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

*(incorporated in Singapore with limited liability)*

**(Stock Code: 1206)**

## 2016 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 2016, together with the comparative figures for the year ended 31 December 2015. These results have been reviewed by the Company's audit committee, comprising solely independent non-executive Directors, one of whom chairs the committee.

* *For identification purposes only*

**CONSOLIDATED INCOME STATEMENT**
*For the year ended 31 December 2016*
*(Expressed in Renminbi (“RMB”))*

| | Note | 2016 RMB’000 | 2015 RMB’000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2, 3 | **1,786,341** | 1,692,624 |
| Cost of sales | | **(1,357,747)** | (1,297,085) |
| **Gross profit** | | **428,594** | 395,539 |
| Other revenue | | **40,162** | 58,475 |
| Other net gain | | **27,999** | 1,888 |
| Selling and distribution costs | | **(66,183)** | (70,269) |
| Administrative and other operating expenses | | **(131,647)** | (144,193) |
| **Profit from operations** | | **298,925** | 241,440 |
| Finance costs | 4(a) | **(30,897)** | (34,794) |
| **Profit before taxation** | | **268,028** | 206,646 |
| Income tax | 5(a) | **(36,303)** | (21,351) |
| **Profit for the year from continuing operations** | | **231,725** | 185,295 |
| **Discontinued operation** | | | |
| Profit for the year from discontinued operation | 6 | **–** | 599,318 |
| **Profit for the year** | | **231,725** | 784,613 |

**CONSOLIDATED INCOME STATEMENT** *(Continued)*
*For the year ended 31 December 2016*
*(Expressed in Renminbi ("RMB"))*

| | Note | **2016** *RMB'000* | 2015 *RMB'000* |
|---|---|---|---|
| **Profit attributable to:** | | | |
| Equity shareholders of the Company | | | |
| – Profit for the year from continuing operations | | **234,127** | 184,104 |
| – Profit for the year from discontinued operation | | **–** | 594,815 |
| | | **234,127** | 778,919 |
| Non-controlling interests | | | |
| – Profit for the year from continuing operations | | **(2,402)** | 1,191 |
| – Profit for the year from discontinued operation | | **–** | 4,503 |
| | | **(2,402)** | 5,694 |
| **Profit for the year** | | **231,725** | 784,613 |
| **Earnings per share** | *7* | | |
| For continuing and discontinued operations | | | |
| – Basic (RMB) | | **0.2935** | 1.0680 |
| – Diluted (RMB) | | **0.2870** | 1.0092 |
| For continuing operations | | | |
| – Basic (RMB) | | **0.2935** | 0.2524 |
| – Diluted (RMB) | | **0.2870** | 0.2385 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*At 31 December 2016*
*(Expressed in Renminbi ("RMB"))*

| | Note | 31 December 2016 RMB'000 | 31 December 2015 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **232,556** | 266,944 |
| Lease prepayment | | **2,958** | 3,068 |
| Intangible assets | | **263,616** | 256,442 |
| Other financial assets | | **320,307** | 241,881 |
| Deferred tax assets | | **13,504** | 9,782 |
| | | **832,941** | 778,117 |
| **Current assets** | | | |
| Trading securities | | **5,896** | 6,211 |
| Inventories | | **302,950** | 283,762 |
| Trade and other receivables | *8* | **1,345,417** | 1,212,817 |
| Gross amounts due from customers for contract work | | **676,584** | 422,613 |
| Cash and cash equivalents | | **665,822** | 1,261,853 |
| | | **2,996,669** | 3,187,256 |
| **Current liabilities** | | | |
| Trade and other payables | *9* | **1,292,923** | 1,459,534 |
| Gross amounts due to customers for contract work | | **6,138** | 1,457 |
| Loans and borrowings | | **290,354** | 276,702 |
| Obligations under finance leases | | **178** | 167 |
| Income tax payable | | **18,293** | 17,115 |
| | | **1,607,886** | 1,754,975 |
| **Net current assets** | | **1,388,783** | 1,432,281 |
| **Total assets less current liabilities** | | **2,221,724** | 2,210,398 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*
*At 31 December 2016*
*(Expressed in Renminbi ("RMB"))*

| | Note | 31 December 2016 RMB'000 | 31 December 2015 RMB'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Loans and borrowings | | **–** | 168,699 |
| Obligations under finance leases | | **180** | 335 |
| Deferred tax liabilities | | **15,133** | 6,995 |
| Deferred income | | **12,293** | 27,573 |
| | | **27,606** | 203,602 |
| **NET ASSETS** | | **2,194,118** | 2,006,796 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | *10* | **1,254,909** | 1,246,989 |
| Reserves | | **933,518** | 751,721 |
| **Total equity attributable to equity shareholders of the Company** | | **2,188,427** | 1,998,710 |
| **Non-controlling interests** | | **5,691** | 8,086 |
| **TOTAL EQUITY** | | **2,194,118** | 2,006,796 |

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2016*
*(Expressed in RMB unless otherwise indicated)*

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 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 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 Tsinghua Tongfang Co., Ltd. ("THTF"). As the Company and the Target Businesses are under common control of THTF, the acquisition of the Target Businesses is 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.

