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

(incorporated in Singapore with limited liability)

(Stock Code: 1206)

2015 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 2015, together with the comparative figures for the year ended 31 December 2014. These results have been reviewed by the Company's audit committee, comprising solely the independent non-executive Directors, one of whom chairs the committee.

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015
(Expressed in Renminbi ("RMB"))

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations			
Revenue	2, 3	**1,692,624**	1,394,346
Cost of sales		**(1,297,085)**	(1,023,120)
Gross profit		**395,539**	371,226
Other revenue		**58,475**	24,675
Other net gain		**1,888**	1,291
Selling and distribution costs		**(70,269)**	(67,960)
Administrative and other operating expenses		**(144,193)**	(109,003)
Profit from operations		**241,440**	220,229
Finance costs	4(a)	**(34,794)**	(22,349)
Profit before taxation		**206,646**	197,880
Income tax	5(a)	**(21,351)**	(41,803)
Profit for the year from continuing operations		**185,295**	156,077
Discontinued operation			
Profit for the year from discontinued operation	6	**599,318**	40,967
Profit for the year		**784,613**	197,044

CONSOLIDATED INCOME STATEMENT *(Continued)*
For the year ended 31 December 2015
(Expressed in Renminbi ("RMB"))

	Note	**2015** **RMB'000**	2014 RMB'000 (Restated)
Profit attributable to:			
Equity shareholders of the Company			
– Profit for the year from continuing operations		**184,104**	156,809
– Profit for the year from discontinued operation		**594,815**	27,701
		778,919	184,510
Non-controlling interests			
– Profit for the year from continuing operations		**1,191**	(732)
– Profit for the year from discontinued operation		**4,503**	13,266
		5,694	12,534
Profit for the year		**784,613**	197,044
Earnings per share	*7*		
For continuing and discontinued operations			
– Basic (RMB)		**1.0680**	0.2959
– Diluted (RMB)		**1.0092**	0.2677
For continuing operations			
– Basic (RMB)		**0.2524**	0.2515
– Diluted (RMB)		**0.2385**	0.2371

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015
(Expressed in Renminbi ("RMB"))

	Note	**31 December 2015** **RMB'000**	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment		**266,944**	342,147	352,962
Lease prepayment		**3,068**	3,178	3,289
Intangible assets		**256,442**	261,927	209,064
Goodwill		**–**	85,451	94,796
Other financial assets		**241,881**	283,870	161,406
Deferred tax assets		**9,782**	5,672	7,703
		778,117	982,245	829,220
Current assets				
Trading securities		**6,211**	12,218	11,113
Inventories		**283,762**	186,000	191,846
Trade and other receivables	8	**1,212,817**	926,583	630,706
Gross amounts due from customers for contract work		**422,613**	354,459	311,590
Cash and cash equivalents		**1,261,853**	454,698	421,977
		3,187,256	1,933,958	1,567,232
Current liabilities				
Trade and other payables	9	**1,459,534**	855,875	805,993
Gross amounts due to customers for contract work		**1,457**	4,478	310
Loans and borrowings		**276,702**	390,049	204,816
Obligations under finance leases		**167**	182	184
Income tax payable		**17,115**	18,093	10,735
		1,754,975	1,268,677	1,022,038
Net current assets		**1,432,281**	665,281	545,194
Total assets less current liabilities		**2,210,398**	1,647,526	1,374,414

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2015
(Expressed in Renminbi ("RMB"))

	Note	**31 December 2015** *RMB'000*	31 December 2014 *RMB'000* *(Restated)*	1 January 2014 *RMB'000* *(Restated)*
Non-current liabilities				
Loans and borrowings		**168,699**	235,310	211,603
Obligations under finance leases		**335**	511	693
Deferred tax liabilities		**6,995**	18,830	11,974
Deferred income		**27,573**	4,770	–
Other non-current liabilities		**–**	207,547	216,725
		203,602	466,968	440,995
NET ASSETS		**2,006,796**	1,180,558	933,419
CAPITAL AND RESERVES				
Share capital	*10*	**1,246,989**	629,544	259,412
Reserves		**751,721**	521,098	643,848
Total equity attributable to equity shareholders of the Company		**1,998,710**	1,150,642	903,260
Non-controlling interests		**8,086**	29,916	30,159
TOTAL EQUITY		**2,006,796**	1,180,558	933,419

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015
(Expressed in RMB unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

This announcement does not comprise the consolidated financial statements for the year ended 31 December 2015 but the information herein has been extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2015.

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries.

During 2015, Tongfang Technovator Int (Beijing) Co., Ltd ("Technovator Beijing", a wholly-owned subsidiary of the Company) and Tongfang Energy Saving Engineering Technology Co., Ltd. ("Tongfang Energy Saving", an indirect wholly-owned subsidiary of the Company) acquired certain businesses in relation to providing intelligence integrated solutions which center around supervision and control systems in the fields of intelligent rail transit, intelligent building and intelligent urban heating network (the "Target Businesses", in each case, together with the assets and liabilities associated with such businesses) from THTF. As the Company and the Target Businesses are under common control of Tsinghua Tongfang Co., Ltd, consequently, the acquisition of Target Businesses are accounted for using merger accounting as prescribed in Hong Kong Accounting Guideline 5, Merger Accounting for Common Control Combinations ("AG 5") issued by the HKICPA. The comparative amounts in the consolidated financial statements have been restated. The details are disclosed in note 11.

(b) Changes in presentation currency

Following the disposal of Distech Controls Inc. during the year (the details are disclosed in note 6), majority of the Group's business are carried out in the PRC. Therefore, the Company determined to change its presentation currency from US$ to RMB, which is the functional currency of the Group entities in the PRC. The consolidated financial statements for the year ended 31 December 2014 with an additional statement of financial position as at 1 January 2014 have been re-translated into RMB from US$. All financial information presented in RMB has been rounded to the nearest thousand except for earnings per share.

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

2 REVENUE

The Group are principally engaged in integrated and comprehensive urban smart energy saving services. Its business covers three major segments including smart transportation, smart building and complex and smart energy, providing the customers with smart energy management products, solutions and integrated services throughout their full life cycles.

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 2015 and 2014 are as follows:

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Sales of goods	**705,431**	733,690
Provision of services	**86,749**	75,909
Contract revenue	**900,444**	584,747
	1,692,624	1,394,346

3 SEGMENT REPORTING

The Group manages its businesses by divisions. 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 three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Smart transportation business ("STB"): It comprises a series of proprietary software and hardware products and systems for rail transit such as Integrated Supervision and Control System (ISCS), Building Automation System (BAS) for rail transit and safety door system, providing integrated solutions with full life cycles ranging from planning, procurement, installation and commissioning to aftersales service.

Smart building and complex business ("SBB"): It provides integrated intelligence solutions and efficiency management services, namely integrated energy consumption monitoring, energy-saving consultation and reformation services and integration and product supply of intelligence system for buildings, aimed at different building and complex and rendering full life-cycle services of which reduces energy consumption and operating costs of building.

