,732.65	1,744.62
长期投资:				预收账款	82		
长期股权投资	32			一年内到期的长期负债	86		
长期债权投资	34			其他流动负债	90		
长期投资合计	38			流动负债合计	100	5,239,243.06	74,628.36
固定资产:				长期负债:			
固定资产原价	39	772,000.00	794,000.00	长期借款	101		
减: 累计折旧	40	310,344.00	480,184.00	长期应付款	103		
固定资产净值	41	461,656.00	313,816.00	其他长期负债	106		
工程物资	44			长期负债合计	110		
在建工程	45			负债合计	114	5,239,243.06	74,628.36
固定资产清理	46			所有者权益 (或股东权益):			
固定资产合计	50	461,656.00	313,816.00	实收资本	116	9,000,000.00	9,000,000.00
无形资产及其他资产:				资本公积	120		
无形资产	51			盈余公积	121		
长期待摊费用	52			其中: 法定公益金	122		
其他长期资产	53			未分配利润	123	82,365.39	135,563.69
无形资产及其他资产合计	60			所有者权益 (或股东权益) 合计	124	9,082,365.39	9,135,563.69
资产总计	65	14,301,608.45	9,230,189.05	负债和所有者权益 (或股东权益) 总计	135	14,301,608.45	9,230,189.05

Source: Shanghai Fuchao 2012 SAIC Filings

Shanghai Fuchao 2013 SAIC Financials

2013 Annual Audit Report		2013 年度审计报告		Shanghai Fuchao Property Management			
企业基本信息							
注册号/统一社会信用代码	91310118795683393U	企业名称	上海富朝物业管理有限公司				
企业联系电话	021-62495087	邮政编码	200040				
企业通信地址	上海市静安区万航渡路1号环球世界大厦B座9楼						
电子邮箱		有限责任公司本年度是否发生股东股权转让	是				
企业经营状态	开业	是否有网站或网点	否				
企业是否有投资信息或购买其他公司股权	否						
股东及出资信息 (币种与注册资本一致)							
股东	认缴出资额 (万元)	认缴出资时间	认缴出资方式	实缴出资额 (万元)	实缴出资时间	实缴出资方式	
范林	9000000.000000	2009年3月2日	货币	9000000.000000	2009年3月2日	货币	
企业资产状况信息							
资产总额	1197.9411 万元	Total assets:	11.98 mm	所有者权益合计	896.5867 万元	Total equity:	8.97 mm
营业总收入	1675.4847 万元	Sales revenue:	16.75 mm	利润总额	22.9714 万元	Profit before tax:	0.23 mm
营业总收入中主营业务收入	1675.4847 万元	Sales revenue – main business:	16.75 mm	净利润	-18.9697 万元	Net profit:	-0.19 mm
纳税总额	131.5255 万元	Total tax paid:	1.32 mm	负债总额	301.3544 万元	Total tax paid:	3.01 mm

Source: Shanghai Fuchao 2013 SAIC Filings

Shanghai Fuchao 2014 SAIC Financials

2014 Annual Audit Report		2014 年度审计报告		Shanghai Fuchao Property Management			
企业基本信息							
注册号/统一社会信用代码	91310118795683393U	企业名称	上海富朝物业管理有限公司				
企业联系电话	021-62495087	邮政编码	200040				
企业通信地址	上海静安区万航渡路1号环球世界大厦B座9楼						
电子邮箱	784458657@QQ.COM	有限责任公司本年度是否发生股东股权转让	是				
企业经营状态	开业	是否有网站或网点	否				
企业是否有投资信息或购买其他公司股权	否	从业人数					
股东及出资信息 (币种与注册资本一致)							
股东	认缴出资额 (万元)	认缴出资时间	认缴出资方式	实缴出资额 (万元)	实缴出资时间	实缴出资方式	
范林	900.000000	2006年12月6日	货币	900.000000	2006年12月6日	货币	
企业资产状况信息							
资产总额	1621 万元	Total assets:	16.21 mm	所有者权益合计	904 万元	Total equity:	9.04 mm
营业总收入	27343 万元	Sales revenue:	273.43 mm	利润总额	76 万元	Profit before tax:	0.76 mm
营业总收入中主营业务收入	27343 万元	Sales revenue – main business:	273.43 mm	净利润	7 万元	Net profit:	0.07 mm
纳税总额	215 万元	Total tax paid:	2.15 mm	负债总额	717 万元	Total tax paid:	7.17 mm

Source: Shanghai Fuchao 2014 SAIC Filings

Shanghai Fuchao 2015 SAIC Financials

2015 Annual Audit Report		2015 年度审计报告		Shanghai Fuchao Property Management			
企业基本信息							
注册号/统一社会信用代码	91310118795683393U	企业名称	上海富朝物业管理有限公司				
企业联系电话	021-62495087	邮政编码	200040				
企业通信地址	上海静安区万航渡路1号环球世界大厦B座9楼						
电子邮箱	784458657@QQ.COM	有限责任公司本年度是否发生股东股权转让	否				
企业经营状态	开业	是否有网站或网点	否				
企业是否有投资信息或购买其他公司股权	否	从业人数					
股东及出资信息 (币种与注册资本一致)							
股东	认缴出资额 (万元)	认缴出资时间	认缴出资方式	实缴出资额 (万元)	实缴出资时间	实缴出资方式	
范林	900.000000	2006年12月6日	货币	900.000000	2006年12月6日	货币	
企业资产状况信息							
资产总额	2672 万元	Total assets:	26.72 mm	所有者权益合计	905 万元	Total equity:	9.05 mm
营业总收入	1851 万元	Sales revenue:	18.51 mm	利润总额	47 万元	Profit before tax:	0.47 mm
营业总收入中主营业务收入	1851 万元	Sales revenue – main business:	18.51 mm	净利润	4.5 万元	Net profit:	0.05 mm
纳税总额	148 万元	Total tax paid:	1.48 mm	负债总额	1767 万元	Total tax paid:	17.67 mm

Source: Shanghai Fuchao 2015 SAIC Filings

Note that Shanghai Fuchao's SAIC financials are consistent with its role as a sub-leasing agent. Tech Pro reported that Shanghai Fuchao generated steady revenues of RMB 55.3 million and RMB 56.9 million in 2014 and 2015, respectively. When we checked the rental prices for per square meter for Universal Mansion and other nearby commercial real estate properties we calculated that, assuming 99% occupancy, the property could expect to generate rental income of RMB 55+ million annually.² The problem is that Tech Pro's reported revenues from Universal Mansion are consistent with what we would expect the owner of the building to earn.

But Tech Pro, as it admits, is only the sub-leasing agent of Universal Mansion. The building is actually owned³ by the Logistics Department of the Chinese People's Armed Police Force (中國人民武裝警察部隊後勤部), which contracts with Shanghai Fuchao the right to manage the property. It is common sense that the vast majority of the rental income goes to the property owner, and not the management company.

Given that Shanghai Fuchao only manages one property, we would expect it to generate thin or negative margins because it cannot take advantage of any economies of scale in the property management business. This is exactly what SAIC filings show.



Source: Photos of Universal Mansion

In our opinion, SAIC filings clearly indicate that Tech Pro fabricated the financial performance of Shanghai Fuchao pre and post-acquisition. Additionally, SAIC filings reveal that the actual consideration for 50% of Shanghai Fuchao was 99% less than Tech Pro claimed, which we believe is evidence of another blatant violation of Hong Kong securities laws.

² Office rental price of block A of Universal Mansion <http://huanqiuishijiedasha.fang.com/>

³ <http://www.hkxnews.hk/listedco/listconews/SEHK/2016/0605/LTN20160605025.pdf> - p. 9

2) Fabricated Purchase Price

On November 27, 2013, Tech Pro [announced its intent](#) to purchase 50% of Shanghai Fuchao for HKD 450 million (RMB 351 million). In its [2014 annual report](#), Tech Pro confirmed that it completed the acquisition of 50% of Shanghai Fuchao for a total consideration of HKD 424.5 million (RMB 336 million),⁴ HKD 40 million payable in cash and the remainder payable in stock and convertible debt.