#### (b) 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. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 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 2016 and 2015 are as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Sales of goods | **588,908** | 705,431 |
| Provision of services | **78,782** | 86,749 |
| Contract revenue | **1,118,651** | 900,444 |
| | **1,786,341** | 1,692,624 |

## 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 buildings.

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. The Group possess self-owned core leading technologies (in the field of urban heating network) such as heating network & heating source monitoring and optimal regulation, distributed variable frequency heating technology, cooling and heating network balancing technology, combined multi-heat sources heating technology.

### (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 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 2016 and 2015 is set out below:

| | STB | | SBB | | SEB | | Discontinued operation* | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Revenue from external customers | **677,632** | 626,755 | **633,308** | 734,440 | **475,401** | 331,429 | **–** | 284,805 | **1,786,341** | 1,977,429 |
| Inter-segment revenue | **–** | – | **–** | 32,308 | **–** | – | **–** | 3,652 | **–** | 35,960 |
| **Reportable segment revenue** | **677,632** | 626,755 | **633,308** | 766,748 | **475,401** | 331,429 | **–** | 288,457 | **1,786,341** | 2,013,389 |
| **Reportable segment profit** | **142,372** | 130,470 | **87,784** | 143,414 | **146,938** | 78,619 | **–** | 45,345 | **377,094** | 397,848 |
| Interest income | **4,438** | 365 | **11,411** | 21,197 | **8,219** | 8,116 | **–** | 708 | **24,068** | 30,386 |
| Impairment losses | **7,243** | 2,522 | **7,610** | 2,955 | **5,081** | 29,441 | **–** | – | **19,934** | 34,198 |

* *See note 6.*

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Reportable segment revenue | **1,786,341** | 2,013,389 |
| Elimination of inter-segment revenue | **–** | (35,960) |
| Elimination of discontinued operation *(note 6)* | **–** | (284,805) |
| Consolidated revenue | **1,786,341** | 1,692,624 |
| **Profit** | | |
| Reportable segment profit | **377,094** | 397,848 |
| Elimination of discontinued operation *(note 6)* | **–** | (23,208) |
| Reportable segment profit derived from the Group's external customers | **377,094** | 374,640 |
| Depreciation and amortisation | **(79,582)** | (92,947) |
| Finance costs | **(30,897)** | (44,245) |
| Unallocated head office and corporate gains/(expenses) | **1,413** | (30,802) |
| Consolidated profit before taxation | **268,028** | 206,646 |

**(c) Geographic information**

For the year ended 31 December 2016, 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:

### (a) Finance costs

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on loans and borrowings | **30,897** | 34,794 |

### (b) Staff costs

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Salaries and other benefits | **110,397** | 104,453 |
| Contributions to defined contribution retirement schemes | **11,478** | 12,321 |
| Equity settled share-based payment expenses | **3,363** | 9,542 |
| | **125,238** | 126,316 |

## 5 INCOME TAX

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Current tax** | | |
| Provision for the year | **31,859** | 32,661 |
| Under/(over) provision in respect of prior years | **28** | (780) |
| Tax refund | **–** | (6,167) |
| | **31,887** | 25,714 |
| **Deferred tax** | | |
| Origination/(reversal) of temporary differences | **4,416** | (4,363) |
| | **36,303** | 21,351 |

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

| | *Note* | **2016** **RMB'000** | 2015 *RMB'000* |
|---|---|---|---|
| Profit before taxation | | **268,028** | 206,646 |
| Expected tax calculated at the respective tax rates | *(i)/(ii)* | **66,894** | 53,883 |
| Tax effect on non-deductible expenses | | **494** | 3,090 |
| Effect of tax concession | *(iii)/(iv)* | **(32,394)** | (33,993) |
| Tax refund | *(iv)* | **–** | (6,167) |
| Tax effect of non-taxable income | | **(4,517)** | – |
| Tax effect of unused tax losses not recognised | | **5,808** | 5,318 |
| Tax effect of utilisation of tax losses not recognised in prior years | | **(10)** | – |
| Under/(over) provision in prior years | | **28** | (780) |
| Actual income tax expense | | **36,303** | 21,351 |

*Notes:*

(i) The Company is subject to Singapore corporate income tax at 17% for the years ended 31 December 2016 and 2015. No provision for Singapore income tax was made because the Company sustained tax losses for the years ended 31 December 2015 and 2016.

(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 2015 and 2016.

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 2015 and 2016.

(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 2019.

(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 RMB6,167,000 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.

