TECHNOVATOR INTERNATIONAL LIMITED
同方泰德國際科技有限公司*

(incorporated in Singapore with limited liability)

(Stock Code: 1206)

2012 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The board (the "Board") of directors ("Directors") of Technovator International Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012, together with the comparative figures for the year ended 31 December 2011. These results have been reviewed by the Company's audit committee, comprising solely independent non-executive Directors, one of whom chairs the committee.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012
(Expressed in United States dollars)

	Note	**2012** **US$'000**	2011 US$'000
Revenue	3, 4	**124,209**	97,513
Cost of sales		**(79,704)**	(61,118)
Gross profit		**44,505**	36,395
Other revenue		**1,167**	1,293
Other net gain/(loss)		**36**	(60)
Selling and distribution costs		**(9,393)**	(8,520)
Administrative and other operating expenses		**(13,397)**	(11,017)
Research and development expenses		**(3,149)**	(2,956)
Profit from operations		**19,769**	15,135
Finance costs	5(a)	**(579)**	(542)
Profit before taxation		**19,190**	14,593
Income tax	6	**(3,981)**	(2,777)
Profit for the year		**15,209**	11,816
Profit attributable to:			
Equity shareholders of the Company		**13,392**	10,445
Non-controlling interests		**1,817**	1,371
Profit for the year		**15,209**	11,816
Earnings per share	7		
Basic (US$)		**0.027**	0.027
Diluted (US$)		**0.027**	0.026

CONSOLIDATED BALANCE SHEET

At 31 December 2012

(Expressed in United States dollars)

	Note	**2012 US$'000**	2011 US$'000
Non-current assets			
Property, plant and equipment		**7,161**	3,431
Intangible assets		**16,953**	14,125
Goodwill		**16,257**	15,914
Other financial assets		**5,348**	–
Deferred tax assets		**401**	287
		46,120	33,757
Current assets			
Inventories		**12,208**	14,807
Trade and other receivables	8	**47,888**	31,136
Gross amounts due from customers for contract work		**824**	508
Cash and cash equivalents		**40,505**	27,940
		101,425	74,391
Current liabilities			
Trade and other payables	9	**44,052**	26,562
Gross amounts due to customers for contract work		**199**	357
Loans and borrowings		**7,922**	3,591
Obligations under finance leases		**12**	60
Income tax payable		**1,523**	1,064
		53,708	31,634
Net current assets		**47,717**	42,757
Total assets less current liabilities		**93,837**	76,514
Non-current liabilities			
Loans and borrowings		**7,062**	3,382
Obligations under finance leases		**171**	27
Deferred income		**–**	87
Deferred tax liabilities		**2,100**	2,290
		9,333	5,786
NET ASSETS		**84,504**	70,728
CAPITAL AND RESERVES			
Share capital	10	**38,121**	33,786
Reserves		**39,781**	31,227
Total equity attributable to equity shareholders of the Company		**77,902**	65,013
Non-controlling interests		**6,602**	5,715
TOTAL EQUITY		**84,504**	70,728

1 BASIS OF PREPARATION

This announcement does not comprise the consolidated financial statements for the year ended 31 December 2012 but the information herein has been extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2012.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

These financial statements are presented in United States Dollars ("US$"), rounded to the nearest thousand except for per share data. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. These include the amendments to HKFRS 7, *Financial instruments: Disclosures – Transfer of financial assets*. These amendments require certain disclosures to be included in the financial statements in respect of all transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity needs not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

None of the other developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE

The principal activities of the Group are manufacture and distribution of building automation and management products, construction of building automation system and provision of related design, consulting and after sales warranty services.

Revenue represents the sales value of goods sold to customers, income from provision of services and revenue from construction contracts. The amounts of each significant category of revenue recognised during the years ended 31 December 2011 and 2012 are as follows:

	2012	2011
	US$'000	US$'000
Sales of goods	**99,754**	85,095
Provision of services	**14,643**	4,371
Contract revenue	**9,812**	8,047
	124,209	97,513

4 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following seven reportable segments. No operating segments have been aggregated to form the following reportable segments.

Building Automation Systems ("BAS") (PRC/North America/Europe/Other countries): This is a control and management system that provides intelligent control over various electrical systems in buildings, including air-conditioning, lighting, elevators, ventilation systems, water supply and discharge systems and power supply systems. The Group's BAS business is segregated further into four operating segments on a geographical basis. All four operating segments primarily derive their revenue from the sales of BAS products. The products are generally a combination of items sourced externally and manufactured in the Group's manufacturing facilities.

Control security systems ("CSS"): This segment sells video surveillance products and develops security access systems in the PRC.

Fire alarm systems ("FAS"): This segment sells FAS products as well as design and manage fire prevention and fighting systems in different types of premises in the PRC.