Smart energy business ("SEB"): It comprised a series of leading technologies such as regional energy planning, integrated utilization of industrial waste heat recovery technology, heat pump technology, independent temperature and humidity control technology and variable air rate technology applied in the energy cascade utilization as well as optimization and transformation of energy system throughout the energy production processes. The Group possess self-owned core leading technologies such as heating network, heat monitoring and optimal regulation, distributed variable frequency heating technology, cooling and heating network balancing technology, combined multi-heat sources heating technology.

During the year ended 31 December 2015, the Group acquired certain business from THTF, which relates to providing intelligence integrated solutions center around supervision and control systems in the fields of intelligent rail transit, intelligent building and intelligent urban heating network. As a result, the way in which information is reported internally to the Group's chief operating decision maker for the purpose of resource allocation and performance has changed in a manner that the financial information of the STB, SBB and SEB segments are separately reported to and reviewed by the chief operating decision maker.

As a result of the above change, the corresponding figures of segment reporting for the year ended 31 December 2014 were restated to reflect the financial information of those new segments.

(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 finance cost, depreciation and amortisation. 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 income 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 from continuing operations 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 2015 and 2014 is set out below:

	STB		SBB		SEB		Discontinued operation*		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		*(Restated)*		*(Restated)*		*(Restated)*		*(Restated)*
Revenue from external customers	**626,755**	234,775	**734,440**	817,944	**331,429**	341,627	**284,805**	389,007	**1,977,429**	1,783,353
Inter-segment revenue	**–**	–	**32,308**	105,629	**–**	–	**3,652**	4,316	**35,960**	109,945
Reportable segment revenue	**626,755**	234,775	**766,748**	923,573	**331,429**	341,627	**288,457**	393,323	**2,013,389**	1,893,298
Reportable segment profit	**130,470**	33,917	**143,414**	191,747	**78,619**	79,394	**45,345**	90,525	**397,848**	395,583
Interest income	**365**	192	**21,197**	5,172	**8,116**	4,457	**708**	1,258	**30,386**	11,079
Impairment losses	**2,522**	1,741	**2,955**	6,064	**29,441**	2,533	**–**	–	**34,198**	10,338

* *See note 6.*

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

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Reportable segment revenue	**2,013,389**	1,893,298
Elimination of inter-segment revenue	**(35,960)**	(109,945)
Elimination of discontinued operation *(note 6)*	**(284,805)**	(389,007)
Consolidated revenue	**1,692,624**	1,394,346
Profit		
Reportable segment profit	**397,848**	395,583
Elimination of discontinued operation *(note 6)*	**(23,208)**	(61,116)
Reportable segment profit derived from the Group's external customers	**374,640**	334,467
Depreciation and amortisation	**(92,947)**	(79,319)
Finance costs	**(44,245)**	(31,065)
Unallocated head office and corporate expenses	**(30,802)**	(26,203)
Consolidated profit before taxation	**206,646**	197,880

(c) Geographic information

As the Group does not have material operations outside the PRC from continuing operations, no geographic segment information is presented.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
(a) Finance costs		
Interest on loans and borrowings	**34,794**	22,343
Other financial costs	**–**	6
	34,794	22,349
(b) Staff costs		
Salaries and other benefits	**104,453**	99,676
Contributions to defined contribution retirement schemes	**12,321**	11,091
Equity settled share-based payment expenses	**9,542**	12,040
	126,316	122,807

5 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Current tax		
Provision for the year	**32,661**	34,100
Under provision in respect of prior years	**(780)**	(983)
Tax refund	**(6,167)**	–
	25,714	33,117
Deferred tax		
(Reversal)/origination of temporary differences	**(4,363)**	8,686
	21,351	41,803

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	Note	**2015** **RMB'000**	2014 RMB'000 (Restated)
Profit before taxation		**206,646**	197,880
Notional tax expense calculated at the corporate tax rate of the Company	*(i)*	**35,130**	33,640
Effect of rate differential of entities operating in different tax jurisdictions	*(ii)*	**18,753**	17,539
Tax effect on non-deductible expenses		**3,090**	2,345
Effect of tax concession	*(iii)/(iv)*	**(33,993)**	(14,745)
Tax effect of unused tax losses not recognised		**5,318**	4,007
Tax refund	*(iv)*	**(6,167)**	–
Over provision in prior years		**(780)**	(983)
Actual income tax expense		**21,351**	41,803

Notes:

(i) The Company is subject to Singapore corporate income tax at 17% for the years ended 31 December 2015 and 2014. No provision for Singapore income tax was made because the Company sustained tax losses for the years ended 31 December 2014 and 2015.

(ii) The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% for the years ended 31 December 2014 and 2015.

The subsidiary of the Group established in the Cayman Islands is not subject to any income tax pursuant to the rules and regulations of the Cayman Islands.

The subsidiary of the Group established in Hong Kong is subject to Hong Kong Profits Tax rate of 16.5% for the years ended 31 December 2014 and 2015.

(iii) Technovator Beijing is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until October 2017.

Tongfang Energy Saving is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until December 2016.

(iv) During 2015, Tongfang Technovator Software (Beijing) Co., Ltd. ("Software Beijing") obtained the certificate of Software and Integrate Circuit Enterprise issued by the local authorities and the local tax bureau approved its entitlement to a preferential tax rate of tax free for two years from the first year of profit making and 12.5% for the third to fifth years. Upon the approval of the preferential tax policy, the local tax bureau agreed the refund of income tax of RMB 6,167,000 paid by Software Beijing for 2014, which is deemed to be the first profit making year of Software Beijing.

6 DISCONTINUED OPERATION

On 1 September 2015, the Group completed the disposal of all of its equity interests in Distech Controls Inc. ("Distech Controls") for a total consideration of CAD133 million (equivalent to RMB642 million). At 31 December 2015, the Company has received the consideration in cash of CAD117 million (equivalent to RMB569 million), and the escrow amount of CAD16 million (equivalent to RMB73 million) is recorded in other receivables. Upon the completion of the transaction, Distech Controls ceased to be a subsidiary of the Company.

Due to the disposal of Distech Controls during the year ended 31 December 2015, which represents a discontinuance of operation of a separate major geographical area of operations, the comparative figures have been re-presented to reclassify the operation of Distech Controls as discontinued operation for the year ended 31 December 2014.

Results of discontinued operation:

	2015	2014
	RMB'000	*RMB'000*
Revenue	**284,805**	389,007
Net expenses	**(252,146)**	(319,175)
Finance costs	**(9,451)**	(8,716)
Results from discontinued operating activities	**23,208**	61,116
Income tax	**(9,140)**	(20,149)
Results from discontinued operating activities, net of tax	**14,068**	40,967
Gain of disposal of shares of Distech Controls	**585,250**	–
Profit for the year from discontinued operation	**599,318**	40,967
Basic earnings per share (RMB)	**0.8156**	0.0444
Diluted earnings per share (RMB)	**0.7707**	0.0306

The calculation of basic earnings per share from discontinued operation are RMB 0.8156 (2014: RMB0.0444), based on the profit for the year from discontinued operation attributable to the equity shareholders of the Company of RMB594,815,000 (2014: RMB27,701,000) and the weighted average number of ordinary shares for basic earnings per share as disclosed in note 7(a).