### A. Results of discontinued operation:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue | – | 284,805 |
| Net expenses | – | (252,146) |
| Finance costs | – | (9,451) |
| Results from discontinued operating activities | – | 23,208 |
| Income tax | – | (9,140) |
| Results from discontinued operating activities, net of tax | – | 14,068 |
| Gain on disposal of shares of Distech Controls | – | 585,250 |
| Profit for the year from discontinued operation | – | 599,318 |
| Basic earnings per share (RMB) | **NIL** | 0.8156 |
| Diluted earnings per share (RMB) | **NIL** | 0.7707 |

The calculation of basic earnings per share from discontinued operation are RMB0.8156 in 2015, based on the profit for the year from discontinued operation attributable to the equity shareholders of the Company of RMB594,815,000 in 2015 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 in 2015, based on the profit for the year from discontinued operation of RMB594,815,000 in 2015 and the weighted average number of ordinary 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 RMB234,127,000 (2015: RMB778,919,000) and the weighted average number of ordinary shares of 797,698,020 (2015: 729,345,866) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

| | **2016** *Number of shares* | 2015 *Number of shares* |
|---|---|---|
| Issued ordinary shares at 1 January | **795,272,189** | 644,228,189 |
| Issuance of shares | **–** | 82,344,115 |
| Effect of purchase of own shares | **(5,350)** | – |
| Effect of exercise of share option schemes | **2,431,181** | 2,773,562 |
| Weighted average number of ordinary shares at 31 December | **797,698,020** | 729,345,866 |

***(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 RMB234,127,000 (2015: RMB778,919,000) and the weighted average number of ordinary shares of 815,748,131 (2015: 771,801,407) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (diluted):

| | **2016** *Number of shares* | 2015 *Number of shares* |
|---|---|---|
| Weighted average number of ordinary shares at 31 December | **797,698,020** | 729,345,866 |
| Effect of deemed issue of ordinary shares under the Company's option scheme for nil consideration | **18,050,111** | 42,455,541 |
| Weighted average number of ordinary shares (diluted) at 31 December | **815,748,131** | 771,801,407 |

**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 RMB234,127,000 (2015: RMB184,104,000), and the denominators used are the same as those detailed above for basic and diluted earnings per share, respectively.

## 8 TRADE AND OTHER RECEIVABLES

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade debtors due from related parties | **33,064** | 69,885 |
| Other trade debtors and bills receivable | **1,127,108** | 911,349 |
| Less: Allowance for doubtful debts | **(53,933)** | (35,505) |
| | **1,106,239** | 945,729 |
| Other receivables | | |
| – amounts due from related parties | **21,473** | 20,441 |
| – amounts due from third parties | **111,658** | 95,700 |
| Less: Allowance for doubtful debts | **(2,622)** | (1,116) |
| Loans and receivables | **1,236,748** | 1,060,754 |
| Deposits and prepayments | **108,669** | 152,063 |
| | **1,345,417** | 1,212,817 |

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

### (a) Ageing analysis

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:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current | **783,151** | 469,754 |
| Less than 1 month past due | **19,798** | 114,156 |
| More than 1 month but less than 3 months past due | **20,953** | 12,052 |
| More than 3 months but less than 12 months past due | **109,716** | 190,260 |
| More than 12 months past due | **172,621** | 159,507 |
| | **323,088** | 475,975 |
| | **1,106,239** | 945,729 |

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

## 9 TRADE AND OTHER PAYABLES

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Trade payables due to related parties | **58,992** | 91,229 |
| Other trade and bills payables | **995,163** | 684,983 |
| | **1,054,155** | 776,212 |
| Other payables and accruals | | |
| – amounts due to related parties *(note)* | **48,385** | 479,324 |
| – amounts due to third parties | **48,984** | 40,034 |
| Financial liabilities measured at amortised cost | **1,151,524** | 1,295,570 |
| Receipts in advance | **141,399** | 163,964 |
| | **1,292,923** | 1,459,534 |

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:

| | 2016 | 2015 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **By date of invoice:** | | |
| Within 3 months | **741,993** | 560,376 |
| More than 3 months but within 6 months | **58,014** | 81,934 |
| More than 6 months but within 12 months | **78,648** | 61,334 |
| More than 12 months | **175,500** | 72,568 |
| | **1,054,155** | 776,212 |

*Note:* At 31 December 2015, the other payables due to related parties included a balance of RMB478,017,000 payable to THTF, representing the remaining balance of the consideration for the acquisition of the Target Businesses. The amount was settled in September 2016.

## 10 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during 2016 and 2015:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Special dividend in respect of the previous financial year, approved and paid during 2016, of RMB0.10 per share (2015: NIL) | **79,712** | – |

### (b) Share capital

| | **2016** | | 2015 | |
|---|---|---|---|---|
| | ***Number of shares*** | ***Amounts RMB'000*** | *Number of shares* | *Amounts RMB'000* |
| **Ordinary shares issued and fully paid:** | | | | |
| At 1 January | **795,272,189** | **1,246,989** | 644,228,189 | 629,544 |
| Issuance of shares *(i)* | **–** | **–** | 128,994,000 | 592,097 |
| Shares issued upon exercise of share options *(ii)* | **6,380,000** | **7,920** | 22,050,000 | 25,348 |
| At 31 December | **801,652,189** | **1,254,909** | 795,272,189 | 1,246,989 |

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) During 2016, a total of 6,380,000 (2015:22,050,000) shares were issued by the Company upon the exercise of shares options by certain grantees pursuant to the share option schemes at a consideration of HK$7,910,000 (RMB6,792,000 equivalent) (2015: HK$25,358,000, RMB21,099,000 equivalent) which was credited to share capital and HK$1,340,000 (RMB1,128,000 equivalent) (2015: HK$5,278,000, RMB4,249,000 equivalent) has been transferred from the share based compensation reserve to the share capital.