Energy management systems ("EMS"): This segment provides advanced EMS through integrating its self-developed range of software as part of its total solution and services offered to customers and the hardware platform from running its software in the PRC.

(a) Information about reportable segments

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of products, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment results is profit or loss before income tax adjusted for items not specifically attributed to individual segments, such as interest income and interest expenses. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment sales), interest expense from borrowings managed directly by the segments, depreciation, amortisation and impairment losses. Inter-segment pricing is determined on a consistent basis using market benchmarks.

Segment assets and liabilities are not regularly reported to the Group's senior executive management and therefore information of reportable segment assets and liabilities are not presented in the consolidated financial statements.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2011 and 2012 is set out below:

	BAS – PRC		BAS – North America		BAS – Europe		BAS- Other countries		CSS – PRC		FAS – PRC		EMS – PRC		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Revenue from external customers	**47,732**	38,235	**27,822**	20,952	**11,513**	12,578	**6,974**	5,754	**16,771**	12,090	**372**	271	**13,025**	7,633	**124,209**	97,513
Inter-segment revenue	**6,156**	6,694	**323**	921	**–**	–	**–**	22	**–**	–	**–**	–	**–**	–	**6,479**	7,637
Reportable segment revenue	**53,888**	44,929	**28,145**	21,873	**11,513**	12,578	**6,974**	5,776	**16,771**	12,090	**372**	271	**13,025**	7,633	**130,688**	105,150
Reportable segment profit	**9,315**	8,807	**4,043**	4,112	**1,654**	2,240	**1,002**	1,210	**1,087**	531	**57**	22	**6,702**	3,630	**23,860**	20,552
Finance costs	**(176)**	(87)	**(171)**	(420)	**(232)**	(35)	**–**	–	**–**	–	**–**	–	**–**	–	**(579)**	(542)
Depreciation and amortisation for the year	**(619)**	(411)	**(2,113)**	(2,140)	**(823)**	(832)	**–**	–	**(193)**	(111)	**(4)**	(2)	**(150)**	(70)	**(3,902)**	(3,566)

(b) Reconciliations of reportable segment revenues and profit or loss

	2012 US$'000	2011 US$'000
Revenue		
Reportable segment revenue	**130,688**	105,150
Elimination of inter-segment revenue	**(6,479)**	(7,637)
Consolidated revenue	**124,209**	97,513
Profit		
Reportable segment profit	**23,860**	20,552
Elimination of inter-segment profits	**48**	(552)
Reportable segment profit derived from Group's external customers	**23,908**	20,000
Depreciation and amortisation	**(3,902)**	(3,566)
Finance costs	**(579)**	(542)
Unallocated head office and corporate expenses	**(237)**	(1,299)
Consolidated profit before taxation	**19,190**	14,593

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	2012 US$'000	2011 US$'000
Revenue derived from:		
PRC	**77,900**	58,229
United States	**23,844**	18,691
France	**7,605**	7,833
Canada	**3,978**	2,261
Switzerland	**2,194**	1,687
The Netherlands	**535**	1,107
Other countries	**8,153**	7,705
	124,209	97,513

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2012 US$'000	2011 US$'000
(a)	**Finance costs**		
	Interest on loans and borrowings wholly repayable within five years	**575**	532
	Other financial costs	**4**	10
		579	542
(b)	**Staff costs**		
	Salaries and other benefits	**11,038**	8,842
	Contributions to defined contribution retirement schemes	**634**	582
	Equity settled share-based payment expenses	**411**	340
		12,083	9,764
(c)	**Other items**		
	Cost of inventories	**79,347**	55,674
	Amortisation of intangible assets	**2,989**	2,844
	Depreciation	**913**	722
	Impairment losses on trade and other receivables	**763**	226
	Operating lease charges in respect of:		
	– motor vehicles, plant and machinery	**580**	881
	– properties	**495**	221
	Auditors' remuneration	**575**	723

6 INCOME TAX

	2012 US$'000	2011 US$'000
Current tax		
Provision for the year	**4,297**	2,869
Under/(over)-provision in respect of prior years	**20**	(18)
	4,317	2,851
Deferred tax		
Origination and reversal of temporary differences	**(336)**	(74)
	3,981	2,777

Notes:

(i) The Company is subject to Singapore corporate income tax at 17% for the year ended 31 December 2012 (2011:17%). No provision for Singapore income tax was made because the Company sustained tax losses for the years ended 31 December 2011 and 2012.

(ii) Tongfang Technovator Int (Beijing) Co., Ltd. (同方泰德國際科技(北京)有限公司) ("Technovator Beijing") and Tongfang Technovator Intelligence Technology (Shanghai) Co., Ltd. (同方泰德智能科技(上海)有限公司) ("Technovator Shanghai") are subject to PRC corporate income tax. The PRC's statutory income tax rate is 25%.