38. ACQUISITION OF EQUITY INTEREST IN A JOINT VENTURE	
During the year, the Group completed the acquisition of 50% equity interest in Fuchao at an aggregate nominal consideration of HK\$450,000,000 which was satisfied by the payment of cash, issue of convertible bonds and ordinary shares of the Company. The fair values of the consideration paid, as at the completion date of the acquisition, are details as below.	
	HK\$'000
Fair value of consideration:	
Cash paid	40,000
New ordinary shares issued (Note (a))	131,673
Convertible bonds issued (equivalent to RMB200,237,000 (Note 30))	252,857
	424,530
	RMB'000
equivalent to	336,185

Source: [Tech Pro 2014 Annual Report](#) – p. 107

However, publicly available SAIC filings indicate that Tech Pro massively inflated the purchase price of Shanghai Fuchao. Specifically, SAIC files reveal that rather than paying RMB 336 million to the seller, Mr. Fan Lin, for 50% of Shanghai Fuchao, Tech Pro only paid **RMB 4.5 million for its 50% equity interest!**

股权转让协议书

Equity Transfer Agreement

转让方：范林(以下简称甲方)

住址：沈阳市黄姑区恒山路 10 号 2-7-20。

国籍：中国。

受让方：上海莱恩实业有限公司（以下简称乙方）

住址：上海市青浦区青湖路 999 弄 35 号 311 室。

法定代表人：宋文宁。

上海富朝投资有限公司是根据《中华人民共和国公司法》登记设立，注册资本 900 万元人民币。现甲方决定将其所持有的公司 50% 股

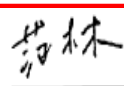
1. Lin Fan agreed to transfer his 50% interest of Shanghai Fuchao to Shanghai Laiken Industrial Co., Ltd. at the consideration of RMB 4.5 million.

第一条 转让标的、转让价格与付款方式


1、甲方同意将所持有的上海富朝投资有限公司 50% 的股权以 450 万元人民币的价格转让给乙方，乙方同意按此价格和条件购买该股份。

2、乙方同意在本协议签订之日起 30 日内，将转让费 450 万元人民币以转账方式一次支付给甲方指定银行帐户。

⁴ Tech Pro [2014 Annual Report](#) - p. 107

甲方（签字）：范林 

Lin Fan

乙方（盖章）：上海莱恩实业有限公司 

法定代表人（签字）：

Shanghai Laiken Industrial Co., Ltd.

2014年3月10日

Source: Shanghai Fuchao 2014 SAIC Filings

In our opinion, it is clear from this equity transfer agreement in the Shanghai Fuchao SAIC files that Tech Pro lied about the purchase price and fabricated over RMB 330 million in acquisition expenses. There is additional evidence to support this conclusion.

In its acquisition [announcement](#), Tech Pro explicitly claimed that the HKD450 million purchase price represented 50% of the registered and paid-up capital of Shanghai Fuchao.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Capital. The Sale Capital represents 50% of the registered and paid-up capital of the Target Company. As at the date of this announcement, the Target Company is wholly and beneficially owned by the Vendor.

Source: [November 27, 2013 Tech Pro announcement](#)

However, SAIC filings show that Shanghai Fuchao only had registered capital of RMB 9 million in 2013 and 2014, further evidence that RMB 4.5 million was the actual purchase price for 50% of Shanghai Fuchao.

Shanghai Fuchao Investment Company Limited (changed its name to Shanghai Fuchao Property Management in April 18, 2014)

Shareholder Resolution

上海富朝投资有限公司
股东会决议

因股东范林将上海富朝于 **March 10, 2014** 转让给上海莱恩实业有限公司，公司股东于 **2014年3月10日** 决定如下：

- 1、 股东范林将其持有的 50%股份连同权利义务转让给上海莱恩实业有限公司。
- 2、 股权转让后，范林出资 450 万元人民币，占注册资本的 50%；上海莱恩实业有限公司出资 450 万元人民币，占注册资本的 50%。
- 3、 After the equity transfer, the capital contribution from Lin Fan is RMB 4.5 million, representing 50% of the registered capital; the capital contribution from Shanghai Laien Industrial is RMB 4.5 million, representing 50% of the registered capital.
- 4、 经营范围：投资管理，投资管理咨询，投资管理策划，房屋租赁，建筑工程，物业管理，室内外装潢及设计，计算机网络工程（除专项审批），计算机软硬件开发，销售五金交电、日用百货、文化办公用品、建筑装潢材料、计算机软硬件。（涉及行政许可的凭许可证经营）。现变更为：物业管理、商务信息咨询。
5. 免去范林在上海富朝投资有限公司担任的执行董事，委派王翌担任上海富朝投资有限公司执行董事职务，范林担任上海富朝投资有限公司经理、法定代表人职务不变。免去胡存森在

Source: Shanghai Fuchao SAIC Filings

The good news is that regulators can still protect shareholders with swift and decisive action against Tech Pro. On June 3, 2016, Tech Pro [announced](#) its intent to purchase the remaining 50% from Mr. Fan Lin for a total consideration of RMB 387 million, but consideration for the remaining 50% equity interest has yet to be paid. This allows Hong Kong Regulators to take preventative measures to halt this transaction and deny the registration and sale of shares issued as part of the consideration.

We believe that the SAIC filings clearly indicate that Tech Pro fabricated the purchase price of its equity interest in Shanghai Fuchao.

LED BUSINESS: FABRICATED PROFITABILITY OF ACQUIRED SUBSIDIARIES

In 2011, Tech Pro acquired five LED related businesses for a total consideration of RMB 781 million. Each acquisition included a profit guarantee for the first twelve-months post-acquisition, reassuring investors that Tech Pro's acquisition binge was a responsible investment and creating a sense of optimism about the future prospects of each acquired business.

Acquisitions of LED Business in 2011

<i>RMB mm</i> Name of Company	Ownership % of PRC Sub	Acquisition Date	Acquisition Cost	Cash Consideration	Guarantee Profit - First 12 month	Reported Profit - First 12 month
Giga -World Industry	50%	01/31/2011	244	170	40	19
Shine Link Technology	70%	07/05/2011	178	33	30	15
Kings Honor Technology	57%	07/20/2011	127	25	25	26
Pacific King Technology	60%	10/31/2011	108	33	20	21
Starry View Group and Mega Wide Group	100%	11/30/2011	125	16	16	17
Total			781	277	131	98

Source: Tech Pro's Public Filings

Tech Pro subsequently reported that the five LED businesses generated profits of RMB 98 million in the first twelve-months post-acquisition.

However, SAIC filings for four acquired LED businesses reveal that actual **profits during the twelve-month minimum guaranteed performance period were 100% less than Tech Pro reported.**

Reported Difference in the Four LED Subsidiaries' Profit Before Tax: Reported vs. SAIC

<i>RMB'000</i> Name of Company	Reported First 12 month	SAIC			Difference
		2011	2012	Cumulative	
Giga-World	19,273	(858)	(140)	(998)	-105%
Shine Link Technology	14,633	(1,204)	(2,334)	(3,538)	-124%
Kings Honor Technology	26,310	9	4,296	4,305	-84%
Pacific King	20,981	15	155	171	-99%
Total	81,197	(2,038)	1,977	(61)	-100%

Source: 1. [Tech Pro Announcement on November 21, 2012](#)

2. [Tech Pro Announcement on May 23, 2012](#)

3. [Tech Pro Announcement on February 19, 2013](#)

4. SAIC Filings

We believe that these SAIC filings provide definitive evidence that Tech Pro defrauded investors regarding its LED business, another clear and blatant violation of Hong Kong Securities Law.

1) **Shine Link: Fabricated Post-Acquisition Profitability**

On June 20, 2011, Tech Pro entered an [agreement to purchase](#) 100% of Shine Link Technology (“[Shine Link](#)”) which had one PRC operating subsidiary, U Young (Xiamen) Light Electrical Technology Limited (“[U Young](#)”), for a total consideration of RMB 177.5 million. Tech Pro reported that Shine Link generated cumulative revenues of RMB 71,000 and a cumulative net loss of RMB 1.7 million in 2009 to 2010.