The calculation of diluted earnings per share from discontinued operation are RMB0.7707 (2014: RMB0.0306), based on the profit for the year from discontinued operation of RMB594,815,000 (2014: RMB20,270,000) and the weighted average number of shares for diluted earnings per share as disclosed in note 7(b).

7 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

From continuing and discontinued operations

(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 RMB778,919,000 (2014: RMB184,510,000 (as restated)) and the weighted average number of ordinary shares of 729,345,866 (2014: 623,550,209) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2015	2014
	Number of shares	*Number of shares*
Issued ordinary shares at 1 January	**644,228,189**	611,226,142
Issuance of shares	**82,344,115**	–
Shares issued upon acquisition of Excel Perfect	**–**	11,387,355
Effect of exercise of Share Option Scheme 2012	**2,773,562**	936,712
Weighted average number of ordinary shares at 31 December	**729,345,866**	623,550,209

(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 RMB778,919,000 (2014: RMB177,079,000 (as restated)) and the weighted average number of ordinary shares of 771,801,407 (2014: 661,387,532) in issue during the year, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted):

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to ordinary equity shareholders	**778,919**	184,510
Diluted effects of redeemable preference shares	**–**	(7,431)
Profit attributable to ordinary equity shareholders (diluted)	**778,919**	177,079

(ii) Weighted average number of ordinary shares (diluted):

	2015	2014
	Number of shares	*Number of shares*
Weighted average number of ordinary shares at 31 December	**729,345,866**	623,550,209
Effect of deemed issue of ordinary shares under the Company's option scheme for nil consideration	**42,455,541**	37,837,323
Weighted average number of ordinary shares (diluted) at 31 December	**771,801,407**	661,387,532

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations is based on profit for the year attributable to the ordinary equity shareholders of the Company from continuing operations of RMB184,104,000 (2014: RMB156,809,000 (as restated)), and the denominators used are the same as those detailed above for basic and diluted earnings per share, respectively.

8 TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Trade debtors due from related parties	**69,885**	86,430
Other trade debtors and bills receivable	**911,349**	713,129
Less: Allowance for doubtful debts	**(35,505)**	(30,172)
	945,729	769,387
Other receivables		
– amounts due from related parties	**20,441**	12,036
– amounts due from third parties	**95,700**	22,539
Less: Allowance for doubtful debts	**(1,116)**	(1,116)
Loans and receivables	**115,025**	33,459
Deposits and prepayments	**152,063**	123,737
	1,212,817	926,583

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:

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Current	**469,754**	485,881
Less than 1 month past due	**114,156**	23,562
More than 1 month but less than 3 months past due	**12,052**	79,229
More than 3 months but less than 12 months past due	**190,260**	99,945
More than 12 months past due	**159,507**	80,770
	475,975	283,506
	945,729	769,387

Trade debtors and bills receivable are due within 0–180 days from the date of billing.

9 TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Trade payables due to related parties	**91,229**	57,313
Other trade and bills payable	**684,983**	561,368
	776,212	618,681
Other payables and accruals		
– amounts due to related parties *(note)*	**479,324**	21,559
– amounts due to third parties	**40,034**	68,856
Financial liabilities measured at amortised cost	**1,295,570**	709,096
Receipts in advance	**163,964**	146,761
Deferred income	**–**	18
	1,459,534	855,875

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

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
By date of invoice:		
Within 3 months	**560,376**	376,828
More than 3 months but within 6 months	**81,934**	46,114
More than 6 months but within 12 months	**61,334**	98,127
More than 12 months	**72,568**	97,612
	776,212	618,681

Note: At 31 December 2015, the other payables due to related parties include a balance of RMB478,017,000 payable to THTF, representing the remaining balance of the consideration for the acquisition of the Target Businesses (see note 11). The amount shall be settled before 31 October 2016 and is interest bearing at the loan interest rate stipulated by People's Bank of China for the corresponding period.

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2015 Number of shares	**2015** Amounts *RMB'000*	2014 Number of shares	2014 Amounts *RMB'000*
Ordinary shares issued and fully paid:				
At 1 January	**644,228,189**	**629,544**	521,520,000	259,412
Issuance of shares (i)	**128,994,000**	**592,097**	–	–
Shares issued for the acquisition of TFRH Investments and Excel Perfect (ii)	**–**	**–**	119,608,189	366,680
Shares issued under Share Option Scheme 2012 (iii)	**22,050,000**	**25,348**	3,100,000	3,452
At 31 December	**795,272,189**	**1,246,989**	644,228,189	629,544

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) On 12 May 2015, the Company issued a total of 128,994,000 shares at the price of HK$5.95 per share.

(ii) On 14 August 2014, a total of 119,608,189 Shares were issued at HK$4.00 per share in relation to the acquisition of TFRH Investments and Excel Perfect by the Company.

(iii) During 2015, a total of 22,050,000 shares were issued by the Company upon the exercise of shares options by certain grantees pursuant to the Share Option Scheme 2012 at a consideration of RMB21,099,000 which was credited to share capital and RMB4,249,000 has been transferred from the share based compensation reserve to the share capital.

(b) Dividends

The Board proposed the payment of a special dividend of RMB0.10 per share (2014: nil) to equity shareholders of the Company after the end of the reporting period, and the special dividend has not been recognised as a liability at the end of the reporting period.

11 BUSINESS COMBINATION UNDER COMMON CONTROL

On 31 October 2015, the Group completed the acquisition of the Target Businesses for a total consideration of RMB661,796,000.

As the Company and the Target Businesses are under common control of Tsinghua Tongfang Co., Ltd, consequently, the acquisition of Target Businesses are accounted for using merger accounting as prescribed in Hong Kong Accounting Guideline 5, Merger Accounting for Common Control Combinations ("AG 5") issued by the HKICPA. The comparative amounts in the consolidated financial statements have been restated.

The reconciliation of the effect arising from the business combinations under common control on the consolidated financial statements of the Group for the year ended 31 December 2014 is as follows:

	The Group (as previously reported)	**Target businesses (including elimination)**	**The Group (as restated)**
	RMB'000	*RMB'000*	*RMB'000*
Results of operations for the year ended 31 December 2014:			
Profit for the year	162,258	34,786	197,044
Profit attributable to:			
– Equity shareholders of the Company	149,724	34,786	184,510
– Non-controlling interests	12,534	–	12,534
Financial position as at 31 December 2014:			
Non-current assets	873,943	108,302	982,245
Current assets	1,342,659	591,299	1,933,958
Current liabilities	928,759	339,918	1,268,677
Non-current liabilities	466,968	–	466,968
Total equity attributable to the equity shareholders of the Company	790,959	359,683	1,150,642
Non-controlling interests	29,916	–	29,916

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

By 2015, Technovator has gone through a decade. Inherited from Tongfang Co., Ltd, ("THTF", 600100.SSE) tremendous depth of technology expertise, innovative products and build-up of talents, Technovator has rapidly grown to be a leading energy saving services provider.