Distech Controls Inc. ("Distech Controls") and e2 Solutions Inc. are subject to Canadian corporate income tax at 27% for the year ended 31 December 2012 (2011: 28.4%). Corporate income tax comprises of federal and provincial taxes which also apply to investment income earned by general corporations other than capital gains and dividends received from Canadian corporations. The rate that applies to capital gains is half of the Canadian corporate income tax rate.

Distech Controls LLC ("Distech U.S.") is a single member limited liability company and was structured as a disregarded entity for United States Federal, state and local income tax purpose. Accordingly, no provision for United States corporate income tax was made for the years ended 31 December 2011 and 2012.

Distech Controls S.A.S. (formerly known as Société Comtec Technologies S.A.S.) ("Comtec"), Acelia S.A.S. ("Acelia") and Distech France Holding S.A.S. ("Distech France") are subject to French corporate income tax at rate of 33.33%. Distech France, Comtec and Acelia formed a tax-consolidated group under the French tax law effective from 1 January 2011, whereby the tax-consolidated group is taxed as a single entity headed by Distech France.

(iii) Technovator Beijing is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until 2013.

(iv) The Group is not subject to Hong Kong corporate income tax during the years ended 31 December 2011 and 2012.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$13,392,000 (2011: US$10,445,000) and the weighted average number of ordinary shares of 501,519,123 (2011: 384,926,027) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2012 Number of shares	2011 Number of shares
Issued ordinary shares at 1 January	**485,200,000**	9,080,000
Effect of subdivision of shares	**–**	354,120,000
Effect of issuance of shares	**–**	21,726,027
Effect of exercise of Pre-IPO Share Option Scheme	**16,319,123**	–
Weighted average number of ordinary shares at 31 December	**501,519,123**	384,926,027

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of US$13,392,000 (2011: US$10,445,000) and the weighted average number of ordinary shares of 501,519,123 (2011: 398,256,592) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares (diluted)

	2012 Number of shares	2011 Number of shares
Weighted average number of ordinary shares at 31 December	**501,519,123**	384,926,027
Effect of deemed issue of ordinary shares under the Company's option scheme for nil consideration	**–**	13,330,565
Weighted average number of ordinary shares (diluted) at 31 December	**501,519,123**	398,256,592

The share options of the Company did not have dilutive effect as at 31 December 2012.

8 TRADE AND OTHER RECEIVABLES

	2012 US$'000	2011 US$'000
Trade debtors due from related parties	**5,927**	2,613
Other trade debtors and bills receivable	**40,684**	26,243
Less: Allowance for doubtful debts	**(1,479)**	(735)
	45,132	28,121
Other receivables	**847**	437
Loans and receivables	**45,979**	28,558
Deposits and prepayments	**1,909**	2,578
	47,888	31,136

At 31 December 2012, certain trade debtors and bills receivable with carrying value US$7,892,000 (2011: US$5,137,000) have been pledged as securities for the loans and borrowings.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Included in trade and other receivables are external trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period:

	2012 US$'000	2011 US$'000
Current	**29,752**	17,838
Less than 1 month past due	**3,923**	4,758
More than 1 month but less than 3 months past due	**1,860**	2,431
More than 3 months but less than 12 months past due	**8,347**	2,114
More than 12 months past due	**1,250**	980
	15,380	10,283
	45,132	28,121

Trade debtors and bills receivable are due within 30–180 days from the date of billing.

9 TRADE AND OTHER PAYABLES

	2012 **US$'000**	2011 US$'000
Trade payables due to related parties	**451**	947
Other trade and bills payable	**32,305**	18,968
	32,756	19,915
Other payables and accruals	**10,806**	5,881
Financial liabilities measured at amortised cost	**43,562**	25,796
Receipts in advance	**474**	734
Deferred income	**16**	32
	44,052	26,562

All of the above balances are expected to be settled within one year. Included in trade and other payables are trade payables with the following ageing analysis as of the end of the reporting period:

	2012 **US$'000**	2011 US$'000
By date of invoice:		
Within 3 months	**28,966**	18,038
More than 3 months but within 6 months	**1,849**	228
More than 6 months but within 12 months	**410**	476
More than 12 months	**1,531**	1,173
	32,756	19,915

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2012 Number of shares	2012 Amounts US$'000	2011 Number of shares	2011 Amounts US$'000
Ordinary shares, issued and fully paid:				
At 1 January	**485,200,000**	**33,786**	9,080,000	24,228
Subdivision of shares	**–**	**–**	354,120,000	–
Issuance of shares	**–**	**–**	122,000,000	15,693
Share issuance costs	**–**	**–**	–	(6,135)
Shares issued under Pre-IPO Share Option Scheme	**36,320,000**	**4,335**	–	–
At 31 December	**521,520,000**	**38,121**	485,200,000	33,786

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) Pursuant to the written resolutions passed by the Company's shareholders on 15 August 2011, the Company adopted a 40-for-1 share subdivision of its ordinary shares (the "subdivision of shares").