	For the year ended 31 December 2009		As at 31 December 2009		
	Turnover RMB'000	Net loss before tax RMB'000	Net loss after tax RMB'000	Net assets RMB'000	Total asset value RMB'000
	52	691	691	13,929	14,095

	For the year ended 31 December 2010		As at 31 December 2010		
	Turnover RMB'000	Net loss before tax RMB'000	Net loss after tax RMB'000	Net assets RMB'000	Total asset value RMB'000
	19	977	977	12,752	12,852

Source: [Tech Pro June 20, 2011 Acquisition Announcement](#)

Interestingly, SAIC filings for U Young corroborate Tech Pro's reported financial performance for Shine Link in 2009 and 2010:

Income Statement

U Young (Xiamen) Light Electrical
Technology Limited

利润表(非金融类)

会外年企02表

编制单位: 尤阳(厦门)光电科技有限公司

2010年度

单位: 元 Unit: RMB

项 目	行次	Last Year 上年数	This Year 本年数
一、主营业务收入 Sales revenue	1		51,557.51
其中: 出口产品(商品)销售收入	2		
减: 主营业务成本	3		463,233.17
其中: 出口产品(商品)销售成本	4		
主营业务税金及附加	5		
二、主营业务利润(亏损以“-”号填列)	6	-411,675.66	-24,951.10
加: 其它业务利润(亏损以“-”号填列)	7		
减: 营业费用	8	25,159.18	105,178.72
管理费用	9	353,776.25	935,154.56
财务费用	10	-114,134.01	-83,714.24
其中: 利息支出(减利息收入)	11		
汇兑损失(减汇兑收益)	12		
三、营业利润(亏损以“-”号填列)	13	-676,477.08	-981,570.14
加: 投资收益(亏损以“-”号填列)	14		
补贴收入	15		
营业外收入	16	2,200.00	5,256.07
减: 营业外支出	17	16,681.12	600.01
四、利润总额 亏损总额以“-”号填列 Profit Before Tax	18	-690,958.20	-976,914.08
减: 所得税	19		
加: 以前年度损益调整	20		
加: *未确认的投资损失(以“+”号填列)	21		
五、净利润 净亏损以“-”号填列 Net Income	22	-690,958.20	-976,914.08

注: 表中带*科目为合并会计报表专用

Source: U Young's 2010 SAIC Income Statement

Tech Pro tried to get investors comfortable with acquiring an unprofitable entity by structuring the acquisition to include a minimum profit guarantee in the first twelve-months post-acquisition.⁵ If Shine Link failed to generate RMB 30 million in profits, Tech Pro told shareholders that the Company was entitled to lower the amount of consideration payable to the sellers in the transaction.

On November 21, 2012, Tech Pro reported that although Shine Link fell short of its guaranteed minimum profit, Shine Link generated profits of RMB 14.6 million in the first twelve months of operations post-acquisition. Upon later increasing its ownership from 70% to 100% in July 2013, Tech Pro reported audited figures for Shine Link for 2011 and 2012.

⁵ July 6, 2011 through July 5, 2012

	For the period from 21 April 2011 (date of incorporation) to 31 December 2011			As at 31 December 2011	
	Turnover RMB'000	Net loss before tax RMB'000	Net loss after tax RMB'000	Net assets RMB'000	Total assets RMB'000
The Project Group	149	1,373	1,367	10,078	12,818

	For the year ended 31 December 2012			As at 31 December 2012	
	Turnover RMB'000	Net profit before tax RMB'000	Net profit after tax RMB'000	Net assets RMB'000	Total assets RMB'000
The Project Group	60,967	8,584	6,851	16,829	37,060

Source: Tech Pro [July 15, 2013 Announcement](#)

However, SAIC filings reveal that in 2011 and 2012, U Young generated **88% less revenues than Tech Pro claimed and rather than turn a profit, generated a cumulative net loss of RMB -3.5 million**. In our opinion, these filings indicate that Tech Pro fabricated U Young's financial performance during the guaranteed profit period from July 2011 through July 2012.

Reported Difference in U Young Financials: Reported vs. SAIC

RMB'000	2011			2012			Cumulative (2011-2012)		
	Reported	SAIC	Difference	Reported	SAIC	Difference	Reported	SAIC	Difference
Turnover	149	220	48%	60,967	6,923	-89%	61,116	7,143	-88%
Net profit (loss) before tax	(1,373)	(1,204)	-12%	8,584	(2,334)	-127%	7,211	(3,538)	-149%
Net profit/ (loss) after tax	(1,367)	(1,204)	-12%	6,851	(2,334)	-134%	5,484	(3,538)	-165%
Net assets	10,078	11,748	17%	16,829	9,429	-44%	n/a	n/a	n/a
Total asset value	12,818	11,858	-7%	37,060	10,831	-71%	n/a	n/a	n/a

Source: 1. [Tech Pro July 15, 2013 Announcement](#)
2. U Young 2012 SAIC Financials

U Young 2011/2012 SAIC Income Statement

Income Statement

U Young (Xiamen) Light Electrical
Technology Limited

利润表(非金融类)

会外年企02表

编制单位: 尤阳(厦门)光电科技有限公司

2012年度

单位: 元 Unit: RMB

项 目	行次	Last Year	上年数	This Year	本年数
一、主营业务收入 Sales revenue	1		220,435.15		6,922,506.70
其中: 出口产品(商品)销售收入	2		209,600.96		4,760,445.95
减: 主营业务成本	3		283,120.21		7,430,708.27
其中: 出口产品(商品)销售成本	4		240,775.85		5,109,924.28
主营业务税金及附加	5				
二、主营业务利润(亏损以“-”号填列)	6		-62,685.06		-508,201.57
加: 其它业务利润(亏损以“-”号填列)	7				3,436.05
减: 营业费用	8		120,109.04		387,689.02
管理费用	9		1,102,450.43		1,512,031.76
财务费用	10		-79,811.74		-33,524.79
其中: 利息支出(减利息收入)	11				
汇兑损失(减汇兑收益)	12				
三、营业利润(亏损以“-”号填列)	13		-1,205,432.79		-2,370,961.51
加: 投资收益(亏损以“-”号填列)	14				25,698.33
补贴收入	15				
营业外收入	16		2,162.96		11,361.04
减: 营业外支出	17		881.35		212.01
四、利润总额 亏损总额以“-”号填列 Profit before tax	18		-1,204,151.18		-2,334,114.15
减: 所得税	19				
加: 以前年度损益调整	20				
加: * 未确认的投资损失(以“+”号填列)	21				
五、净利润 净亏损以“-”号填列 Net Profit	22		-1,204,151.18		-2,334,114.15

Source: U Young 2012 SAIC Filings

U Young 2011/2012 SAIC Balance Sheet

Balance Sheet

U Young (Xiamen) Light
Electrical Technology Limited

资产负债表(非金融类)

Unit: RMB

编制单位: 尤阳(厦门)光电科技有限公司		2012年12月31日		会外工01表	
				单位: 元	
资产	行次	年初数	期末数	年初数	期末数
				Last Year	This Year
流动资产:	1				
货币资金	2	6,396,352.33	958,290.36		
短期投资	3		1,000,000.00		
应收票据	4			257,604.62	1,703,248.95
应收账款	5			8,400.00	8,400.00
应收利息	6				
其他应收款	7	20,031.41	1,716,072.18		
预付款项	8	90,140.30	82,202.30		
应收补贴款	9	849,332.48	454,804.22	-287,637.51	-451,711.58
存货	10	27,248.13	250,210.21		
持有待售资产	11	1,966,048.79	4,072,927.85		
一年内到期的长期投资	12	19,362.39	22,496.46	131,686.80	142,188.60
其他流动资产	13				
流动资产合计	14	9,368,515.83	8,557,003.58	110,053.91	1,402,125.87
长期投资:	15				
长期股权投资	16				
长期债权投资	17				
合并价差	18				
长期投资合计	19				
固定资产:	20				
固定资产原价	21	1,822,937.64	2,108,806.78		
减:累计折旧	22	1,088,805.29	1,406,477.18		
固定资产净值	23	734,132.35	702,329.60		
减:固定资产减值准备	24				
固定资产净额	25	734,132.35	702,329.60		
工程物资	26				
在建工程	27				
固定资产清理	28				
固定资产合计	29	734,132.35	702,329.60		
无形资产及其他资产:	30				
无形资产	31	17,593.79	43,231.71		
长期待摊费用	32	1,737,473.84	1,528,645.68		
其他长期资产	33				
其中: 待转销汇兑损失	34				
无形资产及其他资产合计	35	1,755,067.63	1,571,877.39		
递延税项:	36				
递延税款借项	37				
资产总计	38	11,857,715.81	10,831,210.57	11,747,661.90	9,429,084.70
负债及所有者权益:	39				
流动负债:	40				
短期借款	41				
应付票据	42				
应付账款	43				
应付工资	44				
应付福利费	45				
应付股利	46				
应交税金	47				
其他应付款	48				
预收账款	49				
其他流动负债	50				
流动负债合计	51			110,053.91	1,402,125.87
长期负债:	52				
长期借款	53				
应付债券	54				
长期应付款	55				
专项应付款	56				
其他长期负债	57				
其中: 待转销汇兑收益	58				
长期负债合计	59				
负债合计	60			110,053.91	1,402,125.87
所有者权益:	61				
实收资本(或股本)	62			15,176,766.45	15,176,766.45
资本公积	63				
盈余公积	64				
其中: 法定盈余公积	65				
任意盈余公积	66				
储备基金	67				
企业发展基金	68				
利润归还投资	69				
未确认的投资损失(以“-”号填列)	70				
未分配利润	71			-3,429,104.55	-5,747,681.75
所有者权益合计	72			11,747,661.90	9,429,084.70
负债及所有者权益总计	73			11,857,715.81	10,831,210.57