During the year, with the support from capital market, the Group conducted major adjustment to the overall structure and unified the long-term strategic layout. We clearly and firmly capitalized on informatization and intelligence and adhered to the development strategy which concentrated on urban integrated energy saving business. The Group integrated its internal and external resources and reclassified its business segments into three major segments including smart transportation, smart building and complex and smart energy, providing the customers with smart energy management products, solutions and services throughout their full life cycles.

In recent years, an unprecedented historic opportunity has occurred in the energy saving industry. While the PRC government is raising awareness towards the development of energy saving and low-carbon cities, its systematic promotion and full implementation still require a long-term progressive development. In this critical period with opportunities and challenges, by leveraging the integrated advantages of "Products+Technologies+Services" and the full strength of the capital market, the Group continued to enhance its brand influence, deepened the market penetration and expanded service scope and business model. The Group maintained a continuous and steady growing trend and established a solid foundation for further promoting the development of integrated urban energy saving business in an active manner.

In 2015, the revenue from continuing operation of the Group amounted to approximately RMB1,693 million, representing a year-on-year increase of 21.4%. The profit attributable to the equity shareholders of the Company amounted to approximately RMB785 million, representing a year-on-year increase of 3.2 times. Meanwhile, the Group completed the disposal of Distech Controls Inc. ("Distech Controls"), an overseas subsidiary in Canada during the year with a disposal gain of approximately CAD$122 million, representing approximately RMB585 million. A substantial increase in profit for the year of 40.0% to RMB219 million is recorded after excluding the impact of the one-off adjustment. The adjusted profit margin for the year increased by 1.7 percentage points to 12.9%.

BUSINESS REVIEW

Multiple capital operations and clear strategic layout

In August 2015, the Group completed the disposal of its equity interests owned in Distech Controls, a subsidiary in Canada, with approximately CAD$122 million of disposal gain, representing approximately RMB585 million. The Group had a fruitful harvest through its adjustment to the strategic layout and market development on Distech Controls in these few years. At the same time, it rapidly enhanced the Group's ability to produce its own products and the products were in line with trend of the international market. Not only did this disposal contribute a substantial return on investment for the Group, but also reach a win-win situation with co-development which is long-lasting and mutual beneficial through the continuous business transactions and cooperation between both sides. Moreover, it benefited the strategic reorganization of the Group's internal resources and focus on the Chinese market, accelerating reformation and achieving leaping development.

In October 2015, the Group utilized the proceeds from the placing of new shares in the beginning of the year to complete the acquisition of the related businesses and assets in the fields of intelligent rail transit, intelligent building and intelligent urban heating network of the parent company, Tongfang Co., Ltd in order to enhance the core advantages in the integrated services and clientele for the Group and give a new impetus to the development of the smart energy saving business. Through a series of capital operations, the Group has enhanced its business layout and proactively optimized and reorganized the business structure as well as differentiated the future business segments so as to elevate the overall operating efficiency and lay a solid foundation for the Group's long-term sustainable development.

Looking forward, the Group will focus on three major business segments including smart transportation, smart buildings and complex and smart energy, bring along the development of integrated urban energy saving business by way of informatization and intelligence and provide the customers with smart energy management products, solutions and integrated services throughout their full life cycles.

Fruitful Results from all business segments

➢ *Smart Transportation Business:*

The Group continued to maintain its leading industry position in respect of rail transit informatization and intelligence. It inherited the achievement for over 30 years in scientific research and industrialization from Tsinghua University and the accumulated project experience for over a decade from its parent company. The core technologies and a series of proprietary software and hardware products and systems for rail transit such as Integrated Supervision and Control System (ISCS), Building Automation System (BAS) for rail transit and safety door system, providing integrated solutions with full life cycles ranging from planning, procurement, installation and commissioning to aftersales service. Meanwhile, the Group continued to develop new growth drivers in respect of rail transit. The design of Platform Screen Door System (PSD v2.0) for rail transit was finalized during the year and introduced to the market at a fast pace. With the surging energy consumption of rail transit operation driven by the burgeoning rail links across various cities, currently, the Group actively exploreds and strives to be the pioneer in rail transit energy saving business in Mainland China backed by its proprietary core technologies. Its proprietary products and solutions include EnCs – a machine-learning based software for rail transit and Techcon EEC – the professional energy-saving monitoring system for rail transit and their application were successfully realized. The Group strives to be a leader and active promoter in the rail transit energy saving market in the future in order to create new business driving sources for smart transportation business segment.

The smart rail transit business recorded remarkable growth during the year. As for the segment of integrated rail transit supervision and control, a long-existing and well-developed business, the Group successfully contracted various rail transit projects including Guangzhou rail transit line 9 and line 21, Changsha rail transit line 1 and Shijiazhuang rail transit line 1. As at the end of 2015, our business footprint has been spread across 17 cities with more than 40 rail transit routes, namely, Beijing, Tianjin, Chongqing, Guangzhou, Shenzhen, Changsha, Wuhan, Chengdu, Suzhou, Nanjing, Qingdao, Shijiazhuang, Dalian, Changchun, Harbin and Lanzhou, and Tehran in Iran. At the same time, our successful application of proprietary Integrated Supervision and Control Software platform (ezISCS), demonstrated that the Group successfully broke up a monopoly of foreign companies in respect of the core technology of integrated supervision and control software platform, which will further enhance the profit margin and competitiveness of this type of project. Meanwhile, the Group has successfully contracted the project of rail transit network command centre in Shenzhen. Currently, our Network Command Center System (TCC) has covered three megalopolises, namely Beijing, Guangzhou and Shenzhen, so that application of our integrated supervision and control system has been escalated from route-level to city-level. Based on the above, the Group has been steadily operating its energy saving transformation demonstration project – Beijing rail transit No. 8 Forest Park South Station based on the business model of Energy Management Contract (EMC), and realized an integrated energy-saving rate of over 60%, which has been highly recognized by proprietors and the relevant state authorities. Having a high technical barrier, enormous market potential and the promising prospects for development in energy-saving business of rail transit, the Group will swiftly replicate the successful energy-saving model of a single station to a number of rail transit routes and several rail transit networks in cities with an approach of connecting lines and networks.

➢ *Smart Building and Complex Business:*

Regarding the business of smart building, the Group is committed to providing integrated intelligence solutions and efficiency management services, namely integrated energy consumption monitoring, energy-saving consultation and reformation services and integration and product supply of intelligence system for buildings, with an aim at different building and complex and rendering full life-cycle services of which reduces energy consumption and operating costs of building. Leveraging the technical experience of over 20 years with successful implementation of over 1000 projects and its commitment to significant exemplary construction works, the intelligent building business acquired by the parent company had a substantial advantage in the field of intelligence services for buildings during the year and was ranked the top in terms of national construction volume in nine consecutive years, which accumulated considerable amounts of regular customer resources. Meanwhile, along with the continuous expansion of the research and development of the Group's core technology, and based on the successful completion of upgrade in the platform "arm" under our full proprietary exploration and research for years and its application to products of Techcon04 series during the period,Techcon EEC, the professional energy-saving monitoring system, continuously expanded its services, together with another upgrade of IBS proprietary software during the year and the breakthrough in research and development and successful application of "Huixin" ("慧芯") technology in energy storage project for buildings. The Group effectively combined technology with project experience as a strong support in accelerating the integrated energy saving business in the field of building and complex.