(ii) On 27 October 2011, the Company was successfully listed on the Stock Exchange following the completion of its initial public offering of 122,000,000 shares to the investors. The proceeds of US$15,693,000 were credited to the Company's share capital.

(iii) On 20 July 2012, a total of 36,320,000 Shares were issued by the Company upon the exercise of shares options by all the grantees pursuant to the Pre-IPO Share Option Scheme at a consideration of US$3,255,000 which was credited to share capital US$1,080,000 has been transferred from the share based compensation reserve to the share capital.

(iv) Terms of unexpired and unexercised share options under the Pre-IPO Share Option Scheme and Share Option Scheme 2012 at the balance sheet dates are as follows:

Exercise period	2012 Exercise price	2012 Number of options	2011 Exercise price	2011 Number of options
12 February 2011 to 11 August 2012	**NIL**	**–**	HK$0.695	12,106,680
12 August 2011 to 11 August 2012	**NIL**	**–**	HK$0.695	24,213,320
23 July 2014 to 23 July 2017	**HK$1.15**	**24,250,000**	–	–
23 July 2015 to 23 July 2017	**HK$1.15**	**24,250,000**	–	–
		48,500,000		36,320,000

Each option entitles the holder to subscribe for one ordinary share in the Company.

(b) Dividends

The Company has not distributed any dividends during the years ended 31 December 2011 and 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the year ended 31 December 2012, the Group recorded total revenue of approximately US$124.2 million, representing an increase of approximately 27.4% from US$97.5 million in 2011. Gross profit was approximately US$44.5 million, representing an increase of approximately 22.3% from US$36.4 million in 2011. Net profit in 2012 reached approximately US$15.2 million, representing an increase of approximately 28.7% from US$11.8 million in 2011.

In 2012, the Group's business scale kept expanding. Revenue, gross profit and net profit significantly increased due to the group's great efforts in developing the global market, expanding and intensifying sales network, strengthening its research and development capability, raising its brand reputation and effective internal management control.

1. *Continuous strengthening research and development capability*

   The Group has 3 research and development centers located in China, Canada and France respectively. The Group set up an energy saving technology research institute in Beijing to give technology support and tailor-made building energy management products and solutions services for sizable projects in China. During the year, the Group achieved its breakthrough on self research and energy-saving products by combining the usage of internet and data integration as a cloud-based energy saving application and launching the Energy-saving Expert Control System ("EEC") which combines the functions of energy management, energy-saving analysis and control. Such system, together with the advanced control software of energy management solutions, can detect the operation of the building's energy facility and make adjustment based on the usage of the building and equipment for persistent and optimal performance. It sharpens the Group's competitive edge in the solutions arena.

2. *Thriving development in the PRC market*

   In order to realize the energy saving and reduction of emission planning in"12th Five-Year Plan", each local government launched various measures in step with the national policy and stimulated the energy saving demand. Chongqing city, as one of the eight cities participating in the "National Energy Saving City", appointed Technovator as the co-operation partner of the energy saving and reduction of emission planning to conduct energy saving reform for Chongqing public buildings to build up a monitoring platform of energy consumption and promote and develop city energy saving management of Chongqing with an aim to become a model city for national authority office buildings and scaled public building energy saving management system. The first stage of construction completed during the year. It is expected that Technovator will complete over 2 million s.q.m. of building energy saving reform construction for Chongqing before 2015.

   In the PRC, the building energy management is still a topic of interest as the awareness of building energy saving is increasing and the respective market is rapidly growing as a result of numerous governments' energy policies and speedy urbanization of second and third tier cities.

   In order to seize the opportunities of the market, the Group actively expanded its business coverage by leveraging on its self developed and advanced products as well as technological prowesses, deploying more resources to explore new business model during the year. Apart from the Chongqing project, the Group also commenced the projects in Shanxi, Xinjiang and Inner Mongolia. In the meanwhile, the Group also expedited the regional and city-level energy saving projects to provide energy saving reform services for different types of buildings ranging from government office buildings, school campuses, hospitals to offices in Beijing, Chongqing, Jinan, Hangzhou, Wuhan, Chengdu.

3. *Steady development in overseas markets*

The Group has been making efforts to expand the overseas market. During the year under review, we seized the opportunities of the pressing demand on the refabrication of the existing buildings to lower energy consumption in Europe and America market. The Group realized stable growth in such regions by providing cost-effective energy saving solutions for customers and expanding the sales and distribution channel in order to focus more on sizable contracts.

We kept on expanding the sales and distribution channel in order to focus more on sizable contracts, developing and commercializing our energy saving solutions to meet the needs of the customers with many outlets. During the year under review, Distech Controls, Technovator's subsidiary, entered into a strategic partnership with Samsung Techwin, a renowned global supplier in building energy management solutions and energy efficiency consulting services, with an aim to leverage on the complementary advantage to provide customers with stronger building energy management solutions and energy efficiency services. In addition, the Group also actively developed its new business model and introduced suitable strategic partners. It is believed that such actions will be beneficial to the Group's future development.