Source: U Young 2012 SAIC Filings

Additionally, SAIC filings show that U Young generated a net loss of RMB -3.5 million in 2013 and a net loss of RMB -2.5 million in 2014. SAIC filings indicate that it was not until 2015 that U Young achieved its first profitable year, even though it barely broke even. This is a dismal return, by any measure, for a business that cost the Company RMB 177.5 million to purchase.

U Young (Xiamen) Light Electrical Technology Limited

尤阳(厦门)光电科技有限公司

RMB'000	2011	2012	2013	2014	2015	Cumulative
Total Assets	11,858	10,831	6,048	4,970	8,440	n/a
Total liabilities	110	1,402	74	1,450	1,450	n/a
Total Equity	11,748	9,429	5,974	3,520	4,470	n/a
Sales Revenue	220	6,923	2,139	2,050	11,440	22,772
Profit before tax	(1,204)	(2,334)	(3,456)	(2,460)	960	(8,494)
Net profit	(1,204)	(2,334)	(3,456)	(2,460)	960	(8,494)
Net profit margin	-546%	-34%	-162%	-120%	8%	-37%

Source: U Young's SAIC Filings

U Young 2013 SAIC Financials

2013 Annual Audit Report		2013 年度年度报告		U Young (Xiamen) Light Electrical Technology Limited			
企业基本信息							
注册号/统一社会信用代码	91350200751621318P	企业名称	尤阳(厦门)光电科技有限公司				
企业联系电话		邮政编码					
企业通信地址	厦门市同安区同盛北路88号(1#厂房)4层						
电子邮箱		有限责任公司本年度是否发生股东股权转让					
企业经营状态	开业	是否有网站或网点					
企业是否有投资信息或购买其他公司股权		从业人数					
企业资产状况信息							
Unit: RMB							
资产总额	604.8 万元	Total assets:	6.04 mm	所有者权益合计	597.4 万元	Total equity:	5.97 mm
营业总收入	213.9 万元	Sales revenue:	2.14 mm	利润总额	-345.6 万元	Profit before tax:	-3.46 mm
营业总收入中主营业务收入	213.9 万元	Revenue- main business:	2.14 mm	净利润	-345.6 万元	Net profit:	-3.46 mm
纳税总额	0 万元	Total tax paid:	0	负债总额	7.4 万元	Total liabilities:	0.07 mm

Source: U Young 2013 SAIC Filings

U Young 2014 SAIC Financials

2014 Annual Audit Report		2014 年度年度报告		U Young (Xiamen) Light Electrical Technology Limited			
企业基本信息							
注册号/统一社会信用代码	91350200751621318P	企业名称	尤阳(厦门)光电科技有限公司				
企业联系电话		邮政编码					
企业通信地址	厦门市同安区同盛北路88号(1#厂房)4层						
电子邮箱		有限责任公司本年度是否发生股东股权转让					
企业经营状态	开业	是否有网站或网点	否				
企业是否有投资信息或购买其他公司股权		从业人数	36				
企业资产状况信息							
Unit: RMB							
资产总额	497 万元	Total assets:	5.0 mm	所有者权益合计	352 万元	Total equity:	3.52 mm
营业总收入	205 万元	Sales revenue:	2.05 mm	利润总额	-246 万元	Profit before tax:	-2.46 mm
营业总收入中主营业务收入	205 万元	Revenue- main business:	2.05 mm	净利润	-246 万元	Net profit:	-2.46 mm
纳税总额	0 万元	Total tax paid:	0	负债总额	145 万元	Total liabilities:	1.45 mm

Source: U Young 2014 SAIC Filings

U Young 2015 SAIC Financials

2015 Annual Audit Report		2015 年度年度报告		U Young (Xiamen) Light Electrical Technology Limited			
企业基本信息							
注册号/统一社会信用代码	91350200751621318P	企业名称	尤阳(厦门)光电科技有限公司				
企业联系电话		邮政编码					
企业通信地址	厦门市同安区同盛北路88号(1#厂房)4层						
电子邮箱		有限责任公司本年度是否发生股东股权转让	否				
企业经营状态	开业	是否有网站或网点	否				
企业是否有投资信息或购买其他公司股权		从业人数	46				
企业资产状况信息							
Unit: RMB							
资产总额	844 万元人民币	Total assets:	8.44 mm	所有者权益合计	447 万元人民币	Total equity:	4.47 mm
营业总收入	1144 万元人民币	Sales revenue:	11.44 mm	利润总额	96 万元人民币	Profit before tax:	0.96 mm
营业总收入中主营业务收入	1144 万元人民币	Revenue- main business:	11.44 mm	净利润	96 万元人民币	Net profit:	0.96 mm
纳税总额	4.5 万元人民币	Total tax paid:	0.05 mm	负债总额	145 万元人民币	Total liabilities:	1.45 mm

Source: U Young 2015 SAIC Filings

We think the conclusion is obvious. In our opinion, SAIC filings indicate that Tech Pro lied to investors about the financial performance of the acquired business.

2) **Kings Honor: Fabricated Post-Acquisition Profitability**

On July 7, 2011, Tech Pro entered an [agreement to purchase](#) 60% of Kings Honor Technology (“Kings Honor”) which owns 95% of one PRC operating subsidiary, Jiangxi Lantian Wei Guang Technology Company Limited (“Wei Guang”) for a total consideration of RMB 127.1 million.⁶ Similar to its other acquired LED businesses, Tech Pro told shareholders that the deal came with a guaranteed profit of RMB 25 million in the first twelve-months post-acquisition.

On November 21, 2012, Tech Pro [reported](#) that Kings Honor generated profits of RMB 26.3 million for the first twelve-months post-acquisition, surpassing its guaranteed profit amount.

However, SAIC filings reveal that in the twenty-four months from 2011 through 2012, **Wei Guang generated only RMB 4.3 million in profits, 84% less than Tech Pro reported to investors.**

Difference in Reported Lantian Wei Guang's Profit Before Tax: Reported vs. SAIC

RMB'000	July 20, 2011 - July 19, 2012	2011	2012	Cumulative 2011-2012	Difference
	Reported	SAIC	SAIC	SAIC	
Profit before tax	26,310	9	4,296	4,305	-84%

Source: 1. [Tech Pro Announcement on November 21, 2011](#)
2. [Wei Guang SAIC Filings](#)

Jiangxi Lantian Wei Guang 2011 SAIC Financials

2011 Annual Audit Report		2011 年度年度报告		Jiangxi Lantian Wei Guang Technology Company Limited	
企业基本信息					
注册号/统一社会信用代码	9136080057611254XC9		企业名称	江西蓝田伟光科技有限公司	
企业联系电话	0796-8406911		邮政编码	343100	
企业通信地址	国家井冈山经济技术开发区（江西吉安）深圳大道 282 号				
电子邮箱	lt27857608@126.com		有限责任公司本年度是否发生 股东股权转让	否	
企业经营状态	开业		是否有网站或网店	是	
企业是否有投资信息或购买其 他公司股权	否				
企业资产状况信息					
Unit: RMB					
资产总额	13777.5 万元	Total asset: 137.78 mm	所有者权益合计	13231.5 万元	Total equity: 132.32 mm
营业总收入	484.9 万元	Sales revenue: 4.85 mm	利润总额	0.9 万元	Profit before tax: 0.009 mm
营业总收入中主营业务收入	484.9 万元	Revenue – main business: 4.85 mm	净利润	0.7 万元	Net Profit: 0.007 mm
纳税总额	0.2 万元	Total tax paid: 0.002 mm	负债总额	546.0 万元	Total liabilities: 5.46 mm

Source: Jiangxi Lantian Wei Guang SAIC Filings

⁶ Shenzhen Wei Guang was established in Shenzhen in 2001. The management team of Shenzhen Wei Guang wanted to develop the business and decided to establish a newly formed PRC Company called Jiangxi Lantian Wei Guang Technology Company Limited in 2011.