Subsequent to the success in the strategy which facilitated the pilot project of city-level building energy-saving reform in Chongqing, the Group has made a significant progress in Wuhan during the year. With the support of the loan from French Development Agency in the reforming progress of building energy-saving in Wuhan, the Group participated in and completed the construction of the energy consumption monitoring platform for 76 sizable public buildings and information access at the early stage and deepened its penetration in a series of services for building energy-saving reforms on several hospitals and school campuses at late stage, representing a market share of over 60%. By signing a strategic cooperation agreement with the government of Ningbo, the Group properly motivated the comprehensive development of smart green industry of Ningbo through pilot exemplary technology innovation. At the same time, the Group will seize the opportunity in the new model cities in respect of energy-saving reform driven by the 13th Five Year Plan in Mainland China with an aim at obtaining breakthroughs in Chongqing Phase 2 and some key cities in Shandong and Guangxi. During the year, the Group proactively explored and made attempts at "internet + energy" as well as the management, control and application of big data in energy consumption. The successful signing of the "Central Platform for Energy Consumption Data Analysis of Public Buildings" ("公共建築能耗數據分析中央級平台") project of the Ministry of Housing and Urban-Rural Development of the PRC has established the network hierarchy in terms of state, provincial, municipal and individual buildings to access energy consumption data of buildings. The Huiyun Intelligent Management Platform (慧雲智能化管理平台) developed by the Group for Wanda Group has completed data access for 8 Wanda Plazas in the first batch and the Group will gradually conduct Huiyun Intelligent Management in other commercial property projects of Wanda in Mainland China. From a view of monitoring, management and control of building energy consumption, the Group strives to create new sources of growth for its future development and contributes its efforts on consistent standards and standardized development of the building energy-saving industry by implementing big data collection, analysis, research as well as post-application and development with its advantageous position in the industry while the projects are in operation.

➢ *Smart Energy Business:*

Following the rapid urbanization and the development of smart cities in Mainland China, centralized and efficient use of energy in the cities, particularly the cities of Northern China with centralized heating supply, winter heating supply network ("**heating network**") and intelligent heating supply source become integral parts of the urban integrated energy saving industry. Currently, the Group planned and enriched the industry landscape and expertise with a series of leading technologies such as regional energy planning, integrated utilization of industrial waste heat recovery technology, heat pump technology, independent temperature and humidity control technology and variable air rate technology applied in the energy cascade utilization as well as optimization and transformation of energy system throughout the energy production processes ("**source**"). All these technologies are extensively applied to respective projects with remarkable energy saving result. The Group possess self-owned core leading technologies such as heating network, heat monitoring and optimal regulation, distributed variable frequency heating technology, cooling and heating network balancing technology, combined multi-heat sources heating technology through the acquisition of businesses and assets in relation to intelligent urban heating network under the parent company ("**network**"). The customers of intelligent heating network are across 12 provinces, municipalities and autonomous regions in Northern China covering heating area of nearly 800 million square meters. It is expected a substantial room for improvement in the future market with urbanization in Mainland China at a fast pace.

During the year, the Group continued to facilitate the development of intelligent heating network and energy saving projects with newly signed intelligent heating network projects in cities such as Chifeng, Taiyuan, Baoding, Wuhai and Xinxiang, while the heating network energy saving EMC projects originally in Taiyuan, Wuhai and Shenyang are operating steadily with a sustainable revenue contribution from energy-saving sector. In addition, the Group continued to consolidate its business development in waste heat recovery and reuse, and contracted with Guodian Jilin Jiangnan Thermal Power (國電吉林江南熱電) and Dalian North Thermal Power (大連北方熱電) to conduct several sizable projects in respect of waste heat recovery and reuse during the year. Meanwhile, the Group actively facilitated the structural optimization and resource reorganization in relation to the smart urban heating business during the year. It strives to explore the full business synergies from energy generation, transportation and distribution as well as consumption in urban centralized heating supply aspects in order to offer "source, network and user" – integrated energy management services and build a solid foundation for enhancing the overall revenue of smart urban heating business by exploring sustainable operation model such as heating network hosting and franchise.

Outlook

Under the favorable conditions of increasingly strong awareness of and demand for energy saving and emission reduction, along with the strategy of prioritized energy saving and energy efficiency enhancement continuously and proactively promoted by the Chinese governments, Technovator will continue to seize historic opportunities and keep on expanding models, exploring markets, innovating technologies, integrating resources based on its own technologies, brand and advantageous resources so as to become a leader in Mainland China's urban energy-saving and an active promoter of industry development.

➢ *Promotion of Integrated Energy Saving Business with Support of a New Era Arising from the Development of the 13th Five Year Plan*

Year 2016 is a start of the "13th Five Year Plan" in Mainland China. The "13th Five Year Plan" outlines the development of service sector as the target, promotion of energy saving and environmental-friendly products, support of innovative technological equipment and service model, optimization of policy and mechanism, facilitating the growth of energy saving and environmental-friendly industry, implementation of energy saving actions and plans in public as well as full acceleration of energy saving in industry, construction, transportation and public institutions. The 2016 government work report also firmly indicates the full support of the development of advanced technologies in energy saving and environmental protection and the promotion of business model based on energy management contract (EMC). As a leading provider of integrated energy saving services, Technovator will actively respond to the needs and changes ahead and timely adjust business strategies and models. With a solid foundation of informatization and intelligence business, the Group will consolidate customer's demands and put more efforts on resource integration and marketing for energy saving in respective business segments. It will expedite its energy saving technology breakthroughs in all aspects as well as product innovation, promotion and application. In the future, the Group will quickly expand the markets and enhance profit margin by efforts on developing energy saving EMC model, promoting pilot projects and enhancing market share of its proprietary products. The Group will not only revitalize the existing market but also develop new major cities and more large-scale customers with quality. With major breakthrough in landmark projects, we shall explore scale-up development in mass projects in hope of achieving prosperous and fast development in various energy saving business areas such as smart transportation, smart building and complex as well as smart urban heating.

➢ *Raising Investment in Technological Research and Development and Innovation, Facilitating Industrialization of Scientific Research Innovation*

Technovator's core competiveness and sustainability built on strong capabilities in independent research and development, innovation and industrialization of scientific research achievements. The Group has a strong fundamental research and development team and a research institute which is a corporation-based institute for building energy-saving, comprising professionals specialized in electronics, computer software, automation control as well as heating, ventilation, and air conditioning. They have been contributing efforts on product and technological reform for the Group as well as the standardized development in building energy saving industry in years. Going forward, the Group will put much efforts on investing its proprietary hardware product series based on its newly upgraded platform "arm" under its research and development. With a stronger computing and processing ability, it is hoped that cost control could be achieved in a more flexible, efficient, convenient and cheaper way. The Group will also continue to strengthen the development in and upgrade of application software for major areas such as central air-conditioning control, E-Cloud, energy internet and regional power station so as to satisfy more complicated and diversified needs of customers as well as keep on consolidating and enhancing the market leading position in respect of autonomous technologies and products. Meanwhile, the Group will continue to work closely with top scientific research units in Mainland China including Tsinghua University and put more efforts on application-based research and development so as to apply the most advanced scientific and research achievements to the industry at a fast pace. We will create better revenue for the Group while dedicating ourselves to the technological reform for the energy saving industry.