## MANAGEMENT DISCUSSION AND ANALYSIS

*(The following discussion is based on continuing operations)*

## GENERAL

For Technovator, 2016 was a crucial year for optimizing business layout from a new starting point, planning and getting prepared for future transformation strategy. The Group continued to taking advantage of the inheritance from Tsinghua Tongfang Co., Ltd, ("**THTF**", 600100. SSE) in terms of its tremendous depth of technology expertise, innovative products and build-up of talents. At the same time, in response to the change of market environment and policy requirement, the Group proactively adjusted its own business structure and business model and stepped into a new stage of transformation and upgrade. Positioning itself as a leading energy, smart energy and energy saving services provider in China, the Group paved the way for future innovative development.

During the year, the transformation adjustment began to take effect. Throughout the year of 2016, the Group realized revenue of RMB1,786 million, representing a year-on-year increase of 5.5%, and a net profit of RMB232 million, representing a year-on-year increase of 25.1%, with the net profit margin achieving a remarkable increase.

### Progress made by all business segments

➢ *Smart Transportation Business:*

Leveraging on the historical opportunity of rapid construction of rail transit across major cities in China, the Group continued to make fast progress on rail transit business in 2016. Many achievements by the Group were reported regarding rail transit intelligence projects during the year and major breakthroughs were made in the Group's rail transit transformation and promotion strategy. Meanwhile, the core technologies, proprietary software and hardware, and implementation capability of the Group's projects of this segment were enhanced significantly, which further consolidated the Group's leading position in the industry.

In respect of rail transit intelligence: after the Beijing Traffic Control Center project, the Guangzhou Traffic Control Center project undertaken by the Group has been successfully delivered for operation during the year. The Shenzhen rail NOCC project has also completed the linkage of three routes, which further consolidated the Group's advantageous position in Traffic Control Center market in China and helped the Group to expand its business in other large cities. 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 Changchun rail transit line 1, Wuhan rail transit line 7, Xi'an rail transit line 4 and Chongqing rail transit line 10, and facilitated the implementation of projects in cities such as Suzhou, Shijiazhuang and Shenzhen. Meanwhile, the Group successfully contracted the rail transit orange line project in Lahore, Pakistan, which became an important opening for the implementation of "One Belt, One Road Initiative" strategy. The Group's proprietary system, Platform Screen Door System (PSD), was successfully applied for Tianjin line 5, forging a new market for the future development of our smart transportation segment.

In respect of energy saving transformation for subway stations, during the year, the Group successfully contracted and implemented Energy Management Contract (EMC) project for Beijing rail transit line 8 and 9. The Line 8 project has successfully delivered during the year and contributed revenue for the energy saving segment that exceeded our expectation. The Group will regard Beijing as the model city for rail transit energy saving transformation and continue to promote the strategy of connecting lines and networks. Furthermore, the Group will swiftly replicate the successful experience to various cities across the country and strive to become a leader as well as an active promoter in the rail transit energy saving market in the future, in order to create new profit drivers for the smart transportation business segment of the Group.

➢ *Smart Building and Complex Business:*

In light of the slowdown in the growth of the macro-economy in China and the overall real estate and construction industries reached saturation, the Group has timely transformed and adjusted its business development direction and business model of smart building and complex segment. By focusing on high-quality intelligence projects, integrating resources to develop energy saving service and energy saving operation projects, as well as promoting long-term strategic cooperation with large key customers, the Group proactively explored ways for the segment's future profit growth and long-term sustainability, and the effort began to take effect.

In respect of the building intelligence, the Group was not bound by the current market condition. It endeavored to transform and upgrade itself by capitalizing on its own technological advantages with an aim to fully explore the segmented market as well as high quality and high-end customers. During the year, the Group contracted and completed a number of difficult landmark projects, among which Taiyuan Zhongding Logistics Park project successfully contracted in the mid-year, with an objective to develop a highly effective, convenient and cost-effective domestic premium smart logistics park based on Internet applications for Zhongding Logistics. It also symbolized the significant transformation and upgrade into smart of the traditional low current integration. The cooperation with Baidu moved forward during the year as the Group successfully contracted Baidu Cloud Computing (Yangquan) Center project following Beijing and Shenzhen and continued to outlining the future operational cooperation in energy saving. The "One Belt, One Road Initiative" strategy of the building segment made an auspicious start during the year thanks to the successful completion of Tanzania National Information and Communication Technology (ICT) Backbone Network project,. It marks the successful start of the Group's proprietary building control products and technology going abroad, and accumulates the precious experience for overseas market promotion in the future.