Jiangxi Lantian Wei Guang 2012 SAIC Financials

2012 Annual Audit Report		2012 年度审计报告		Jiangxi Lantian Wei Guang Technology Company Limited	
企业基本信息					
注册号/统一社会信用代码	9136080057611254X9	企业名称	江西蓝田伟光科技有限公司		
企业联系电话	0796-8406911	邮政编码	343100		
企业通信地址	国家井冈山经济技术开发区（江西吉安）深圳大道 282 号				
电子邮箱	lt27857608@126.com	有限责任公司本年度是否发生股东股权转让	否		
企业经营状态	开业	是否有网站或网店	是		
企业是否有投资信息或购买其他公司股权	否				
企业资产状况信息					
Unit: RMB					
资产总额	50476.0 万元	Total asset: 504.76 mm	所有者权益合计	46582.3 万元	Total equity: 465.82 mm
营业总收入	6953.8 万元	Sales revenue: 69.54 mm	利润总额	429.6 万元	Profit before tax: 4.30 mm
营业总收入中主营业务收入	6953.8 万元	Revenue – main business: 69.54 mm	净利润	322.2 万元	Net Profit: 3.22 mm
纳税总额	107.4 万元	Total tax paid: 1.07 mm	负债总额	3893.6 万元	Total liabilities: 38.94 mm

Source: Jiangxi Lantian Wei Guang's SAIC Filings

SAIC files also show that Wei Guang's revenues, profits, and assets have all contracted significantly since 2012. From 2013 through 2015 Wei Guang generated a net loss of RMB -405,000. Tech Pro paid RMB 127.1 million to acquire 60% of a money-losing business whose total assets, revenues and profits steadily declined since 2012, Tech Pro's first full year of operating the business.

Jiangxi Lantian Wei Guang Technology Company Limited

江西蓝田伟光科技有限公司

SAIC Financials

RMB'000	2011	2012	2013	2014	2015	Cumulative
Total Assets	137,775	504,760	55,869	38,732	35,292	n/a
Total liabilities	5,460	38,936	43,574	26,640	22,185	n/a
Total Equity	132,315	465,823	12,295	12,091	10,407	n/a
Sales Revenue	4,849	69,538	65,594	45,034	31,323	216,338
Profit before tax	9	4,296	1,007	594	(1,665)	4,241
Net profit	7	3,222	755	505	(1,665)	2,824
Net profit margin	0%	5%	1%	1%	-5%	1%

Source: Wei Guang's SAIC Filings

Wei Guang 2013 SAIC Financials

2013 Annual Audit Report		2013 年度年度报告		Jiangxi Lantian Wei Guang Technology Company Limited	
企业基本信息					
注册号/统一社会信用代码	9136080057611254X9	企业名称	江西蓝田伟光科技有限公司		
企业联系电话	0796-8406911	邮政编码	343100		
企业通信地址	国家井冈山经济技术开发区(江西吉安)深圳大道282号				
电子邮箱	ht27857608@126.com	有限责任公司本年度是否发生股东股权转让	否		
企业经营状态	开业	是否有网站或网店	是		
企业是否有投资信息或购买其他公司股权	否	从业人数			
企业资产状况信息					
Unit: RMB					
资产总额	5586.88 万元	Total asset:	55.87 mm	所有者权益合计	1229.51 万元
营业总收入	6559.39 万元	Sales revenue:	65.59 mm	利润总额	100.70 万元
营业总收入中主营业务收入	6559.39 万元	Revenue – main business:	65.59 mm	净利润	75.53 万元
纳税总额	264.09 万元	Total tax paid:	2.64 mm	负债总额	4357.37 万元
				Total equity:	12.30 mm
				Profit before tax:	1.01 mm
				Net Profit:	0.76 mm
				Total liabilities:	43.57 mm

Source: Wei Guang 2013 SAIC Filings

Wei Guang 2014 SAIC Financials

2014 Annual Audit		2014 年度年度报告		Jiangxi Lantian Wei Guang Technology Company Limited	
企业基本信息					
注册号/统一社会信用代码	9136080057611254X9	企业名称	江西蓝田伟光科技有限公司		
企业联系电话	0796-8406911	邮政编码	343100		
企业通信地址	国家井冈山经济技术开发区(江西吉安)深圳大道282号				
电子邮箱	ht27857608@126.com	有限责任公司本年度是否发生股东股权转让	否		
企业经营状态	开业	是否有网站或网店	是		
企业是否有投资信息或购买其他公司股权	否	从业人数	企业选择不公示		
企业资产状况信息					
Unit: RMB					
资产总额	3873.17 万元	Total asset:	38.73 mm	所有者权益合计	1209.14 万元
营业总收入	4503.40 万元	Sales revenue:	45.03 mm	利润总额	59.39 万元
营业总收入中主营业务收入	4503.40 万元	Revenue – main business:	45.03 mm	净利润	50.48 万元
纳税总额	126.86 万元	Total tax paid:	1.27 mm	负债总额	2664.03 万元
				Total equity:	12.09 mm
				Profit before tax:	0.59 mm
				Net Profit:	0.50 mm
				Total liabilities:	26.64 mm

Source: Wei Guang 2014 SAIC Filings

Wei Guang 2015 SAIC Financials

2015 Annual Audit		2015 年度年度报告		Jiangxi Lantian Wei Guang Technology Company Limited	
企业基本信息					
注册号/统一社会信用代码	9136080057611254X9	企业名称	江西蓝田伟光科技有限公司		
企业联系电话	0796-8406912	邮政编码	343100		
企业通信地址	国家井冈山经济技术开发区(江西吉安)深圳大道282号				
电子邮箱	2660469765@qq.com	有限责任公司本年度是否发生股东股权转让	否		
企业经营状态	开业	是否有网站或网店	否		
企业是否有投资信息或购买其他公司股权	否	从业人数			
企业资产状况信息					
Unit: RMB					
资产总额	3529.15 万元	Total asset:	35.29 mm	所有者权益合计	1040.69 万元
营业总收入	3132.28 万元	Sales revenue:	31.32 mm	利润总额	-166.50 万元
营业总收入中主营业务收入	3115.63 万元	Revenue – main business:	31.16 mm	净利润	-166.50 万元
纳税总额	82.52 万元	Total tax paid:	0.83 mm	负债总额	2218.46 万元
				Total equity:	10.41 mm
				Profit before tax:	-1.67 mm
				Net Profit:	-1.67 mm
				Total liabilities:	22.18 mm

Source: Wei Guang 2015 SAIC Filings

We believe that Wei Guang's SAIC filings clearly indicate that Tech Pro fabricated Kings Honor's post-acquisition profitability. SAIC filings reveal another failing LED acquisition which continues to lose money despite the fact that Tech Pro supposedly purchased a 60% interest in the business for RMB 127.1 million.

3) Pacific King: Fabricated Post-Acquisition Profitability

On August 24, 2011, Tech Pro entered an [agreement to purchase](#) 60% of Pacific King Technology ("Pacific King"), which owns 100% of the PRC operating business Shenzhen Chong Zheng Electronic Technology Limited ("Chong Zheng") for a total consideration of RMB 107.7 million. As part of the deal, Pacific King guaranteed that it would generate profits of RMB 20 million in the first twelve-months post-acquisition, creating optimism and confidence for investors in the future prospects of Chong Zheng.