➢ *Continuously seeking for Acquisition and Merger, Raising Shareholders' Value*

The acquisition of Distech Controls by the Group has become a successful demonstration of mutual benefits in respect of the Group and in the investment history of the industry,which accumulates valuable acquisition and merger experience for the Group. China is activating another reform on state-owned enterprises on a comprehensive basis, which leads to structural transformation and business adjustment for a number of state-owned enterprises, providing favorable historic acquisition opportunities for professional companies. Based on its industry leading advantage in respect of technologies, products and services, together with support of market-oriented system and flexible and effective incentive mechanism, and relying on the brand name influence of THTF and Tsinghua University as well as the strength of financing market, Technovator is well positioned to have a head start throughout such reform. The Group will realize bilateral expansion in the industry chain and leaping development through effective acquisition and merger, and contribute to the Group arms at achieving growth of overall revenue and raising profit margin so as to create greater value for shareholders.

FINANCIAL REVIEW

During the year, the Group completed the acquisition of intelligence business of its parent company, Tongfang and disposal of its overseas subsidiary in Canada. Subsequently, the Group integrated its resources and reclassified its business segments into three major segments including smart transportation, smart building and complex and smart energy, providing the customers with smart energy management products, solutions and integrated services throughout their full life cycles.

Also, the revenue and profit contribution from our subsidiary in Canada during the period and the gain on disposal amounted to approximately CAD$122 million (equivalent to approximately RMB585 million) have been presented in the discontinued operation segment.

The financial review below is classified into continuing operation and discontinued operation segments.

Continuing operation

As the intelligence business acquired from the parent company by the Group during the year is attributed to the business combination under common control, the financial statements were restated to include its results in accordance with the accounting policy of the Group. Therefore, all financial figures of the Group in 2014 were restated. The review below is data and analysis based on the restatement unless otherwise specified.

Revenue

The continuing operation of the Group contributed a net revenue of approximately RMB1,692.6 million for 2015, increased by approximately RMB299 million as compared to the net revenue of the Group as restated for 2014 of approximately RMB1,394.3 million. On the basis of restatement, the Group recorded a year-on-year increase of 21.4% in net revenue for 2015.

Revenue by business segments

During the year, the Group completed the acquisition of intelligence business of its parent company and disposal of its overseas subsidiary in Canada. Subsequently, the Group integrated its resources and reclassified its business segments into three major segments including smart transportation, smart building and complex and smart energy, providing the customers with smart energy management products, solutions and integrated services throughout their full life cycles.

Also, the revenue contributed from our subsidiary in Canada during the period and the gain on disposal amounted to approximately CAD$122 million (equivalent to approximately RMB585 million) are attributed to the discontinued operation segment. As such, they are not presented in the continuing operation segment.

The table below sets out our revenue by business segments for the periods indicated after reclassification of business segments.

	2015		2014 (Restated)		
	Revenue ***(RMB'000)***	**% of revenue**	Revenue *(RMB'000)*	% of revenue	Comparison
Smart transportation	**626,755**	**37%**	234,775	17%	>100%
Smart building and complex	**734,440**	**43%**	817,944	59%	(10.2%)
Smart energy	**331,429**	**20%**	341,627	24%	(3.0%)
Total	**1,692,624**	**100%**	1,394,346	100%	21.4%

Smart transportation

Revenue from smart transportation business segment substantially increased by 1.7 times, from approximately RMB234.8 million for 2014 to approximately RMB626.8 million for 2015, representing an increase of proportion of revenue from 17% to 37%, which contributed strong momentum for the Group's business growth. The demand for rail transit intelligence market in China continued to increase steadily in recent years. The market share and competitiveness of the Group keep on improving, resulting in a rapid growth in smart transportation business. During the year, the Group won contracts for various routes in the rail transit intelligence project in Qingdao, Shijiazhuang and Tianjin as well as the network command center of rail transit in Shenzhen. It also successfully facilitated the implementation of rail transit intelligence projects in cities such as Suzhou, Wuhan, Guangzhou, Changsha and Beijing.

Smart building and complex

Revenue from smart building and complex business segment slightly decreased by 10.2%, from approximately RMB817.9 million for 2014 to approximately RMB734.4 million for 2015. The decrease in revenue was due to the slowing growth of fixed assets investment in China, effects of continuous decrease in property investment, the decrease in bidding and tender of engineering projects in building intelligence industry, intense competition in the industry and decrease in profit margin of traditional building intelligence industry. However, upon entering into "**new norm**" for the development of building intelligence industry, the Group proactively optimized and adjusted its business portfolio, gradually transforming from a traditional building intelligence business to one which focuses on autonomous and core products and energy saving services and creates competitive advantages in differentiation based on the core technologies. The urban building energy saving transformation continued to progress smoothly in Chongqing, Wuhan and Ningbo. The Group successfully facilitated the implementation of eight projects of Huiyun Intelligent Management System of Wanda Plaza (萬達廣場慧雲智能化管理系統), signed contracts for several important projects such as Pilot Test of National Energy Internet service project of Suzhou Industrial Park (蘇州工業園國家級能源互聯網試點服務項目) and Central Platform for Energy Consumption Data Analysis of Public Buildings project of the Ministry of Housing and Urban-Rural Development of PRC. Meanwhile, the traditional building intelligence business of the Group is based on data center, high-end hotels, hospitals and intelligent zones in order to lay a solid foundation for further revitalization of customers' resources and identification of demands for customers' subsequent energy saving transformation in the future. During the year, the Group successively completed large-scale projects of quality customers such as IDC equipment room of Baidu International Building (百度國際大廈), Talent Innovation and Entrepreneurship Base of China Huaneng (中國華能人才創新創業基地) and the equipment room of Petrochina Lanzhou Building (中國石油蘭州大廈).

Smart energy

Revenue from smart energy business segment decreased slightly by 3.0%, from approximately RMB341.6 million for 2014 to approximately RMB331.4 million for 2015. The decrease was mainly due to the Group's anticipation that the industrial waste heat recovery business is likely to be continuously affected by macro-economic environment factors, which in turn maintains a relatively low business operation rate, affecting the revenue rate of waste heat recovery EMC project. Therefore, the Group proactively adjusted the development focus of the smart energy saving business and duly reduced the investment in waste heat recovery EMC project to address project risks. The Group refocused on the capability of using waste energy recovery ("**source**") and the core capability of centralized heating network of the Group ("**network**") as well as resource integration so as to offer "source, network and user" – integrated and comprehensive energy management services in the field of centralized heating network intelligence energy saving for enhancing the overall revenue of smart energy saving business in the future.