Emerging markets are considered to be crucial regions for the Group's future development. The Group's first energy saving project in Burma Junction Square, a mega shopping mall in Yangon, was opened in March 2012. With our good reputation of this project in Yangon, Technovator once again won the second project in Burma – to provide integrated building solutions service for the Ruby Hall National Guest House, which will be the venue of ASEAN Summit in 2014. The construction is expected to complete in the end of 2013.

Financial Review – Continuing Operations

Revenue

Our total revenue increased by approximately US$26.7 million from approximately US$97.5 million for the year ended 31 December 2011 to approximately US$124.2 million for the year ended 31 December 2012.

Revenue by business segments

The table below sets out our revenue by business segment for the periods indicated.

	For the year ended 31 December				**2012 vs.**
	2011		**2012**		**2011**
	Revenue *(US$'000)*	% of revenue	**Revenue *(US$'000)***	**% of revenue**	
Building energy saving solutions:					
Integrated building automation systems	77,519	79.5%	**94,041**	**75.7%**	21.3%
Energy management systems	7,633	7.8%	**13,025**	**10.5%**	70.6%
Others:					
Control security systems	12,090	12.4%	**16,771**	**13.5%**	38.7%
Fire alarm systems	271	0.3%	**372**	**0.3%**	37.3%
Total	97,513	100.0%	**124,209**	**100.0%**	27.4%

Building energy saving solutions
Revenue from building energy saving solutions increased by approximately US$21.9 million from approximately US$85.2 million for the year ended 31 December 2011 to approximately US$107.1 million for the year ended 31 December 2012 which was contributed by both our China and overseas markets. For the China market, the Company recorded revenue from building energy saving solutions of approximately US$60.8 million, representing an increase of approximately 32.5% from 2011. For the overseas market, the Company recorded revenue from building energy saving solutions of approximately US$46.3 million, representing an increase of approximately 17.9% from 2011.

The increase was primarily due to the Group's grasping the opportunities of demand on building energy saving arising from the increasing awareness of energy efficiency products globally. Apart from focusing on the research and development of products and marketing, the increase was also attributable to the Group's exploration on new business model as well as strengthening our sales and marketing strategies in the global market, which increases our brand recognition and our experience in international projects.

Others
The two non-core business segments, which are controls security systems and fire alarm systems, recorded a revenue of approximately US$17.1 million for the year ended 31 December 2012, representing an increase of approximately 38.7% as compared with 2011.

Revenue by Geographical Region
The table below sets out our revenue by Geographical Region for the periods indicated.

	For the year ended 31 December				2012 vs.
	2011		**2012**		**2011**
	Revenue (US$'000)	% of revenue	**Revenue (US$'000)**	**% of revenue**	
The PRC	58,229	59.7%	**77,900**	**62.7%**	33.8%
U.S.	18,691	19.2%	**23,844**	**19.2%**	27.6%
Canada	2,261	2.3%	**3,978**	**3.2%**	75.9%
Europe	12,578	12.9%	**11,513**	**9.3%**	(8.5%)
Rest of the world	5,754	5.9%	**6,974**	**5.6%**	21.2%
Total	97,513	100.0%	**124,209**	**100.0%**	27.4%

Revenue from The PRC market increased by approximately US$19.7 million to approximately US$77.9 million for the year ended 31 December 2012 from approximately US$58.2 million for the year ended 31 December 2011. This increase was due to numerous governments' energy policies and acceleration of urbanization in second and third tier cities as a result of increasing awareness of building energy saving efficiency in the country.

Revenue from North America market (including America and Canada) increased by approximately US$6.8 million to approximately US$27.8 million for the year ended 31 December 2012 from approximately US$21.0 million for the year ended 31 December 2011. The increase was mainly attributable to the Group's strategies of effective optimization of products, enhancement of competitive advantage and leading market position.

Revenue from other market (including Europe and the rest of the world) slightly increased by approximately US$0.2 million to approximately US$18.5 million for the year ended 31 December 2012 from approximately US$18.3 million for the year ended 31 December 2011. This increase was attributable to the increasing efforts on marketing of such business segment to procure new projects in different countries all around the world and the increasing demand for building energy saving solutions and relevant products in the market.

Cost of sales

Cost of sales increased by approximately 30.5%, or approximately US$18.6 million, from approximately US$61.1 million for the year ended 31 December 2011 to approximately US$79.7 million for the year ended 31 December 2012. The increase was primarily due to an increase in cost of raw materials as a result of an overall increase in sales volume and an increase in the number of employees.