On February 19, 2013, Tech Pro [reported](#) that Pacific King generated a profit of RMB 21 million in the first twelve-months post-acquisition.

However, SAIC filings reveal that in the two years from 2011 to 2012, Chong Zheng generated **only RMB 171,000 in profits before tax, 99% less than Tech Pro reported in its Hong Kong filings.**

Difference in Reported Shenzhen Chong Zheng's Profit Before Tax: Reported vs. SAIC

RMB'000	Nov 1, 2011 - Oct 31, 2012	2011	2012	Cumulative 2011-2012	Difference
	Reported	SAIC	SAIC	SAIC	
Profit before tax	20,981	15	155	171	-99%

Source: 1. [Tech Pro Announcement February 19, 2013](#)
2. Shenzhen Chong Zheng's SAIC Filings

Shenzhen Chong Zheng 2011 SAIC Financials

2011 Annual Audit Report		2011 年度报告	Shenzhen Chong Zheng Electronic Technology Limited		
登记事项基本信息					
注册号	440306503405168	企业名称	深圳市崇正电子科技有限公司		
企业联系电话	13530506241	邮政编码	518000		
企业通信地址	深圳市宝安区松岗街道塘下涌工业大道 133 号一楼				
企业电子邮箱	13530501959@qq.com	有限责任公司本年度是否发生 股东股权转让	无		
企业经营状态	登记成立	是否有网站或网店	无		
是否有投资信息或购买其他公 司股权	无				
企业资产状况信息					
资产总额	8657534.89 元	Total assets: 8.66 mm	所有者权益合计	8275750.00 元	Total equity: 8.28 mm
营业总收入	0 元	Sales revenue: 0	利润总额	15400 元	Profit before tax: 0.02 mm
营业总收入中主营业务收入	0 元	Revenue from main business: 0	净利润	11550 元	Net profit: 0.01 mm
纳税总额	0 元	Total tax paid: 0	负债总额	381784.89 元	Total liabilities: 0.38 mm

Source: Shenzhen Chong Zheng 2011 SAIC Filings

Shenzhen Chong Zheng 2012 SAIC Financials

2012 Annual Audit Report		2012 年度报告	Shenzhen Chong Zheng Electronic Technology Limited		
登记事项基本信息					
注册号	440306503405168	企业名称	深圳市崇正电子科技有限公司		
企业联系电话	13530508241	邮政编码	518000		
企业通信地址	深圳市宝安区松岗街道塘下涌工业大道 133 号一楼				
企业电子邮箱	13530501959@qq.com	有限责任公司本年度是否发生股东股权转让	无		
企业经营状态	登记成立	是否有网站或网店	无		
是否有投资信息或购买其他公司股权	无				
企业资产状况信息					
Unit: RMB					
资产总额	21423307.91 元	Total assets: 21.42 mm	所有者权益合计	8392089.96 元	Total equity: 8.40 mm
营业总收入	38601837.05 元	Sales revenue: 38.60 mm	利润总额	155119.95 元	Profit before tax: 0.16 mm
营业总收入中主营业务收入	38601837.05 元	Revenue from main business: 38.60 mm	净利润	116339.96 元	Net profit: 0.12 mm
纳税总额	0 元	Total tax paid: 0	负债总额	13031217.95 元	Total liabilities: 13.03 mm

Source: Shenzhen Chong Zheng 2012 SAIC Filings

Chong Zheng's profitability did not improve post-acquisition. SAIC filings reveal that **Chong Zheng generated cumulative net profits of only RMB 507,000 from 2011 through 2015, achieving a net profit margin of 0.2%.**

Shenzhen Chong Zheng Electronic Technology Limited

深圳市崇正电子科技有限公司

SAIC Financials

RMB'000	2011	2012	2013	2014	2015	Cumulative
Total Assets	8,658	21,423	42,070	62,061	85,784	n/a
Total liabilities	382	13,031	33,621	53,462	77,016	n/a
Total Equity	8,276	8,392	8,449	8,599	8,769	n/a
Sales Revenue	-	38,602	51,339	55,507	58,112	203,560
Profit before tax	15	155	138	214	238	760
Net profit	12	116	60	150	170	507
Net profit margin	n/a	0.3%	0.1%	0.3%	0.3%	0.2%

Source: Shenzhen Chong Zheng's SAIC Filings

Shenzhen Chong Zheng 2013 SAIC Income Statement

利润表 (单位: 元) Income Statement (Unit: RMB) This Year

项目	本月数	本年数
一、营业收入 Sales revenue	0.0000	51,339,084.24
减: 营业成本	0.0000	45,122,939.5300
营业税金及附加	0.0000	11,280.7540
销售费用	0.0000	160,791.6100
管理费用	0.0000	436,083.4650
财务费用	0.0000	-325.7600
资产减值损失	0.0000	0.0000
加: 公允价值变动收益 (损失以“-”号填列)	0.0000	0.0000
投资收益 (损失以“-”号填列)	0.0000	0.0000
其中: 对联营企业和合营企业的投资收益	0.0000	0.0000
二、营业利润 (亏损以“-”号填列)	0.0000	13,784.1100
加: 营业外收入	0.0000	0.0000
减: 营业外支出	0.0000	58.2500
其中: 非流动资产处置损失	0.0000	0.0000
三、利润总额 (亏损总额以“-”号填列) Profit before tax	0.0000	13,785.8600
减: 所得税费用	0.0000	7,789.1200
四、净利润 (净亏损以“-”号填列) Net profit	0.0000	5,986.7400
五、每股收益:	0.0000	0.0000
(一) 基本每股收益	0.0000	0.0000
(二) 稀释每股收益	0.0000	0.0000
六、其他综合收益	0.0000	0.0000
七、综合收益总额	0.0000	5,986.7400

Source: Shenzhen Chong Zheng 2013 SAIC Filings

Shenzhen Chong Zheng 2013 SAIC Balance Sheet

资产负债表 (单位: 元) Balance Sheet (Unit: RMB) Ending Balance

资产	行次	年初数	期末数	负债及所有者权益	行次	年初数	年末数
无形资产	36	0.0000	0.0000	负债合计 Total Liabilities	80	130,312,950.00	336,213,998.83
递延资产	37	0.0000	0.0000	所有者权益: Total Equity			8,449,057.23
				实收资本	81	826,420.0000	826,420.0000
无形资产及递延资产合计	40	0.0000	0.0000	资本公积	82	0.0000	0.0000
其他长期资产:				盈余公积	83	0.0000	0.0000
其他长期资产	41	0.0000	0.0000	其中: 公益金	84	0.0000	0.0000
递延税项:				未分配利润	85	12,788,996.00	18,485,230.00
递延税款借项	42	0.0000	0.0000				
				Total Equity			8,449,057.23
			42,070,457.06	所有者权益合计	88	839,208,960.00	844,905,723.00
资产总计 Total Assets	45	214,233,079.100	420,704,570.600	负债及所有者权益总计		214,233,079.100	420,704,570.600

Source: Shenzhen Chong Zheng 2013 SAIC Filings

Shenzhen Chong Zheng 2014 SAIC Financials

注册号	440306503405168
统一社会信用代码	91440300577652679T
企业中文名称	深圳市崇正电子科技有限公司 Shenzhen Chong Zheng Electronic Technology Limited
法定代表人	欧阳俊
经营场所	深圳市宝安区松岗街道塘下涌工业大道 133 号一楼
企业类型	有限责任公司 (台港澳法人独资)
成立日期	2011 年 7 月 5 日
营业期限	自 2011 年 7 月 5 日至 2031 年 7 月 5 日
核准日期	2016-03-23
国别或地区	中国香港
投资总额	(港币)1000.0000 万元
注册资金	(港币)1000.0000 万元
经营范围	^线路板、铝基板、电子产品、光电产品的批发、进出口及相关配套业务 (不涉及国营贸易管理商品, 涉及配额、许可证管理及其它专项规定管理的商品, 按国家有关规定办理申请); 增加: 生产经营线路板。
企业登记状态	登记成立
年报情况	2014 年度已年报