In respect of the building energy saving, the core software technologies were ramped up fully and the overall strategic layout was arranged during 2016. The Group also proactively proceeded with in-depth cooperation with various large-scale real estate enterprises in order to pave the way for building energy saving operational service in full swing in the future. The Group continued to provide service to Wanda Group throughout the year, developed "The Huiyun System" for 24 Wanda Plazas in total across the country, and fully upgraded Techcon IBS platform in order to support the intelligence and energy saving operation management for Wanda Group. In the mid-year, the Group has entered into "the Strategic Cooperation Agreement" with Jinmao Green Building(金茂綠建) and began to build the centralized energy consumption monitoring platform for the company in order to collect energy consumption data for Jinmao Palace (金茂府) in various cities and to realize efficient real time supervision and control management. Meanwhile, the Techcon Energy Management System (EMS) of the Group's building energy consumption data center was upgraded again during the year so as to continue to serve Changsha City and Zhuzhou City in Hunan Province and Wuhan City in Hubei Province. The Group also contracted with a large-size and high-quality customers (such as Goldwind (金風科技) and conducted new business in Foshan and Macau.

➢ *Smart Energy Business:*

At present, as China undergoes ever-accelerating urbanization, the government keeps upgrading the energy conservation and emission reduction policies and indicators, and the demand on centralized and highly efficient utilization of urban energy surges significantly. All of these brought forth a long-term favorable driving force for the development of the Group's smart energy business segment. In 2016, great progress and breakthroughs were made by the Group in the intelligence of the heating network, the integration between network and source, the heating network energy saving EMC and the centralized heating hosting operation in this segment. The segment recorded a significant increase in annual revenue and profit.

In respect of centralized heating intelligence, the Group's integrated solution capability in that field has been in leading industry position for a long time. The centralized heating project in Taiyuan Taigu signed in the year comprised various domestic-first and world-leading technologies, which successfully created entry points for super long-distance transmission of urban energy in the future. The Group also successfully signed several heating network intelligence projects in Taiyuan, Baoding, Tongliao and Wuwei, etc., and continuously promoted the implementation of projects in Datong, Baoding, Lanzhou and Xinxiang, with operations covering 12 provinces, cities as well as autonomous regions in the North China. In the meantime, successful experience was gained from the combination of network and source projects in Wangkui, Shihezi and other areas, of which it reduced the security risk of heating source production, improved the overall heating revenue significantly for customers, and formed a solid foundation for the implementation of successive projects of the integration of network and source.

In respect of energy saving in heating supply, the heating network energy saving EMC projects have achieved another significant progress during the year with the projects signed in Heze, Shandong and Xiaoyi, Shanxi. As of the date of this announcement, a total of seven heating network energy saving EMC projects covering heating area of nearly 100 million square meters have operated steadily and continues to make revenue contribution to the energy saving segment. The business is at a sound development stage. Friendship Heating Company Project(友誼熱力公司項目), a pilot project in the field of heating supply entrusted operation business, has expanded its heating area again in 2016 and gained strong revenue. The pilot project has entered into a healthy development track and paved the way for replication and promotion of the similar projects.

**Outlook**

Although China's economy has currently entered into to a new normal period, the economic growth remained faster than most of the countries and regions in the world. With the growth of China's total economic capacity, China's total energy consumption continues to surge and has reached up to 4,300 million tons of standard coal in 2015. China's "13th Five-Year Plan" stated that China aims to lower its energy consumption per unit of GDP by 15% in 2020 as compared to that of 2015. This provides substantial growth for the domestic energy-saving market.

In the area of building energy saving, the energy consumption of various building operations accounted for nearly 20% of the whole society. China has proposed specific plans for building energy saving, which includes targets set for overall energy saving and separate energy saving measures, drawing out building energy-saving designs and green building standard and the promotion plan. According to the forecasts of the third party investigation and survey institute engaged by the Group, China's total building energy-saving will reach 12.1 million tons of standard coal in 2021, corresponding to a market size of RMB73.9 billion in 2021. In the area of rail transit energy saving, the energy-saving reformation of air-conditioning ventilation system and power traction system is expected to be used progressively in the coming five years. The prospects of China's urban rail transport energy-saving market is promising. According to the forecasts, the number of subway stations in China will reach 5,821 by 2021. In the area of urban centralized heating supply energy saving, with an increase of China's total heating supply capacity and the improved penetration of energy-saving technology in heating supply source and heating network in China, there will be enormous growth potential in the market size. According to the forecasts, China's total capacity of urban centralized heating supply may save approximately 8 million tons of standard coals by 2021 and the coverage of China's urban centralized heating supply will reach 10.96 billion square meters by 2021.

**Transformation target: improving income structure, increasing profit margin, and materializing sustainable operation**

In response to the demand of China's economic changes, coupled with its own advantages in terms of technology, products and human resources, the Group formulated a new development plan in 2016 to order to improve the existing income structure with an aim to increase the overall profit margin and swiftly enter into a long-term sustainable healthy development track. The Group has stepped into a historical stage of restructuring and upgrading as a whole in 2016.