Gross profit

Due to the expansion of the Group's business scale, gross profit increased by approximately US$8.1 million from approximately US$36.4 million for the year ended 31 December 2011 to approximately US$44.5 million for the year ended 31 December 2012. Gross profit margin slightly decreased from approximately 37.3% for the year ended 31 December 2011 to approximately 35.9% for the year ended 31 December 2012.

Other revenue

Other revenue decreased from approximately US$1.3 million for the year ended 31 December 2011 to approximately US$1.2 million for the year ended 31 December 2012, due to a approximately US$0.1 million decrease in value added tax refunds by the PRC tax bureau for the sale of the Group's building energy saving solutions, partially offset by a slightly increase in government grant income in view of its high and new technology enterprise status.

Other net gain/(loss)

Other net gain/(loss) increased from approximately US$0.06 million loss for the year ended 31 December 2011 to approximately US$0.04 million gain for the year ended 31 December 2012 primarily due to the increase in foreign exchange.

Selling and distribution costs

Selling and distribution costs increased by approximately US$0.9 million, from approximately US$8.5 million for the year ended 31 December 2011 to approximately US$9.4 million for the year ended 31 December 2012. The increase was primarily due to an increase of approximately US$0.4 million in staff costs, business development costs and transportation costs associated with the expansion of the Group's sales and distribution network. As a percentage of sales, selling and distribution costs slightly decreased to 7.6% for the year ended 31 December 2012 from 8.7% for the year ended 31 December 2011.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately US$2.4 million, from approximately US$11.0 million for the year ended 31 December 2011 to approximately US$13.4 million for the year ended 31 December 2012. The increase was primarily due to an increase of approximately US$1.6 million in administrative staff costs, an increase of approximately US$0.5 million in provision for doubtful debt, partially offset by a decrease of approximately US$0.2 million operating lease charges.

Research and development expenses

Research and development expenses increased from approximately US$3.0 million for the year ended 31 December 2011 to approximately US$3.1 million for the year ended 31 December 2012, mainly due to the increase of the Group's effort in research and development activities.

Finance costs

Finance costs slightly increased from approximately US$0.5 million for the year ended 31 December 2011 to approximately US$0.6 million for the year ended 31 December 2012. The increase was primarily due to the increase in interest on loans and borrowings.

Income tax

Income tax increased from approximately US$2.8 million for the year ended 31 December 2011 to approximately US$4.0 million for the year ended 31 December 2012. The increase was mainly due to an increase in the Group's profit before taxation in 2012.

Profit for the year
As a result of the foregoing factors, Net profit for the year increased by approximately 28.7% from approximately US$11.8 million for the year ended 31 December 2011 to approximately US$15.2 million for the year ended 31 December 2012. Net profit margin slightly increased from approximately 12.1% for the year ended 31 December 2011 to approximately 12.2% for the year ended 31 December 2012.

Working capital and financial resources
The following table sets forth the Group's current assets and liabilities as of the dates indicated:

	As at 31 December	
	2011 (US$'000)	**2012 (US$'000)**
Inventories	14,807	**12,208**
Trade and other receivables	31,136	**47,888**
Trade and other payables	26,562	**44,052**
Average inventories turnover days	75	**62**
Average trade and other receivables turnover days	103	**116**
Average trade and other payables turnover days	143	**162**

The Group's inventories decreased from approximately US$14.8 million as at 31 December 2011 to approximately US$12.2 million as at 31 December 2012 primarily due to effective inventory management policy.

The Group's average inventory turnover days decreased from approximately 75 days in 2011 to approximately 62 days for the year ended 31 December 2012 to cope with the Group's inventory management policy.

The Group's trade and other receivables amounted to approximately US$31.1 million and approximately US$47.9 million as at 31 December 2011 and 2012 respectively. Such increase in trade and other receivables is due to the increase in the revenue of the Group as well as its global expansion.

The Group's average trade and other receivables turnover days were approximately 103 days and 116 days for the year ended 31 December 2011 and 2012 to cope with the Group's expansion.

The Group's trade and other payables increased from approximately US$26.6 million as at 31 December 2011 to approximately US$44.1 million as at 31 December 2012 resulting primarily from its global expansion and capability to negotiate for longer credit periods.

The Group's average trade and other payables turnover days was approximately 143 days and 162 days for the year ended 31 December 2011 and 2012 primarily attributable to the Group's capability to negotiate for longer credit periods, in particular, to cope with the longer credit period provided to the Group's customers (especially those project base customers) and the increased volume of the Group's business.

Liquidity and financial resources
During 2012, the Group has financed its operations primarily through cash flow from operations, bank borrowings and proceeds from the global offering. As at 31 December 2012, the Group had approximately US$40.5 million in cash and cash equivalents. The Group's cash and cash equivalents consist primarily of cash at bank and on hand and deposits that are readily convertible into known amounts of cash.