2014 年财务报告 2014 Annual Audit Report

资产总额	6206.12389 万元	Total assets: 62.06 mm	所有者权益合计	859.880534 万元	Total equity: 8.60 mm
营业总收入	5550.659236 万元	Sales revenue: 55.51 mm	其中: 主营业务收入	5550.659236 万元	Revenue from main business: 55.51 mm
利润总额	21.414676 万元	Profit before tax: 0.21 mm	净利润	14.97482 万元	Net profit: 0.15 mm
纳税总额	141.733123 万元	Total tax paid: 1.42 mm	负债总额	5346.243347 万元	Total liabilities: 53.46 mm

Source: Shenzhen Chong Zheng 2014 SAIC Filings

Shenzhen Chong Zheng 2015 SAIC Financials

2015 Annual Audit Report		2015 年度报告 红色为修改过的信息项		Shenzhen Chong Zheng Electronic Technology Limited	
登记事项基本信息					
注册号	440306503405168	企业名称	深圳市崇正电子科技有限公司		
企业联系电话	13530501959	邮政编码	518000		
企业通信地址	深圳市宝安区松岗街道塘下涌工业大道 133 号一楼				
企业电子邮箱	13530501959@qq.com	有限责任公司本年度是否发生股东股权转让	无		
企业经营状态	登记成立	是否有网站或网店	无		
是否有投资信息或购买其他公司股权	无	从业人数	不公示		
企业资产状况信息					
资产总额	8578.43 万元	Total assets: 85.78 mm	所有者权益合计	Total equity	876.86 万元 8.77 mm
营业总收入	5811.24 万元	Sales revenue: 58.11 mm	利润总额	Profit before tax	23.75 万元 0.24 mm
营业总收入中主营业务收入	5811.24 万元	Revenue from main business: 58.11 mm	净利润	Net profit	16.98 万元 0.17 mm
纳税总额	86.00 万元	Total tax paid: 0.86 mm	负债总额	Total liabilities	7701.57 万元 77.02 mm

Source: Shenzhen Chong Zheng 2015 SAIC Filings

The pattern should now be obvious. We believe that Chong Zheng's SAIC filings clearly indicate that Pacific King was far less profitable than Tech Pro claimed. In our opinion, Tech Pro inflated the purchase price of another failing LED manufacturer and violated Hong Kong's securities laws by fabricating the financial performance of the business post-acquisition.

4) Giga-World: Fabricated Post-Acquisition Profitability

On January 24, 2011, Tech Pro entered an [agreement to purchase](#) 50% of Giga-World Industry (“Giga-World”), which owns 100% of the PRC operating business Shenzhen Wind and Solar New Energy Company Limited (“[Shenzhen Wind and Solar](#)”) for a total consideration of RMB 243.6 million. In its announcement, Tech Pro reported Giga-World’s historical financial performance from 2008 through 2010.

	For the year ended 31 December 2008			As at 31 December 2008	
	Turnover RMB'000	Net profit before tax RMB'000	Net profit after tax RMB'000	Net assets RMB'000	Total asset value RMB'000
The Target Group	60,848	4,944	4,944	77,401	83,121
	For the year ended 31 December 2009			As at 31 December 2009	
	Turnover RMB'000	Net profit before tax RMB'000	Net profit after tax RMB'000	Net assets RMB'000	Total asset value RMB'000
The Target Group	42,807	3,044	3,044	80,157	84,671
	For the 12 months ended 31 December 2010			As at 31 December 2010	
	Turnover RMB'000	Net profit before tax RMB'000	Net profit after tax RMB'000	Net assets RMB'000	Total asset value RMB'000
The Target Group	53,963	5,120	5,120	84,875	89,770

Source: [Tech Pro Announcement January 24, 2011](#), p. 9

Tech Pro claimed that Giga-World generated an average annual net profit margin of 8.3% in the three years from 2008 to 2010.⁷ However, in its [2011 annual report](#), Tech Pro reported that Giga-World achieved a remarkable 49.94% post-tax net income margin.⁸

Tech Pro [claimed](#) that Giga-World generated RMB 19 million in profits from February 1, 2011 through January 31, 2012. However, SAIC filings reveal that **rather than generate a profit in its first twelve-months post-acquisition, Shenzhen Wind and Solar actually lost money.**

Difference in Reported Shenzhen Wind and Solar's Profit Before Tax: Reported vs. SAIC

RMB'000	Feb. 1, 2011 - Jan. 31, 2012	2011	2012	Cumulative 2011-2012	Difference
	Reported	SAIC	SAIC	SAIC	
Profit before tax	19,273	(858)	(140)	(998)	-105%

Source: 1. [Tech Pro Announcement on May 23, 2012](#)

2. Shenzhen Wind and Solar SAIC Filings

⁷ 8.3% net profit margin is calculated from revenues and net profit figures illustrated above and as reported by Tech Pro [January 24, 2011 Announcement](#) – p. 9

⁸ [Tech Pro 2011 Annual Report](#) – p. 91

Shenzhen Wind and Solar 2011 SAIC Financials

2011 Annual Audit Report		2011 年度报告		Shenzhen Wind and Solar New Energy Company Limited	
登记事项基本信息					
注册号	440306503326894	企业名称	深圳风光新能源有限公司		
企业联系电话	0755-29889300	邮政编码	518125		
企业通信地址	深圳市宝安区沙井镇沙井街道办黄埔正风工业园 5 栋 2 楼				
企业电子邮箱	mrlaiql@163.com	有限责任公司本年度是否发生股东股权转让	无		
企业经营状态	登记成立	是否有网站或网店	无		
是否有投资信息或购买其他公司股权	无				
企业资产状况信息					Unit: RMB
资产总额	66529252.55 元	Total assets: 66.53 mm	所有者权益合计	32077299.04 元	Total equity: 32.08 mm
营业总收入	5116086.66 元	Total sales: 5.12 mm	利润总额	-858486.79 元	Profit before tax: -0.86mm
营业总收入中主营业务收入	5116086.66 元	Revenue – main business: 5.12 mm	净利润	-858486.79 元	Net profit: -0.86 mm
纳税总额	21866.12 元	Total tax paid: 0.02 mm	负债总额	34452034.51 元	Total liabilities: 34.45 mm

Source: Shenzhen Wind and Solar 2011 SAIC Filings

Shenzhen Wind and Solar 2012 SAIC Financials

2012 Annual Audit Report		2012 年度报告		Shenzhen Wind and Solar New Energy Company Limited	
登记事项基本信息					
注册号	440306503326894	企业名称	深圳风光新能源有限公司		
企业联系电话	0755-29889300	邮政编码	518125		
企业通信地址	深圳市宝安区沙井镇沙井街道办黄埔正风工业园 5 栋 2 楼				
企业电子邮箱	mrlaiql@163.com	有限责任公司本年度是否发生股东股权转让	无		
企业经营状态	登记成立	是否有网站或网店	无		
是否有投资信息或购买其他公司股权	无				
企业资产状况信息					Unit: RMB
资产总额	62630331.79 元	Total assets: 62.63 mm	所有者权益合计	31653746.70 元	Total equity: 31.65 mm
营业总收入	30976585.09 元	Total sales: 30.98 mm	利润总额	-139863.34 元	Profit before tax: -0.14 mm
营业总收入中主营业务收入	30976585.09 元	Revenue – main business: 30.98 mm	净利润	-144970.84 元	Net income: -.014 mm
纳税总额	185279.88	Total tax paid: 0.19 mm	负债总额	30976585.09 元	Total liabilities: 30.98 mm

Source: Shenzhen Wind and Solar 2012 SAIC Filings

Additionally, Tech Pro disclosed in its [2014 annual report](#) that it increased its ownership of Giga-World by another 10% for HKD 20 million, bringing its ownership to 60%.⁹

However, SAIC filings show that **Shenzhen Wind and Solar failed to generate any profit in 2013**. Indeed, SAIC filings show that the LED business failed to turn a profit, generating a cumulative loss of RMB -2.15 million from 2011 through 2015. This appears to be another example where Tech Pro massively overpaid for a failing LED business, only to fabricate its post-acquisition profitability.