In the traditional smart EPC market, the Group will continue to maintain its technological leadership, while focusing on the exploration and investment on long-term high quality customers, segmented services areas and innovative products and technology, and striving to create outstanding and differential features for the new market environment in a new era. In the energy-saving market, it is expected that each of the Group's existing segment has huge room for development in the future and the market potential is enormous. Meanwhile, the EMC mode oriented energy-saving service projects will become the main direction of the Group's future development. Currently, the Group has gained initial scale in the heating supply energy-saving area, while the rail transit energy-saving projects are in a period of rapid expansion. The building energy-saving area of the Group underwent big data accumulation and completed trial projects in various places. The large-scale promotion of energy-saving reformation project will commence very soon. Meanwhile, in light of the new development opportunities which have arisen in the area of the energy entrusted operation business model and regional power station in recent years and since the Group has a good technology base and project experience in those businesses, these will also become the Group's future development focus.

As a leading urban energy, smart energy and energy saving services provider in China, Technovator, in line with the market development pace and the changes in demand of energy-saving services in each area, will proactively make adjustment and transformation, fully enlarge resources input in three main energy-saving and transformation projects of rail transit, building and heating supply in a bid to improve income structure and increase profit margin. In addition, by boldly tapping into the energy entrusted operation business and introducing the regional power station business, we set to realize sustainable operation with leapfrogging growth in the future in order to maximize value for shareholders.

## FINANCIAL REVIEW

### Revenue

The Group recorded net revenue of approximately RMB1,786.3 million for 2016, representing a year-on-year increase of 5.5%. On the one hand, benefited from China's increasingly growing demands for urban rail transit construction and urban centralized heating and energy saving, the smart transportation and smart energy businesses recorded a remarkable increase in revenue; on the other hand, the smart building and complex business suffered from a substantial decrease in revenue due to the impact of the overall slowdown in the industry's growth rate, however, the decrease has narrowed down compared to that of the first half of the year.

### Revenue by business segments

The table below sets out the profile of the Group's revenue by business segments for the periods indicated.

| | **2016** | | 2015 | | |
|---|---|---|---|---|---|
| | **Revenue** ***(RMB'000)*** | **% of revenue** | Revenue *(RMB'000)* | % of revenue | Comparison |
| Smart transportation | **677,632** | **38%** | 626,755 | 37% | 8.1% |
| Smart building and complex | **633,308** | **35%** | 734,440 | 43% | –13.8% |
| Smart energy | **475,401** | **27%** | 331,429 | 20% | 43.4% |
| Total | **1,786,341** | **100%** | 1,692,624 | 100% | 5.5% |

### Smart transportation

Revenue from the smart transportation business segment increased by 8.1%, from approximately RMB626.8 million for 2015 to approximately RMB677.6 million for 2016, representing a slightly higher percentage of revenue to 38%. In recent years, China's demand for rail transit intelligence market has enjoyed a continuous and stable growth, which has driven the growth of smart transportation business. During the result period, the Group promoted the implementation of various urban subway intelligence projects including Shijiazhuang Subway Line No. 1, Changchun Subway Line No. 1 as well as Shenzhen rail NOCC Project, and successfully signed the contracts in succession for subway intelligence projects of various lines in different cities including Wuhan, Xi'an, Changchun, Qingdao, Chengdu, Chongqing and certain overseas cities. Meanwhile, the Group's rail transit energy saving business made a great breakthrough of the strategic approach of connecting lines and networks, manifested by success in promoting the EMC project for the energy-saving and transformation of the ventilation and air conditioning system of Beijing Subway Line No. 8 and 9 during the year.

### Smart building and complex

Revenue from the smart building and complex business segment decreased by 13.8%, from approximately RMB734.4 million for 2015 to approximately RMB633.3 million for 2016, which was mainly attributable to the insufficient growth in general of the construction-related industries and the decrease of profit margin. However, with the Group's proactive efforts to transform and focus on high-end markets such as data centers, high-end hotels, hospitals and smart complex, the decline of the Group's building intelligence business in the second half of the year 2016 has narrowed substantially compared to that of the first half of the year. During the result period, with the contracts for Smart Logistics Complex System Construction of Zhongding Logistics Park, North Data Center of Agriculture Bank of China, Baidu Cloud Computing (Yangquan) Center and intelligence projects in respect of hotels and commercial complex in various cities successfully signed in succession, the Group continues to promote the intelligent and energy-saving operation and management for Wanda Group's "Huiyun" Project, whilst signing a "strategic cooperation agreement" with Jinmao Green Building Company, aiming at large-scale cooperation in the future in respect of construction of the centralized management platform of building energy and the additional and acquired building energy saving and transformation projects.