As of 31 December 2012, the Group's indebtedness consisted of short-term loan of approximately US$7.9 million, average annual interest rate is 5.8%, long-term loan of approximately US$7.1 million, average annual interest rate is approximately 4.8% and obligations under finance lease of approximately US$0.2 million. The short-term loan mainly represented an unsecured term loan of approximately US$3.2 million from CITIC, an unsecured term loan of approximately US$1.6 million from CMB, a term loan of approximately US$3.0 million and secured bank overdraft of approximately US$0.08 million from HSBC and other financial institutions. The increase in the Group's indebtedness in 2012 was mainly due to the payment of due loans.

The Group's debts were primarily denominated in Renminbi ("RMB"), Canadian dollar ("CAD") and Euro ("EUR"). Cash and cash equivalents were primarily denominated in RMB, CAD, EUR and U.S. dollars.

Gearing ratio as at 31 December 2012, defined as loans and borrowings divided by total assets, is approximately 10.2% (2011: approximately 6.5%).

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions related. The currencies giving rise to this risk are primarily Euros, United States Dollars and Hong Kong Dollars. The Group had not used any financial instruments for hedging purposes during the year under review. Nevertheless, the management will continue to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when conditions are required.

Pledge of assets
As at 31 December 2012, certain of the Group's interest-bearing bank borrowings were pledged by the Group's assets. The Group's pledged assets increased from approximately US$9.2 million as at 31 December 2011 to approximately US$14.8 million as at 31 December 2012 resulting primarily from the requirement of the bank.

Contractual obligation and capital commitments
The following table sets forth the Group's non-cancellable operating lease commitments as at 31 December 2011 and 2012. The Group's operating lease commitments relate primarily to its leases of office spaces, workspaces and machinery.

	2011 (US$'000)	**2012 (US$'000)**
Within one year	965	**1,021**
After one year but within five years	1,714	**1,458**
Total	2,679	**2,479**

The Group had capital commitments contracted for approximately US$4.3 million in the financial statements as at 31 December 2012.

Contingent liabilities
As at 31 December 2012, the Group did not have any material contingent liabilities.

Off-balance sheet arrangements
The Group does not have any special purpose entities that provide financing, liquidity, market risk or credit support to it or engage in leasing, hedging or research and development services with it. The Group has not entered into any derivative contracts that are indexed to the shareholders of the company (the "shareholders") and classified as Shareholders' equity, or that are not reflected in its financial statements. Moreover, the Group does not have any retained or contingent interest in assets transferred to an unconsolidated entity that services as credit, liquidity or market risk support to such entity.

On 23 July 2012 (the "Date of Grant"), the Company granted 48,500,000 share options to subscribe for a total of 48,500,000 ordinary shares in the share capital of the Company, subject to acceptance of the grantees, under the share option scheme adopted by the Company on 18 May 2012.

Employment, Training and Development
As at 31 December 2012, the Group had a total of 440 employees, an increase of 26% compared to 349 employees as at 31 December 2011. Total staff costs for 2012 increased to approximately US$12.1 million from approximately US$9.8 million for the year ended 2011, mainly due to employee and salary increment.

As a matter of policy, employees of the Group are remunerated based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis.

The Group provides training to its employees locally on a regular basis to keep them abreast of their knowledge in the Group's products, technology developments and market conditions of its industry. The Group also provides additional training for each new product launch so to facilitate its frontline sales staff's sales and orientation efforts. In addition, the Group's senior management also participates in conferences and exhibitions to deepen their knowledge in the industry.

Use of proceeds from the global offering
The Company's shares were listed on the Main Board of the Stock Exchange on 27 October 2011 with a total of 122,000,000 offer shares. The net proceeds raised from the offering was approximately HK$74.6 million (equivalent to approximately US$9.6 million) (the "Net Proceeds"). We intend to utilize the net proceeds from the offering in accordance with the proposed applications set out in the section headed "Use of Proceeds" in the prospectus of the Company dated 17 October 2011. As at the date of this report, approximately US$3 million has been used as general working capital, and for sales and marketing development. We have deposited the unused Net Proceeds with licensed banks in Hong Kong and Singapore, and are ready for use to pursue purchase opportunities, strategic alliances as well as mergers and acquisitions targets.

Merger and Acquisition
For the year ended 31 December 2012, no acquisition or disposal of subsidiaries or associates was made by the group.

Significant investment
For the year ended 31 December 2012, the group had no significant investment.

PROSPECT

The need to increase energy efficiency and savings while implementing green and sustainable measures enables the global building energy saving market to continue its momentum. In addition, with regulations that imposes certain energy efficiency standards for buildings in many countries of the globe, building owners and facility managers are widely opting to use building energy management products and solutions. Moreover, encouraging policies launched by those governments also stimulate the demand of building automation systems.