Cost of sales

Cost of sales increased by approximately 26.8%, from approximately RMB1,023.1 million for 2014 to approximately RMB1,297.1 million for 2015. The increase was due to the increase in project revenue resulting in a corresponding increase in costs. The increase in cost of sales was higher than the increase in revenue due to the decrease in gross profit margin. (Please refer to the analysis of gross profit)

Gross profit

Gross profit increased by approximately RMB24.3 million, from approximately RMB371.2 million for 2014 to approximately RMB395.5 million for 2015. Gross profit margin decreased by 3.2 percentage points, from approximately 26.6% for 2014 to approximately 23.4% for 2015. In particular, the gross profit margin of the smart transportation business segment increased while the gross profit margin of the smart energy business segment maintained at a steady level, and there was a substantial decrease in the gross profit margin of intelligent building segment. The decrease in gross profit margin of intelligent building segment was primarily due to the decrease in bidding and tender of engineering projects in its traditional building intelligence business and the effect of intense competition in the industry, resulting in a decrease in the gross profit margin of the project. On the other hand, following the transformation of the Group's business, part of the income was driven by increased EMC projects and was recognised as other revenue (as shown in the analysis of other revenue below).

Other revenue

Other revenue substantially increased by approximately RMB33.8 million, from approximately RMB24.7 million for 2014 to approximately RMB58.5 million for 2015. It was mainly due to the increase of RMB7.2 million of subsidy from EMC projects for building energy saving in Chongqing, increase of approximately RMB5.2 million from the interest income of EMC projects and the increase of RMB15.1 million of investment gain derived from the BT project in Karamay.

Other net gain

Other net gain increased from approximately RMB1.3 million for 2014 to approximately RMB1.9 million for 2015. It was mainly due to the effect of change in exchange rate on cash deposit denominated in foreign currency.

Selling and distribution costs

Selling and distribution costs slightly increased by 3.4%, from approximately RMB68.0 million for 2014 to approximately RMB70.3 million for 2015. The increase was mainly due to an increase of approximately RMB1.8 million in staff cost of the Group. However, the proportion of selling and distribution costs to revenue decreased by 0.7 percentage points, from 4.9% for 2014 to 4.2% for 2015. It was due to effective cost control implemented by the Group and the effect of operating leverage.

Administrative and other operating expenses

Administrative and other operating expenses increased by 32.3%, from approximately RMB109.0 million for 2014 to approximately RMB144.2 million for 2015. The increase was primarily due to the cautious anticipation that as certain waste energy recovery EMC projects of the smart energy business segment will be maintained at a low level of business operation rate in the future under the current macro-economic and sluggish industry condition, the Group decided to proactively optimize asset structure during the year, resulting in a provision of impairment loss on assets of approximately RMB28.0 million. Meanwhile, the one-off professional service fees for business acquisition amounted to approximately RMB5.1 million during the year. Thus, the proportion of administrative and other operating expenses to revenue increased by 0.7 percentage points, from 7.8% for 2014 to 8.5% for 2015.

Finance costs

Finance costs increased by 55.7%, from approximately RMB22.3 million for 2014 to approximately RMB34.8 million for 2015. The increase was mainly due the increase in the average balance of loans of the Group.

Income tax

Income tax decreased by 48.9%, from approximately RMB41.8 million for 2014 to approximately RMB21.4 million for 2015. It was mainly due to the entitlement to a software company tax concession policy with a two-year tax exemption and a three-year 50% deduction for software companies of the Group during the year. During such tax exemption period, tax reduction of approximately RMB12.5 million was recorded while tax refund of approximately RMB6.2 million was obtained. This led to a decrease of overall effective tax rate from approximately 21.1% to 10.3% for the Group, resulting in a substantial drop in income tax expenses.

Profit for the year

Profit for the year of continuing operation increased by 18.7%, from approximately RMB156.1 million for 2014 to approximately RMB185.3 million for 2015. Net profit ratio slightly decreased by 0.3 percentage points, from 11.2% to approximately 10.9%.

However, as shown by the foregoing analysis, the provision of impairment loss on assets of the Group during the year amounted to approximately RMB28.0 million and the one-off professional service fees for business acquisition of approximately RMB5.1 million are both one-off expenses. If excluding the effects of related factors, the adjusted profit for the year of continuing operation is approximately RMB218.5 million, representing a year-on-year increase of approximately 40.0%, while the adjusted net profit ratio is approximately 12.9%.

Discontinued operation

During the year, the Group completed the disposal of its overseas subsidiary in Canada. The contribution of the subsidiary in Canada during the period and the gain on disposal are both attributed to the discontinued operation of the Group. The profit for the year of the discontinued operation substantially increased by approximately 13.6 times, from approximately RMB41 million for 2014 to approximately RMB599 million for 2015. It was mainly benefited from the gain on disposal amounting to approximately CAD$122 million (equivalent to approximately RMB585 million).

In conclusion, the profit for the year of the Group as a whole (including continuing operations and discontinued operation) substantially increased by 3.0 times, from approximately RMB197.0 million for 2014 to approximately RMB784.6 million for 2015. The profit attributable to equity shareholders of the Company substantially increased by 3.2 times from approximately RMB184.5 million in 2014 to approximately RMB778.9 million in 2015. The basic earnings per share substantially increased by 2.6 times to RMB1.0680 as compared to last year (2014: RMB0.2959) while diluted earnings per share substantially increased by 2.8 times to RMB1.0092 as compared to last year (2014: RMB0.2677).

Working capital and financial resources

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

	2015	2014
	(RMB'000)	*(RMB'000)*
		(Restated)
Inventories	**283,762**	186,000
Trade and other receivables	**1,212,817**	926,583
Trade and other payables	**1,459,534**	855,875
Average inventories turnover days	**50**	49
Average trade receivables turnover days *	**175**	168
Average trade payables turnover days *	**175**	182

* The calculation of turnover days excluded other receivables, other payables and related party amounts.

The Group's inventories increased from approximately RMB186.0 million as at 31 December 2014 to approximately RMB283.8 million as at 31 December 2015, which was primarily due to the increase in inventory caused by the rapid increase in smart transportation business. The average inventories turnover days of the Group generally maintained at approximately 50 days in order to accommodate the Group's inventory management policy.

The Group's trade and other receivables increased from approximately RMB926.6 million as at 31 December 2014 to approximately RMB1,212.8 million as at 31 December 2015, which was due to the continuous expansion of the Group's business resulting in the corresponding increase in trade receivables of RMB198.2 million (among which smart transportation segment increased by RMB140 million) and an increase of approximately RMB70 million in other receivables due to the escrow amount of the consideration for the disposal of a subsidiary in Canada. The Group's average trade receivables turnover days increased slightly from approximately 168 days for 2014 to 175 days for 2015, which was in line with the Group's credit terms granted to the customers.