Shenzhen Wind and Solar New Energy Company Limited

深圳风光新能源有限公司

SAIC Financials

RMB'000	2011	2012	2013	2014	2015	Cumulative
Total Assets	66,529	62,630	62,501	62,223	63,992	n/a
Total liabilities	34,452	30,977	31,514	35,591	33,756	n/a
Total Equity	32,077	31,654	30,987	29,933	30,236	n/a
Sales Revenues	5,116	30,977	9,605	7,124	14,212	67,033
Profit before tax	(858)	(140)	(662)	(787)	305	(2,143)
Net profit	(858)	(145)	(667)	(791)	303	(2,158)
Net profit margin	-17%	0%	-7%	-11%	2%	-3%

Source: Shenzhen Wind and Solar's SAIC Filings

Shenzhen Wind and Solar 2013 SAIC Income Statement

利润表 (单位: 元) Income Statement (Unit: RMB)

项目	本月数	This Year	
		本年数	
一、营业收入 Sales Revenue	496086.1600	9604689.1700	9,604,689.17
减: 营业成本	518053.9400	8646504.5900	
营业税金及附加	0.0000	81131.5700	
销售费用	25626.4100	300343.1200	
管理费用	86871.8700	1022423.0800	
财务费用	25045.9600	224776.1090	
资产减值损失	0.0000	0.0000	
加: 公允价值变动收益 (损失以“-”号填列)	0.0000	0.0000	
投资收益 (损失以“-”号填列)	0.0000	0.0000	
其中: 对联营企业和合营企业的投资收益	0.0000	0.0000	
二、营业利润 (亏损以“-”号填列)	-159512.0200	-670489.2900	
加: 营业外收入	0.0000	8090.0500	
减: 营业外支出	0.0000	0.3700	
其中: 非流动资产处置损失	0.0000	0.0000	
三、利润总额 (亏损总额以“-”号填列) Profit before tax	-159512.0200	-662489.6100	-662,489.61
减: 所得税费用	0.0000	4548.8500	
四、净利润 (净亏损以“-”号填列) Net profit	-159512.0200	-667038.4600	-667,038.46

Source: Shenzhen Wind and Solar 2013 SAIC Filings

⁹ Tech Pro [2014 Annual Report](#) – p. 108

Shenzhen Wind and Solar 2013 SAIC Balance Sheet

资产负债表 (单位: 元) Balance Sheet (Unit: RMB)

资产	行次	年初数	期末数	负债及所有者权益	行次	年初数	年末数
待处理固定资产净损失	29	0.0000	Ending Balance	长期负债合计	76	0.0000	Ending Balance
				递延税项:			
固定资产合计	35	21849276.4800	21646173.5400	递延税款贷项	77	0.0000	0.0000
无形资产及递延资产:				Total Liabilities			31,514,219.09
无形资产	36	0.0000	0.0000	负债合计	80	30976585.0900	31514219.0900
递延资产	37	0.0000	0.0000	所有者权益:			
				实收资本	81	35921534.4300	35921534.4300
无形资产及递延资产合计	40	0.0000	0.0000	资本公积	82	0.0000	0.0000
其他长期资产:				盈余公积	83	0.0000	0.0000
其他长期资产	41	30000.0000	30000.0000	其中: 公益金	84	0.0000	0.0000
递延税项:				未分配利润	85	-4267787.7300	-4934826.1900
递延税款借项	42	0.0000	0.0000	Total Equity			30,986,708.24
Total Assets			62,500,927.33	所有者权益合计	88	31653746.7000	30986708.2400
资产总计	45	62630331.7900	62500927.3300	负债及所有者权益总计		62630331.7900	62500927.3300

Source: Shenzhen Wind and Solar 2013 SAIC Filings

Shenzhen Wind and Solar 2014 SAIC Financials

登记事项基本信息	
名称	深圳风光新能源有限公司 Shenzhen Wind and Solar New Energy Company Limited
住所	深圳市宝安区沙井街道办黄埔正风工业区第4栋1楼4楼, 第5栋1楼2楼4楼
经营场所	深圳市宝安区沙井街道办黄埔正风工业区第4栋1楼4楼, 第5栋1楼2楼4楼
主体类型	年报外资企业法人
法定代表人姓名	李玉学
经营期限	从 2003-06-16 到 2053-06-16 2014 Enterprise Asset Status Information (Unit: RMB)
2014 企业资产状况信息(币种: 人民币)	
资产总额	6222.34 万元
营业总收入	712.38 万元
利润总额	-78.72 万元
纳税总额	2.39 万元
所有者权益合计	2993.27 万元
其中: 主营业务收入	593.9 万元
净利润	-79.06 万元
负债总额	3559.07 万元

Total assets: 62.22 mm
 Sales revenue: 7.12 mm
 Profit before tax: -0.78 mm
 Total tax paid: 0.02 mm

Total equity: 29.93 mm
 Revenue from main business: 5.94 mm
 Net profit: -0.79 mm
 Total liabilities: 35.59 mm

Source: Shenzhen Wind and Solar 2014 SAIC Filings

Shenzhen Wind and Solar 2015 SAIC Financials

2015 年度报告 2015 Annual Audit Report			
登记事项基本信息			
注册号	440306503326894	企业名称	深圳风光新能源有限公司
企业联系电话	0755-29889300	邮政编码	Shenzhen Wind and Solar New Energy Company Limited
企业通信地址	深圳市宝安区沙井街道办黄埔正风工业区 5 栋 2 楼		
企业电子邮箱	ken@wind-solar-newenergy.com	有限责任公司本年度是否发生股东股权转让	无
企业经营状态	登记成立	是否有网站或网店	有
是否有投资信息或购买其他公司股权	无	从业人数	
企业资产状况信息			
资产总额	6399.21 万元	Total assets:	63.99 mm
营业总收入	1421.16 万元	Sales revenue:	14.21 mm
营业总收入中主营业务收入	1357.37 万元	Revenue from main business:	13.57 mm
纳税总额	6.01 万元	Total tax paid:	0.06 mm
所有者权益合计	3023.59 万元	Total equity:	30.24 mm
利润总额	30.47 万元	Profit before tax:	0.30 mm
净利润	30.32 万元	Net profit:	0.30 mm
负债总额	3375.62 万元	Total liabilities:	33.76 mm

Source: Shenzhen Wind and Solar 2015 SAIC Filings

Based on the SAIC filings discussed in this report, we believe that Tech Pro fabricated the reported profitability of at least four out of five of its LED acquisitions.¹⁰ Whether Tech Pro deliberately overpaid for such acquisitions to funnel the public company's money into the hands of friendly cohorts, or simply overstated the acquisition price to mask fabricated reported profits, we are unsure. But, in our opinion, SAIC filings make it crystal clear that Tech Pro massively overpaid for four failing or barely profitable businesses, and that Tech Pro fabricated their post-acquisition profitability.

VALUATION

Tech Pro is no stranger to controversy. On March 11, 2016, the Wall Street Journal [reported](#) a suspicious pattern in the trading of its stock. "Over the past year through March 9, Tech Pro's stock returned 43%. But if an investor had bought shares an hour before trading closed, sold them at the end of Hong Kong's trading session, and then reinvested the proceeds the next day in the same manner, the return would be a remarkably high 791%."

The Wall St journal compared this pattern to Hanergy, whose stock price collapsed amid accusations of fraud and market manipulation. The Wall Street Journal wrote that a "shadow" hangs over Tech Pro's stock. We agree.

In this report we presented publicly available SAIC filings for Tech Pro's acquisitions, which, in our opinion, indicate that Tech Pro has massively overstated its reported profits and inflated the reported purchase price of its acquisitions. We believe that Tech Pro is an obvious fraud, that its **equity is worth HKD 0.00** and trading of its stock should be halted to protect future investors from further losses and hopefully provide a modicum of recovery for shareholders and creditors.



¹⁰ We could obtain only partial SAIC files for the fifth LED acquisition, Starry View and Mega Wide, but given Tech Pro's pattern of behavior with the other LED subsidiaries and Shanghai Fuchao, we doubt Tech Pro's claims regarding its profitability.

DISCLAIMER

We are short sellers. We are biased. So are long investors. So is Tech Pro. So are the banks that raised money for the Company. If you are invested (either long or short) in Tech Pro, so are you. Just because we are biased does not mean that we are wrong. We, like everyone else, are entitled to our opinions and to the right to express such opinions in a public forum. We believe that the publication of our opinions about the public companies we research is in the public interest.

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