Benefiting from economic recovery and unfolding construction projects, the building energy saving market is expected to witness steady growth in the coming years. We believe that such growth will bring boundless opportunities of development for the industry. Looking forward, we will continue to focus on our business development plans with an objective to capitalise on our competitive advantages to capture business opportunities during the development of the industry.

Keeping Focus on Research and Development and Developing Product Solutions
We will continue to maintain the advantage of our research and development teams and further enhance the co-operation among our research and development centers. We will focus on product and solutions development to seize business opportunities through developing and promoting innovative products and solutions.

In the meanwhile, the Group will continue to collaborate with Tsinghua University and other research institutions to expedite product development and technology innovation by leveraging on our advantage of our talents and technological resources.

Expanding Sales Channels and Seizing the Opportunities of Domestic Market
The Chinese government emphasizes the importance of energy saving and reduction of emission in "12th Five-Year Plan" while the awareness of domestic building energy saving solutions keeps increasing, thus numerous statutory energy policies are gradually launched. Thanks to the gradual development of its economy, China speeds up the urbanization of second and third tier cities, thus immense business opportunities are brought to the building energy saving market under the drive of favorable measures in the country and demand.

The Group has been focusing on expanding the sales of our energy-saving solutions and products and customer base. The Group will utilize our global reputation, existing nationwide presence and cumulative experience in new products and solutions development to strengthen sale channels. Leveraging on our competitive pricing edge of products and services, it is believed that we are well-equipped with competitive advantages in the building energy saving market.

In the meanwhile, we will devote our resources to exploring new business models, expanding customer base and addressable market and enhancing our business presences.

Extending Business Realm and Promoting Internationalized Development

Actively expanding the overseas market has long been one of the Group's core strategies. The Group will continue to deepen and develop international market and leverage the co-operation with its distributors and system integrators to extend business areas and sales footprints. As for the customer base, we will further consolidate the co-operation with existing customers which are mainly sizable and chain enterprises.

Apart from promoting growth by the its own advantages, the Group has been establishing overseas subsidiaries with well-known overseas industry peers to form a strategic alliance for stronger brand and experience of international projects. In the future, the Group will continue to seek for companies with innovative technology and capabilities to form strategic partnerships in order to raise its scale, expand its product variety and portfolio, widen its geographic reach and enhance the rapid growth of the Group. On the other hand, the Group will continue to make efforts on exploring the growth of emerging markets while the ASEAN Free Trade Area is one of the targets for the Group's future business development.

In a nutshell, the Company will take advantage of the favourable opportunities offered by the soaring demand of the energy-saving building, and consolidate our leading position in the industry. Given our advantage focusing on research and development of products and solutions, our efforts on expanding global sales and marketing distribution, actively pursuit for suitable strategic partnerships, we are confident of creating value for our shareholders.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2012, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices as set out in the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Main Board Listing Rules) and the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering a period after 1 April 2012).

MODEL CODE FOR SECURITIES TRANSACTIONS OF DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has also adopted the Model Code set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") effective since its adoption by the Company from 8 September 2011 and throughout the year ended 31 December 2012 as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions during the year ended 31 December 2012.

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 year ended 31 December 2012.

DIVIDENDS

The Company has not declared and paid any dividend during the year ended 31 December 2012. The Board does not recommend any final dividend for the year ended 31 December 2012.

BOOK CLOSURE

In order to determine the entitlement to attend and vote at the annual general meeting ("AGM"), the transfer books and register of members of the Company will be closed from Wednesday, 8 May 2013 to Friday, 10 May 2013, both days inclusive, during which period no transfer of Shares in the Company will be effected. The record date for entitlement to attend and vote at the AGM is Friday, 10 May 2013. In order to be eligible to attend and vote at the forthcoming AGM of the Company to be held on 10 May 2013, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4: 30 p.m. on Tuesday, 7 May 2013.

AGM

The AGM of the Company will be held in Hong Kong on Friday, 10 May 2013. Notice of the annual general meeting will be issued and disseminated to shareholders of the Company in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (www.hkex.com.hk) and the Company (http://www.tecnovator.com.sg). The annual report for the year ended 31 December 2012 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT

This annual results announcement is available for viewing on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company's website at www.technovator.com.sg.

AUDIT COMMITTEE

The Group's audited consolidated results for the year ended 31 December 2012 have been reviewed by the audit committee of the Company, who are of the opinion that the annual results comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures have been made.

By Order of the Board of
Technovator International Limited
Lu Zhicheng
Chairman

Beijing, 21 March 2013

As at the date of this announcement, the executive Directors of the Company are Mr. Zhao Xiaobo and Mr. Seah Han Leong; the non-executive Director is Mr. Lu Zhicheng, Dr. Li Jisheng, Mr. Liu Tianmin and Mr. Ng Koon Siong; and the independent non-executive Directors are Mr. Fan Ren Da Anthony, Mr. Chia Yew Boon and Ms. Chen Hua.

* *For identification purpose only*