### Smart Energy

Revenue from smart energy business segment recorded a significant year-on-year increase of 43.4%, from approximately RMB331.4 million for 2015 to approximately RMB475.4million for 2016, which was mainly benefited from the Group's ongoing breakthrough in respect of the energy saving and transformation of EMC, and the continued expansion of the centralized heating network intelligence businesses against the backdrop of China's ever-accelerating urbanization, the increasingly upgrade of governments' policies and indicators regarding energy conservation and emission reduction and the surging needs of centralized and highly efficient utilization of urban energy as well. During the year 2016, the Group has achieved great progress and breakthroughs in various fields such as the intelligence of the heating network, the integration between network and source, heating network energy saving EMC and centralized heating hosting operation. Meanwhile, the Group signed the contracts for and promoted the Energy-saving and Transformation EMC Project for Centralized Heating Supply in Heze City of Shandong and the Energy saving and Transformation EMC Project for Centralized Heating Supply in Xiaoyi City of Shanxi. Leveraging on the network-wide balancing software, the Group achieved unified control, transformation and quantitative treatment over the entire network. Also, the Group successfully signed several heating network intelligence projects in Taiyuan, Baoding, Tongliao and Wuwei, etc., and continuously promoted the implementation of heating network intelligence projects in various places in Datong, Baoding, Lanzhou and Xinxiang.

### Cost of sales

Cost of sales increased by approximately 4.7%, from approximately RMB1,297.1 million for 2015 to approximately RMB1,357.7 million for 2016.

**Gross profit**

Gross profit increased by 8.4%, from approximately RMB395.5 million for 2015 to approximately RMB428.6 million for 2016. Gross profit margin increased slightly by 0.6 percentage points, from approximately 23.4% for 2015 to approximately 24.0% for 2016. In particular, the gross profit margin of the smart transportation business segment remained stable while the gross profit margin of the smart energy business segment increased significantly, which was driven by the Energy Saving and Transformation EMC Project promoted during the year. The gross profit margin of the intelligent building segment witnessed a decrease due to the impact of the overall decline in the industry's profit margin, while the decrease in the gross profit margin of the segment has been stabilized with the transformation of the Group achieving an initial success.

**Other revenue**

Other revenue decreased by approximately RMB18.3 million, from approximately RMB58.5 million for 2015 to approximately RMB40.2 million for 2016, which was mainly due to a decrease in the government grants.

**Other net gain**

Other net gain for 2016 was approximately RMB28.0 million as compared to approximately RMB1.9 million for 2015, which was primarily due to the net foreign exchange gains of the Group.

**Selling and distribution costs**

Selling and distribution costs was approximately RMB66.2 million for 2016, representing a year-on-year decrease of 5.8%, which was mainly due to effective cost control implemented by the Group. Selling and distribution costs as a percentage of revenue decreased from 4.2% for 2015 to 3.7% for 2016.

**Administrative and other operating expenses**

Administrative and other operating expenses decreased by 8.7%, from approximately RMB144.2 million for 2015 to approximately RMB131.6 million for 2016, which was mainly due to the provision of one-off impairment loss on assets of approximately RMB28.0 million in 2015 by the Group. The administrative and other operating expenses as a percentage of revenue decreased by 1.1 percentage points, from 8.5% for 2015 to 7.4% for 2016.

**Finance costs**

In 2016, the Group's finance costs declined to approximately RMB30.9 million, which was mainly due to the decrease in balances of loans and borrowings, which also offset the effect of interest expenses paid for the remaining balance of acquisition. The finance costs in 2015 was approximately RMB34.8 million.

**Income tax**

Income tax increased by 70.0%, from approximately RMB21.4 million for 2015 to approximately RMB36.3 million for 2016, which was mainly due to the increase in the Group's taxable income as well as the increase in income tax expenses caused by the fact that in 2016, the software company in the Group which had enjoyed full tax exemption in 2015 have entered into the first year of a 50% tax-cut period. The overall effective tax rate for the Group in 2016 was 13.5%.

**Profit for the year**

Profit for the year of continuing operation increased approximately by 25.1%, from approximately RMB185.3 million for 2015 to approximately RMB231.7 million for 2016. Net profit ratio increased by 2.1 percentage points, from 10.9% to approximately 13.0%. The net profit ratio of 2016 would be 11.3% (2015:10.9%) if excluding the net foreign exchanges gain.

The Group's basic earnings per share from continuing operation increased to RMB0.2935 (2015: RMB0.2524)as compared to that of the last year while diluted earnings per share increased to RMB0.2870 (2015: RMB0.2385) as compared to that of the last year.

**Working Capital and Financial Resources**

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

| | **2016** *(RMB'000)* | 2015 *(RMB'000)* |
|---|---|---|
| Inventory | **302,950** | 283,762 |
| Trade and other receivables | **1,345,417** | 1,212,817 |
| Trade and other payables | **1,292,923** | 1,459,534 |
| Average inventories turnover days | **59** | 50 |
| Average trade receivables turnover days * | **208** | 175 |
| Average trade payables turnover days * | **226** | 175 |

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

The Group's inventory increased from approximately RMB283.8 million as at 31 December 2015 to approximately RMB303.0 million as at 31 December 2016, which was mainly due to the increase of inventories driven by the rapid growth of smart energy business. The Group's average inventories turnover days generally maintained at approximately 59 day in order to accommodate the Group's inventory management policy.