The Group's trade and other payables increased from approximately RMB855.9 million as at 31 December 2014 to approximately RMB1,460.0 million as at 31 December 2015, which was due to the remaining consideration payable for the business acquired from the parent company resulting in a substantial increase of RMB457.8 million and the continuous expansion of the Group's business resulting in the corresponding increase in trade payables (among which smart transportation segment increased by RMB70 million). Benefited from the good track record of the Group, the suppliers offered decent credit terms. The Group's average trade payables turnover days decreased slightly from approximately 182 days for 2014 to 175 days for 2015, which could be well addressed by the Group so that it could offer more favorable credit terms to its customers.

Liquidity and financial resources

During 2015, the Group has financed its operations primarily through cash flow from operations and bank borrowings. In addition, as the Group completed share placing and disposal of a subsidiary in Canada, which provided the Group with sufficient net cash inflow from financing and investment. As at 31 December 2015, the Group had approximately RMB1,261.9 million in cash and cash equivalents, accounting for 62.9% of the Group's net assets. The proceeds is planned to use as the Group's normal working capital, and/or payment of the remaining balance of the related business acquired from the parent company, and/or future acquisition, and/or repayment of loans according to the financing cost in the market and the Group's demand at its discretion. The Group's cash and cash equivalents consist primarily of cash in the banks and on hand and deposits that are readily convertible into known amounts of cash.

As of 31 December 2015, the Group's indebtedness consisted of short-term bank loan of approximately RMB276.7 million with an average annual interest rate of 5.78% and long-term borrowing of approximately RMB168.7 million with an average annual interest rate of approximately 5.68%. The decrease in the Group's indebtedness in 2015 was mainly due to the repayment of a short-term bank loan by the Group in December 2015 amounted to approximately RMB110 million with high annual interest rate.

As of 31 December 2015, the Group's debts were primarily bank loans and borrowings denominated in RMB. Cash and cash equivalents were primarily cash and bank deposits denominated in RMB, CAD, U.S. dollars, HKD and SGD and deposits that are readily convertible into known amounts of cash.

As of 31 December 2015, the net cash of the Group was approximately RMB816.5 million (2014: net liabilities of approximately RMB170.7 million). Gearing ratio, defined as loans and borrowings divided by total assets, was approximately 11.2% (2014: approximately 21.4%).

Pledge of assets

As at 31 December 2015, the Group had no pledge of assets.

Contractual obligation and capital commitments

The following table sets forth the Group's non-cancellable operating lease commitments as at 31 December 2015 and 2014. The Group's operating lease commitments relate primarily to its leases of office spaces, workspaces and machinery.

	2015	2014
	(RMB'000)	*(RMB'000)*
		(Restated)
Within 1 year	**10,808**	12,018
After 1 year but within 5 years	**13,599**	21,554
	24,407	33,572

Capital commitments outstanding at 31 December 2015 and 2014 not provided for in the financial statements were as follows:

	2015	2014
	(RMB'000)	*(RMB'000)*
		(Restated)
Contracted for	**304,461**	210,170

Contingent liabilities

As at 31 December 2015, 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 Group (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.

Employment, training and development

As at 31 December 2015, the Group had a total of 637 employees, representing a decrease of 21% compared to 806 employees as at 31 December 2014. It is mainly due to the decrease in overseas employees in relation to the disposal of a subsidiary in Canada by the Group during the year. Total staff costs for 2015 slightly increased to approximately RMB126.3 million from approximately RMB122.8 million for the year ended 2014.

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 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.

Material acquisitions and disposals

On 8 March 2015 (Montreal Time), the Company and (i) 1028665 B.C. Ltd., a subsidiary of Acuity Brands, Inc. (as the purchaser), (ii) Acuity Brands Lighting, Inc. (as the purchaser's parent), (iii) Distech Controls (being the Target), and (iv) all shareholders of the Target, including the Company (other than Samsung) (as the sellers), entered into an agreement for the disposal to the purchaser of all of the issued and outstanding shares in the share capital of the Target held by the sellers as of the date of agreement. On 1 September 2015 (Montreal Time), the Company completed disposal and obtained the proceeds from disposal in accordance with the terms and conditions of the agreement regarding the disposal of the shares of Distech Controls. After the completion of disposal, Distech Controls ceases to be a subsidiary of the Company.

On 28 July 2015, the Company entered into an agreement with Tongfang through Technovator Beijing and Tongfang Energy Saving, the wholly-owned subsidiaries of the Company, in relation to the acquisition of the related businesses providing intelligence integrated solutions which center around supervision and control systems in the fields of intelligent rail transit, intelligent building and intelligent urban heating network of the parent company (including Technovator Beijing Agreement and Tongfang Energy Saving Agreement). The Company has completed the disposal in accordance with the terms and conditions of the agreement.

Save as disclosed above, for the year ended 31 December 2015, the Group did not make any other material acquisition or disposal of subsidiaries or associates.

Significant investment

For the year ended 31 December 2015, the Group had no significant investment.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2015, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix 14 to the Main Board Listing Rules.

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 2015 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 2015.

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

On 28 April 2015, Resuccess Investments Limited ("**Resucess**"), the Company and Shenyin Wanguo Securities (H.K.) Limited (the "**Placing Agent**") entered into a placing and subscription agreement, pursuant to which the Placing Agent placed 128,994,000 ordinary shares of the Company ("**Shares**") held by Resuccess to independent placees at the placing price of HK$5.95 per Share (the "**Placing**"), and Resuccess subscribed for, and the Company allotted and issued to Resuccess, 128,994,000 Shares at the subscription price of HK$5.95 per Share (the "**Subscription**"). The Placing was completed on 4 May 2015 and the Subscription was completed on 12 May 2015. Please refer to the announcements of the Company dated 28 April 2015, 4 May 2015 and 12 May 2015 for further details.

Save as disclosed in the above paragraph, 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 2015.

DIVIDENDS

The Board proposed the payment of a special dividend of RMB0.10 per share (the "**Special Dividend**") to shareholders whose names appear on the register of members of the Company on 20 May 2016. Subject to approval of the Special Dividend by the shareholders at the annual general meeting, the Special Dividend will be paid on or about 10 June 2016.

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 Thursday, 12 May 2016 to Friday, 13 May 2016, 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 Thursday, 28 April 2016. In order to be eligible to attend and vote at the forthcoming AGM of the Company to be held on 13 May 2016, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 11 May 2016.

In addition, for the purpose of determining shareholders who qualify for the proposed Special Dividend, the register of members will be closed from Thursday, 19 May 2016 to Friday, 20 May 2016, both dates inclusive. In order to qualify for the proposed Special Dividend, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 18 May 2016.

AGM

The AGM of the Company will be held in Hong Kong on 13 May 2016. 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 (www.technovator.com.sg). The annual report for the year ended 31 December 2015 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 2015 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
Fan Xin
Chairman

Beijing, 22 March 2016

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 directors of the Company are Mr. Fan Xin, Mr. Liu Tianmin and Mr. Wang Yinghu; and the independent nonexecutive directors of the Company are Mr. Fan Ren Da Anthony, Mr. Chia Yew Boon and Ms. Chen Hua.