The Group's amounts of trade and other receivables increased from approximately RMB1,212.8 million as at 31 December 2015 to approximately RMB1,345.4 million as at 31 December 2016. The average trade receivables turnover days increased to 208 days. On the one hand, such increase was due to the continuous expansion of the Group's business resulting in the corresponding increase in trade receivables; one the other hand, it was also due to the increase in the age of receivables caused by the slower progress of engineering projects in light of the slowdown in the growth of construction-related industries.

The Group's amounts of trade and other payables decreased from approximately RMB1,459.5 million as at 31 December 2015 to approximately RMB1,292.9 million as at 31 December 2016, which was mainly due to the decrease in other payables resulted from the repayment of the amounts of acquisition by the Group. The average trade payables turnover days increased to 226 days.

**Liquidity and financial resources**

In 2016, the Group has financed its operations primarily through cash on hand, cash flows from operations and bank borrowings. As at 31 December 2016, the Group had approximately RMB665.8 million in cash and cash equivalents, accounting for 30.3% of the Group's net assets. The proceeds will be used for the Group's normal working capital, expansion of market shares and pursuit of future acquisitions. The Group's cash and cash equivalents consisted primarily of cash in the banks and on hand and deposits that are readily convertible into known amounts of cash.

As at 31 December 2016, the Group's indebtedness consisted of short-term bank loans of approximately RMB217.0 million with an average annual interest rate of approximately 4.4% and borrowings of RMB73.4 million. The decrease in the Group's indebtedness in 2016 was mainly due to the repayment of a short-term bank loan bearing higher annual interest rate by the Group in 2016 amounting to approximately RMB276.7 million and the repayment of a long-term borrowing amounting to approximately RMB100.0 million.

As at 31 December 2016, the Group's debts were mainly bank loans and borrowings denominated in RMB. Cash and cash equivalents were mainly cash in the banks and on hand denominated in RMB, CAD, U.S. dollars, HKD, MOP and SGD and deposits that are readily convertible into known amounts of cash.

As at 31 December 2016, the net cash of the Group was approximately RMB375.5 million. Gearing ratio, defined as loans and borrowings divided by total assets, was approximately 7.6% (2015: approximately 11.2%).

**Pledge of assets**

As at 31 December 2016, 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 2016 and 2015. The Group's operating lease commitments relate primarily to its leases of office spaces, workspaces and machinery.

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **11,883** | 10,808 |
| After 1 year but within 5 years | **5,730** | 13,599 |
| | **17,613** | 24,407 |

Capital commitments outstanding at 31 December 2016 and 2015 not provided for in the financial statements were as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Contracted for | **188,641** | 304,461 |

**Contingent liabilities**

As at 31 December 2016, 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 2016, the Group had a total of 640 employees compared to the 637 employees as at 31 December 2015. Total staff costs for 2016 slightly decreased from approximately RMB126.3 million for the year ended 2015 to approximately RMB125.2 million.

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**

For the year ended 31 December 2016, the Group did not make any material acquisition or disposal of subsidiaries or associates.

**Significant investment**

For the year ended 31 December 2016, the Group had no significant investment.

## CORPORATE GOVERNANCE

Throughout the year ended 31 December 2016, 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 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 2016 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 2016.

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

During the year ended 31 December 2016, the Company repurchased its own shares on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), details of which are as follows:

| **Month** | **Number of shares repurchased** | **Highest price paid per share** *HK$* | **Lowest price paid per share** *HK$* | **Aggregate price paid** *HK$* |
|---|---|---|---|---|
| December 2016 | 234,000 | 2.9 | 2.86 | 677,234.63 |

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 2016.

## DIVIDENDS

During 2016, the Company has declared and paid a special dividend of RMB0.10 per share in respect of the financial year ended 31 December 2015. The Board does not recommend any final dividend for the year ended 31 December 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, 15 June 2017 to Tuesday, 20 June 2017, 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, 15 June 2017. In order to be eligible to attend and vote at the forthcoming AGM of the Company to be held on 20 June 2017, 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, 14 June 2017.

## AGM

The AGM of the Company will be held in Hong Kong on 20 June 2017. 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.hkexnews.hk) and the Company (www.technovator.com.sg). The annual report for the year ended 31 December 2016 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.

## AUDIT COMMITTEE

The Group's audited consolidated results for the year ended 31 December 2016 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**
**Huang Yu**
*Chairman*

Hong Kong, 13 March 2017

*As at the date of this announcement, the executive Directors are Mr. Zhao Xiaobo and Mr. Seah Han Leong; the non-executive Directors are Mr. Huang Yu, Mr. Liu Tianmin and Mr. Wang Yinghu; and the independent non-executive Directors are Mr. Fan Ren Da Anthony, Mr. Chia Yew Boon and Ms. Chen Hua.*